ANNUAL REPORT 2016/17

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CHAPTER 1

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Mayor's Foreword & Executive Summary

1.1. COMPONENT A: MAYOR'S FOREWORD

This Annual Report for 2016/17 marks the end of the first Financial Year of the new Term of Office of the Council after its inauguration on 18 August 2017 following the 2016 Local Government Elections.

The New Council immediately ,after its inauguration , embarked on a Council Strategic Session where among others objectives was to develop clear and achievable strategic objectives that will enable the municipality to make a meaningful contribution to Key Government Priorities and National Outcomes (NDP and PGDS; to assist the Council in making proper decisions with regards to areas of priority in terms of service delivery for the next five years and last but not least to enhance the credibility of the Municipal Strategic Business Plan (IDP) by incorporating all strategic session resolutions to enable the municipality to improve service delivery through co-operative governance. The Council in preparation of the Five Year IDP visited all 18 Wards where all new Councilors were formally introduced to ensure high level of communication and accountability at all levels during this term of Office. Also the establishment of Ward Committees in all 18 Municipal Wards was a huge milestone in ensuring that all stakeholders within wards are well represented and enhance the functioning of Operation Sukuma Sakhe within all wards.

It is important that one acknowledges the contribution by the Provincial Department of Cooperative and Traditional Affairs as well Provincial SALGA in ensuring that Councilors are capacitated on governance issues by providing induction and training programmes for Councilors.

During the Financial Year under Review the Council also managed to assess and review Staff Establishment in aligning human capital with Municipal Service Delivery

Strategic Business Plan for 5 Years. The Council did not only develop a Five year IDP but also managed to review all Municipal Policies for effective implementation of the Municipal Five Year IDP.

Mr. S. B. Zulu
Honourable Mayor

1.2. COMPONENT B: EXECUTIVE SUMMARY

1.2.1. MUNICIPAL MANAGER'S OVERVIEW

As the Accounting Officer of the Municipality I hereby confirm that the 2016/2017 Annual Performance Report has been compiled in accordance with the Local Government Municipal

Finance Management Act (No. 56 of 2003) read in conjunction with the Local Government

Municipal Systems Act (No. 32 of 2000) and the National Treasury MFMA Circular No.63

The purpose of the report is to reflect on the work carried out in the 2016/2017 Financial Year in line with the approved Top Layer Service Delivery and Budget Implementation Plan (SDBIP) or Comprehensive Departmental SDBIPs and to provide detailed feedback on performance against targets to various stakeholders including the community, government departments and other interested parties. The report also ensures that accountability is upheld, and the clients of the municipality are informed of the decisions that were taken in this period under review. This report originates from the approved Municipal Strategic Objectives and Service Delivery and Governance Priorities as contained in the approved Municipal Integrated Development Plan.

This Annual Performance Report for 2016/2017 Financial Year is the first Annual Performance Report produced under the new term of office for the new council since there Local Government Elections in August 2016 hence inauguration of new Council. The 2016/2017 Financial Year was a very challenging Financial Year where the country was faced with economic crisis and likewise the municipality was also affected. The economic crisis affected the majority of citizens of our country and as, such in the case of Mandeni Municipality, a decline in revenue collections was experienced due to low payment rate hence negative impact on implementation of all approved priorities. The municipality in turn has also conceptualised a Revenue Enhancement Strategy which shall be implemented during the 2017/18 Financial Year which shall ensure improved revenue collection thus enhancing service delivery.

Despite these challenges the municipality was able to realise a number of new job opportunities created through implementation of the Expanded Public Works Programme (EPWP) thus saw the municipality being one of the municipalities that surpassed the targets as set by the Provincial Government (Cogta and Public Works).

Furthermore with all economic challenges faced the municipality under the financial year review I can confirm that the municipality at an institutional level was able to achieve over 60% of planned Key Performance Indicators.

Yours Faithfully

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Mr. S. G. Khuzwayo
Acting Municipal Manager

1.2.2.MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Mandeni Local Municipality is located along the northern coast of KwaZulu-Natal approximately 50km north of eThekwini Metro and south of the uMhlatuze Municipality. It lies along the N2 National and Provincial corridor, as well as the north-south rail link connecting the economic hubs of Durban and Richards Bay. As such, the municipality is strategically located to provide services and derive economic benefits from these economic hubs. Mandeni Local Municipality is one of the four (4) local municipalities that make up the iLembe District. The other local municipalities are KwaDukuza, Maphumulo and Ndwedwe.

Mandeni Municipality covers approximately 545.48km2 and is made up of 17 Electoral Wards. The municipality is predominantly rural in character, with Ingonyama Trust land accounting for the majority of its land mass. There are four Traditional Council areas within the municipality's area of jurisdiction, namely:

Map 1: Mandeni Locality Map

Mandeni Local Municipality has excellent regional transportation linkages with the national road – N2 – serving the province, the two major ports of Durban and Richards Bay, the railway line which serves as an important link between the ports as well as the hinterland parts of South Africa and the airports – both existing and proposed, including the Isithebe airstrip.

The identification of the eThekwini-uMhlathuze Corridor places Mandeni Local Municipality in an advantageous position as it is located in between these two municipalities. It stands to benefit hugely from economic activities that will accrue as a result of this initiative.

Mandeni Local Municipality also functions as an important service centre for a substantial rural hinterland which lies to the west beyond the eNdulinde Hills. There are no other service centres in the tribal areas and therefore the urban centre of Mandeni serves as an important sub-regional service centre for the 'shadow corridor of poverty' which tracks the 'development corridor' along the coast. Mandeni is in fact arguably the only place along the coast where the development corridor and the shadow corridor of poverty meet, and hence the acknowledgement of its potential in the Provincial Spatial Framework.

Mandeni Local Municipality is made up of 18 wards. There are four Traditional Authorities namely, iNkosi uMhlongo, iNkosi uMathonsi, iNkosi uMcambi and Nkosi uNgcobo. The majority of the land within the municipality is owned by Traditional Authorities. Some of the wards fall within these Traditional Authorities, such as Ward 1,2,8, and 9 which fall under Macambini Traditional Authority, ward 6,11, and 16 falls under eLangeni Traditional Authority and ward 5,7,12,13,14,15 and 17 falls under the Mathonsi Traditional Authority.

Informal settlements with limited to no facilities or infrastructural services occur on the periphery of the developed areas and within the Isithebe Industrial area and Sundumbili Township. This is also evident in the periphery of the well-established Sundumbili Township and Mathonsi tribal authority area eastwards of the hinterland. Village centres such as Wangu in the west and Nyoni in the north-eastern side comprise of commercial and service development in the two tribal authorities of Mathonsi & Macambini.

The Mandeni Municipality is strongly committed to develop its character as an area of scenic beauty and strong developmental contrasts. As a potential and growing tourist destination, it will enhance its visual and aesthetic appeal. The municipality aims at improving physical and functional integration by establishing a functional town centre. The Mandeni municipality aims at increasing economic efficiency of the Municipal area and ensuring that there is improved investor confidence therefore attracting more development to occur within the area.

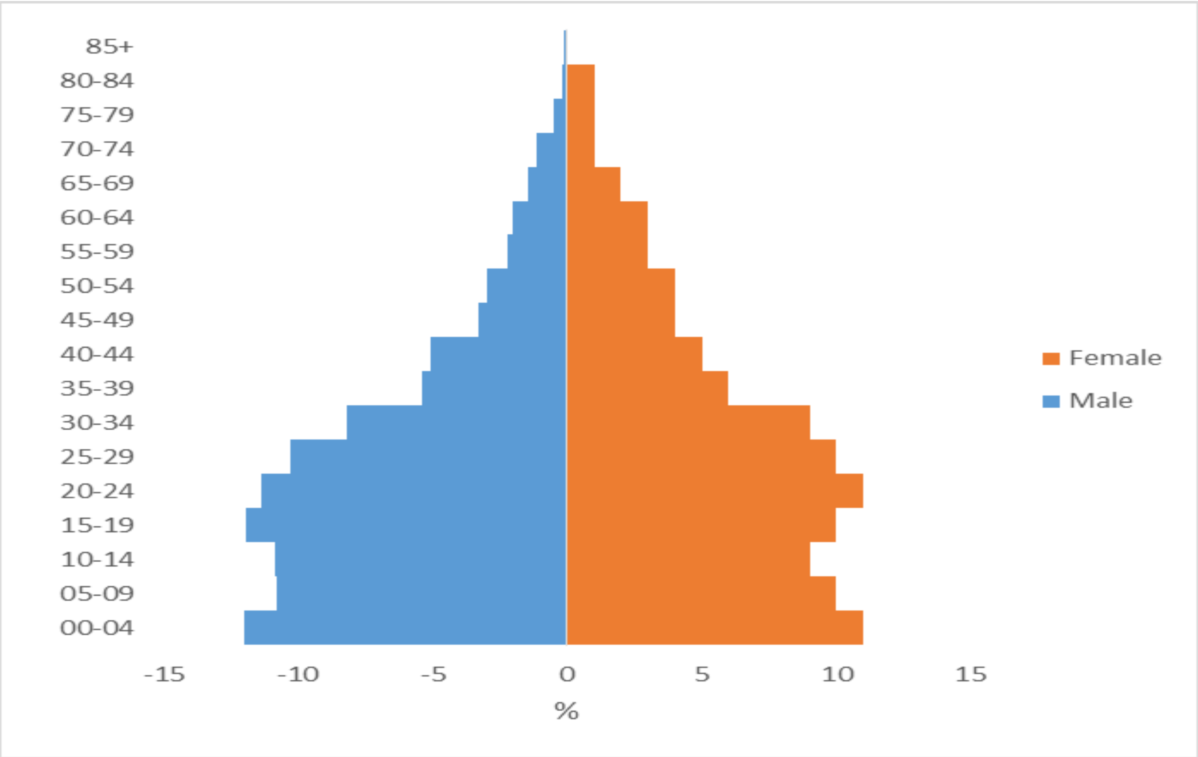
COMMENT ON BACKGROUND DATA:
The key findings were derived from the community survey which was conducted in 2016 by stats SA . Some of the data/information that was obtained is used for comparison purpose. The table below illustrates the population, sex and dependency ratio. The findings illustrate demographic profile from the national to local level (Mandeni Municipality).

Table 1.3.1 Population Details

Indicator	Sub Indicator	Population	% of population
Population	Population	147 808	
Population Composition	Young (0-14)	47 242	32%
	Youth (15-34)	60 385	41%
	Adults (35-64)	33 426	20%
	Elderly (65+)	6 755	7%
Gender	Male	70 257	48,0%
	Female	77 551	52,0%

	Male	**Female**
0 - 4	8447	8411
5 - 9	7590	7799

10 - 14	7638	7357
15 - 19	8393	7909
20 - 24	7994	8261
25 - 29	7238	7921
30 - 34	5768	6900
35 - 39	3796	4577
40 - 44	3579	3818
45 - 49	2318	3287
50 - 54	2110	2755
55 - 59	1571	2213
60 - 64	1431	1970
65 - 69	1032	1726
70 - 74	803	1093
75 - 79	337	720
80 - 84	120	458
5+	92	376



1.2.3. VISION AND MISSION

VISION

"TO BE A RELIABLE PEOPLE CENTERED AND SUSTAINABLE ECONOMIC HUB BY 2030"

MISSION

We will achieve our mission by:

- ✓ Continuously striving for better
- ✓ Excelling all key processes of Service Delivery.
- ✓ Continuously listening and responding to our communities and all stakeholders.

VALUES

In keeping with the principles of Batho Pele, Our conduct will be guided by the following:,

- ✓ Transparency
- ✓ Integrity
- ✓ Inclusiveness
- ✓ Commitment
- ✓ Honesty
- ✓ Professionalism

1.2.4.SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Technical Services Department (TSD) is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- Technical Administration/Planning and Projects (PMU);
- Roads and Storm Water Repairs and Maintenance;
- Parks, Verges and Open Spaces Maintenance;
- Municipal Buildings Repairs and Maintenance (Works);
- Electricity Distribution; Street lighting; installations and Mechanical Workshop.

The municipality has initiated a process towards the establishment of a Programme Management Unit (PMU) to create sufficient capacity within this department and reposition the municipality to deliver sustainable infrastructural services. The PMU will comprise of appropriately qualified, skilled and experienced personnel. It will manage all major capital projects, bring expertise, develop systems and procedures and transfer skills and knowledge to municipal staff to leave behind a well capacitated unit on exit.

Mandeni Municipality holds Infrastructure Development Summit started in November 2013 in order to bring together all relevant stakeholders from varying sectors of society to engage and discuss the infrastructure related challenges facing the municipality and identify possible solutions. Solutions were identified; programmes and action plans were developed to help the municipality to achieve its true potential. The recommendations have been incorporated into the organisational strategy.

COMMENT ON ACCESS TO BASIC SERVICES:

All formal households have access to basic civil engineering services. Informal areas within the urban edge have been provided with a minimum level of basic services since 2007. The provision of services to the informal areas is as a result of rural-urban migration and new family formation which makes planning difficult. An assessment is made annually to determine the backlogs to be addressed based on available funding. Theft and vandalism disrupt the provision and maintenance of services.

Even though Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

1.2.5.FINANCIAL HEALTH OVERVIEW

1.25.1. FINANCIAL OVERVIEW

The Budget and Treasury Office's main responsibilities are to ensure that:

- The municipality's assets are safeguarded
- The municipality's budget is achieved
- The finances are properly accounted for and reported accordingly.

In implementing these functions there are key indicators to ensure their achievement. Deviations are explained.
The purpose of this report is to give an overview update on the progress of implementing these functions

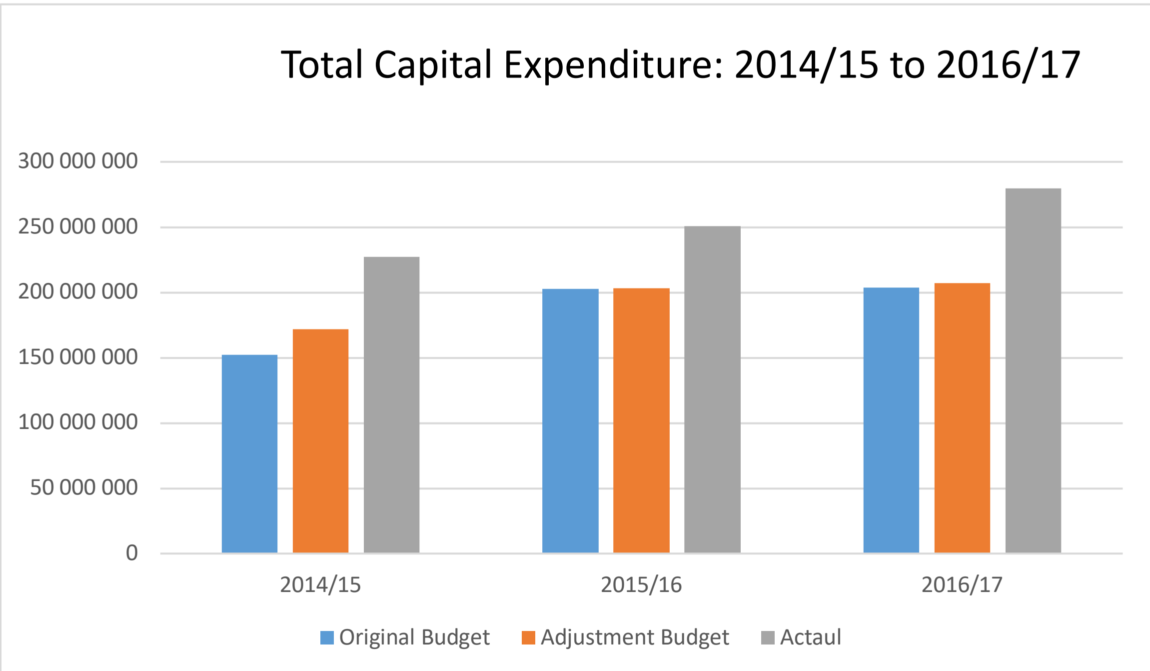
Financial Overview: 2016/17			**R' 000**
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	11 150 000	11 150 000	144 666 217
Taxes, Levies and tariffs	28 936 593	28 936 593	30 557 372
Other	20 155 877	25 105 877	21 149 513
Sub Total	143 497 893	142 497 530	83 091 772
Less: Expenditure	203 740 363	207 240 000	246 942 490
Net Total*	-	450 000	32 522 384

* Note: surplus/(deficit

Operating Ratios	
Detail	**%**
Employee Cost	104
Repairs & Maintenance	80
Finance Charges & Impairment	161

1.4.3 COMMENT ON OPERATING RATIOS

Total Capital Expenditure: 2014/15 to 2016/17 Financial Years R'000			
Detail	**2014/15**	**2015/16**	**2016/17**
Original Budget	62 334 000.00	43 886 000.00	33 757 000.00
Adjustment Budget	56 245 000.00	43 886 000.00	25 757 000.00
Actual	50 532 988.00	39 586 289.00	30 138 200.00



1.2.6ORGANISATIONAL DEVELOPMENT OVERVIEW

1.2.6.1.ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Organisational development function falls under the Human Resource Section. Its main objectives are: To manage organisational design and business modelling, co-ordinate culture and change management, administer job descriptions, job evaluation system management, and to develop and maintain an effective employee performance appraisal system and awards process.

The organisational strategic performance however sits in the office of the Municipal Manager, with functions of providing Strategic Scorecard provides the Council with a measurable tool enabling them to fulfil their oversight role in overseeing strategy implementation and consist of the following key elements:

- Strategic Outcomes
- Strategic Key Performance Indicators
- Strategic projects

This document, the Mandeni Municipality Employment Equity Plan (EEP) is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The (EEP) addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in the all occupational levels and levels in the workforce.

The Mandeni Municipality Employment Equity Plan (EEP) which covers the period of 2012 to 2017 is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The (EEP) addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in the all occupational levels and levels in the workforce.

This section is fully reported in Chapter 4 of this document.

1.2.7AUDITOR GENERAL REPORT

Report on the audit of financial statements

Opinion

1. I have audited the financial statements of Mandeni Municipality set out on pages…to …,which comprises of the statement of financial position as at 30 June 2017, the statement of financial performance , statements of changes in the net assets, cash flow statement and statement of comparison of budget and actual amounts for the year ended, as well as to the financial statements, comprising a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Mandeni Municipality as at 30 June 2017, and its performance and cash flow for the year then ended in accordance with the South African Standards of General Recognized Accounting Practice (SA Standard GRAP) and the requirements of the Municipal Finance Management Act of South Africa 2003 (Act No.56 of 2003)(MFMA) and Division of Revenue Act of South Africa, 2016 (Act No 3 of 20160 (DoRa)

Basis for opinion

3. I conducted my audit in accordance with the international Standard on Auditing (ISAs). My responsibilities under those standard are further described in the auditor's-general responsibilities for the audit of financial statements section of this report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants 'Code of Ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa . I have fulfilled my other ethical responsibilities in accordance with these requirements and 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 matter

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

Material impairment

7. As disclosed in note 33 to the financial statements, material losses to the amount of R36, 63 million (2016: R4,03 million) were incurred as result of write off irrecoverable trade debtors.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

10. 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 accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

11. In preparing the financial statements, the accounting officer is responsible the municipality's ability to continue as a going concern , disclosing , as applicable matters relating to going concern and using the concern basis of the accounting unless the intention is to liquidate the municipality or cease operation, there is no realistic alternative but to so.

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

12. My objectives are to obtain reasonable assurance about whether the financial statements as 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 guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can rise fraud or error and are considered material if, individually or in aggregate, the y could be reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of financial statements is included in the annexure to this auditor's report.

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Report on the audit of the annual performance report

Introduction and scope

14. In accordance with Public Audit Act of South Africa ,2004 (Act No . 25 of 2004) (PAA) an d the general notice issued in terms thereof , I have a responsibility of report material findings of the reported performance information against the pre-determine objectives for selected objectives presented in the annual performance report. I performed procedures to identify the findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as a part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and the 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 key performance area 1-basic service delivery and infrastructure development on pages ……..to ……, presented in the annual performance report of the municipality for the year ended 30 June 2017.
17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not identify any material findings on the usefulness and the reliability of the reported performance information for the selected objective.

Other matters

19. I draw attention to the matters below.

Achievements of planned targets

20. The annual performance report on pages….to……includes information on the achievement of planned targets for the year and explanations provided for the underachievement of a significant number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported on performance information of the basic services delivery and infrastructure development. As management subsequently corrected the misstatements, I did not raise any findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

23. The material findings on compliance with specific matters in key position are as follows.

Budget

24. Reasonable steps were not taken to prevent unauthorized expenditure amounting to R47,14 million, as disclosed in the 43 to the annual financial statements ,in contravention of section 62(1)(d) of the MFMA.

Expenditure management

25. Effective steps were not taken to prevent irregular expenditure amounting to R4.20 million, as disclosed in the note 43 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure related to payments made without obtaining three quotations.
26. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R630 634, as disclosed in note 42 of the annual financial statements ,in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure amounting to R427 500 related to a non-refundable payment made for the beach festival, which was cancelled.

Annual financial statement

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, revenue and expenditure items identified by auditors in the submitted financial statements were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

Consequence management and financial misconduct

28. Unauthorized expenditure incurred by the municipality was not investigated to determine if any person is liable for expenditure, as required by section 32(2)(b) of the MFMA
29. Fruitless and wasteful expenditure incurred by municipality was not investigated to determine if any person is liable for expenditure, as required by section 32(2)(b)of the MFMA.

Other information

30. The accounting officer is responsible for other information. The other information comprises the information included in the annual report. The other information does not include financial statements, the auditors report and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover other information and I do not express and audit opinion or any form of assurance conclusion thereon
32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the information is materially inconsistent with the financial statements and selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
33. If, based on work I have performed , I conclude that there is a material misstatement of this other information, I am required that fact. I have nothing to report in this regard

Internal control deficiencies

34. I considered internal relevant to my audit of the financial statements, report performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon.
35. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings of compliance with legislation.

Leadership

36. Vacancies in the key positions and lack of consequence management resulted in material non-compliance relating to the prevention and investigation of unauthorized, irregular as well as fruitless and wasteful expenditure. This also led to a breakdown in the internal controls, resulting in the annual financial statements having to be materially corrected.

Financial and performance management

37. Management did not fully understand the requirements of the financial reporting framework which resulted in material corrections to the annual financial statements. Non- compliance with legislation could have been prevented had compliance been properly reviewed and monitored by management.

Other reports

38. I draw attention to the following engagements conducted by various parties that had, or could have , and impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
39. An amendment consultant investigated five allegations of the possible misappropriation of the municipality's assets at a request of municipality, which covered the period 1 November 2016 to 30 November 2017. Three of the investigations concluded during the year and resulted in the resignation and termination of the responsible officials. The other investigations are currently in progress.

Auditor General
Pietermaritzburg
30 November 2017

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 procedures performed on the reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of financial statements as described in the auditor's report, I also
    - Identify and assess the risk of material misstatement 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 the basis for my opinion. The risk of not detecting a material misstatements resulting from fraud is higher that one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.

    - Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the municipality internal control.

- Evaluate the appropriateness of accounting policies used the reasonableness of accounting estimates and related closures made by accounting officer.

- Conclude the appropriateness of the accounting officer's use of the going 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 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 to the related disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditors report. However, future events or conditions may cause a municipality to cease continuing as going concern.
- Evaluate the overall presentation, structure and the content of the financial statement statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in the manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with accounting officer regarding, among others matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements 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.

1.2.7.1.AUDIT REPORT

No.	Activity	PROGRESS
01	Usefulness and Reliability of reported performance information	Done
02	Auditor General did not identify any material findings on usefulness and reliability of the reported performance information for selected objective	
03	Adjustment of material misstatement	
04	Auditor General identified material misstatement in the annual performance report submitted for auditing, these material misstatement were on basic service delivery and infrastructure development. Management managed to correct these misstatements, therefore AG did not raise any findings	Done
05	Compliance with legislation	In progress
06	Budget	
07	AG stated that reasonable steps were not taken to prevent unauthorised expenditure amounting R47, 14 million which contravention with section 62(1)(d) of the MFMA	In progress
08	Expenditure management.	

09	AG stated that effective steps were not taken to prevent irregular expenditure amounting to R4.20 million as required by section 62(1)(d) of the MFMA, The majority of irregular expenditure related to payments made without obtaining three quotations.	In progress
10	Effective steps were not taken to prevent fruitless and wasteful expenditure amounting R630 634 as disclosed in note 42 of the AFS, which contravention with section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure amounting to R427 500 related to a non- refundable payment made for the I- beach festival, which was cancelled.	In progress
11	AFS submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, revenue and expenditure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided , resulting in the financial statements receiving an unqualified audit opinion.	Done
12	Consequence management and financial misconduct	
13	AG stated the unauthorised expenditure incurred by the municipality was not investigated determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA Fruitless and wasteful expenditure incurred by municipal was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA	In progress
14	Internal control deficiencies	
15	Leadership	
16	AG stated that non-filling vacancies in a key positions and lack of consequence management resulted in material non-compliance relating to the prevention and investigation of unauthorised, irregular as well fruitless and wasteful expenditure. This also led to breakdown in internal controls, resulting in the AFS having to be materially corrected.	Partially done
17	Financial and performance management	
18	AG stated that management did not fully understand the requirements of the financial reporting framework which resulted in material corrections to the AFS. Non-compliance with legislation could have prevented had compliance been properly review and monitored by management	In progress

1.2.8 COMMENT ON THE ANNUAL REPORT PROCESS:

The Municipal Finance Management Act No. 56 of 2003, Chapter 12, prescribes that every municipality must for each financial year prepare an annual report in accordance with this Chapter. 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. The purpose of an annual report is –

1. to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
2. to provide a report on performance against the budget of the municipality or municipal entity for the financial year; and
3. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.
   - 3.1 The annual report of municipality must include –
   - 3.2 the annual financial statements of the municipality, and in addition if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);
   - 3.3 the Auditor-General's audit report in terms of section 126 (3) on those financial statements; and
   - 3.4 The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit those statements to the Auditor-General for auditing and the accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements relate, submit those statements to the parent municipality of the entity and the Auditor-General for auditing. The Auditor-General must audit those financial statements and submit and audit report to the accounting officer of the municipality or entity within three months of the receipt of the statements.

The mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. The council of a municipality must consider the annual report of the municipality of municipal entity, and by no later than two months from the date on which the annual report was tabled in council, adopt an oversight report containing council's comments on the annual report which must include a statement whether the council-

1. Has approved the annual report without reservations;
2. Has rejected the annual report; or
3. Has referred the annual report back for the revision of those components that can be revised.

In order to give effect to the above legislative requirements, Mandeni Municipality adheres to the table above in order to ensure the communities of Mandeni Municipality are able to view the contents of the Annual Report on time; the table serves as a strict and legislated guide.

CHAPTER 2

X

GOVERNANCE

CHAPTER 2

2. GOVERNANCE

INTRODUCTION TO GOVERNANCE

The nature of governance within the Municipality is such that it is spread in four major components with various structures exercising some authority and accountability in various levels. The following depicts the governance components:

- Political Governance Structure, this governance structure deals with the political governance of the Municipality through Political Office Bearers, Council, Committees;
- Administrative Governance Structures, this governance structure on the other hand focuses on the administration and management of the Municipality is vested in the Municipal Manager who is the Accounting Officer. The Municipal Manager is assisted by the Senior Management Team of the Executive Managers. The Municipal Manager is tasked with the establishment, development and management of sound and effective municipal administration;
- Intergovernmental Relations, the Executive Mayor is the custodian of the intergovernmental relations fora. There are various structures that have been established at the local and provincial level to promote engagement between Municipalities, Sector Departments, State Entities, and etc;
- Public Accountability and Participation, the Mayor assisted by the Municipal Manager is responsible for the community engagement and participation in the affairs of the Municipality, such as IDP, budget processes, public meetings/Mayoral Izimbizo, etc;
- Corporate Governance, the Municipal Manager assisted by Senior Managers is responsible for the Corporate Governance of the Municipality. This entails risk management & anti-corruption and fraud, internal audit, Supply Chain Management, Oversight Committees, Policies and By-laws, integrated reporting, etc.

2.1. POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political & administrative governance at Mandeni Municipality comprises of the elected councillors and the respective senior managers and the way they actually work together on a day-to-day basis in order to achieve organizational goals

The political governance of the Municipality is derived from the Constitution of 1996 which directs in Section 151 (3) that the Municipality has the right to govern on its own initiative, the local government affairs of the local community. The legislative and executive authority of the Municipality is vested in the Municipal Council.

The Municipal Systems Act Chapter 7 Section 50-52 directs that the Municipality must within its administrative and financial capacity establish and organise its administration in a manner that would enable the Municipality to respond to the needs of the community, facilitate the culture of public service and accountability. The Administration of the Mandeni Municipality under the stewardship of the Municipal Manager who exercises the administrative governance of the Municipality

COMPONENT A: POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE.

In compliance with Section 151(3) of the Constitution, Section 53 of the Systems Act (Act 32 of 2000) and the Municipal Structures Act (Act 117 of 1998) Mandeni Municipal Council governs the local government affairs of the local community on its own initiative. The roles and areas of responsibility of each political structure and each Political Office Bearer of the Municipality and of the Municipal Manager is defined and adhered to accordingly.
The Political Leadership of the Municipality comprises of elected Councillors through both the Ward System and Proportional Representation, is led by the Mayor. On the other side the Administration of the Municipality is composed of Executive Management appointed in terms of Section 56 and 57 of the Municipal Systems Act as amended. The Municipal Manager is the head of Administration. In order to realise the Constitutional mandate of the Municipality these two components, including the Community have to work together.

COUNCIL

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Mayor and the Executive Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision-makers, councillors are also actively involved in community work and the various social programmes in the Municipal Area and also through the ward committees established in each of the 17 wards.
The municipality's political affairs are managed through an Executive Committee (EXCO) headed by the Mayor. There are different Portfolio Committees, each headed by a member of the Executive Committee member established to ensure effective governance.

EXECUTIVE COMMITTEE

The Honourable Mayor of the Municipality, Councillor S. B. Zulu, assisted by members of the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Mayor operates in concert with the Executive Committee.

PORTFOLIO COMMITTEES

Section 80 committees are established to advise the Mayor on policy matters and any other matter to be considered by the Mayor. They are assigned to specialise in a specific functional area of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. They are appointed by Council and the Chairperson is appointed by Council

The municipal administrative departments report to council via EXCO through its Portfolio Committees of relevance in terms of the key performance areas. The following are the portfolio committees that have been established:

- Community Service and Public Safety
- Economic Development Planning and Human Settlement
- Budget and Treasury
- Infrastructure Development and Technical Services
- Local Public Administration and Human Resources
- Special Programmes

Section 79 committees are permanent committees appointed to advise the Municipal Council. Council established the Municipal Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. MPAC inter alia serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report on the Annual Report in terms of section 129 of the Municipal Finance Management Act.

RULES COMMITTEE

This committee is normally chaired by the Speaker of Council and is normally composed of Chief Whips of all political parties represented in Council and other members that Council may add.

Terms of Reference

- Look at the implementation of Councillor Code of Conduct and adherence thereto
- Look at the implementation of Council Rules of Order and Standing Orders
- Advise Speaker and Council on matters needing attention
- Look at Council Dress Code and other matters related to council activities.
- Advise the Speaker and Council on matters requiring disciplining of councillors when Rules and Standing Orders are broken.
- Advise the Speaker and Council on the appointment of Ad Hoc committees when need arises
- Regularly reports to Council on its work and activities.
- Regulate Internal Functioning of Council and its committees.

AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE

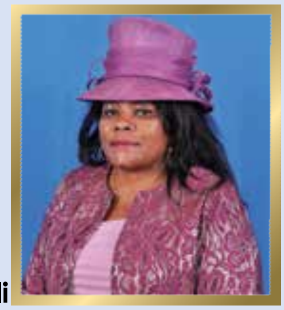
In terms of section 166(2) of the MFMA, Council has an Audit Committee which is an independent advisory body which must advise the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality, on matters relating to:

- Internal financial control;
- Risk management;
- Performance management; and
- Effective governance.

A. EXECUTIVE COMMITTEE

 **HIS WORSHIP: THE MAYOR *Cllr. S. B. Zulu***	The Mayor is the leader of the council and has a number of roles which are both legislative and functional. The legislative requirements are outlined in Section 73 and 73AA of the Local Government Act 1989. The LG Act states that the functions of the Mayor of a Council include: - Providing guidance to Councillors about what is expected of a Councillor, including in relation to the role of a Councillor under section65, and the observation of the Councillor - -Conduct Principals and the Councillor Code of Conduct under section 76B, 76BA and 76C - Acting as the principal spokesperson for the Council Supporting good working relations between Councillors - Carrying out the civic and ceremonial duties of the Office of the Mayor
 **HER WORSHIP: THE DEPUTY MAYOR *Cllr.* M P. M. Sishi**	The Executive Deputy Mayor exercises the powers and performs the duties of the Executive Mayor if the Executive Mayor is absent or not available or if the office of the Executive Mayor is vacant.

 **SPEAKER: *Cllr. MMP Zungu***	Functions and duties of the Speaker among other things are as follows: 1) Presides at meetings of Council 2) Performs duties and exercise powers delegated to him in terms of Municipal Systems Act. 3) Must ensure that Council meets at least quarterly 4) Must maintain order during Council meetings 5) Must ensure compliance with the Code of Conduct by Councilors 6) Must ensure that Council meetings are conducted in accordance with Standing Rules and Orders.

Cllr. L. Mdletshe 	**Cllr. X. Mdletshe** 
Cllr. M. S. Mdunge 	**Cllr. Ntuli** 
Cllr. M. Shelembe 	

B. COUNCILLORS

Councilors are elected by the local registered voters in terms of the local segment of the Voter's Roll to serve a predetermined term of office on the local council as representatives of their respective constituencies. Mandeni Local Municipality has a total of 35 seats. Eighteen (18) of these seats are allocated to ward councilors who are elected by each of the eighteen wards. Another seventeen (17) seats are allocated top parties through the proportional representation system of elections.

ALLOCATION OF COMMITTEES

Mandeni Local Municipality has five (5) Section 80 Committees established by Council. Each one of these committees is chaired by the members of Executive Committee, and the allocation is as follows:

	A. ECONOMIC DEVELOPMENT AND HUMAN SETTLEMENT			
1.	CLLR	LR	MDLETSHE	ANC -Chairperson
2.	CLLR	N	DLAMINI	ANC
3.	CLLR	SJ	MATHONSI	ANC
4.	CLLR	N	MSIMANGO	ANC
5.	CLLR	M	NGUBANE	ANC
6.	CLLR	NR	TEMBE	ANC
7.	CLLR	DM	SITHOLE	IFP

	B. INFRASTRUCTURE DEVELOPMENT TECHNICAL SERVICE			
1.	CLLR	NF	NTULI	ANC -Chairperson
2.	CLLR	MT	CELE	ANC
3.	CLLR	TP	ZUMGU	IFP
4.	CLLR	MM	MNGADI	ANC
5.	CLLR	BW	MTHETHWA	ANC
6.	CLLR	NR	SIBIYA	ANC
7.	CLLR	N	DLAMINI	ANC

	C. LOCAL PUBLIC ADMINISTRATION HUMAN RESOURCE			
1.	CLLR	X	MDLETSHE	ANC -Chairperson
2.	CLLR	BA	KHUMALO	IFP
3.	CLLR	MV	MHLONGO	ANC
4.	CLLR	GN	ZUNGU	ANC
5.	CLLR	N	NOMVETE	ANC
6.	CLLR	NR	SIBIYA	ANC
7.	CLLR	AA	ZUNGU	ANC

	D. FINANCE			
1.	CLLR	SB	ZULU	ANC -Chairperson
2.	CLLR	MC	MKHALIPHI	ANC
3.	CLLR	K	NAIDOO	DA
4.	CLLR	BW	MTHETHWA	ANC

5.	CLLR	ST	MAGWAZA	ANC
6.	CLLR	EK	DUBE	IFP
7.	CLLR	MT	CELE	ANC

	E. COMMUNITY SERVICES AND PUBLIC SAFETY			
1.	CLLR	PM	SISHI	ANC -Chairperson
2.	CLLR	SZ	MDLETSHE	ANC
3.	CLLR	CL	MTHEMBU	ANC
4.	CLLR	S	NKWANYANA	EFF
5.	CLLR	DM	SITHOLE	IFP
6.	CLLR	N	NOMVETE	ANC
7.	CLLR	MM	MNGADI	ANC

POLITICAL DECISION-TAKING

The Standing Rules and Orders of Council and various pieces of legislation including the Constitution of the Republic of South Africa provides for the processes of decision making by Council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council:
a) Approval of Budget
b) The imposition of rates and taxes, levies and duties.
c) The passing of By-laws.
d) The raising of loans.
Other matters are delegated to the Executive Mayor in terms of Section 59 of the Municipal Systems Act. The Executive Mayor must report to Council on the execution of duties delegated to her. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the Speaker exercise a casting vote in addition to that of him being a Councillor.
Before a Council passes a resolution on any of the following matters it shall first require the Mayor to play his executive role and submit a report and recommendation to the full sitting of Council.
a) The passing of By-laws
b) The approval of budgets
c) The imposition of rates

d) The raising of loans
e) The approval of the IDP and any amendments or reviews of this plan.
f) The appointment and conditions of service of the Municipal Manager and Managers directly accountable to the Municipal Manager.
g) And any other powers and functions as prescribed by various pieces of legislation.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Chairperson	***CLLR NT SHANDU***	**ANC**
Member	**CLLR AM GWALA**	**ANC**
Member	**CLLR TP SHANDU**	**ANC**
Member	**CLLR SR MDLETSHE**	**IFP**

FUNCTIONS

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.

REPORTING

The MPAC reports directly to the municipal council and the chairperson of the MPAC must liaise directly with the speaker on the inclusion of reports of the MPAC in the council agenda. As the MPAC is a committee of the council, its reports are submitted directly to the council without being submitted to the Executive Committee. The chairperson of the MPAC liaises directly with the speaker on the inclusion of its report in the council agenda, and the committee staff ensures that the documentation is physically included in the agenda of the council meeting.

COMPONENT B: ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipality has established a process or mechanism to regularly evaluate the staff establishment and if necessary review the staff establishment, in line with organizational objectives and development priorities. This mechanism provides for the review of the organizational structure at the beginning of the financial year, which entails revisiting each Department and Business Units to ensure that they respond to the priorities contained in the Integrated Development Plan (IDP). The organizational design and the structure of the Municipality are such that it seeks to respond to both national and local government priorities of:

a) Municipal Institutional Development & Transformation.
b) Basic Service Delivery
c) Local Economic Development
d) Municipal Financial Viability
e) Good governance
f) Building Local Economies to create more employment & sustainable livelihood.
g) Improve local public services and broaden access to services
h) Promote more active community participation in local government
i) Effective, accountable and clean local government

The Municipal Manager is the Head of Administration and plays a pivotal role in the functioning of the Municipality. The Municipal Manager subject to policy direction by Council must organize the Administration in the manner that enables Council to hold the Municipal Manager accountable for the overall performance of the Municipality.
As head of the administration, the municipal manager is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP, operates within the municipality's performance management system, and is responsive to the needs of the local community to participate in municipality. The municipal manager manages communication between the political structures and office-bearers and the administration.

In order to be able to give fruition to the requirement to run an efficient, economical and accountable administration, the operations of the municipality are divided into five directorates:
a) Budget and Treasury
b) Corporate Services
c) Community Services and Public Safety
d) Economic Development, Planning and Human Settlements
e) Infrastructure and Technical Services

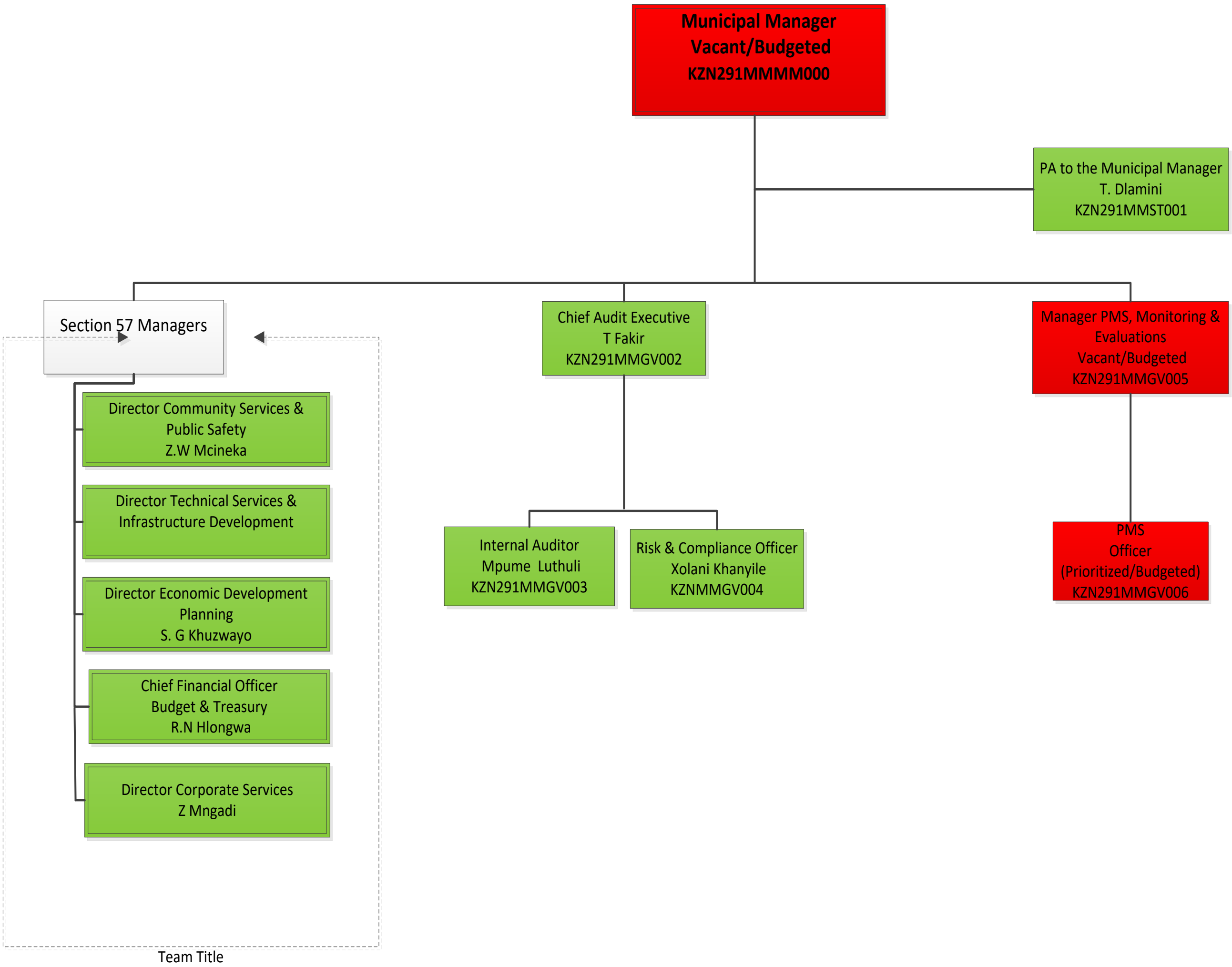
2.2. TOP ADMINISTRATIVE STRUCTURE

 **ACTING MUNICIPAL MANAGER** **Mr. S.G Khuzwayo**	Municipal Manager is responsible for the operations and performance in the following sections: ▪ Responsible for setting up effective and sound local administration; ▪ Coordinates the compilation of IDP; ▪ Responsible for PMS of the Municipality; ▪ Oversees the management of internal audit;. ▪ As the Accounting Officer has overall responsibility for finances of the Municipality; ▪ Advice Political Office Bearers and Council on various issues; ▪ Responsible for compliance of the Municipality with various pieces of legislation; ▪ Must ensure community participation in the affairs of the Municipality;. ▪ Legal Services; and ▪ Risk Management

CHIEF FINANCIAL OFFICER **Mr. N. R. Hlongwa** 	Chief Financial Officer is responsible for the operations and performance in the following sections: ▪ Financial Planning and Treasury; ▪ Supply Chain Management; ▪ Expenditure Control; ▪ Credit Control and Debtors; ▪ Revenue Control; and ▪ Asset Management and ▪ Property Valuations;
DIRECTOR: CORPORATE SERVICES **Ms. Z. P. Mngadi** 	Corporate Services Director is responsible for the operations and performance in the following sections: ▪ Information and Communications Technology; ▪ Administration and Auxiliary Services; ▪ Human Resources and ▪ Council Secretariat
DIRECTOR: TECHNICAL SERVICES **Mr. M. Sewdular** 	Technical Services Director is responsible for the operations and performance in the following sections: ▪ Electrical Services; ▪ Roads and Storm water; ▪ Mechanical Workshop; ▪ Municipal Buildings; ▪ Waste Management; ▪ Parks, Verges and Gardens; ▪ Project Management.
DIRECTOR: ECONOMIC DEVELOPMENT & PLANNING HUMAN SETTLEMENTS **Mr. S. G. Khuzwayo** 	Economic Development & Planning Human Settlements is responsible for the operations and performance in the following sections: ▪ Local Economic Development; ▪ Development Planning; ▪ Strategic Planning/IDP; ▪ Human Settlements and ▪ Building Control.

DIRECTOR: COMMUNITY SERVICES AND PUBLIC SAFETY. **Mr. Z. Mcineka**	The community Services Department is primarily responsible for the social wellbeing of the community. It comprises the following sections: • Library Services; • Parks, Verges and Gardens Community Facilities; • Community Development; • Public Safety • Fire and Rescue Services and Disaster Management; • Security Services • Cemeteries & Crematoria and • Waste Management

Municipal Managers Office



2.3. INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The municipality strengthened the functioning of the following structures established according to the provisions of the Intergovernmental Relations Framework Act no 13 of 2005. These high level strategic forums are as follows: IDM Intergovernmental Relations Forum, Executive Mayors Forum, District Speakers Forum, Municipal Managers Forum, Chief Financial Officers Forum and IDP Representative Forum.

The above forum is established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottleneck within certain spheres. Such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have communities that are happy.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mayor and Municipal Manager of Mandeni LM attend the Premier's Co-ordinating Forum (PCF). The IDM enjoys the advantage of having the Mayor as the Chairperson of SALGA, which then puts the Region in a better position to influence SALGA in strategic issues that are of interest to the Region and South Africa as a whole. Members of the Mayoral Committees (MMCs) also attend, and in some cases chair SALGA working groups. The IDM also sends representatives to SALGA Provincial and National Members' Assemblies.

Inter-Governmental Forums (IGR) are functioning well at District level. The Mayors IGR Forum has a year programme scheduled for monthly meetings. The Speakers', Chief Whips' and MMCs' Forums as well as the Troika meetings are operating. The MMCs also have established relations with their respective Member of Executive Committees (MECs) and in some cases, national government departments as well.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipality participates in the Premiers' Inter-Governmental Forum as well as the Provincial Speaker's Forum.
The Municipal Managers also have a Provincial and National Forum. In all these Forums, issues pertaining to service delivery and matters of common interest are discussed.
Information and best practices are shared and the interaction with Province and other municipalities is valuable to have a better co-ordination and co-operation.
Various forums in which officials participate are also structured at Provincial level, e.g. Communication Forum and SALGA Technical workgroups.
Councillors and Officials also participate in SALGA working groups in which valuable information is shared.

RELATIONSHIPS WITH MUNICIPAL ENTITITIES

The Mandeni Municipality has no municipal entities; however the Enterprise Ilembe has been established within the Ilembe District Municipality.

DISTRICT INTERGOVERNMENTAL STRUCTURES

IGR in the ILembe District was initially introduced in 2006 and has since developed fully. There is coordination in the functions of the District family of municipalities. It has provided a platform for the District municipalities to plan and synchronise all the programmes and projects that are inter-reliant as provided by the IDP's.

There are 10 Forums within the district, with the District Intergovernmental Forum being the highest authority. All Forum are constituted by senior officials from the Local Municipalities, District Municipality, Provincial and National Sector Departments. Each forum meets as indicated in the structure above to discuss issues pertaining to its portfolio and functions with an aim to devise a plan on how these entities can collectively work towards achieving their respective IDP objectives and National priorities/outcomes.

The Sub-Forums then report to the Technical Support Forum (made up by Municipal Managers) for discussion and recommendation. The Technical Support Forum in turn reports to the District Intergovernmental Forum (Mayors Forum).

2.4. PUBLIC ACCOUNTABILITY

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation is an institutionalised function in our Municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction. The evolution of ward-based planning and the related establishment of ward committee system have elevated community participation to higher level in terms of legal provision and institutionalisation of the process. Mandeni Local Municipality, through the Office of the Speaker, liaise continuously with communities through ward committee members and other stakeholder forums.
In order to facilitate maximum participation by ward committee members, the Municipality provides stipends for each member.

In the promotion of public accountability and participation members of the public are invited to attend all meetings of the Council and its committees. Another mechanism of public participation is conducted through Mayoral Budget and Integrated Development Plan (IDP) Izimbizo's. These are held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to illicit the needs of the community in order to provide input for the new financial year. A second Izimbizo is held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and illicit responses thereto.

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipal Systems Act as promulgated in 2000 describes the various core processes that are essential in realizing a system of developmental local government. These aspects include participative governance, IDP, performance management and reporting, resource allocation and organisational change. These processes are linked into a single cycle at the local level that will align various sectoral initiatives from national and provincial government departments with municipalities own capacities and processes, including alignment with district initiatives.

The process plan is a document that is developed for this very purpose it outlines the framework/process for the alignment and engagement in the review of the Integrated Development Plan. This is done in alignment with parallel processes like the Budget and the Performance Management System. Every year around the end of August, the Municipality finalize a Process Plan which is approved by Full Council, once approved a public notice is posted to our website and various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs. The very same Process Plan is posted on the Mandeni website where different activities and milestones are reflected in terms of the IDP review and PMS and Budget implementation and monitoring. The Mandeni Municipality has a structured program of public participation. This program is reflected in the Process Plan and forms the basis for citizenry engagement framework which is currently mooted in a form of a public participation policy.

The following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voices are accommodated in the planning, execution and review of the IDP, Budget and PMS processes:

- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on PMS Progress/SDBIP and IDP
- Monthly Community Meetings by Councillors (due to financial constrains-are held once in two months /6 meetings per annum per ward
- Project Based Meetings
- Sector Plan Based Engagements
- Executive committee
- Full Council Meeting
- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc.
- Municipal Property Rates Act (MPRA)
- Service Standard or Charter
- Community Based Planning
- Complaints Register: Customer Care and Batho Pele Engagements
- Sukuma Sakhe – Premier's Flagship Tool for Accelerated Service Delivery at a Ward Base Level
- Attendance to invitations by Interest groups
- Partnerships and MOUs: MIDI,
- Inaugural State of the Municipal Address (SOMA)

The public participation mechanisms/forums listed above are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, quarterly and annually as reflected in our Process Plan, the intergovernmental relations and citizenry participation system model is presented for adoption by Full Council which forms the basis for Public Participation Policy.

Appendix E that contains performance data on a ward by ward basis. 2016/2017

Public Meetings

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP REPRESENTATIVE FORUM	28 October 2015 kick start the 2016-17 process 27 January 2017 - Gathering of projects from Sector departments 17 February 2016 29 March 2016 Consider draft IDP / Budget 18 May 2016 – Before adoption 2016/17 IDP & Budget	11 out of 17 12 out of 17 16 out of 17 8 out of 17 10 out of 17	9 10 17 8 13	82	YES	
IDP COMMUNITY OUTREACH PROGRAMME	02 Sept – 12 September 2015	34	7	2956	YES	PRESENTATION OF IDP PROCESS PLAN AND REPORT BACK FROM MAYOR REGARDING THE SERVICE DELIVERY ACHIEVEMENTS FROM 2015/16
IDP COMMUNITY OUTREACH PROGRAMME	07 April 2016- 04 May 2017	34	15	3797	YES	PRESENTATION OF THE DRAFT 2015/16 IDP PRESENTED BY THE MAYOR. INPUTS WERE ALSO RECEIVED BY THE MAYOR REGARDING COMMUNITY NEEDS IN PREPARATION FOR ADOPTION OF THE FINAL IDP BY 30 JUNE 2016

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Municipality formulated a programme with ward numbers, dates, time and venues for public meetings in relation to IDP review. The programme included stakeholders such as the business community and the rate payers. All the stakeholders were engaged on IDP review, Budget and Performance Management System in terms of the KPAs and KPIs. At the end IDP representative forum meeting resolutions were taken after participation by sector departments and NGO's, which were relevant to partake in the discussion of Mandeni IDP review all our meetings were successful with meaningful participation of the public.

1.1.1.1. IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	YES/NO
Does the municipality have impact, outcome, input, output indicators?	NO
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?	NO
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Were the indicators communicated to the public?	NO
Were the four quarter aligned reports submitted within stipulated time frames?	NO
* Section 26 of Municipal Systems Act 2000 T 2.5.1	

2.5. OVERVIEW OF CORPORATE GOVERNANCE

Corporative governance is a link between all three spheres of government as enshrined in the constitution of the country. Inter-governmental relations are working relations between spheres of government for realization of a service delivery. In terms of the mandate of each sphere per the constitution, the expectation is that spheres of government compliments each other. This is done for the purpose of best practice and service delivery.

Corporate Governance within Mandeni Municipality entails *Risk Management*, *Anti-Corruption and Fraud*, Internal Audit, Audit and Audit Performance Committee, Municipal Public Accounts Committee and Supply *Chain Management* which is unpacked below.

COMPONENT A: RISK MANAGEMENT

The provision of Section 62 (1) (c) (i) of the Municipal Finance Management Act (Act Number 56 of 2003) stipulates that the Accounting Officer of the Municipality is responsible for managing the financial administration of the municipality and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

The Municipality has in the current year of assessment a dedicated individual to co-ordinate the function of risk management under the management of the Chief Audit Executive. This individual has been ably guided by an independent risk chairperson, the audit committee, the Accounting Officer, all senior management and management in the formulation of the risk register. Furthermore, this individual has ensured that there has been quarterly sitting of the risk committee and that risks are monitored and reported on a quarterly basis. Internal audit has also played a significant role in this area in ensuring that the municipality complies with the requirements of the Municipal Finance Management Act.

The Audit Committee has also been actively involved in the risk management process with areas of slow or no progress being reported during Audit Committee meetings

During the 2016/2017 year there was a review of the ERM Policy which was taken to the council policy workshop. There were no substantial changes noted to the ERM Policy and ERM Framework.

Furthermore, the 2016/2017 year was the second year in which the risk committee sat separately from TOP Management Committee and it was the second year in which the committee was chaired by an independent person. This year proved quite difficult in the sitting of risk committee meetings due firstly to the resignation of the risk committee chairperson in the month of November due to reallocation and secondly due to a cross agreement between Mandeni Municipality and ILembe Enterprise. In terms of this agreement the Chief Audit Executive (CAE) chairs the Enterprises risk committee and the CEO of the Enterprise performs the same function at Mandeni Municipality. The CEO of the Enterprise was only appointed in May 2017 and as such the agreement could only continue in the 2017/2018 year.

Apart from this it should be noted that the risk unit at Mandeni Municipality held a fruitful risk assessment session during the month of June with all departments whereby the audit chairperson was an invited participant. During this process the strategic (top 20 risk register was developed) as well as the administrative risk register (risks that fell outside the strategic risk appetite). This risk assessment was also the first whereby focus was given to IDP priority areas and the National KPA's to ensure that risks aligned to programs within the Municipality, Regionally, Provincially and Nationally.

TOP 21 RESIDUAL RISKS

No	Risk Name	Risk Description	Controls Details
1	**Debt Control and Debt Management (Long term Debt Management)**	Poor strategic direction relating to debt management and debt Control.	• Ongoing negotiations with iThala for transfer of municipal service • Ongoing discussions with Eskom to allow municipality to provide electricity (which serves as a negotiating tool for rates payment) • Taking the matter of Ingonyama Trust Board (ITB) to court via municipal attorneys • Detailed discussions with government departments and entities owing money to the municipality • Debt awareness program run by the municipality to engage

No	Risk Name	Risk Description	Controls Details
			with community debtors through Mayoral Imbizos
2	**2017. Revenue Enhancement and Generation**	The municipality is confined to earning revenue from normal operating activities and is becoming more grant dependent to meet operating commitments. This has necessitated the need to expand on areas of service provision as well as to find alternate ways of revenue generation	• Ongoing negotiations with Ithala • Ongoing negotiations with iThala for transfer of municipal service • Ongoing discussions with Eskom to allow municipality to provide electricity (which serves as a negotiating tool for rates payment) • Capacitation of the DLTC for revenue generation through licenses and fines
3	**Completion of Housing projects**	The municipality serves as the middle man between the department of housing and the contractor however is the first point of contact when development of housing is slow or stalled and hence Slow progress in the construction and completion of housing units is a current and future concern	• Functional PSCs in place to monitor progress on all housing projects • To enroll contractors with the ABSA partnership programme to assist with financial support of local contractors • Regular sitting of housing technical committees to deliberate on technical issues for all housing projects • Quarterly housing forums to report on housing projects with various stakeholders and registering of challenges
4	**Resource Constraints**	Non-availability of key resources materials (e.g. Electricity -Globes, cables, transformer oil and Civil – Cold mix, storm water pipes, man hole covers) to perform operational duties and functions	None
5	**Fraud and Fraud Related Activities –Resource Constraints**	There is no Organizational capacity and budget assigned to	• The CAE is currently addressing fraud via internal audit

No	Risk Name	Risk Description	Controls Details
		areas of fraud and fraud management. Activities undertaken are done so without delegation for compliance	• The assistance of CoGTA in addressing fraud control weaknesses
6	**Non- compliance- Business Licensing legislation**	Non- compliance with the proposed business bill	• Business licenses control register • Compliance with business regulation through: 1 meetings; 2. Inspection; 3. maintaining registers.
7	**Land for Development – Resource Constraint**	Lack of adequate land for development and expansion	Property Register • Valuation roll • Municipal Sundumbili tittle deed
8	**Debtors (Short to medium term)**	Non-Enforcement of debt collection Controls.	• Credit control by-laws • Debt Collection Policy • Debt Management campaigns to encourage payments (Mayoral Ibizo) • Dedicated debt Management Unit which follows up on all outstanding debts • Ongoing updates and alignment of debt pack to MSCOA on the debt management system • Tariffs Policy
9	**Driving License Testing Centre Management**	Non-compliance with DLTC rules and regulations	• On the job training on DLTC staff members • Monthly departmental MANCO meetings • Council resolution on the construction of new offices • Budget (R2 500 000.00) sourced to fund for construction of new offices

No	Risk Name	Risk Description	Controls Details
			• By-monthly inspection by Provincial and National DOT
10	**PPE (Plant) – resource Constraint**	The municipal area has 18 wards and due to current expansion programs the infrastructure maintenance requirements are in excess of equipment and plant that is available	• Use of additional hired plant to meet the need for maintenance plan. • Monthly maintenance schedules developed to ensure that scarce equipment are broadly distributed for all wards • Developed a maintenance policy
11	**Disaster Risk and Emergency Services Management**	Lack of resources (human, system and processes) to adequately perform disaster management responsibilities	• A single person employed within the Disaster Management Unit • Disaster Management Plan aligned to the new bill • Effective Fire Services outsourced to rural metro
12	**Financial Management: Other Income**	The BTO has numerous sources of income that are not being adequately managed and controlled 1. Hall income 2. Pool income 3. Library income 4. Fine and traffic revenue 5. Sale of tender documents 6. EDPHS Income	There are individual controls that exist for each stream of income: • Hall income has a MRF book prepared in triplicate • Library income has manual register and well capacitated staff • Traffic revenue is managed via the traffic management system and is constantly audited by Department of Transport
13	**Attraction/Retention of scarce skilled personnel (within operations and maintenance)**	The Technical service unit relies on technical experts to perform critical functions within operations and	• Outsourcing through consultants and contractors • Collaborating with FET Collage to engage artisans to perform functions within the

No	Risk Name	Risk Description	Controls Details
		maintenance which otherwise would require outsourcing however these skills are not readily available within the Mandeni Municipal Area	municipality and at the same time develop a pool of skilled and experienced resources knowledgeable on the municipal infrastructure
14	**Constant changes in the Municipal Organogram (Special Programs)**	Constant changes in the reporting lines for staff in the Special Programmes Section	• Staff meetings to allay fears and motivate staff to keep them focused
15	**Fraud Management**	Fraudulent issuing of Learners licenses, vehicle licenses and renewal of drivers licenses. Fraudulent booking of community facilities Non recording of income received for library fines and photocopies	• Annual audits of critical line functions identifying issues relating to traffic and licenses, halls and libraries • ENaTis system • Slims system for libraries
16	**Ward Committees Capacitation**	Non-compliance with the Municipal Systems Act and other related statutes requiring Municipalities to train and capacitate Ward Committees	• Ad-hoc Workshops by key stakeholders such as ILembe Disaster and Risk Management • IDP consultative processes, all assist to shed information on public participation process
17	**Admin: Committees. Human Resource Constraint** **(KPI – there must be 60 portfolio**	Inaccurate capturing and timeous distribution of committee minutes	• Appointment of an in-service trainee • Adoption and usage of Resilio system

No	Risk Name	Risk Description	Controls Details
	committee meetings in one year)		
18	**IT Contract management**	Numerous IT related service providers working with no proper contract signed with them	• Monthly monitoring of contracts by Contracts Officer
19	**HR: Non-compliance with the OHS Act in terms of safety Training**	Non-compliance with OHS Act and regulations with regards to management safety training	• Human Resources roadshow that includes Health and Safety policies • Quarterly Occupational Health and safety meetings
20	**HR: Alignment between HR and Payroll**	Payroll and HR modules are not integrated	• Monthly reconciliation of Payday and HR records
21	**IT - Non-compliance with IT Governance Framework**	No proper implementation of IT Governance Framework	• IT Steering committee Quarterly meetings • Quarterly reporting to LHRPA(LPA)

COMPONENT B: ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI CORRUPTION STATEGY

The Municipality has taken an active role in dealing with fraud and anti-corruption. For one the municipality has ensured that the fraud function be reviewed by a company called "The FIRM" to identify fraud and anti-corruption weaknesses. Secondly the municipality has undergone a process of review by SALGA whereby the fraud and anti-corruption strategy, its associated policies and its processes where reviewed. Furthermore, the fraud risk register was interrogated. From the reviews it was determined that the fraud and anti-corruption controls at the municipality where poor and there needs a developed action plan in place to ensure that the controls are strengthened. In this regards an action plan was developed and approved by the accounting officer and submitted to SALGA (As depicted below)

ACTION PLAN FOR FRAUD AND ANTI-CORRUPTION ACTIVITIES

No	Item	Responsible Person	Resources Needed
1.	Delegation required for the CAE and the risk officer to perform functions	Acting Municipal Manager	None

	relating to anti-fraud and anti-corruption activities		
2.	Conduct a fraud risk assessment process with staff and political leadership to update the existing fraud risk register and to amend for new areas identified as high risk	CAE/risk officer	External Service Provider / CoGTA
3.	Submit fraud risk register for CoGTA to review	CAE/risk officer	KZN CoGTA
4.	Review the anti-fraud and corruption strategy	CAE/ risk officer	None
5.	Submit reviewed anti-fraud and corruption strategy to CoGTA to review	CAE/ risk officer	KZN CoGTA
6.	Train and workshop all staff and political leadership	KZN CoGTA	KZN CoGTA
7.	Update fraud risk register based on strategies and information stemming from workshop	CAE/risk officer	External Service Provider / CoGTA
8.	Advertise for panel for fraud consultants (2 consultants to perform fraud related activities)	Acting MM/CAE	None until forensic work is required
9.	Review all fraud related policies	CAE/risk officer	External Service Provider / CoGTA

Currently the municipality has reviewed the anti-fraud and corruption strategy (as provided by SALGA) and has amended this strategy to consider the resources and needs of Mandeni Municipality. The strategy has been taken to TOP MANCO for comment and is at a stage of EXCO and Council Approval.

Though there is no formal delegation on the matter of fraud and anti-corruption the CAE is taking responsibility of the matter as per the request of the Accounting Officer.

Once the anti-fraud and corruption strategy is adopted by council the next step is to perform an Organizational fraud risk assessment and thereafter deal with the matter of appointing resources to take on this activity full time

Steps undertaken when fraud is identified

Some instances of fraud were identified by the Municipality during the year. These instances of fraud were identified through the following means:

- Internal audit during their regulatory audit for quarter 2 and by quarter 3
- Written submissions from the public and cases opened up with the public
- Internal fraud or misrepresentation identified by the Accounting Officer and the Labor Unit

All instances of identified or suspected fraud was investigated either through internal mechanisms such as the internal audit or the Municipal Public Accounts Committee or externally through appointed service providers. All instances were sufficient evidence was obtained to further pursue the cases have been resolved with staff facing disciplinary cases and recoupment of money.

In the future there is the plan for the appointment of a panel of fraud investigators to undertake forensic investigations. Furthermore, staff from internal audit will undergo training in Certified Fraud Examination Techniques to strengthen the internal mechanisms to review and investigate fraud.

COMPONENT C: INTERNAL AUDIT

Internal Audit

In terms of Section 62 (c) of the Municipal Finance Management Act no 56 of 2003 (MFMA), the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(a) that the municipality has and maintains effective, efficient and transparent systems—
- (i) of financial and risk management and internal control; and
- (ii) of internal audit operating in accordance with any prescribed norms and standards;

Furthermore, Section 165 (1) of the MFMA, states that each municipality must have an internal audit unit.

Section 165 (2) states that the internal audit unit of a municipality must—

(a) prepare a risk-based audit plan and an internal audit program for each financial year;

(b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—
- (i) internal audit;
- (ii) internal controls;
- (iii) accounting procedures and practices;
- (iv) risk and risk management;
- (v) performance management;
- (vi) loss control; and
- (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and

(viii) Perform such other duties as may be assigned to it by the Accounting Officer.

Regulation 14 (1) (a) of the Local Government: Municipal Planning & Performance Management Regulations of 2001, prescribe that a municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

The Municipality had, within its Organizational structure, a dedicated internal audit unit in the 2016/2017 year of assessment. Furthermore the municipality has an independent audit committee with three (3) members of sufficient skills and experience to ensure adequate oversight over internal audit as well as municipal activities as a whole.

The 2016/2017 year of assessment was a successful year for the internal audit unit with the following key achievements being noted:

- The first year in which performance audits and audit of performance objectives were conducted in house
- The first audit of basic service delivery projects and programs as part of an infrastructure audit process
- The acknowledgement by governance structures such as Treasury and CoGTA on the strength of the internal audit unit and the ability of the internal audit unit to perform majority of audits in house
- The completion of the internal audit plan for all quarters
- The successful workshopping and review of the Internal Audit Charter

Furthermore, the internal audit unit had ensured that there was quarterly sitting of the audit committee as well as bi annual reports of the audit committee to council.

The internal audit unit also ensured that it complied with its statutory requirements of performing four quarterly audits as per the developed and approved internal audit plan and then tabling each quarterly report with follow ups to audit committee for consideration. The unit also successfully oversaw the development of the 2017/2018 internal audit plan which was approved by the audit committee on the 29th June 2017.

In regards to the 2016/2017 scheduled audits the following key areas where reviewed and tabled to audit committee for consideration:

Risk Reference	Audit Area	Implementation Date	Responsible Person	Testing period
RISK BASED AUDITS				
Environmental Management: Cemetery Land				
R1	• Cemetery Feasibility study	2017/06/30	Community Services Director	V1 and V4
	• Engagement with the relevant stakeholders.	2017/06/30	Community Services Director	V1 and V4

Risk Reference	Audit Area	Implementation Date	Responsible Person	Testing period
EDPHS: SPLUMA				
R2	• Proposal made to the planners forum to support and adopt the idea of alternate members	2016/09/30	Director EDP	V1
	• Review the SLA on the functioning of the Joint Municipal Tribunal (JMT)	2017/06/30	Director EDP	V1 and V4
Budget and Treasury: Debtors Control				
R3	• Negotiating a transfer of distribution license from Eskom to Mandeni	2017/06/30	CFO	V1 and V4
Corporate Services: Non-compliance with the OHS Act in terms of safety training				
R4	• Provide training to management	2016/12/31	Director Corporate Services	V2
	• Management to provide training to their respective staff and submit proof of training to HR	2016/12/31	Director Corporate Services	V2
CS&PS: Waste: Management Resources				
R5	• Negotiate a transfer of waste management function from iThala to MLM	2017/06/30	Community Services Director	V4
	• Develop a compliance checklist to ensure compliance with relevant legislation	2016/09/30	Community Services Director	V1
	• Implementation, monitoring and reporting of the IWMP	2016/09/30	Community Services Director	V1
	• Promotion of recycling initiatives	Ongoing	Community Services Director	V1 and V4
	• Acquisition of additional equipment, plant and vehicles	2017/06/30	Community Services Director	V4

Risk Reference	Audit Area	Implementation Date	Responsible Person	Testing period
	• Acquisition and construction of a waste transfer station	2017/06/30	Community Services Director	V4
Technical services: Maintenance				
R6	• Improve on infrastructure maintenance plan to include tar roads	2015/09/30	Technical Services Directors	V2
	• Source additional budget through negotiations with BTO	2017/06/30	Technical Services Directors	V4
Technical: Project Risk				
R7	• Blacklist defaulted service providers	Ongoing	Technical Services Director	V1 and V4
	• Investigate the standardization of local labour appointment between contractor and user department	2016/07/15	Technical Services Director	V1
	• Appointment of ISD officer as per the approved organogram	2017/01/31	Technical Services Director	V3
	• Formation of the defaulters listing within iLembe District	2016/11/30	Technical Services Director	V2
	• Quarterly assessments of service providers	2016/09/30	Technical Services Director	V1
	• Develop and implement a policy for standardization on local Labour appointments	2016/10/31	Technical Services Director	V2
OMM: Business Support: Performance Management System				
R8	• Develop SOP's and table these to TOP MANCO and Audit Committee	2016/12/30	Municipal Manager	V2
	• Appoint an in-service trainee to assist with administrative issues	2016/09/30	Municipal Manager	V1

Risk Reference	Audit Area	Implementation Date	Responsible Person	Testing period
	• Implement the procured automated PMS system	2016/12/30	Municipal Manager	V2
	• Ensure that letters are written quarterly to management reminding	2016/09/30	Municipal Manager	V1
	• Train all management on the automated PMS system	2016/12/30	Municipal Manager	V2
OMM: Business Support: Risk Management Function				
R9	• To ensure that risk champions are formally selected from each department	2016/08/31	Municipal Manager	V1
	• To investigate the possibility of separation of internal audit and risk management	2016/10/31	Municipal Manager	V2
	• To train current staff in risk management and ensure that staff are enrolled	2016/12/30	Municipal Manager	V2
	• To ensure that the audit committee adequately deals with risks in its bi annual	2016/09/30	Municipal Manager	V1
	• To ensure that the risk committee minutes are tabled at Audit Committee	2017/01/01	Municipal Manager	V3
	• To ensure that risk champions are trained on the job	2016/10/31	Municipal Manager	V2
OMM: Business Support: Municipal Public Accounts Committee				
R10	• Appointment and up skilling of official to assist MPAC committee	2016/12/31	Municipal Manager	V2
	• Investigation into the placement of MPAC staff under an independent office	2016/12/31	Municipal Manager	V2
	• Non - Attendance of MPAC meetings reported to	2016/12/31	Municipal Manager	V2
	• Office of the Speaker	2016/08/31	Municipal Manager	V1

Risk Reference	Audit Area	Implementation Date	Responsible Person	Testing period
	Dedicated budget provided to MPAC to carry out independent investigations.			
Budget and Treasury: Debtors				
R11	• Approve and implement the indigent register	2017/03/31	Chief Financial Officer	V3
	• Prepare a schedule of unrecoverable debts for write off by council	2017/06/30	Chief Financial Officer	V4
EDPHS: Municipal Investment				
R12	• Develop a Land Acquisition Strategy	2016/12/31	Director – EDPHS	V2
	• Formulate a task team to work on incentives to bring in other roles players	2016/09/30	Director – EDPHS	V1
	• Engage in negotiations with the aim to acquire strategic land.	2017/03/31	Director – EDPHS	V3
EDPHS: Illegal construction				
R13	• Work shopping of By-law Enforcement Officers.	2016/11/30	Director EDP	V2
	• Conduct community awareness workshops.	2016/11/30	Director EDP	V2
EDPHS: Business Licensing				
R14	• Conduct in house community awareness on the use of business act 1991	2016/11/30	Director EDP	V2
CS&PS: Parks and Gardens				
R15	• Review of grass cutting implementation programme to include vacant sites	2016/07/31	Director – CS&PS	V1
	• Development and improvement of Public Nuisance By-Laws	2016/07/31	Director – CS&PS	V1
	• Strengthening of capacity of By-Law enforcement officers/peace officers	2016/07/31	Director – CS&PS	V1

Risk Reference	Audit Area	Implementation Date	Responsible Person	Testing period
Corporate Services: Segregation of duties (Manager HR and Labour)				
R16	• Investigate the best practice from neighbouring municipalities	2016/12/31	Director – Corporate Services	V2
	• Build more capacity within labour and HR	2016/09/30	Director – Corporate Services	V1
Technical Services: SCM Support				
R17	• Appointment of panel for electrical service providers	2016/09/30	Director – Technical Services	V1
	• Meet with BTO to request petty cash for technical services	2016/09/30	Director – Technical Services	V1
	• Meeting with SCM unit and Technical services to build and understand the impact	2016/09/30	Director – Technical Services	V1
OMM: Pauper/Indigent Burial-limited land: Special Programs				
R18	• Discuss the issue of pauper burial with community services to discuss issues relating to financing, space and service providers	2016/01/31	Municipal Manager	V3
BTO: Procurement Delays				
R19	• Development of Procurement Plan	2016/08/01	Chief Financial Officer	V1
	• Updates on Job Description of SCM officials to promote segregation of duties	2016/09/30	Chief Financial Officer	V1
	• Development of SCM Process Flow	2016/09/30	Chief Financial Officer	V1

Risk Reference	Audit Area	Implementation Date	Responsible Person	Testing period
BTO: Managing and Safeguarding of assets				
R20	• Construction of security fence	2016/07/30	Chief Financial Officer	V1
	• Quarterly asset count	Ongoing	Chief Financial Officer	V1 and V4
	• Training of all asset champions	2016/10/15	Chief Financial Officer	V2
	• Enforcement of the disciplinary code	Ongoing	Chief Financial Officer	V1 and V4
INFORMATION TECHNOLOGY RISKS				
IT Strategic Alignment				
IT1	• Provide specification to SCM for service provider required to review Master Systems Plan (MSP)	2016/09/30	IT Manager	V1
	• Appoint a service provider to Review Master Systems Plan (MSP) to ensure alignment to 2016/2017 IDP	2017/03/31	IT Manager	V3
	• Adopt newly reviewed MSP	2017/06/30	IT Manager	V4
	• IT manager involvement in SCM processes (specification)	2017/06/30	IT Manager	V4
Lack of internal capacity to perform IT functions				
IT2	• Discuss available budget with BTO to ensure that IT posts are prioritised	2016/09/30	IT Manager	V1
	• Finalise Job evaluation for all IT posts	2016/12/31	IT Manager and HR manager	V2
	• Termination of current contract with a service	2016/09/30	IT Manager	V1

Risk Reference	Audit Area	Implementation Date	Responsible Person	Testing period
	provider to ensure that funds are available to fill internal posts			
	• Fill budgeted posts within IT	2016/12/31	IT Manager	V2
Non-compliance with IT Governance framework				
IT3	• Train members of IT steering committee	2017/03/31	IT Manager	V3
	• Train members of Local Public and Administration (LPA)	2017/03/31	IT Manager	V3
	• Train IT staff	2017/03/31	IT Manager	V3
	• Adopt IT governance framework	2017/06/30	IT Manager	V4
	• Formalise IT steering committee to sit separately from TOP MANCO and to include independent person	2017/06/30	IT Manager	V4
IT Change management				
IT4	• Inform all service providers of the need to comply with the change management policy and sign a resolution	2016/12/31	IT Manager and HR manager	V2
	• Prepare resolution to inform service providers consequence of non-compliance	2016/12/31	IT Manager and HR manager	V2

COMPONENT D: AUDIT AND PERFORMANCE AUDIT COMMITTEE

Audit Committee

REPORT TO THE MANDENI MUNICIPAL COUNCIL

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File Reference: Author: Mrs. Charmaine Jugnarayan
Report Number: Designation: Chairperson of the Audit Committee
CONFIDENTIAL The Honourable Speaker
FOR CONSIDERATION MANDENI MUNICIPAL COUNCIL (30/06/2017)

SUBJECT: AUDIT COMMITTEE REPORT FOR THE 2016/17 FINANCIAL YEAR
DATE: 24 AUGUST 2017

1. INTRODUCTION

The Audit Committee of the Mandeni Local Municipality has pleasure in submitting its report to the Council for the above period for consideration.

2. PURPOSE

The purpose of this report is to apprise Mandeni Municipal Council of the outcome of the work done by the Audit Committee during the 2016/17 Financial Period.

3. LEGISLATIVE PROVISIONS

3.1 In terms of Section 165 of the Municipal Finance Management Act, Act 56 of 2003 (“the MFMA”), Internal Audit Unit is directly accountable functionally to the Audit Committee. This accountability applies despite the administrative location of the Internal Audit Unit which is under the Office of the Municipal Manager.
3.2 Internal Audit Unit is responsible to the Accounting Officer to ensure that it gives assurance as to the effectiveness and efficiency of the systems of internal controls, governance and risk management at Mandeni Municipality. This should not, however, be construed as channelling the Internal Audit’s direct responsibility to the Accounting Officer as this function reports to the Audit Committee as laid out in International Standards for the Professional Practice of Internal Audit (ISPPIA) issued by the Institute of Internal Auditors of South Africa (IIA).
3.3 ISPPIA requires that matters which arise in the course of the internal audit activities are confidential and primary discussion is restricted to management and Accounting Officer. Discussion with management is necessary when the draft audit report has been prepared for management comments and action plan developed for consideration by the Audit Committee, Executive Committee and Council. This is an **REPORT TO THE MANDENI MUNICIPAL COUNCIL**

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essential feature of the good relationship between the internal auditors, management and Council.

3.4 The report records the outcome of the work done by the Audit Committee. The committee from time to time made recommendations as preventative or corrective measures to the weaknesses identified by Internal Audit Unit in the municipality based on reports and information, financial reports in terms of Section 52, 66, 71 and 72 of the MFMA supplied to the Audit Committee.

3.5 The recommendations or advice in this report have been made based on certain information at a point in time and supplied to the Audit Committee and are subject to change after due consideration of new information received as well as subsequent deliberation with the municipality.

4. MEMBERS

The Audit Committee consist of the members listed hereunder and meets as a minimum, four times a year as per the approved Audit Committee Charter. The composition of the committee is minimum of three members as per section 166 (4) (a) of the MFMA.

The Audit Committee had continued with its 2 existing members for the first half of 2016. A third member, Ms. S Rajah, has been appointed and joined the Audit Committee from February 2017.

Name of Member Number of Meetings Attended

Mrs. C Jugnarayan (Chairperson) 4

Mr. S Nkosana 4

Ms. S Rajah 1

Overview of Activities

The Committee held 4 meetings during the period under review on the following dates:

25 August 2016;

07 December 2016;

29 March 2017; and

28 June 2017

5. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Audit Committees' work was guided and regulated by an Audit Committee Charter and has discharged all its responsibility as contained therein.

5.1 Institutionalisation of Internal Audit Function

Internal Audit Unit and Audit Committee operate within the mandate of the approved charters adopted by the Audit Committee and Council respectively.

5.2 Internal Audit Function

(a) The work of the Internal Audit Activity is regulated by Section 165 MFMA, ISPPIA & Internal Audit Charter.

(b) In terms of S165 (1) each Municipality is required to have an internal audit, S165 (3) allows the municipality to co-source the internal audit function if the Municipality requires assistance to develop its internal capacity. The internal audit services were co-sourced from KPMG and Ngubane and Company, the firm of Chartered Accountants and Auditors during the period under review. The Internal Audit Unit operates on the annual audit coverage plan which was approved by the Audit Committee at the beginning of the 2015/16 financial year.

(c) Internal audit reports were presented and discussed with management before they were tabled at the Audit Committee meetings. Issues that were raised were, deliberated upon and recommendations made to Council including the findings raised by the Auditor-General in their audit report for 2015/16 financial year.

(d) The following progress against the internal audit plan for 2016/17 was reported in the December 2016 meeting: The period of audit coverage was 1 July 2016 to 30 November 2016

No.	Audit Area	Status
1	Payroll	Completed & reported in visit 1 report to Audit Committee
2	Protection Services	Completed & reported in visit 1 report to Audit Committee
3	Debt Management	Completed & reported in visit 1 report to Audit Committee
4	Risk Management	Completed and reported in risk management report
5	Revenue	Completed & reported in visit 1 report to Audit Committee
6	Internal Controls	Completed and reported in Auditor

REPORT TO THE MANDENI MUNICIPAL COUNCIL

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No.	Audit Area	Status
General Dashboard Report		
7	Performance Management System	Completed and reported in the PMS Report
8	Audit of Performance Information	Completed and reported in the PMS Report
9	Follow up on previous internal audit reports and AG reports	Completed & reported in visit 1 report to Audit Committee

(e) The following progress against the internal audit plan for 2016/17 was reported in the March & June 2017 meetings: The period of audit coverage was 1 July 2016 to 30 December 2016

No.	Audit Area	Status
1	Fixed asset management	Completed & reported in visit 2 report to Audit Committee
2	Supply chain management	Completed & reported in visit 2 report to Audit Committee
3	Housing rentals	Completed & reported in visit 2 report to Audit Committee
4	Annual report review	Completed & reported in visit 2 report to Audit Committee
5	Visit 1 Follow up	Completed & reported
6	Long term contracts	Completed & reported in visit 3 report to Audit Committee
7	Loss control	Completed & reported in visit 3 report to Audit Committee
8	Project assurance	Completed & reported in visit 3 report to Audit Committee
9	PMS Q2 & Q3	Completed & reported
10	Visit 2 follow up	Completed & reported
11	Visit 1 second follow up in Visit 3	Completed & reported
12	AG Compliance: dashboard & AG action plan	Completed & reported
13	MSCOA Register Q2 & Q3	Completed & reported
15	Risk management Q2 & Q3	Completed & reported

(f) The Audit Committee continues to monitor the progress against the implementation of the annual audit plan.

5.3 System of Internal Control

5.3.1 The system of internal controls are designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are effectively and efficiently managed.

5.3.2 The Visit 1: December 2016 report highlighted the following summary of findings:

Audit Area	Finding Risk rating: High	Finding Risk rating: Medium	Finding Risk rating: Low	Total audit findings
Payroll	03	1	-	04
Protection services	10	2	-	12
Debt management	04	3	-	07
Revenue management	02	2	-	04
Total	**19**	**8**	**-**	**27**

5.3.3 The Visit 2 report highlighted the following summary of findings:

Audit Area	Finding Risk rating: High	Finding Risk rating: Medium	Finding Risk rating: Low	Total audit findings
Supply chain mgt.	11	0	0	11
Fixed asset mgt.	3	5	0	8
Municipal housing	2	3	0	5
Annual report	2	0	0	2
Total	**18**	**8**	**0**	**26**

Of concern to the Audit Committee is the significant number of findings relating to the supply chain process, as well as the fact that 100% of the total findings are rated high and require immediate attention. Management is required to implement appropriate systems of internal controls and/or corrective action to address the identified weaknesses and possible irregularities. Although there are controls in place, the existing systems and procedures require enhancement and continued monitoring.

5.3.4 The Visit 3 report highlighted the following summary of findings:

Audit Area	Finding Risk rating: High	Finding Risk rating: Medium	Finding Risk rating: Low	Total audit findings
Project assurance	4	0	0	4
Loss control	2	3	0	5
Long term contracts	2	3	0	5

Risk management	2	0	0	1
Financial control	1	0	0	1
Total	**11**	**6**	**0**	**17**

Of concern to the Audit Committee is the significant number of high risk findings in project assurance, as well as the fact that 65% of the total findings are rated high and require immediate attention. Management is required to implement appropriate systems of internal controls and/or corrective action to address the identified weaknesses and possible irregularities. Although there are controls in place, the existing systems and procedures require enhancement and continued monitoring.

5.3.5 To further enhance the processes in place, the Internal Audit Unit conducts follows up audits on previously reported internal audit findings and reports progress to senior management and the Audit Committee.

The second follow-up audit of Visit 1 conducted by Internal Audit during their visit in quarter 3 highlighted the following: Audit Area	Finding Risk rating: High		Finding Risk rating: Medium		Finding Risk rating: Low		Total audit findings	
	C	NC	C	NC	C	NC	C	NC
Payroll	-	3	1	-	-	-	1	3
Protection services	5	5	1	1	-	-	6	6
Debt management	3	1	2	1	-	-	5	2
Revenue management	-	2	-	2	-	-	0	4
Total	**8**	**11**	**4**	**4**	**-**	**-**	**12**	**15**

C – Cleared
NC – Not cleared/in progress

The follow-up audit of Visit 2 conducted by Internal Audit during their visit in quarter 3 highlighted the following: Audit Area	Finding Risk rating: High		Finding Risk rating: Medium		Finding Risk rating: Low		Total audit findings	
	C	NC	C	NC	C	NC	C	NC

Supply chain management	7	4	-	-	-	-	7	4
Municipal housing	1	1	2	1	-	-	3	2
Fixed asset management	2	1	4	1	-	-	6	2
Annual report	2	-	-	-	-	-	2	-
Total	**12**	**6**	**6**	**2**	**-**	**-**	**18**	**8**

C-Cleared

N-Not cleared/in progress

The Audit Committee expresses concern on the significant number of not yet cleared findings relating to the payroll, protection services and supply chain management.. Also of concern was that the management is failing to adhere to the agreed timeframes for implementation of remedial action. Management will need to implement immediate action to address the high risk findings not yet cleared.

5.3.6 The Audit Committee recommends that the internal audit reports include the overall internal audit conclusions on the rating of the effectiveness of internal controls and indicate whether the control framework is operating as designed.

5.4 Performance management

The Audit Committee also serves as the performance Audit Committee for Mandeni Local Municipality. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001 (Section 14) (Regulations).

The quarter 3 PMS assessment report was considered. The report also noted that although the achievement is favourable, there are areas that need attention and severe corrective measures be implemented to achieve set targets. This is in line with the findings of Internal Audit.

The Audit Committee noted the internal audit report on the performance management system for the first, second and third quarters. The overall conclusion on the report was rated unsatisfactory in quarter 3, indicating that there is room for improvement in the critical processes in respect of adequacy and efficiency. Areas of concern continue to be the provision of complete and accurate information in the portfolio of evidence and targets not achieved.

The Audit Committee reviewed the annual performance information report and internal audit report at the Audit Committee meeting held on 24 August 2017. The Audit Committee is pleased to note that management have considered and implemented recommendations of the Audit Committee.

The Municipality achieved an average of 65% overall success rate on performance. The final success rate will be calculated once the annual performance report has been finalised. The report also noted that although the achievement is favourable, there are areas that need attention and corrective measures be implemented to achieve set targets. This is in line with the findings of Internal Audit.

5.5 External Audit by Auditor-General

5.5.1 The Audit Committee has reviewed the External Audit scope to ensure the critical areas within the Municipality are being addressed. In addition, the committee considered the audit strategy. The audit engagement letter will be tabled to management in September 2017 for signature.

5.5.2 Based on processes followed and assurances received from the Auditor-General, nothing has come to the committee's attention with regard to any matter concerning the independence of External Auditors.

5.5.3 The dashboard report for all four quarters compiled by Auditor-General was followed-up by Internal Audit and reports presented to the Committee and progress thereof noted for quarter 3 of 2016/17 financial year. The dashboard report for Quarter 4 will form part of the report to management on the external audit. It should be noted that the Action Plan and Dashboard report was tabled to the Political and Administrative Leadership by the Auditor General and in summary there is general improvement in areas such as compliance and reporting.

5.6 Review of financial statements and accounting policies

The Audit Committee, during its review of the financial statements for the year ended 30 June 2017, considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices (GRAP).
The Audit Committee is satisfied that they comply in all material respects with the relevant provisions of the Municipal Finance Management Act and GRAP and, pending certain adjustments be made has approved the annual financial statements for submission to the Auditor-General.
A summary report on MSCOA was noted highlighting that the Municipality is on target for implementation. The MSCOA risk register was noted.

5.7 Risk Management

As part of the internal audit plan, Internal Audit presented their report on the work done to review the risk management process, as reported above.

Risk workshops were held in-house on June 2017 to update the risk register. The risk register was complied by the risk officer with support from internal audit. The risk register was used in the compilation of the internal audit plan.

It should also be noted that improvements in risk management include:
- The formal structuring and sitting of the risk committee
- The appointment of the risk committee chairperson
- The tabling of risk committee minutes for the Audit Committee

5.8 Information and Communication Technology

IT Governance Framework and Strategy is an engine of any organisation and should be developed and implemented urgently. The Director Corporate Services and the ICT manager have been actively addressing the concerns raised by the AG.

5.9 Overall Positive Improvement

The Audit Committee was pleased with the improvements but was of the view that there more room for further improvements as effort was still required in a number of areas as highlighted in this report where there was slow progress in clearing issues raised by Internal Audit Unit.

5.10 Recommendations

(a) Council should ensure that there is support for the internal audit function;.

(b) Council should ensure prioritisation of risk management in terms of capacity & skills;

(c) Council should ensure that the formal risk management committee minutes are tabled to the Audit Committee on a quarterly basis;

(d) Council together with management should implement a vigorous debt collection strategy.

(e) The Council and management need to further enhance internal controls over revenue management and SCM processes;

(f) Management should interact with the external auditors for interim audits with a view to identify and address shortcomings timely.

(g) Management should ensure that accurate, reliable and complete financial and performance information is submitted quarterly for review by the Committee;

5.11 Conclusion

The Audit Committee is of the opinion that in addition to the recommendations to Council, Management is required to implement appropriate systems of internal controls and/or corrective action to address the agreed concerns as identified by both Internal Audit, the Auditor General and Senior Management. The status of implementation of corrective measures is to be reported at every meeting of the Audit Committee to enable monitoring. Overall the Audit Committee has noted a positive improvement in the functioning of the municipality and will seek to monitor the implementation of resolutions quarterly

On behalf of the Audit Committee

Mrs. Charmaine Jugnarayan
Chairperson
Mandeni Municipal Audit Committee

30 August 2017

COMPONENT E: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The provision of Section 79 (1) (a) and (b) of the Municipal Structures Act (of 1998) stipulates that the municipality must establish an oversight committee that will oversee the executive functionaries of the municipal management on behalf of its Council. The Municipal Accounts Committee operates as a subcommittee of Council.

The Municipality has in the 2016/2017 year of assessment dedicated an individual to co-ordinate the function of MPAC under the management of the Chief Audit Executive. This individual has been ably guided by the MPAC charter and other legislation in respect of the functions of the MPAC. MPAC has been provided with this individual in order for them to be assisted in terms of minutes taking, meeting preparation, agendas, member's invitation, liaison with Cogta and national treasury in terms of the MPAC duty requirements and any other functions as requested by the MPAC Chairperson.

The Internal Audit has also been actively involved as a support structure and advisory body of the MPAC through the Chief Audit Executive and MPAC Officer. Each and every high level report was discussed with the Internal Audit unit to ensure that the MPAC gets a clear picture when looking at the issues during their meetings in order to ensure that the purpose of oversight is not compromised by the lack understanding.

During the 2016/2017 year the Council has reviewed and adopted the MPAC Charter and the Oversight process plan, the oversight process plan is reviewed yearly due to the fact that the process timeline changes every year.

Furthermore, the oversight process has been a huge success considering the fact that it was done by newly appointed member of the 04 August 2016 Council. This was facilitated by the fact that an induction process was appropriately done the moment the new members were elected and a couple of short sessions in a form of trainings were provided by the Internal Audit Unit under the supervision of the Chief Audit Executive.

MPAC CHARTER

MPAC OF MANDENI MUNICIPALITY IS GUIDED BY ITS CHARTER WHICH WAS APPROVED BY COUNCIL.

The charter is in line with what the Municipal Structures Act and the Finance Management Act requires the MPAC to focus on. The key focus points are heighted below.

Amongst other duties the MPAC is required;

a) To examine the Financial Statements and audit report of the municipality and municipal entities, and in doing so the MPAC must consider improvements form previous statements and reports and must evaluate the extent to which the Performance, Risk and Audit Committee and the Auditor General's recommendations have been implemented;

b) To recommend or undertake any investigation in the area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Performance Risk and Audit Committee.

c) In the Financial the MPAC should interrogate the following financial aspects addressed in the Municipal Finance Management Act;

   (i) Unforeseen and unavoidable expenditure (Section29)
   - Any unforeseen and unavoidable expenditure must be reported to MPAC
   - Proof of the necessary appropriation in an adjustment budget
   - The MPAC must consider the expenditure and make recommendation to Council.

   (ii) Unauthorized, irregular or fruitless and wasteful expenditure (section 32)
   - Any unauthorized, irregular or fruitless and wasteful expenditure by Council, the executive Mayor/Mayor, executive committee or any other political office bearer of the municipality must also be reported to the MPAC;
   - The municipal manager must report to MPAC on all steps taken to either authorize or rectify the payment or to recover or write off the expenditure;
   - The municipal manager must report on whether any criminal action was instituted in this regard; and

The MPAC must report to Council on the appropriateness of the criminal or civil steps taken and report where no further action was taken and why

MPAC REPORT TO COUNCIL FOR QUARTER 3 AND 4 STARETD FROM 01 JANUARY 2017 TO 30 JUNE 2017

INTRODUCTION

The MPAC was elected after the new Council and held its first quarter meeting in December 2016. There were few challenges as a result of the fact that all members had just joined without any old members returning. However, the meeting was a good success.

During January to March the MPAC was busy with the review of the 2015/2015 Annual Report and several community engagements in order to prepare an Oversight Report. The Oversight Report was finalized and tabled to Council in at the end of March 2017. The MPAC thereafter convened its second quarterly meeting in June 2017 and all areas raised were then minuted and used to extract the MPAC report for quarter 3 and 4.

EXTRACTS FROM MPAC REPORT Q3 AND 4 TO COUNCIL

1. INTRODUCTION.

The MPAC Committee of Mandeni Municipality has pleasure in submitting the MPAC report to full council for the above period for adoption

2. PURPOSE

The purpose of this report is to bring to council's attention the areas of focus by MPAC and areas of concern or improvement as identified during the last two quarters ended 30 June 2017.

3. MEMBERS

MPAC consists of the members listed hereunder and meets a minimum of 4 times per year as per the requirements set forth in the Municipal Structures Act (MSA). Since the new members were elected to serve in MPAC there has been no changes in the membership of the committee.

The names and attendance of the MPAC members are listed below.

3.1 NAME OF MEMBER, DATE AND ATTENDANCE.

Name of member	No. of MPAC meetings held.	No. of meeting attended by each member.
Cllr. N.T Shandu (Chairperson) -	5	5
Cllr. A.M Gwala	5	4
Cllr. S.R Mdletshe -	5	3
Cllr T.P Shandu.	5	4

Though there were numerous meetings held during the period February and March these were meetings structure for the review of the annual report and for public hearings.

3.2 TRAINING

Training was difficult to source during the period January to June 2017 due to the cost of training and limitation within the municipal budget. However informal training was held with MPAC for the oversight process and during the annual report review. Furthermore structured training was provided by SALGA on the 01st and 2nd August 2017 which covered all MPAC areas of focus. The attendance of training also encompassed our EXCO leadership which helped MPAC and the MPAC support staff to gain a full understanding of the role that MPAC plays to council. The training took the form of an induction and was held at the ILembe Disaster management centre in KwaDukuza with all local municipalities under the district invited. The induction was very successful and MPAC gained a lot of knowledge during the two day sessions. We are now confident that we will be in a better position to ensure that the main aim for oversight is fulfilled as the requirement of the Council.

3.3 RESOLUTIONS FROM TRAINING

Though the MPAC training took the form of an induction many best practices were determined amongst the municipalities that participated. The following was established

1. MPAC Charter be revisited to consider issues such as requesting heads of department to attend meetings, timing of reports to council and areas of resource allocation and skills capacitation
2. MPAC support staff must be adequately capacitated and must also be of a senior nature to warrant frank and open communication. It was established that MPAC's within the district are not being supported by specialized MPAC staff and this needs attention
3. A dedicated MPAC forum must be established within the District
4. Agenda's should be aligned across the district to ensure consistency in review and to ensure that best practices occur
5. In the future MPAC must be supported by independent investigators should the need arise so as not to inhibit the independence of the internal audit unit
6. Site visits should take place by the MPAC on frequent basis but occur regularly enough to establish progress on key issues
7. Portfolio chairpersons should, when the need arises, attend MPAC meetings to answer question on their respective portfolios

4. AREAS OF FOCUS AND CONCERN

MPAC has noted that the issues that on the previous financial year there has been a huge amount of debt impairment and this is the biggest worry because it means that the municipality is losing out on the money we were supposed to collect. This further affects the municipality because it clearly shows that the municipality is failing to collect money and as a result only rely on grants.

MPAC would further like to mention that since the Auditor General clearly raised the issue of Performance Management systems as a big challenge it needs more attention and focus. However when we investigated this matter we discovered that the main issue was not that directors were failing to meet their targets but it was due to the fact that most of the evidence was insufficient and mostly placed incorrectly on the POE files. We also identified an issue of PMS Manager being absent from work and the fact that there is no support to continue the work in her absence. The MPAC notes with serious concern the issue of support in the organogram for the Manager PMS.

As MPAC we are very concerned about the issue of MSCOA being introduced during this financial year and many critical staff members have not been trained particularly the Internal Audit staff and Supply Chain Management staff. We feel like there is going to be few delays and complications during the implementation of MSCOA and this will surely affect the effectiveness of the municipality and eventually affect service delivery. We also feel that the issue of the support being received from the service provider namely CAMELSA needs interrogation. They are appointed to support us and ensure that we succeed however they have avoided the attendance at Audit Committee meetings and have had numerous problems in integrating systems.

As MPAC we would like to raise or very serious concern about the issues of the Ingonyama Trust Board, we have been informed about legal proceedings taking place and we only see huge payments to lawyers with no victory in return. We feel like we are paying for false services as we are still facing same challenges with Ingonyama Trust. We need immediate resolutions on this matter because we cannot be in a situation where one debtor owes the municipality so much and nothing is being done about it.

It is very concerning that the fruitless and wasteful expenditure is being incurred yearly and no serious action plan being given to ensure that this is dealt with accordingly. The municipality has been in a situation where there was a lack of funds and the main reason for the was poor planning and poor SCM control measures in place hence we keep on having these fruitless and wasteful expenditure. The report on fruitless and wasteful expenditure needs to be provided in detail to council and each item must be explained.

5. OVERSIGHT PROCESS

We had a very successful oversight process in the 3rd quarter of the previous financial year 2016/2017. The committee held a number of meetings with various stakeholders and I was certain that all were fruitful and very positive towards the preparation of the oversight report. I wish to thank the management of the municipality for the support we have received. We would also like to thank the office of the Honourable Speaker for ensuring that the ward committees were available during the Annual report hearing process which we held in February of the financial year 2016/2017. We finally have tabled our Oversight Report successful to Council in March.

6. INTERNAL AUDIT REPORTS

The Internal Audit reports are in line with what the Auditor General has raised and we have noted that the Internal Audit plan covers all aspects as requested by the Audit Committee. When we looked at the follow up reports we noted that there is a big improvement because previously there were many uncleared findings and most of them have been resolved. We do however have a concern on PMS internal audit reports and the delays in submission of information to internal auditors. We have questioned the internal audit on this matter

7. PROGRESS REPORT ON THE INTERNAL AUDIT PLAN

We have been presented with this plan for quarter 3 and 4 and are very happy with what has been covered. We will monitor the plan to ensure that the Internal Audit unit goes according to it.

8. RISK MANAGEMENT

During our recent quarterly meeting we held on 28 June 2017 the risk register was presented to MPAC by the Risk and Compliance unit. We noted mostly the top ten risks per department. We are therefore expecting that full attention will be given to each and every risk that is highlighted.

We also feel that risk is not being prioritized as the CAE has informed us that the risk session was poorly attended. As MPAC we feel that the CAE and his team should be supported for risk and risk management and we have asked him to report to us on those not prioritizing this process.

9. PERFORMANCE INFORMATION

We are no doubt very concerned with the current situation from the PMS unit, we have been told that the PMS Manager has been absent from work for a very long period and as such we were not presented with the PMS reports. PMS is very critical we cannot be in a position where if one person is not present the entire process stops. We also would like to state that we express our concern over the preparation of the Annual Performance Report. During our last meeting the CAE stated that he requires the AFS and Annual Performance Plan by the 14th August to have sufficient time to perform internal reviews. This deadline is fast approaching and hence our agitation and discomfort on the matter of Annual performance Report

10. MPAC AND AUDIT COMMITTEE INTERACTION

During the MPAC induction it was suggested that the MPAC chairperson attend all audit committee meetings as an observer of the meeting. This is done to ensure that MPAC is abreast of all issues raised by the audit committee and to ensure there is compliance with combined assurance reporting. It was also suggested that MPAC meetings are attended by the audit committee chair or a representative to ensure consistency

11. CONCLUSION

During our recent report we urged Council to give support to MPAC and without reservation we would like to extend our hand of gratitude in the manner in which we are being treated and as the new MPAC. Chairperson, I have seen huge support from Council with them attending our MPAC induction as well as the promise we received to continue support by assisting us in maintain our independence. We are seeking to ensure that the committee acts in a manner that will ensure we gain serious respect and recognition. We would also like to thank our Council for providing us with such a fruitful workshop which we held early in August. I also would like to thank all MPAC members and support staff for such dedication and availability.

THE COMMITTEE MEMBERS AND ATTENDANCE

MEMBERS (01 SEPTEMBER 2016 – 30 JUNE 2017)

The MUNICIPAL PUBLIC ACCOUNTS consist of the members listed hereunder and meets as a minimum, four times a year as per the approved Audit Committee Charter. Section 79 of the Municipal Structures Act of 1998 does not stipulate a specific number elected to serve on the committee but says that the municipality must determine the number of members that will be appointed, taking into account the number of councilors in the municipality and the fact that no office bearers/ executive councilors in the municipality may serve on the committee. Mandeni municipality elected four members to serve as MPAC, the member and attendance are as follows

Name of Member	Number of Meetings Attended
Mrs N.T Shandu (Chairperson)	5
Mr A.M Gwala	4
Mr T.P Shandu	4
Mr S.R Mdletshe	3

OVERVIEW OF ACTIVITIES

The Committee held 2 standard/quarterly meetings during the period under review on the following dates:

06 December2016; and

28 June 2017

MEMBERS (01 JULY 2016 – 03 AUGUST 2016)

During the period 01 July to 03 August 2016 there was no MPAC member due to the fact that old Council's term had ended as a result there were no meetings held during this period until a new Council was elected. Below is a list of previous MPAC members;

NAME OF MEMBER

Mrs. N.F Ntuli (Chairperson)
Mr. B.W Ngiba
Mr. X Mdletshe
Miss N.P Masondo

MPAC OVERSIGHT PROCESS

INTRODUCTION

MPAC developed a process plan for oversight preparation process during the quarter 3 January 2017 to 31 March 2017. The process plan was reviewed and adopted by Council before it was used. Below is the process plan in full detail;

Date	**Reason**	**Responsible People**	**Assistance required**	**Structure**	**Venue**
20th January 2017	Council resolution to adopt annual report	N. Zungu	None	Council	Sibusisiwe Hall
26th January 2017	Handover of Annual Report to MPAC and internal audit	N. Zungu handover to T. Fakir and Cllr N.T Shandu	None	None	MPAC offices
26th January 2017	Draft Annual report copies given to AG and COGTA after consideration of comments from council	N. Zungu to amend report and T. Fakir to ensure delivery	D. Mbonambi	None	None
30th January 2017	Draft advert prepared for submission to MM for public and stakeholder hearings	D. Mbonambi and T. Fakir	MM office, Registry office, IT Office	None	None
02nd February 2017	Actual advertisement in Isolezwe and Stanger Weekly	D. Mbonambi and T. Fakir	MM office, Registry office, IT Office	None	None
09th February 2017	First meeting of MPAC on annual report 12 midday	D. Mbonambi and MPAC		Special MPAC meeting	Technical services boardroom
21st February 2017	Meeting with Public 10 am	D. Mbonambi and T. Fakir	Public Participation and Mayors office AND pms Manager	Public meeting for Annual report	Sibusisiwe Hall
21st February 2017	Meeting with stakeholders 5pm	D. Mbonambi and T. Fakir	Public Participation and Mayors	Stakeholder meeting for	Sibusisiwe Hall

			office AND pms Manager	Annual report	
28th February 2017	Meeting with MPAC and Management 10 am	D. Mbonambi and T. Fakir	MM's office and pms manager	TOP MANCO	Technical services boardroom
01st March 2017	Incorporation of AG and COGTA comments of Annual Report into Oversight report	D. Mbonambi and T. Fakir		None	CAE office
09th March 2017	Meeting with MPAC	D. Mbonambi and MPAC	Committee's for minutes	Special MPAC to finalize oversight report	Technical services boardroom
22nd March 2017	Tabling of oversight report to Council	Cllr N.T Shandu	D. Mbonambi and T. Fakir	Council meeting	Sibusisiwe Hall
29th March 2017	Advertising Adopted Oversight report for inspection	D. Mbonambi and T. Fakir	MM office, Registry office, IT Office	None	None
29th March 2017	Submit Oversight report to AG, COGTA and KZN Provincial Treasury	D. Mbonambi and T. Fakir		None	None

Based on the outcome of the Oversight Process the Annual Report and the public hearings and meetings with the management the Oversight Report was adopted by council.

COMPONENT F: SUPPLY CHAIN MANAGEMENT

OVERVIEW: SUPPLY CHAIN MANAGEMENT

Supply Chain Management operates within the parameters set down by the constitution and is supported by the different legislative mandates which are mainly the following:

- Municipal Finance Management Act 56 of 2003
- Broad Based Black Economic Empowerment Act 53 of 2003
- Preferential Procurement Policy Framework Act 5 of 2000
- Construction Industry Development Board Act 38 of 2000
- National Treasury Supply Chain Management Regulations
- National/Provincial Treasury SCM Practice Notes and Circulars

- Supply Chain Management Policy of Mandeni Municipality

Supply Chain Management Unit operates directly under the supervision of the Chief Financial Officer, Mr. NR Hlongwa.

BIDS AWARD REGISTER 2016/17

BID NO.	BID DESCRIPTION	AWARDED BIDDER	AMOUNT
21/15/16	Construction of 30 speed humps in various wards	Kayosi Trading cc	R552 176.10
22/15/16	Feasibility study for mini factories/incubation center	Cwaninga consulting	R285 000.00
23/15/16	Upgrade and refurbishment of MV line	Edison power electrical (pty) Ltd	R1 537 575.07
24/15/16	Upgrade of taxi route in Hlomendlini, ward 4	Bright idea	R13 529 236.71
25/15/16	Evutha electrification phase 2	A1 electrical	R6 775 461.07
26/15/16	Panel of Advertising agencies	Ayanda Mbanga	No fixed amount for two service providers sine municipal used them for advertising
		Burning spear	
28/15/16	Installation of 85 street lights in various wards	XXX electrical	R990 663.13
01/16/17	Panel of grass cutting, clearing and disposal within various settlements and sports field around Mandeni	Zisayini trading enterprise	R0.40 per m^2
		Maslindoz trading	R0.40 per m^2
		Bophelani trading	R0.40 per m^2
		Khulisani trading	R0.40 per m^2
		Thembela trading	R0.40 per m^2
		Ngotsha construction	R0.40 per m^2
		Funimpumelelo projects	R0.40 per m^2
			R0.40 per m^2

		The curve behind trading	
		Zithunzuzo trading	R0.40 per m^2
		phantavu trading	R0.40 per m^2
		Sukoluhle trading	R0.40 per m^2
		Sdinani holdings Nokwe and Bongs	R0.40 per m^2
		construction	R0.40 per m^2
		Humble frank	R0.40 per m^2
		MVI-SSSS trading	R0.40 per m^2
		Sigudi trading	R0.40 per m^2
		Gwijandovo	R0.40 per m^2
		Mlnenhle development	R0.40 per m^2
		Mdlangeni trading	R0.40 per m^2
		Ndwandwe NZ	R0.40 per m^2
		Nophumla trading	R0.40 per m^2
02/16/17	Facilitate the municipal strategic planning session in preparation session for the 2016/17	Cwaninga consulting	R248 064.00
03/16/17	Implementation of MSCOA-Transversal contract	Camelsa consulting group (PTY) Ltd	R7 552 941.50
04/16/17	Nyathini electrification	Thake electrical	R5 180 543.61
05/16/17	A panel of service providers to assist on emergency break downs on plant and equipment & supply parts for the period of 3 years for Mandeni municipality fleet, as and when required.	1.Dolphin coast towing & repairs 2. Siyavuka supply services cc 3. Powerspares isithebe (PTY) Ltd 4. Taurus hydraulics and ENG. (PTY) LTD	

06/16/17	A panel of service providers to lease plant and equipment for a period of 3 years to Mandeni Municipality, as and when required	1.Trailways transport 2.Aqua transport and plant hire 3.Midmar plant hire 4.Fukwene trading cc 5.Abaphumeleli trading 651 cc 6.Jamjo civils 7.Flaxen Lake trading cc 8.ZS civils construction plant hire 9.TSZ projects (PTY) JV Zemvelo LTD 10.Qambothi development	
08/16/17	Upgrading of roads, stormwater drains and associated services in highview park: ward 3, Mandeni	NHANHE trading T/A SNA	R26 686 980.71
09/16/17	Supply and delivery of Isuzu KB250 crew cab H1-Rider	Williams Hunt	R336 649.99
27/15/16	Appointment in terms of section 32 of Mandeni municipality supply chain management regulations under tender number T2013/06/12/ of Umvoti municipality of the general valuation and preparation of a valuation roll	BPG Mass appraisals (PTY) Ltd	R2 749 704.00
11/16/17	Provision and management of short-term insurance portfolio for a period of 36 months	Lateral unison insurance brokers	R464 512.00

In terms of the irregular, wasteful and fruitless expenditure for 2016/17 financial year totaled to amount of R 4 512 842.67 was reported. The total amount that was reported in terms of section 36 of the SCM policy and SCM regulations for 2016/17 financial year is R3 3139 236.89.

Name of the Bidder	Description	Reason	Status
Minathi Consulting	Consultant for Construction of Isithebe Hall in ward 11	Factors beyond control as stated in withdrawal letter	Contract terminated and another consultant was appointed to finish the project

2.6. BY-LAWS

The municipality is in the process to develop and review all bylaws and the process further ensured the involvement of Ward Committees and other Community stakeholders as a way of obtaining inputs from members of the community and creating awareness on communities about the Municipal Bylaws and the implications thereof on non-adherence. At the end of the financial year under review, the bylaws were still under the approval process.

By-laws Introduced during Year 2015/16					
Newly Developed	**Revised**	**Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted* (Yes/No)**	**Date of Publication**
CORPORATE GOVERNANCE					
	Council Standing Rules and Orders By-laws	Yes	Notice in Isolezwe 23/02/17 Stanger Weekly 01/03/17 and notice boards	Yes	20 April 2017
COMMUNITY SERVICES AND PUBLIC SAFETY					
DRAFT WASTE MANAGEMENT MODEL BY-LAW		YES	18/09/2016	NO	N/A

	DRAFT CEMETERY AND CREMATORIA BY-LAW	YES	18/09/2016	NO	N/A
DRAFT GATHERING BY-LAW		YES	18/09/2016	NO	N/A
DRAFT OPEN SPACE BY-LAW		YES	18/09/2016	NO	N/A
	FIRE AND EMERGENCY MANAGEMENT BY-LAW	YES	18/09/2016	NO	N/A
DRAFT DISASTER RELIEF BY-LAW		YES	18/09/2016	NO	N/A
	DRAFT KEEPING OF ANIMALS BY-LAW	YES	18/09/2016	NO	N/A
	DRAFT HIRING OF COMMUNITY FACILITIES BY-LAW	YES	18/09/2016	NO	N/A

2.7. WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Advert for Supply & Delivery of Software Licenses.	Yes	28 July 2016
Advert for CSD Registration	Yes	28 July 2016
Advert for Supply & Installation of elevated timber life guard house.	Yes	1st August 2016
Advert for summarising and printing of IDP Report.	Yes	1st August 2016.
Advert of Roadshow for CSD Registration.	Yes	12 August 2016.
Advert for summarising and printing of IDP Report 2016/17	Yes	16 August 2016.
Budget reports (IYM_Return_M04_2017)	Yes	10 November 2016

CHAPTER 3

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SERVICE DELIVERY PERFORMANCE
(PERFORMANCE REPORT PART I)

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

The municipality is discharged with a responsibility to provide basic services to the community within its jurisdiction amongst others are the provision of Low Cost Houses in partnership with the Department of Human Settlements.

The Mandeni Local Municipality has control over providing basic services relating to refuse collection and disposal, access roads and associated storm-water management and housing.

The iLembe District Municipality is the Water Services Authority and Provider for the Mandeni Municipal Area of Jurisdiction and therefore are in control of the water and sanitation services provision within Mandeni.

The Mandeni Local Municipality has a license to distribute electricity within the Mandini Suburb (ward 03) only and there are no backlogs or indigent households in this licensed area. The remaining areas within the municipality are supplied by Eskom who has the license to distribute electricity in those areas. All the Municipal backlogs relating to basic electricity services are within Eskom's license area of jurisdiction. The Municipality is intervening in the electrification backlog eradication through the Integrated National Electrification Programme (INEP) grant under schedule 5B of the Division of Revenue Act (DoRA) managed by the Department of Energy (DoE).

3.1. WATER PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the municipality with the provision of affordable, efficient on-going water services which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function given to the iLembe District municipality (IDM).

The Tugela River which is also the largest river in the KwaZulu-Natal Province and second largest river in South Africa traverses the Mandeni Local Municipality and terminates at Tugela Mouth still within the Mandeni Local Municipality Jurisdiction. This river catchment is the primary source of raw water for the area. The IDM extracts 40 million litres of water from the Tugela River daily for treatment and distribution to the local communities and businesses. The IDM has planned and is in the process of implementing major water schemes such as the Ndulinde and Macambini Water Schemes which will serve those communities with a reliable supply of water extracted from the Tugela River. These schemes once complete will ensure water security for the area into the future.

The IDM has further partnered with the Umgeni Water Board to plan and establish regional bulk water scheme known as the lower Tugela Bulk Water Supply Scheme (LTBWSS) which will see the extraction of 110 million litres of water per day from the Tugela River to supply the southern parts of the Mandeni and the iLembe Region including parts of the eThekwini Municipality. Currently phase 1 of the LTBWSS is under construction for 55 million litres per day extraction, purification and transportation.

3.2 WASTE WATER (SANITATION) PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the municipality with the provision of affordable, efficient on-going water services which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function of the iLembe District municipality (IDM).

The IDM provides full water borne sanitation services to the urban areas and these are supported by the Sundumbili, Mandini and Tugela Waste water treatment plants.

All other rural areas are serviced by VIP toilets. Some isolated areas of settlement have conservancy tanks or soak pits such as the Tugela Beach area.

The Municipality under the year in review ensured 3 Water and Sanitation Reports was submitted to the Infrastructure Development and Technical Services Committee meeting by collating information sourced from the District municipality (ILembe).

3.3 ELECTRICITY

The Mandeni Municipality has a very small license area for electricity distribution (Mandini Suburb in ward 3). The rest of the area is supplied by Eskom.

The municipality and Eskom are guided by the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006 in carrying out their function.

Under the year in review the Mandeni Municipality in respects to the provision of electricity managed to accomplish the following;

- Provided new electricity connections (dry connections) for 352 households under the Massification Programme to reduce electrification backlogs in Evutha ward 6.
- Provided new electricity connections (dry connections) for 492 households under the Integrated National Electrification Programme (INEP) in Makwanini, ward 9.
- Provided new electricity connections (dry connections) for 30 households under the Integrated National Electrification Programme (INEP) in Nyathini, ward 9.
- Commenced with the procurement process to provide new electricity connections (dry connections) for 143 households under the Integrated National Electrification Programme (INEP) in Kenan, ward 10.
- Refurbished 4 km of the existing 11KV Electricity Distribution Network in ward 3.
- Installed 90 New Streetlights in various wards within Mandeni.
- Two (2) planned and four (4) unplanned power outages were experienced by the year end within the Mandeni Municipality's licensed area in ward 3. The planned outage was to switch over to the refurbished 11KV overhead line.
- On-going electricity repairs and maintenance are being carried out on municipal buildings and facilities.
- Convened two (2) Energy Forum meetings for the 2016/17 FY.
- Commenced with the procurement process for the Installation of 540 new streetlights in various wards within Mandeni.
- 403 streetlights were repaired and maintained as at 30 June 2017 (year-end).
- On-going repairs and maintenance was carried out on municipal buildings and facilities.

3.4. WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

In the current financial year, a budget was provided to purchase a wood chipper machine to enable the Unit, instead of disposing all garden waste to make compost out of it which may be given or sold to subsistence farmers or cooperatives.

WASTE KERB COLLECTION

- The annual waste Collection target of 4431 households (including residential and business premises) was achieved but by four (4) households below the target presumably due to socio-economic conditions whereby household owners might have left the town to seek better opportunities elsewhere.

COMMERCIAL WASTE COLLECTION

- Due to a large area of the municipality being rural and the fact that the Municipality is entrusted with ensuring that it promotes a healthy and safe environment for its community, it (municipality) reaches out to rural community by providing waste skips which are placed in strategic positions so as to ensure that each skip services as many as two hundred (200) households.

In March 2016 the Executive Committee approved that weekly waste collection be expanded by way of piloting it at greater Isithebe wards namely wards 10,11,12,16,17 and 18 Additional skips were provided to these areas thereby increasing the number of households from serviced by waste skips fro 16 000 to 21 600. That is, 200 households multiplied by 108 waste skips. This attributes to 68% of formal households having access to waste collection which increases the percentage rate from 27,5% according to 2011 states Census Report.

3.5 HOUSING

The municipality in partnership with the Department of Human Settlements has been continuously delivering low cost houses through RDP Programme in both Urban and Rural areas of Mandeni.

HOUSING DEVELOPMENTS

- The municipality during the Financial Year under review had only 3 housing projects that were under construction being Mathonsi Sundumbili Phase 2 (Ward 5, 10 and 12), Inyoni Housing (Ward 10 and 16) and Macambini Housing Project (Ward 1, 2, 8 and 9) since these were the only funded projects by the Department of Human Settlements (DoHS) during the 2016/17 financial year. Isithebe Rural Housing Project is currently under the planning phase however all the submission packs have been submitted to the Department of Human Settlements and the project is now waiting for funding for construction. A lot of progress was registered during the financial year under review in the various housing projects which is further detailed below:

- **Mathonsi Sundumbili Phase 2:** A total number of 870 houses were completed during the financial year under review out of a total number of 1000 housing units which were projected for this project. This then equates to an 87% completion rate of the project. The project is currently progressing well and it is projected that it will be completed during the first quarter of the 2017/18 financial year. However, there are challenges being experienced in this project relating to the sites that were found to be unsuitable for construction as some are water-locked with others having insufficient space to accommodate housing units. The engineering reports are currently being considered for possible solutions to this challenge.

- **Inyoni Housing Project:** This Housing project is currently in progress. Phase 02 construction is ongoing for 245 approved beneficiaries for ward 10 and 16. Total number of 644 slabs was completed; 415 wall plates completed, 65 roof structures and 218 completions were done in the month of July 2017. The process of the infill's of beneficiaries on subsidy administration for Ward 10 and 16 has been successfully been completed in July. Implementing Agent has submitted some of the application packs to the Department of Human Settlements for processing the approval of the applied beneficiaries. Mandeni Municipality still on the engagements with the process of the beneficiaries on subsidy administration infill's to other Wards for Phase 03 to fast-track the approval of the beneficiaries.

At the moment Mandeni Municipality and the Implementing Agent are working on the site allocations of the beneficiaries for Phase 03. The first 20 beneficiary priority lists for Phase 03 still pending from affected Ward Councillors. Mandeni Municipality and Implementing Agent are still trying to resolve the issues of beneficiary list to be separated per Ward on Phase 03. The relocations process of the beneficiaries from Inyoni Informal Settlements to Inyoni Urban Housing Project will resume in August for the completed housing units at the moments total number of 20 housing units are ready for occupancy.

The engagement meeting with DPA (Implementing Agent) and Mandeni Municipality on the issue of local Co-Ops for supplying of concrete block in the project progressed very well, local Co-Ops are expected to manufacture and deliver the concrete block product for Phase 03 stage of the project.

The Council in the last term considered that Phase 3 of the Project should be able to cater for additional wards being Wards 7, 11, 12, 13, 14, 15, 16 and 17 and new Ward 18. The new ward 18 however still needs beneficiaries to be allocated and this process will be finalized during the first quarter of the new financial year 2017/18. The number of approved beneficiaries for this project at the end of the 2016/17 financial year was 965 with ward 18 beneficiaries pending.

- **Isikhonyane Housing:** The Implementing Agent is still in the process of conducting a survey to determine the feasibility of Phase 2 of the project. Preliminary surveys indicated that approximately 1200 homesteads identified have not yet benefitted from the project. The Tranche 01 Planning funding pack is currently at 95% completion only waiting for few documentation. At this stage the National Department Human Settlements on their 2017 to 2022 financial year projections have stressed that they will prioritize Urban Housing Projects in future.

- **Isithebe Rural housing:** A total of 1889 beneficiaries have been registered and 1705 (90%) beneficiaries have been approved by the Department of Human settlements and 114 applications still awaiting approval and 07 applications rejected by the Department for various reasons raised from pending information or beneficiaries not qualifying. The Municipality is in a process of securing a date in the second quarter with the MEC of KZN Human Settlements to engage on the construction budget for this housing project.

- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project is completed for Phase 01(500 out of 2000 units). All housing units have been formally handed over to the approved beneficiaries for occupancy. The recommendation for approval by Department of Human Settlements of Phase 02 is still in progress for phase 2 (500 housing units). This Housing Project also applied for the Best Rural Project category in the Govan Mbeki Awards 2017 to be held towards the end of August 2017 in the next financial year.

- **Hlomendlini Social Amenities:** The construction of the Hlomendlini Social Amenities is progressing well and the anticipated completion of this project is in the first quarter of the 2017/18 financial year. Currently, the Community Hall building roof structure is almost complete and the crèche building roof structure is also under construction. The boundary fencing is complete together with the septic tanks and eight (8) water harvesting jojo tanks are in place.

- **Tugela Ext 3 & Sundumbili Township R293 Properties:** During the 2016/2017 financial year, a total number of **26** properties of the **43** matters under Sundumbili Township have been transferred and **122** properties transferred under Tugela Ext 3 of **170** matters finalized.

- **Operation Sukuma Sakhe (OSS) cases:** During the 2016/2017 financial year, all 12 housing units have been completed and completion certificates have been issued with beneficiary occupation being granted. The official hand over of the units will be done during the Mandela Day Celebrations in the next financial year 2017/18.

Through implementation of housing projects, over 155 local job opportunities were created in the 2016/17 financial year.

MUNICIPAL BUILDINGS AND COMMUNITY FACILITIES

- Constructed 1 Multipurpose Hall in Ward 18 previously known as ward 11.
- Commenced with the procurement process for the Construction of a Multipurpose Hall in Wards 13.
- Construction of the Security Fencing and Guard House in ward 3 is in progress
- Upgrade of Reception and Council Chambers in ward 3 is in progress.
- Resolved land legal issues and commenced with construction of a Sports field in Chappies ward 14
- A consultant was appointed to conduct a feasibility study for the relocation of the Sundumbili Plaza Sports field in ward 7.

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

The Mandeni Local Municipality provides assistance to indigent households with regards to free basic services relating to refuse collection and disposal, electricity and rates. Refuse collection and disposal is provided free of charge to rural households through communal bins (skips) strategically placed within walking distances. 50kwh of free electricity is supplied to qualifying households within the Eskom supply area through an agreement entered into with Eskom whereby Eskom is reimbursed by the municipality.

The first R15 000 of the property value of all households is not rated and indigent households are exempt from rates and other charges.

The iLembe District Municipality provides assistance to all households with access to 6000 litres of water per month free of charge. All VIP toilets are free of charge.

In order to qualify for the free basic electricity, indigent households are required to register for the service with Eskom and only approximately 50% of the potential indigent households registered for and received the free service allocation for the year. An average number of 1086 households received free basic electricity for the year. Qualifying households are encouraged to take up the support by registering for it. Over 6000 households received free basic refuse services for the year.

COMPONENT B: ROAD TRANSPORT

The municipality prepared and adopted a Roads Master-plan for its area of jurisdiction. This exercise has established that the Municipality has approximately 700km of municipal access roads under its jurisdiction. Approximately 15% of these roads are urban paved roads whilst the remaining approximately 85% are rural unpaved roads requiring mechanical maintenance and repair work at high cost.

The municipality is well serviced by major roads within the area. The N2 freeway runs north –south in the municipality linking it to the major ports of Richards Bay and Durban. The R102 fulfils the similar function. Other main roads link these two major corridors to the hinterland to the west. The KZNDOT is currently upgrading the D883 that links the Mandeni Municipality to the Umlalazi Municipality through the Ndulinde area. They have further appointed a contractor for the upgrade of the P415 to Thukela Mouth Beach.

3.7 ROADS

Through the roads master-plan formulation the municipality has established a pavement management system to manage its existing roads infrastructure assets and a prioritisation model for investment in new roads infrastructure. The rural roads require constant importing of gravel onto them and gravel is a scarce commodity that needs to be transported long distances at very high transport costs. The municipality has an in-house routine rural dirt/gravel road maintenance programme using the municipal plant and equipment. The works under this programme entails re-gravelling and blading.

Other routine maintenance programmes relate to pot-hole repairs and drainage maintenance being done in-house. The municipality has two other programmes that are capital in nature, i.e. Urban Roads Rehabilitation Programme and Rural Roads Rehabilitation Programme. The Urban Roads Rehabilitation Programme addresses the ageing dilapidated infrastructure by renewing the assets. The Rural Roads Rehabilitation Programme addresses the rural dirt roads by planning, designing and constructing them properly complete with associated storm-water drainage. New roads are also being constructed in support of Human Settlements Projects.

ROADS AND STORMWATER

- Completed the Rehabilitation of 2kms of Mandeni Internal Roads Phase 3 of the Mandeni Urban Roads Rehabilitation Programme in wards 7 and 15 (Bhidla and Etherl Mthiyane).
- Upgraded 3.60kms of rural gravel roads under phase 2 of the Rural Roads Upgrade Programme in wards 1, 9, 16 and 17 to properly designed and constructed rural gravel roads.
- Commenced with construction towards Upgrading of Roads in Highview Park, Ward 4.

- Upgraded 0.438km to G2 Subbase Formation Layer and 1.03km to G5 Subbase Formation Layer in Hlomendlini, Ward 4.
- Construction of the Re-alignment of Thokoza Road and Upgrade of P415 into the town centre under the CBD Upgrade and Improvement Programme (ward 7) is in progress
- 796.61m² of surfaced roads pothole repairs were completed as per the pothole programme in wards 3, 7, 10, 12,13,14,15.
- 245.39km of gravel roads maintained as per the rural gravel roads programme in wards 1,2,3,4,5,6,7,8,9,10,11,12,16 and 17.
- Storm-water drains unblocking is routinely being done in various wards.
- Constructed 30 Speed-humps within Mandeni in various wards.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

- Mandeni Municipality is authorized to operate a Grade E DLTC which unfortunately does not allow for the testing of motor vehicle drivers. The limitation is occasioned by the fact that the Municipality does not have a testing ground. Otherwise, it will be operating as a Grade D DLTC.

  However, the Municipal Council has approved a budget of R2,5 million in the 2017/18 financial year to cater for the relocation of the Public Safety / Protection Services Unit to a new site that allows for the construction of the testing ground.

  During the period under review the DLTC generated cash revenue of R1, 103, 860 – 00 from all the transactions performed by the Centre. Had it have the testing ground this revenue would have been doubled or tripled.

  Further, despite unfounded allegations levelled against the DLTC by a certain media house that there are fraud and corruption activities occurring at the DLTC, however there is no such evidence. Neither has that media house done its investigation amid by the Department to the house to come and observe the operations of the DLTC. But, most importantly, both Provincial and National Departments of Transport have been giving the DLTC a clean audit from its date of operation in 2014 to date

3.9 WASTE WATER (STORMWATER DRAINAGE)

The municipality prepared a comprehensive storm-water master-plan for its area of jurisdiction. The municipality carries out routine storm-water repairs and maintenance and also upgrades and installs new storm-water systems during roads provisioning and human settlements projects. Storm-water drains unblocking is routinely being done in various wards.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

The Mandeni municipality has made great strides in terms of the functioning of the town planning component of the municipality which is now fully-fledged and functional.

FORWARD PLANNING

- The municipality as part of forward planning has developed Local Area Development Plans for both Dokodweni and Tugela Mouth areas to guide strategic developments through both public and private investments which have been adopted during the mid- year of 2016/2017 financial year.

LAND USE MANAGEMENT

- In terms of Land Use Management, the planning unit successfully completed the review of the Urban Town Planning scheme which was reviewed in –house by the Mandeni Municipality planning team, together with the ILembe shared services colleagues. A number of stakeholder engagements were conducted during this exercise to sensitise stakeholders on the implications of the newly reviewed scheme including the reviewed zonings and development controls. The reviewed scheme was presented at various council structures and was adopted by Council in December 2016.

SPATIAL PLANNING AND SPLUMA

- The municipality in complying with the Spatial Planning and Land Use Management Act (SPLUMA) participated in the ILembe Joint Municipal Planning Tribunal (JMPT) which is chaired by the Director EDPHS of Mandeni Municipality. During the year under review, the planning unit received (7) SPLUMA applications which have since been tabled at the ILembe JMPT. Three out of the seven applications have been processed and are complete and the remaining four applications are still undergoing the applicable processes as prescribed by SPLUMA and are anticipated to be concluded upon during the first quarter of the 2017/18 Financial year.
- The Planning unit continues to receive applications pertaining to land requests for various uses ranging from the establishment of small businesses to the establishment of municipal office space by government departments and service delivery projects by the internal municipal departments. These applications and requests are channeled through the various council structures accordingly.

3.11. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The municipality through Section 152 (1)(c) through a number of interventions programme has been striving to promote local economic development within its jurisdiction with focus on SMME Development and support; Agricultural; job creation (poverty alleviation) and Tourism economic sectors.

COMMUNITY WORKS PROGRAMME (CWP)

- During 2015/16 financial year the council approved the upscaling of CWP participant from 500 to 1000 (with 10% allowance increase of the number). However, as the result of 2016 local government elections there was a delay in the finalization of the recruitment process. It is encouraging to report that notwithstanding the said challenge, however a total of 388 out of 550 participants (which constitute 71%) had been recruited and awaiting approval by the Department of Cooperative Governance (DCoG). It is planned the balance of 29% recruitment of participants will be finalized in the first quarter of the oncoming financial year.

FULL DRIVER LICENSE PROGRAMME

- A total of 18 leaner drivers, one per Ward were recruited to participate in the full drivers programme funded by the Municipality. As at the end of 30 June 2017 nine of the recruited participants had completed the programme. Had the Municipality has a Driver Licensing Testing Centre (DLTC) authorized to perform driver licensing function, all 18 participants would have undergone with the full training. The inhabiting factor is that the learner drivers were booked in various Driver License Testing Centres which have their own schedules of license testing dates. The balance of the participants will be licensed in the new financial year.

REGISTRATION BURSARIES AWARDED TO BENEFICIARIES

- A total of 50 registration bursaries were awarded to 50 beneficiaries within jurisdictional area of the Municipalities.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.12. LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

LIBRARY OUTREACH PROGRAMME

- The major objective of library service is to preserve knowledge, promote reading and make knowledge to be easily to the broader community. During the period under review it was planned that there will be four outreach events. However, due to the increasing need by the community to access library services especially in rural areas, this was achieved by increasing the number of the events from four to fourteen schools (including primary schools and high schools).

It is important to mention that it was not possible for the Municipality to achieve this on its own. The Department of Arts and Culture must be highly commended for its unrelenting support to the Municipality. The same is being attributed to various institutions that supported these events namely, University of KwaZulu Natal; University of Zululand; NSFAS and Bursary Unit of UNZUL; Owen Sithole Agriculture College; Milpark University especial its Business School; Durban University of Technology; Mangosuthu University of Technology; Umfolozi College; ICESA Campus; Coastal College; Love life; Helping hand of uMzansi; and University of KwaZulu Natal Students Dynamic.

In addition to the outreach events referred to above, there were three campaigns held during the period of review which are Library Week; World Play Day; and Literacy Celebration. Further, there two Career Expo events hosted by the Municipality at eMacambini Multi-Purpose Centre and at Ndulinde Library.

LIBRARY CYBER CAFÉ TRAINING

- According to the annual target it was projected that 250 community members will be trained in Basic Computer Literacy. The interest shown by the community members in the programme resulted in the increase of the projected target to 344 trainees at the end of the financial year. The dedication and commitment of the Cyber Cadets to the implementation of the programme does not go unnoticed. They should be real commended for their effort.

  The training program was further enhanced by training of 182 high school and primary school learners.

TOY@ YOUR LIBRARY AND GAMING SERVICE

- The annual target of 450 patrons to have been given access to the service was not achieved. This was because of the non-renewal of the contract of the Youth Ambassador. Unfortunately, this had deprived the young people and children the opportunity to access the service which might have had negative consequence in the escalation of social ills and deliquesce rate.

LIBRARY MEMBERSHIP

- It is noted that during the period under review there was a remarkable increase in the library membership statistics from 5131 in 2015/16 to 5630 in 2016/17. This shows that the community of Mandeni that has access to the library service is using the service optimally. It is noted with regret that the larger community in rural areas is deprived of this service due to budget constraints of the Provincial Department of Arts and Culture. Nonetheless, it is believed that the situation will improve to enable the Department to budget for the expansion of library facilities to the rural areas of the Municipality that are currently without the facilities.

The provision of the library service in the said areas must be accompanied by IT Network Infrastructure as this limitation does impact negatively to the existing library facilities such as Ndulinde and Sundumbili libraries. Had these facilities have adequate infrastructure, the membership might have been higher than recorded membership statistic.

Having said this the Department of Art and Culture must be commended for having acceded to the need of the Greater Isithebe Community who demanded to be provided with the library facility. During the financial period in question the Department approved the project for the construction of a Modular Library which will contribute to membership increase in the oncoming financial year.

3.13 CEMETORIES AND CREMATORIUMS

- According to director community services the land has been identified, but the municipality does not have funds to purchase that land. This matter has been discussed several times to top level manco, but at this staage it remain insurmountable ,the two cemeteries were long closed due to insuffiecient land. Currently there is nothing tangible occuring regarding the cemetories and crematoruims.

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

FULL DRIVER LICENSE PROGRAMME

- A total of 18 leaner drivers, one per Ward were recruited to participate in the full drivers programme funded by the Municipality. As at the end of 30 June 2017 nine of the recruited participants had completed the programme. Had the Municipality has a Driver Licensing Testing Centre (DLTC) authorized to perform driver licensing function, all 18 participants would have undergone with the full training. The inhabiting factor is that the learner drivers were booked in various Driver License Testing Centres which have their own schedules of license testing dates. The balance of the participants will be licensed in the new financial year.

REGISTRATION BURSARIES AWARDED TO BENEFICIARIES

- A total of 50 registration bursaries were awarded to 50 beneficiaries within jurisdictional area of the Municipalities.

Mandeni 3rd Annual Home Coming Picnic

On 24 December 2016, Mandeni Municipality in collaboration with private organisers organised a successful Mandeni 3rd Annual Home Coming Picnic at Ngcedomhlophe Sports Ground.

The aim of the programme is to promote local economic development and recreation.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15. POLLUTION CONTROL

The Municipality has implemented By-Laws that are aimed at protecting the environment and pollution control. Any person who contravenes an provision of these by-laws shall be guilty of an offence and shall be liable on conviction to a fine not exceeding R20 000 or imprisonment for a period not exceeding 2 years. Components under this By-Law include noise pollution, pollution of water courses, littering & dumping, air pollution, smoke emissions from premises other than dwellings, dwellings, open burning and compressed ignition.

COMPONENT F: HEALTH

Constitutionally and legally the health service is a functional area of concurrence of national and provincial legislative competency.

However, the Municipality in discharging its duties as an organ of the State and in compliance with Section 153 of the Constitution read with Section 23 of Municipal Systems Act had cooperated with and offered its assistance and support to the Department of Health in rendering the health services. This includes attending its official events / campaign and support the Department with requests such as making availability of community hall facilities or hire tents for them in area where it does not have community hall facilities to be used in community education and awareness campaigns.

Also, the Municipality had constituted a Health and Social Services Forum over and above the Operation Sukuma Sakhe structure with a view of providing an opportunity to health and social services stakeholders to engage, share experience and learn from one another in a bid to enhance the lives of the community of Mandeni.

3.16 CLINICS

There are seven clinics within Mandeni Municipality jurisdictional area with Sundumbili Community Health Centre coordinating the activities of other local clinics. Unfortunately, the Municipality still lacks a Hospital, hence the residents of Mandeni are referred to Stanger Hospital in KwaDukuza for hospital services.

3.17 AMBULANCE SERVICES

The ambulance services are an exclusive competence of the provincial department of health

3.18 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;

With the advent of the National Health Act, 2003 (Act No.61 of 2003), the environmental health services became a competence of district and metropolitan municipalities. Hence, for health inspection the municipality relies on the district environmental health services.

COMPONENT G: SECURITY AND SAFETY

3.19 POLICE

During the period under review budgetary provision was made to strengthen the capacity of the existing personnel. As a result, the process of appointing a Trainee traffic officer was embarked and it will be finalized before 01 December 2017.

In terms of performance by the Unit, the focus is more on police visibility to distract unacceptable behavior by offending motorists or motorists intending to commit road offences which is a primary objective of road traffic officers.

They also attended and responded to a number of stray animal complaints, public protests working hand-in-gloves with the South African Police Services.

However, it must be mentioned that despite a reasonable level of traffic police visibility, however the number of reported road accidents injuries (158) and 28 lives that perished indicate that South Africa is one of the world's worst performing country on road safety according to the 2016 International Road Federation Report.

The number of traffic officers in relation to the size of the area of the municipality cannot ensure very effective road traffic policing which will contribute to the reduction of road accidents and carnages. But, this is the challenge that the country as a whole is experiencing and all of this amounts to the unacceptable attitudes and behavior of motorists.

3.20 FIRE CONTROL

This is one area that the Municipality should pride itself. This service is outsourced. Nevertheless, performance by this Unit fire safety education and awareness campaigns have borne positive results. The fire incidents decreased by ten percent thirteen percent (13 %) from the previous financial year. However, the number if injuries increased by twenty percent (27%) and amazingly the number of fatalities increased by six percent from eighty-nine percent (89%) decreased of previous year.

The value of property lost as a result of fire incidents decreased by thirty one (31%) and the value of property saved from fire incidents increased by twenty-five percent (25 %).

3.21.DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

3.21.1 Disaster Management

Due to disaster risk education and awareness campaigns, community members have taken their health and safety seriously. Also, the climatically conditions contribute to the increased of the number of households affected from 69 in 2015/16 financial year to 412 in 2016/17 financial year.

However, the number of people affected increased from **815 people in 2015/16 financial yea**r to 1769 **people in 2016/17 financial yea**r. Also, the number of injuries remains continual from 7 injuries in 2015/16 to 7 injuries in 2016/17. The number of fatalities increased by one (01) live, from the two (02) lives that were lost in the previously.

3.21.2 Driver License Testing Centre (DLTC)

This is another service which may be classified as a social programme although attached to the Public Safety Unit. The Comparisons between 2015/16 and 2016/17 financial years are as follows;

The Centre processed **5569** transactions compared to 3 550 in the previous financial year and the Municipality earned in revenue **R 1, 054, 570-00 in 2015/16** and **R1 103 860 00, 5569 in 2016/17.** There is a still a great potential to earn more revenue if a vehicle testing ground is built so as to test drivers and this will upgrade the level of the Centre to Grade D.

COMPONENT H: SPORT AND RECREATION

3.22 SPORT AND RECREATION

2016 JG ZUMA ANNUAL CHESS TOURNAMENT

- On 03 November 2016 subsequent to informal discussion with JG Zuma Foundation for Mandeni Municipality to host the 2016 JG Zuma Chess Tournament, a letter confirming that the event would be held on 20 December was received from the Foundation.

  The Municipality hosted a very successful tournament which was graced by the presence of His Excellence, the State President, Honourable JG Zuma, His Worship, the Mayor, Honourable Councilor, S.B Zulu, the Honourable Chairperson of the Foundation, Mrs. D. Myeni, the Hounarable Councilors of the Municipality and other dignified guests.

  The event was also graced by the presence of the Eastern Cape team and Steve Tshwete Local Municipality representing Mpumalanga Province over and above the eleven districts of the Province. Mandeni Municipality scooped the major trophies of the tournament as it obtained the first prize followed by King Cetshwayo and Ilembe District.

2016 MAYORAL CUP TOURNAMENT

- During 25 and 26 November 2016 the Municipality hosted a very successful Mayoral Cup Tournament in preparation for the 2016 Provincial SALGA/DSR Games which were hosted by Ugu District in Port Shepstone. The highlights of the tournament were the amateur and professional boxing tournament organized jointly by the Municipality and Ludonga Boxing Promotion and the soccer match between Thanda Royal Zulu FC and the Mandeni Soccer Squad that played in the Ilembe Inter Municipal Games. The match was won by the Thanda Royal Zulu FC.

2016 ANNUAL SALGA/DSR GAMES

- Due to the financial constraints of the Ilembe District the decision was taken by the Inter-Governmental Relations (IGR) structure of the district that local municipalities co-fund the event. This, on the other hand resulted in the reduced number of sport codes from 16 to 9 that participated in provincial games.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.23 HUMAN RESOURCE SERVICES

- The Municipality conducted the Skills 2016/17 auditing process on the 30th of April as targeted.
- The workplace skills plan HRDC was developed and adopted on the 25th of April 2017.
- The workplace skills plan was submitted to SETA on the 25th of May 2017.
- The total Number of employees that were trained according to the WSP prescriptions was 108. The actual target was 12. This is a great leap from 12 to 108. Due to the fact that External trainings conducted by outside bodies at no cost to Council and others have been ongoing from previous financial year, the Department overachieved by a staggering 96 employee trainings in the year under review.

- The Actual amount spent on skills development in the 2016/17 financial year was R544 295.53. The targeted amount to be used was R800 000.
- 1Training of staff on how to use the electronic document management system (Orbit) was achieved out of the 4 that was targeted. Targets was not achieved due to the lack of Tools for the training including Venue, Internet access, Laptops etc.
- For Effective implementation of recognized collective agreements, applicable legislation and policies, the Municipality Conducted workshops half-yearly on collective agreements and applicable legislation and policies.

The need for skills, training and development is a fundamental one in the lives and upskilling of our staff and community alike. Corporate Services has done exceptionally well in this realm by being able to secure the training and development of over 100 / hundred unemployed youths from Mandeni including stipend. Corporate Services approached local business, the Local Government SETA, Construction CETA and private business to assist unemployed youth with skills. And the call was answered positively. Skills Development has therefore done exceptionally well.

3.24 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Municipality has a very effective IT unit that ensures that the everyday workflow and productivity is not affected. Matters reported to the IT department are resolved in a very short space of time to ensure that administration does not stop due to a faulty computer for example. Frameworks and plans were put in place to ensure this. These are;

- Implementation and Adoption of IT Master System plan (MSP)
- Implementation and Adoption of IT governance framework.
- Upgrade of IT backup system.
- Provision of network to park homes and youth center / customer care center offices

ICT REPORT FOR ANNUAL REPORT

The ICT department committed its time in the 2016/17 financial year to purchasing and replacing computer software and hardware to improve the efficiency of the municipality. Capital Projects in the form of a Voice and Data upgrades were completed as well as the upgrade of the Network Infrastructure. The ICT department successfully developed the Disaster Recovery Plan and the ICT Strategy plan as our focus moved toward a Strategic Enabling department. The sitting of the ICT Steering Committee took place with the aim of aligning ICT with the Municipal goals.

ICT Strategic Planning

A five year ICT Strategy has been developed and presented to all appropriate Council committees and was submitted to Council for approval. The five year ICT implementation plan has at best been aligned to the IDP and the 2016/17 implementation phase includes the ICT department SDBIPs for the 2016/2017 financial year. Each and every activity in the implementation phase is supported by a process plan that outlines the timelines and steps that will be followed from the start to completion to achieve that.

ICT Governance

An ICT governance framework has been developed and the ICT steering committee members have been appointed. The entire Municipality's head of department heads are represented in the committee so that an overall view of the Municipality's ICT requirements can be collated and be incorporated in the ICT Strategy implementation and align it to the IDP. The committee monitors and measure on a continuous basis that the ICT function effectively supports the Municipality's mandate of efficient service delivery to the community.

Website.

Section 75 of the Municipal Finance Management Act, 56 of 2003, requires the accounting officer of a municipality to place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:

Information to be placed on the website	2016/17
1. **Adjustment budget 2016/17**	Yes
2. **Mid-Year and Performance Report 2016/17**	Yes
3. **MTREF Budget 2015/16 to 2016/17**	Yes
4. **Final IDP 2016/17**	Yes
5. **All budget related policies 2016/17**	Yes
6. **Annual Report 2016/17**	Yes
7. **Oversight report for 2016/17**	Yes
8. **Performance Agreements as per s57 (1) (b) of MSA**	Yes
10. **All SCM contract above R30 000 per quarter**	Yes

CHAPTER 4

X

ORGANISATIONAL PERFOMANCE SCORECARD

(ORGANISATIONAL PERFORMANCE HIGHLIGHTS PART 2)

CHAPTER 4

ORGANISATIONAL PERFORMANCE SCORECARD

4.1. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

1) A municipality must prepare for each financial year a performance report reflecting—

(a) The performance of the Municipality and each external service provider during that financial year;

(b) A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and

(c) Measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

4.1.1. LEGISLATIVE PERFORMANCE REPORTING FRAMEWORK		
FREQUENCY AND NATURE OF REPORT	**MANDATE**	**RECIPIENTS**
Monthly reporting on actual revenue targets and spending against budget no later than 10 working days after the end of each month	Section 71 of the MFMA	National Treasury
Quarterly progress report	Section 41 (1) (e) of the Systems Act,	1. Municipal Manager 2. Mayor

	Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) and Regulation 7 of Municipal Planning and Performance Management Regulations.	3. EXCO 4. Audit Committee 5. National Treasury
Mid-year performance assessment	Section 72 of the MFMA. Section 13 (2) (a) of Municipal Planning and Performance Management Regulations 2001.	1. Municipal Manager 2. Mayor 3. EXCO 4. Council 5. Audit Committee 6. National Treasury 7.Provincial Government
Annual report (to be tabled before Council by 31 January (draft and approved / published by 31 March each year)	Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment Act.	1. Mayor 2. EXCO 3. MPAC 4. Council 5. Audit Committee 6. Auditor-General 7. National Treasury 8. Provincial Government 9. Local Community

.MUNICIPAL POWERS AND FUNCTIONS

The powers and function of Mandeni Municipality are as per Schedule 4 Part B and Schedule 5 Part B 9f the Municipal Demarcation Board.

Building Regulations	**Facilities for the accommodation, care and burial of animals**
Child Care Facilities	Fencing and fences
Electricity Reticulation	Licensing of dogs
Fire Fighting	Licensing and control of undertakings that sell food to the public
Local Tourism	Local amenities
Municipal Planning	Local sports facilities
Storm water	Markets
Trading Regulations	Municipal abattoirs
Billboards and the Display of Advertisements in Public Places	Municipal parks and recreation
Cemeteries, Funeral Parlours and Crematoria	Municipal roads
Cleansing	Noise pollution
Control of Public Nuisance	Pounds
Control of Undertakings that sell liquor to the public	Public Places

OPERATING PROCEDURES AND OVERVIEW

In the 2016/2017 Financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is corresponding to the institutional service delivery objectives captured in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- The 2016/2017 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the 2016/17 SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the organisational strategies;
- Performance agreements with performance plans were developed, signed and approved by the Honourable and the Accounting Officer as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting Portfolio of Evidence Files were prepared by managers directly reporting to the Municipal Manager. These reports were used in the quarterly performance assessments.
- Quarterly performance reports were verified by the OPMSMER Unit and audited by the Internal Audit unit to test the credibility and reliability;
- The performance assessments for 2015/16 Annual and 2016/17 mid-term were conducted on 29th of March 2017 as per the panel member outlined in the table below of the Audit Committee members and Chairperson.

PERFORMANCE /AUDIT COMMITTEE

The Performance Audit Committee for the 2016/2017 financial year was re-affirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 members are as follow:

- Mrs. C. Jugnarayan – Chairperson (external member);
- Mr. S Nkosana (external member)
- Ms. S Rajah (external member);

During the year under review, the Performance and Audit Committee met quarterly to consider the performance reports. The deliberations and resolutions taken by the PAC are encapsulated in the minutes of the committee.

PERFORMANCE EVALUATION PANEL

Performance Evaluation Panels have also been established Municipal Performance Regulations Section 27 (4) (d), for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager.

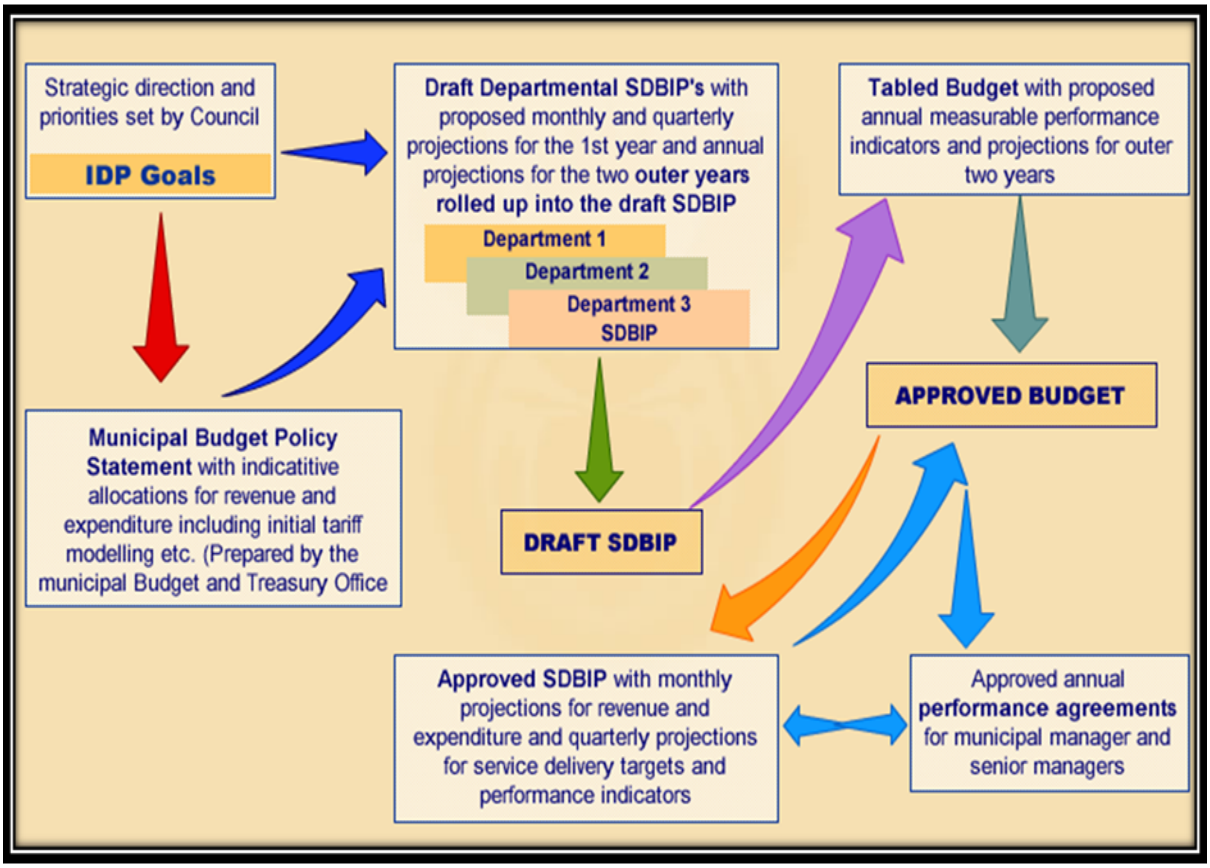
4.2. ORGANISATIONAL SCORECARD/TOP LAYER SDBIP

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council and Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. This is a o**ne-year** detailed plan, but includes a **three-year capital plan.**

The necessary components include:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected NOT billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators; and
- Detailed capital project plan broken down by ward over three years.

The process for preparing and approving the SDBIP, as depicted in the MFMA Circular No.13, is diagrammatically summarised as follows:



It should be noted that, for the quarter three and quarter four performance reporting the 2016/17 Top Layer SDBIP was amended as per adjusted budget adopted by Council.

The Mandeni 2016/17 SDBIP was revised based on the following recommendations:

1. SMART principle, in some instances, indicators and targets were re-defined due to existing targets being not measurable, achievable and lacking alignment to the IDP;
2. Mid-year performance results were exploited to make Q3 and Q4 adjustments, specially areas of immense over and under performance;
3. The alignment between the approved 2016/17 Top Layer SDBIP and IDP Review 2017/18 was considered.

PROCESSES IN AMENDING 2016/17 TOP LAYER SDBIP

The process was consultative and included the following key milestones:

a) Amending the SDBIP to the strategic framework in the IDP to achieve alignment;

b) Meeting with the Head of Departments (HOD);

c) Submitted proposed amendments to the Audit Committee;

d) Submitted proposed amendments to council for adoption;

e) Submitted the Revised SDBIP 2015/16 to be signed by the Mayor and

f) Public advert was posted on the Amended SDBIP 2016/17 and on the on the website and advertised in the Zulu and English Local Newspapers.

LOCAL GOVERNMENT BACK TO BASICS

Local government is a primary point of delivery where most citizens interface with government. Our vision of a developmental local government system was that it would be the building block on which the reconstruction and development of our country and society would be built.

The citizens of our country could engage in a meaningful and direct way with the institutions of the state. We have made tremendous progress in delivering water, electricity, sanitation and refuse removal at a local level. These rates of delivery are unprecedented in world-wide terms.

It is therefore important to understand where we are, where we could be and what needs to be done to improve performance. Our goal is to improve the functioning of municipalities to better serve communities by getting the ***basics right***.

The Objective of he Back to Basic Programme which was officially launched at the Presidential Summit on 18 September 2014, is to ensure a focused and strengthened local government by setting the ***basics right*** and together with other spheres, provide basic services efficiently and effectively and In a caring manner. The monitoring of municipal service provision efficiency and effectiveness is a pivotal aspect of the implementation of the ***Back to Basics Programme.*** The department of Co-operative Governance and Traditional Affairs (COGTA) has developed a quarterly assessment and monitoring process facilitated through the completion of a Quarterly Provincial Back to Basics Template.

Changing strategic orientation is not easy and it requires bold leadership and political will. At the same time, we need a collective effort and unity of purpose and partnership with leaders in local government, provinces and national government. We need to improve the political management of municipalities and be responsive to the needs and aspirations of local communities. In order to achieve this, we urgently require:

- Mayors and Municipal Mayoral Committees with a vision to change and the calibre of leadership to drive the change process.
- Speakers of Councils who are able to effectively manage the business of Council and lead it in its engagement and outreach programmes.
- Councillors that will inspire and organize for our common purpose of serving our people, and creating a dynamic link their constituencies.
- Municipal Managers and senior managers that understand the core mandate and orientation understand their specific role in delivering the local government vision as envisaged in the White Paper and act in a manner that ensures that local government primarily serves its people by delivering basic services.

KEY AREAS OF BACK-TO- BASIC ARE THE FOLLOWING:

- Basic Services: Creating decent living conditions
- Good Governance
- Public Participation: Putting People First
- Sound Financial Management
- Building Capable Institutions and Administrations

During the process of adjusting the budget, the municipality has also amended its SDBIP in order to align to the Back-to-Basic Key Areas.

4.3. DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP

The Departmental Scorecards (detail Top Layer SDBIP) capture the performance of each Department. Unlike the Organisational Scorecard, which reflects on the strategic performance of the municipality, the Departmental SDBIP provides a comprehensive picture of the performance of that Department/sub-department/branch. It was compiled by **Senior Managers** for their **Departments** and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

This non-financial third quarter performance report contains information about:

- Quarterly performance against quarterly and annual targets as per the SDBIP is reported on. The SDBIP contains the objectives and indicators as per the Municipal IDP as well as National indicators. The SDBIP for 2016/17 was developed to reflect cumulative performance, therefore the status of indicators is a reflection of the overall performance level achieved in the 2016/17 Financial Year
- Measures taken to improve performance; Corrective action is included for each KPI
- Comparison of performance against set targets;
- Calculations to calculate the variance between actual quarterly performances are included for each KPI; Calculations to calculate the variance between actual quarterly performances are included for each KPI; Comparisons of performance against quarterly targets are highlighted in the form of colors based on scores which were calculated manually by the OPMSMER Unit.
- The scoring method utilized is in line with the assessment rating calculator prescribed by the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006.
- The purpose of including these ratings and colour coding is to serve as early warning indicators so that Council can easily distinguish under performance, achievements

and outstanding performance against pre-determined objectives. An explanation is as per the table under 4.3;

4.4. ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDERTEMINED OBJECTIVES (KPI)

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and approved by the Mayor.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

COLOUR	CATEGORY	EXPLANATION
	TOTAL NUMBER OF KPI's	KPI's for the Financial Year
	KPI'S NOT ACHIEVED	Actual vs Target Less than 75%
	KPI's ACHIEVED	Actual vs Target 100%

The Service Delivery Performance Report is divided according to the National Key Performance Areas (KPA) of Local Government namely;

NO	NATIONAL KEY PERFORMANCE AREA	ACRONYM
1	Basic service delivery	BSD
2	Good governance and public participation	GGPP

3	Municipal financial viability and management	FVM
4	Local economic development	LED
5	Municipal Institutional transformation and development	MITD
6	Community and Social Services Development	CSSD
7	Spatial Rational and Environmental Management	SRE

PERFORMANCE AGAINST THE NATIONAL KEY PERFORMANCE INDICATORS

The following tables indicate the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas.

The following general key performance indicators are prescribed in terms of section 43 of the Municipal Systems Act, 2000: **These indicators must appear on the Organisational Scorecard in addition to all the KPI's which have been set by the Municipality.**

SDBIP REF	NO.	NATIONAL KPI
BASIC SERVICE DELIVERY		
BSD 01	1	The percentage of households earning less than R1 200 per month with access to free basic services
BSD 02	2	The percentage of households with access to basic level of water
BSD 02		The percentage of households with access to basic level of sanitation
BSD 03		The percentage of households with access to basic level of, electricity
BSD 04		The percentage of households with access to basic level of solid waste removal
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
MFVM 07	3.	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP.
MFVM 19	4	Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year)
MFVM 20		Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)
MFVM 06		Cost coverage (Available cash+ investments)/ Monthly fixed operating expenditure
LOCAL ECONOMIC DEVELOPMENT		
LED 4.0	5	The number of jobs created through the municipality's local economic development initiatives including capital projects
MUNICIPAL INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT		
MTID 8	6	The number of people from employment equity targets groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan.
MTID 9.1		

MTID 9.2	7	The percentage of a municipality's budget actually spent on implementing its workplace skill plan.

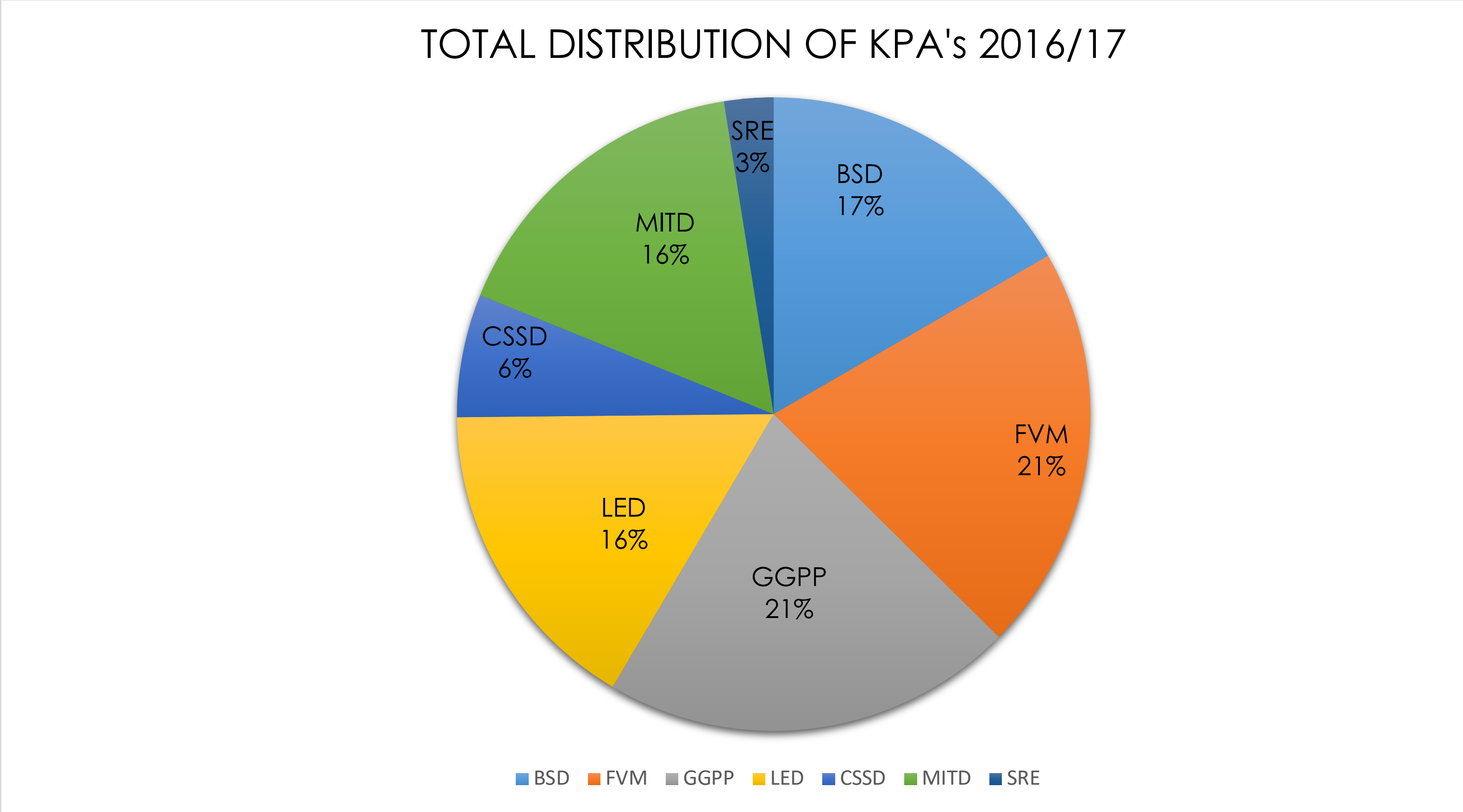
PREDETERMINED OBJECTIVES DEPARTMENTAL SDBIP

The SDBIP serves to focus both the administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Senior Managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP Template is therefore included in the report for each department as follows;

- Department: Office of the Municipal Manager
- Department: Budget and Treasury Office
- Department: Cooperate Services
- Department: Economic Development Planning and Human Settlements
- Department: Technical Services and Infrastructure Development
- Department: Community Services and Public Safety

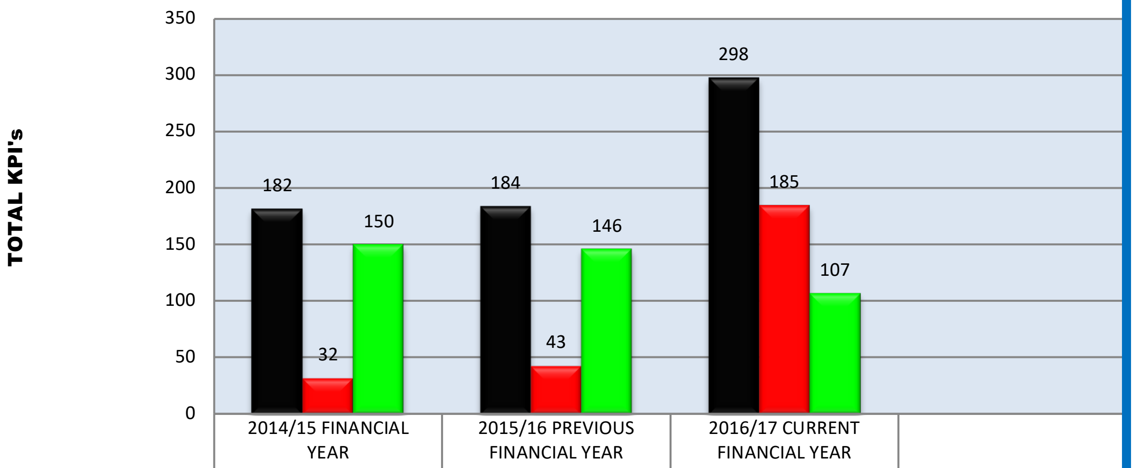
This pie chart below depicts the distribution of key performance indicator (KPI) to each national key performance area (NKPA). It is helpful to highlight the number of KPI's contributing to the NKPA because; it gives an indication where the municipality's focus is in terms of contributions towards the NKPA's.



Evidently the pie chart shows that the municipality has most of its KPI's in the top three dedicated to ***Financial Viability and Management*** at 21%, ***Good Governance and Public Participation*** at 21% and ***Basic Service Delivery*** at 17%, followed by a tie between ***Municipal Institutional Transformation Development*** and ***Local Economic Development*** at 16% each. The rest of the NKPA make up less than ten percent, where ***Community Social Services Development*** takes 6% and Spatial Rational **and** Environmental Management takes 3%.

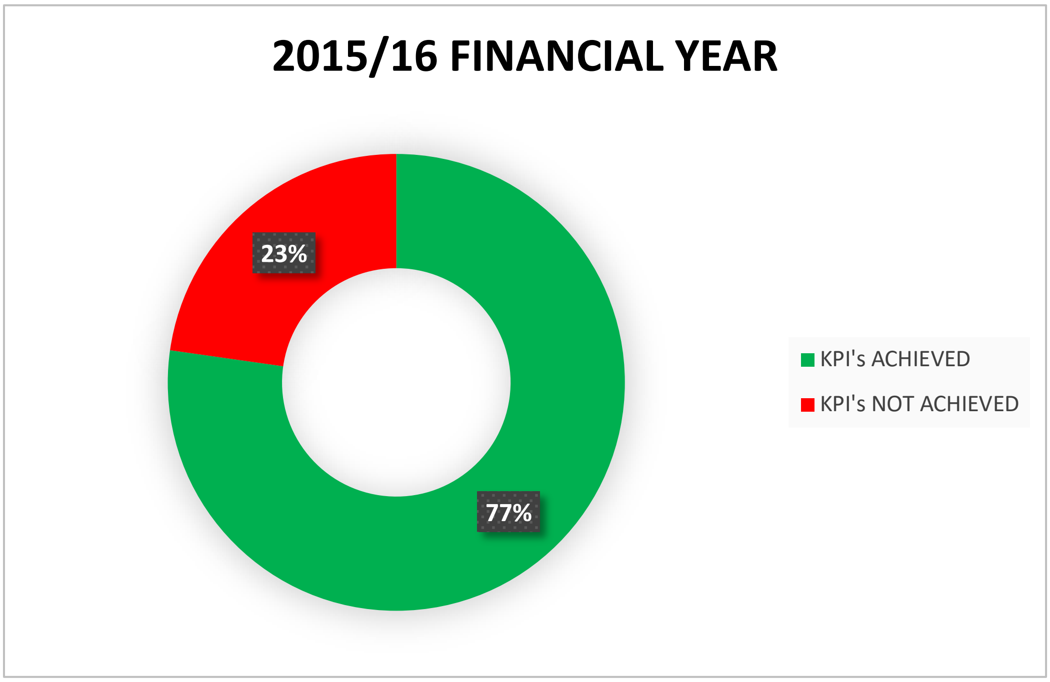
Evidently the overall planned targets for the organisation for the 2016/17 Financial Year are three hundred and eighteen **(318).** Out of the (318) KPI's the organisation achieved hundred and eighty six **(186)**, giving a percentage of, **39,3%** not achieved and, **58,5%** achieved.

ORGANISATIONAL HIGHLIGHT OF PERFORMANCE AT YEAR 2014/15, 2015/16 and 2016/17.

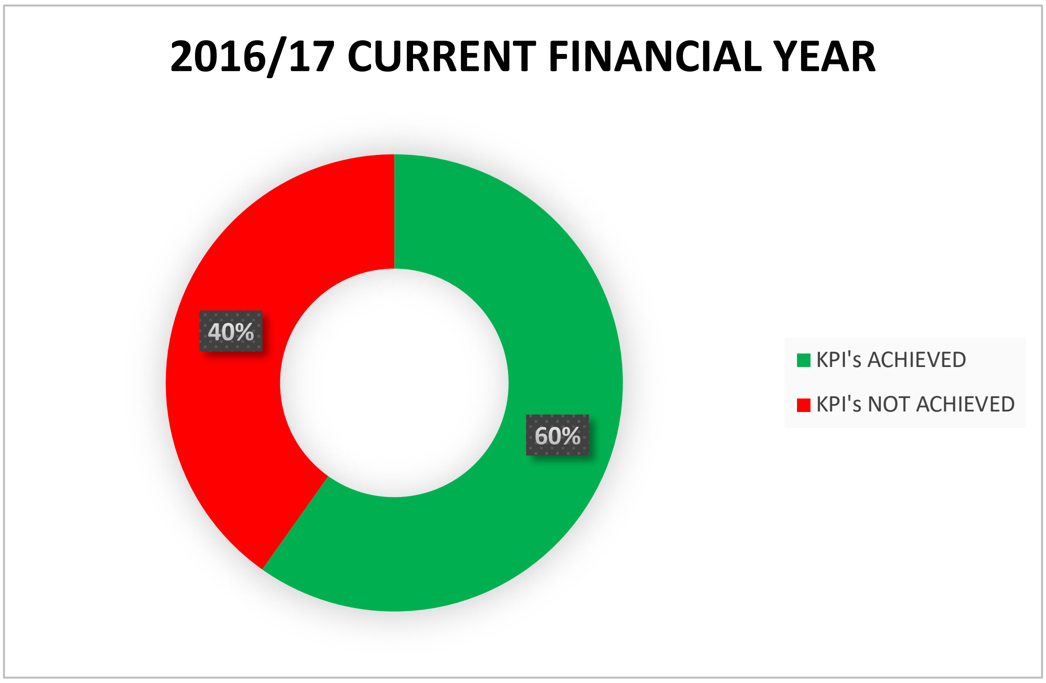


	2014/15 FINANCIAL YEAR	2015/16 PREVIOUS FINANCIAL YEAR	2016/17 CURRENT FINANCIAL YEAR
TOTAL KPI's	182	184	298
KPI's NOT ACHIEVED	32	43	185
KPI's ACHIEVED	150	146	107

The total number of KPI's increased from the previous financial year, 2015/16 to the current financial year 2016/17. In the previous financial year 2015/16 the Municipality managed to achieve a favourable percentage of 70%. There was a decline in the achievement of targets in the year in review as 60% was achieved.

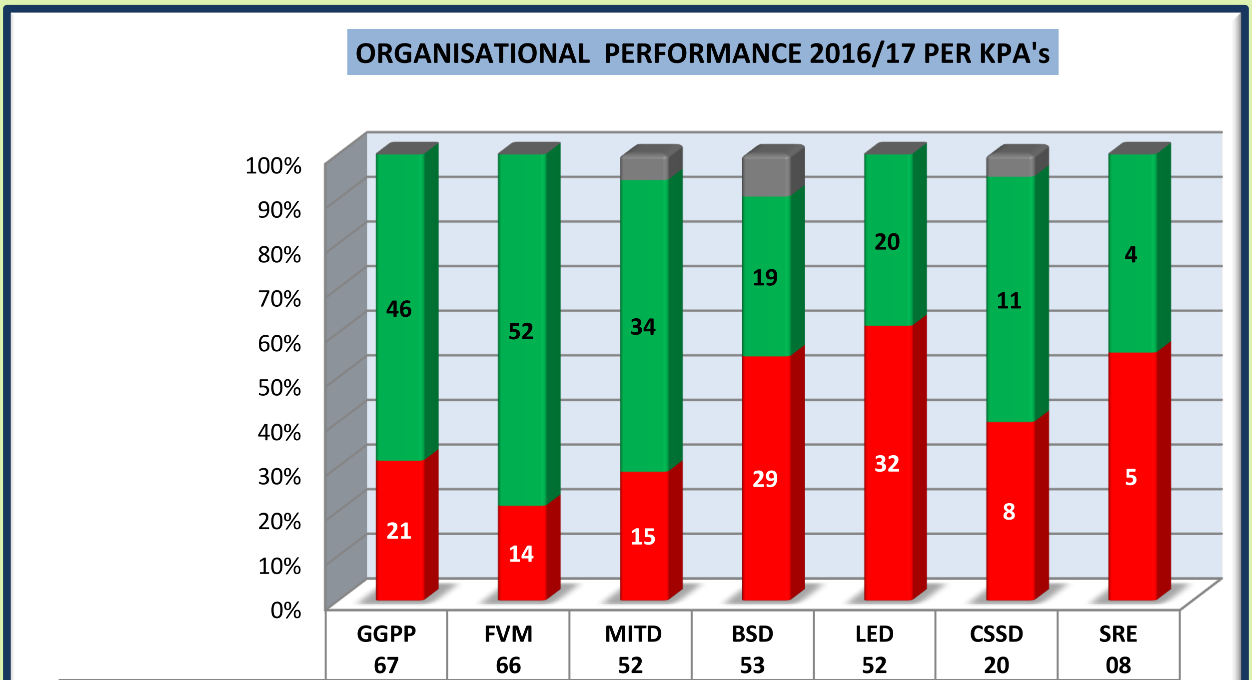


2015/16 Annual Performance Report Chart.



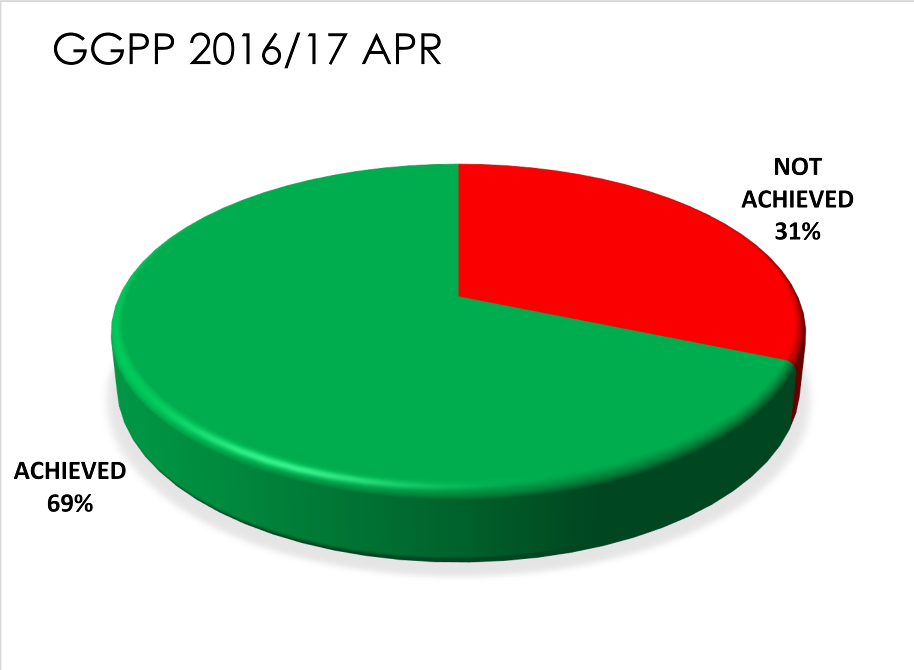
2015/16 Annual Performance Report Chart.

A table below provides a graphical illustration and the SDBIP has also been attached:



	GGPP 67	FVM 66	MITD 52	BSD 53	LED 52	CSSD 20	SRE 08
KPI's NOT MEASURED	0	0	3	5	0	1	0
KPI's ACHIEVED	46	52	34	19	20	11	4
NOT ACHIEVED KPI	21	14	15	29	32	8	5

COMPONENT A: GOOD GOVERNANCE AND PUBLIC PARTICIPATION



This pie chart displays the performance achieved under the Good Governance and Public Participation (GPP) National Key Performance Area (NKPA).

As indicated there are **67** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality could not achieve **31%** of their planned targets. KPI's that where achieved as planned made a total of **69%.**

Under this KPA we focus on the following areas;

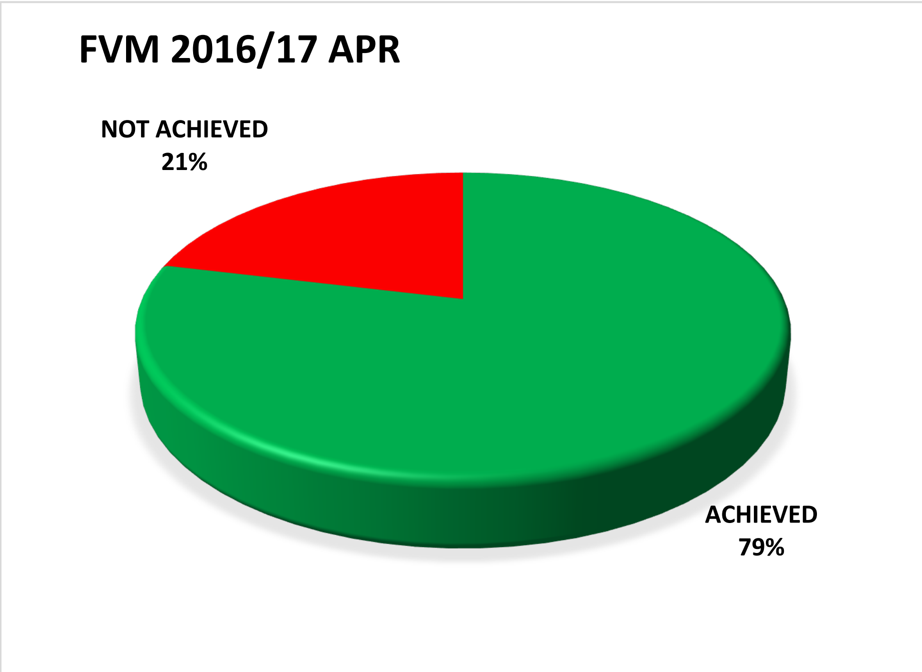
- Integrated Planning
- Policy Development
- Public Participation
- Internal Audit
- Anti-Corruption Strategy

- The municipality managed to develop and adopted its New 5 year Integrated Development Plan (IDP), Performance Management System (PMS) and Budget 2017-2022 in line with the prescribed legislation (Municipal Finance Management Act, Act 56 of 2003 and Municipal Systems Act, Act 32 of 2000 as amended). The municipality ensured that all stakeholders were engaged on the adopted process plan as a guide for the development and review of the IDP, PMS and Budget and this was done through IDP Representatives Forums and this process also included the office of the MEC for Co-operative Governance and Traditional Affairs and comments receive from the said office were further effected onto the final Process Plan. Further to the above, the IDP Unit played a key role in the council strategic planning session which was held in Drakensburg in September where council deliberated on various issues including those that needed to find space in the new IDP.

- The Municipality during the term under review conducted a successful IDP Capacity Building workshop for councilors and ward committees which was aimed at inducting both councilors and ward committees on IDP related matters including the development of ward based plans. The municipality in line with Section 16(1)(a)(i-iv) of the Municipal Systems Act which encourages the involvement and participation of communities and other stakeholders in the affairs of the municipality in particular IDP, PMS and Budget planning process engaged all communities across the municipality at Ward levels through a ward by ward approach and all other stakeholders to ascertain their needs and issues for consideration during the development of the New 5 year Integrated Development Plan and Plan.

- Also, the municipality through SECO Partnership received the outcomes of the 2014 survey conducted by the World Bank on "Doing the Business within iLembe and Mandeni" and the results proved the processes and turn-around time for compliance before investors actually start their businesses to be lengthy and complicated.

COMPONENT B: FINANCIAL VIABILITY AND MAINTENANCE



This pie chart displays the performance achieved under the Finance Viability Management (FVM) National Key Performance Area (NKPA).

As indicated there are **66** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality managed to achieve **79%** of its planned targets. KPI's that were not achieved was **21%.** Making this one of the best performing NKPA's in this financial year.

MONITOR THE EXPENDITURE OF THE MUNICIPALITY'S BUDGET

The municipality continues with proper budget monitoring on its expenditure as we are sitting at 100% actual expenditure against actual revenue at 30 June 2017. The report reflects the net surplus R32 million after calculation of provision on impairment of debtors. The overall result after assessment of each line item shows that the municipality was on target generally. The cash flow reflects that stricter controls are required going forward.

AS at 30 June 2017 100 % of the grants received have been spent except NDPG associated with low expenditure as social problems are being unblocked. Necessary interventions are being made to turn the situation around in terms of SCM associated issues. The municipality has applied for rollover on NDPG and INEP which are expected to be approved by National Treasury since funds were committed at year end. It is important that the municipality is able to spend all these grants.

PAY ALL SUPPLIERS WITHIN A LEGISLATED PERIOD

We continue to do well on the payment of creditors. The outstanding balances are linked to issues identified on the individual invoices. Reasons are normally given of the dispute for reconciliation to be done before invoice can be paid.

CONDUCT ALL EXPENDITURE RECONCILIATIONS

For the reliable financial information it is crucial that reconciliations are done monthly. This is what makes it easy for the municipality to be able to give better assessment of the budget. The ability to produce a trial balance allows us to produce the financial statements monthly and give analysis of information and ratios. Monthly reports are sent to the portfolio committee with all relevant information for decision making. Section 71 reports are produced for the Mayor and submitted to treasuries as per budget reporting format.

MANAGE THE MUNICIPAL ASSETS

The municipality has improved in the administration of assets. The capacity in the unit was provided. This has made it possible to shift from involving external resources by build capacity internally.

Continuous assessment of assets for impairment is being done. It is appreciated that the unit is now able to account for depreciation on a monthly basis. Monthly reconciliations are a contributing factor to a good report from the auditor general.

IMPROVE THE COLLECTION RATE

The balance of the amount outstanding from debtors has increased from R123 million to R148 million in the period from 1 July 2016 to 30 June 2017 (17% increase).

The increase is mainly due to non-payment by Ingonyama Trust Board. The court judgement is awaited on this matter. As a result more provision for bad debt has aligned with this category of debt.

Added to this is the culture of non-payment by ordinary households due to poor database and sanctioning tools.

Debt collection measures have been improved after the policy review by issuing summons with the intention to attach movable property. This initiative is however a slow process because of the sheriffs involvement. They cannot cope with the number of summons to be served.

The collection process is also affected by the non-cooperation of the community when they are invited to register for indigent benefits.

CONDUCT ALL REVENUE RECONCILIATIONS

The municipality has adopted the revenue enhancement strategy. This is being implemented. This strategy is a process that is mainly supported by external stakeholders. Its impact will be assessed going forward. At this point in time it is important that an opportunity is given for its support. The implementation of MPRA was endorsed to start with billing with the new valuation roll in July 2018.

We have advanced with the prepaid supply of electricity system. We will guarantee electricity billing. Monthly billings of all services are done. Other income is supported to supplement the cash flow that is so needed. Income generated from interest on investment is according lower than the budget due to low levels of cash. These reports are monthly submitted to the portfolio committee.

MANAGE THE SUPPLY CHAIN PROCESSES.

The success of the SCM Unit is dependent on the role played by the user departments. To control the unit, the procurement plans were instituted and implemented. However these plans are not perfectly followed. Improvement is monitored through working together with other departments.

Bid Committees have worked tremendously to support the functioning of the unit. At the close of June 2018 all tenders were awarded. Due to poor planning in some units there is an increase in deviations. This situation is being addressed.

Contract management is earmarked for improvement as this is an area that the report of the auditor general has pointed out some weaknesses, including the maintenance of documents, monitoring of service providers, transfer of skills etc. A proper training is envisaged in this regard for proper procedures to be in place.

Going forward this sitting of the Bid Committees will be scheduled. The SCM unit will be provided with permanent qualified personnel and improve the workflow processes.

PERFORM MONTHLY FINANCIAL REPORTING

Mandeni Municipality is able to produce the budget in time as expected and in the format that is required. Monthly S71 reports are produced and reported to Treasury. It is appreciated that the municipality is able to report on the norms and standard ratios as recommended by National Treasury in Circular 72

In the implementation of the budget it is noted that other line items are overspent. Some of these overspending is caused by non-compliance with the procurement plans. Others are due to unforeseen circumstances. These will result into unauthorized expenditure. The adjustment budget has dealt with these anomalies.

PERFORM QUARTERLY FINANCIAL REPORTING.

As part of the assessment for half yearly budget performance section 52 report is prepared for submission to the Mayor and Council. The significance of this report in the half year review is that it gives the cumulative performance of the budget that is assisting to the preparation of section 72 report.

Due to improvement in the information technology it is important that the department is on par with technology available and the new trend of doing things. Part of improving performance of the municipality is to improve systems integration through resource management planning.

PERFORM ANNUAL FINANCIAL REPORTING.

The achievements were high in the submission of annual financial statements in that the reports were audited and found to have no errors in the past three years.

We continue to review the standards of reporting of financial information. It assists that now we are able to produce financial statements periodically and review information against the standards such that we have fewer issues at year end when we finally produce annual financial statements. It is important that a compulsory workshop be attended to build capacity.

The standard chart of account was introduced by National Treasury. The objective of the regulation is to provide a national standard for uniform recording and classification of municipal budget and financial information at a transactional level by providing standard chart of accounts aligned to budget formats and accounting standards. The municipality have developed mSCOA implementation plan and risk register which are there to assist the municipality in meeting the implementation deadline of mSCOA on the 1st of July 2017.

The EDPHS Department through its operations such as Building Plans assessments and approvals, processing of Town Planning Applications, Outdoor advertising, issuing of Business Licences and informal traders permits and rentals and printing of Maps managed to raise an amount of R71 352.23 during the 2016/17 financial year, which is 79.2 % of the mid-year term target of R90 000. The revenue generated by the Department has contributed towards the municipal revenue base during the year under review. Further awareness campaigns will be conducted by the Department on the various bylaws applicable in each section to ensure that there is an improvement in the level of compliance by the community which will further increase the departmental contribution towards the overall municipal revenue stream.

The relatively below par expenditure on conditional grants due to circumstances beyond control had resulted in drop of total budget expenditure of the Community Services Department to 89,49% instead of 100% expenditure as projected which is an average of the expenditure of 97,31% of operational budget and 81,68% of the conditional grants.

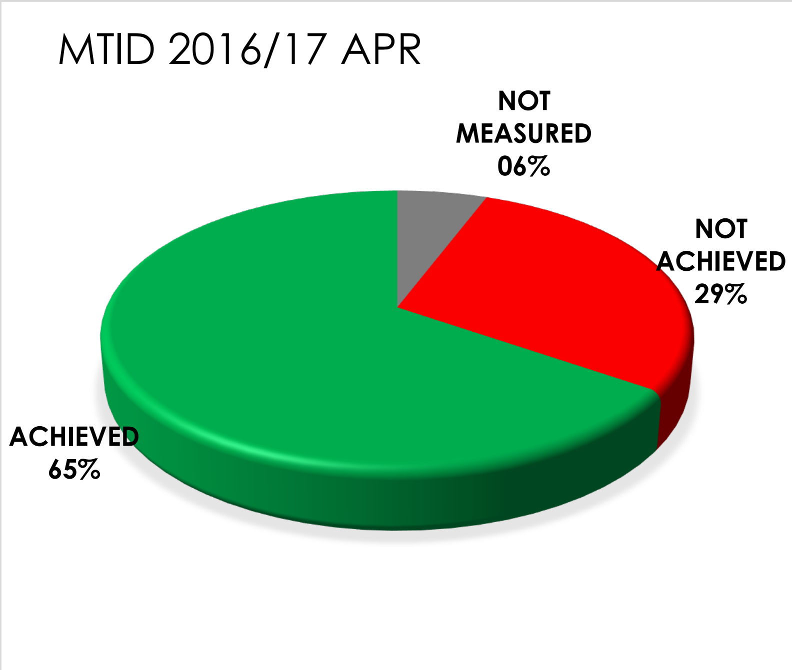
- The major contributing factor is the delay in the establishment of Isithebe Modular library due to land/ legal inhibitors. Also the negative financial situation of the municipality resulted in some of the planned programmes and acquisitions being cancelled, hence there were no achievements registered in the appropriate Key Performance Indicators (KPIs).

It is noted with grave concern that despite concerted efforts to instil ethical conduct amongst staff members and implementing strict financial management discipline, however there was reported incident of misappropriation of Municipal funds by a certain employee who, on discovery of her misbehaviour, decided to resign instantly. The matter though is still being followed up by the accounting officer in accordance with laid rules and procedures.

To ensure effective Municipal Financial Viability and Maintenance the Municipality did the following;

- Regular reporting is being done to funders of grants as per funding requirements and compliance with the Division of Revenue Act. (NDPG, MIG, EPWP and INEP).
- Spent 100% of MIG funding.
- Monthly cash flows and Project Plans are submitted on time to the KZNCOGTA for the MIG funding.
- Spent 100% of the Massification Programme from KZNCOGTA.
- Draft Departmental Budget and Procurement Plans for the 2017/18 FY was prepared and submitted for consideration.
- Prepared a first draft of a 5 year capital infrastructure investment plan.
- Participated in MSCOA implementation by ensuring attendance to Project Steering Committee meetings held quarterly by the Budget and Treasury department.

COMPONENT C: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT



This pie chart displays the performance achieved under the Municipal Institutional Transformation and Development National Key Performance Area (NKPA). As indicated there are **52** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a percentage of **65%** was achieved KPI's under this NKPA. KPI's that were NOT achieved made up **29%**, and KPI's that were Not measured made up **6%.**

ADOPTION OF MUNICIPAL POLICIES AND FIVE YEAR HR STRATEGY

- On the 30th of June 2017, the Identification, review and adoption of municipal policies was achieved.
- On the 20th of April 2017 of the Municipal Standing Rules and Orders under KZN Provincial Government Gazette No. 1813 were Adopted and published.

- The Adoption of the municipal 2017-2022 Five Year HR strategy was achieved by the 22nd of March 2017, 3 months prior to the actual targeted date.

- The IDP aligned organizational and departmental organograms were Developed and adopted on the 22nd of March 2017.

EMPLOYMENT EQUITY PLAN, LOCAL LABOUR FORUM AND LABOUR RELATIONS

- The reviewed employment equity plan was submitted in Q3 on the 01st of November 2016.

- *Maintenance of the functionality of the Local Labour Forum was achieved by holding 6 Local Labour Forum meetings, the target was 8 and the department had a variance of 2. The* Reason for this variance was that No quorum due to elections (both council and Union) for first Quarter - Therefore no meetings sat in Q1

- 5 quarterly Labour relations reports were submitted to MANCO in the year 2016/17, the actual target was 4, and the Reason for this variance is that Additional cases in Quarter 2 required submission to be sent through twice.

SKILLS DEVELOPMENT

- The department conducted the Skills 2016/17 auditing process on the 30th of April as targeted.

- The workplace skills plan HRDC was developed and adopted on the 25th of April 2017.

- *The workplace skills plan was submitted to SETA on the 25th of May 2017.*

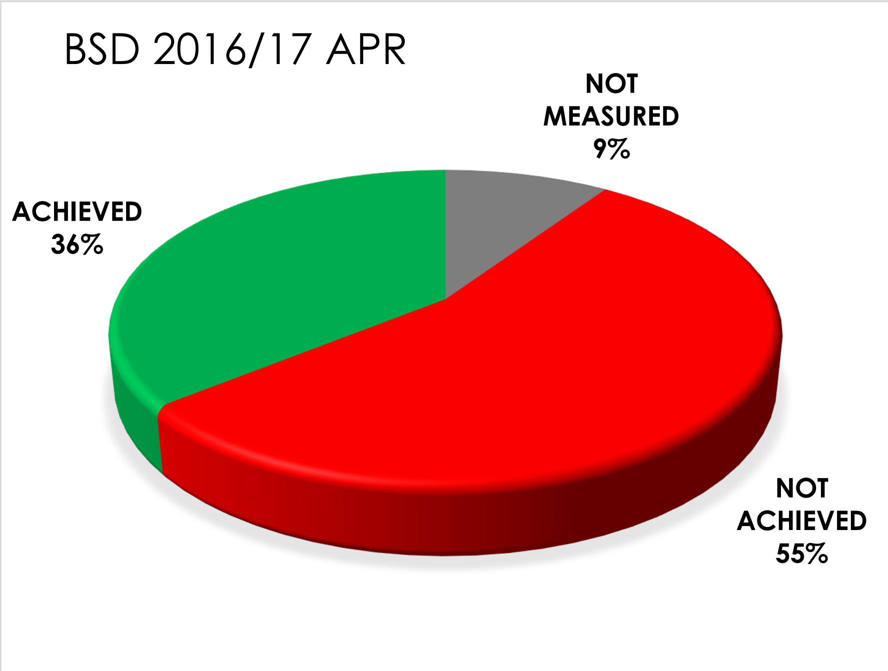
- The total *Number of employees that were trained according to the WSP prescriptions was 108. The actual target was 12. This is a great leap from 12 to 108. Due to the fact that* External trainings conducted by outside bodies at no cost to Council and others have been ongoing from previous financial year, the Department overachieved by a staggering 96 employee trainings in the year under review.

- The Actual amount spent on skills development in the 2016/17 financial year was R544 295.53. The targeted amount to be used was R800 000.

- 1Training of staff on how to use the electronic document management system (Orbit) was achieved out of the 4 that was targeted. Targets were not achieved due to the lack of Tools for the training including Venue, Internet access, Laptops etc.

- For Effective implementation of recognized collective agreements, applicable legislation and policies, the Department Conducted workshops half-yearly on collective agreements and applicable legislation and policies.

COMPONENT D: BASIC SERVICE DELIVERY



This pie chart displays the performance achieved under the Basic Service Delivery National Key Performance Area (NKPA).

As indicated there are **53** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a LOW percentage of **36%** under this NKPA. KPI's that were NOT MEASURED made up **9%,** and KPI's that were not achieved made up **55%.**

This is an area of concern for the municipality as this NKPA is a core focus as we are public servants and therefore need to have corrective measures to address core issues putting us at red. Through the municipalities monitoring and evaluation process, consultative meetings are conducted with specific departments in order to put corrective measures in addressing issues causing poor performance on planned targets.

The municipality during the Financial Year under review had only 3 housing projects that were under construction being Mathonsi Sundumbili Phase 2 (Ward 5, 10 and 12), Inyoni Housing (Ward 10 and 16) and Macambini Housing Project (Ward 1, 2, 8 and 9) since these were the only funded projects by the Department of Human Settlements (DoHS) during the 2016/17 financial year. Isithebe Rural Housing Project is currently under the planning phase however all the submission packs have been submitted to the Department of Human Settlements and the project is now waiting for funding for construction. A lot of progress was registered during the financial year under review in the various housing projects which is further detailed below:

MATHONSI SUNDUMBILI PHASE 2:

A total number of 870 houses were completed during the financial year under review out of a total number of 1000 housing units which were projected for this project. This then equates to an 87% completion rate of the project. The project is currently progressing well and it is projected that it will be completed during the first quarter of the 2017/18 financial year. However, there are challenges being experienced in this project relating to the sites that were found to be unsuitable for construction as some are water-locked with others having insufficient space to accommodate housing units. The engineering reports are currently being considered for possible solutions to this challenge.

INYONI HOUSING PROJECT:

This Housing project is currently in progress. Phase 02 construction is ongoing for 245 approved beneficiaries for ward 10 and 16. Total number of 644 slabs was completed; 415 wall plates completed, 65 roof structures and 218 completions were done in the month of July 2017. The process of the infill's of beneficiaries on subsidy administration for Ward 10 and 16 has been successfully been completed in July. Implementing Agent has submitted some of the application packs to the Department of Human Settlements for processing the approval of the applied beneficiaries. Mandeni Municipality still on the engagements with the process of the beneficiaries on subsidy administration infill's to other Wards for Phase 03 to fast-track the approval of the beneficiaries.

At the moment Mandeni Municipality and the Implementing Agent are working on the site allocations of the beneficiaries for Phase 03. The first 20 beneficiary priority lists for Phase 03 still pending from affected Ward Councillors. Mandeni Municipality and Implementing Agent are still trying to resolve the issues of beneficiary list to be separated per Ward on Phase 03. The relocations process of the beneficiaries from Inyoni Informal Settlements to Inyoni Urban Housing Project will resume in August for the completed housing units at the moments total number of 20 housing units are ready for occupancy.

The engagement meeting with DPA (Implementing Agent) and Mandeni Municipality on the issue of local Co-Ops for supplying of concrete block in the project progressed very well, local Co-Ops are expected to manufacture and deliver the concrete block product for Phase 03 stage of the project.

The Council in the last term considered that Phase 3 of the Project should be able to cater for additional wards being Wards 7, 11, 12, 13, 14, 15, 16 and 17 and new Ward 18. The new ward 18 however still needs beneficiaries to be allocated and this process will be finalized during the first quarter of the new financial year 2017/18. The number of approved beneficiaries for this project at the end of the 2016/17 financial year was 965 with ward 18 beneficiaries pending.

ISIKHONYANE HOUSING:

The Implementing Agent is still in the process of conducting a survey to determine the feasibility of Phase 2 of the project. Preliminary surveys indicated that approximately 1200 homesteads identified have not yet benefitted from the project. The Tranche 01 Planning funding pack is currently at 95% completion only waiting for few documentation. At this stage the National Department Human Settlements on their 2017 to 2022 Financial year projections have stressed that they will prioritize Urban Housing Projects in future.

ISITHEBE RURAL HOUSING:

A total of 1889 beneficiaries have been registered and 1705 (90%) beneficiaries have been approved by the Department of Human settlements and 114 applications still awaiting approval and 07 applications rejected by the Department for various reasons raised from pending information or beneficiaries not qualifying. The Municipality is in a process of securing a date in the second quarter with the MEC of KZN Human Settlements to engage on the construction budget for this housing project.

MACAMBINI HOUSING PROJECT (WARD 1, 2, 8 AND 9):

This housing project is completed for Phase 01(500 out of 2000 units). All housing units have been formally handed over to the approved beneficiaries for occupancy. The recommendation for approval by Department of Human Settlements of Phase 02 is still in progress for phase 2 (500 housing units). This Housing Project also applied for the Best Rural Project category in the Govan Mbeki Awards 2017 to be held towards the end of August 2017 in the next financial year.

HLOMENDLINI SOCIAL AMENITIES:

The construction of the Hlomendlini Social Amenities is progressing well and the anticipated completion of this project is in the first quarter of the 2017/18 financial year. Currently, the Community Hall building roof structure is almost complete and the crèche building roof structure is also under construction. The boundary fencing is complete together with the septic tanks and eight (8) water harvesting jojo tanks are in place.

TUGELA EXT 3 & SUNDUMBILI TOWNSHIP R293 PROPERTIES:

During the 2016/2017 financial year, a total number of **26** properties of the **43** matters under Sundumbili Township have been transferred and **122** properties transferred under Tugela Ext 3 of **170** matters finalized.

OPERATION SUKUMA SAKHE (OSS) CASES:

During the 2016/2017 financial year, all 12 housing units have been completed and completion certificates have been issued with beneficiary occupation being granted. The official hand over of the units will be done during the Mandela Day Celebrations in the next financial year 2017/18.

Through implementation of housing projects, over 155 local job opportunities were created in the 2016/17 financial year.

ROADS AND STORMWATER

- Completed the Rehabilitation of 2kms of Mandeni Internal Roads Phase 3 of the Mandeni Urban Roads Rehabilitation Programme in wards 7 and 15 (Bhidla and Etherl Mthiyane).

- Upgraded 3.60kms of rural gravel roads under phase 2 of the Rural Roads Upgrade Programme in wards 1, 9, 16 and 17 to properly designed and constructed rural gravel roads.
- Commenced with construction towards Upgrading of Roads in Highview Park, Ward 4.
- Upgraded 0.438km to G2 Subbase Formation Layer and 1.03km to G5 Subbase Formation Layer in Hlomendlini, Ward 4.
- Construction of the Re-alignment of Thokoza Road and Upgrade of P415 into the town centre under the CBD Upgrade and Improvement Programme (ward 7) is in progress
- 796.61m² of surfaced roads pothole repairs were completed as per the pothole programme in wards 3, 7, 10, 12,13,14,15.
- 245.39km of gravel roads maintained as per the rural gravel roads programme in wards 1,2,3,4,5,6,7,8,9,10,11,12,16 and 17.
- Storm-water drains unblocking is routinely being done in various wards.
- Constructed 30 Speed-humps within Mandeni in various wards.

ELECTRICITY

- Provided new electricity connections (dry connections) for 352 households under the Massification Programme to reduce electrification backlogs in Evutha ward 6.
- Provided new electricity connections (dry connections) for 492 households under the Integrated National Electrification Programme (INEP) in Makwanini, ward 9.
- Provided new electricity connections (dry connections) for 30 households under the Integrated National Electrification Programme (INEP) in Nyathini, ward 9.
- Commenced with the procurement process to provide new electricity connections (dry connections) for 143 households under the Integrated National Electrification Programme (INEP) in Kenan, ward 10.
- Refurbished 4 km of the existing 11KV Electricity Distribution Network in ward 3.
- Installed 90 New Streetlights in various wards within Mandeni.
- Two (2) planned and four (4) unplanned power outages were experienced by the year end within the Mandeni Municipality's licensed area in ward 3. The planned outage was to switch over to the refurbished 11KV overhead line.
- On-going electricity repairs and maintenance are being carried out on municipal buildings and facilities.
- Convened two (2) Energy Forum meetings for the 2016/17 FY.
- Commenced with the procurement process for the Installation of 540 new streetlights in various wards within Mandeni.
- 403 streetlights were repaired and maintained as at 30 June 2017 (year-end).
- On-going repairs and maintenance was carried out on municipal buildings and facilities.

MUNICIPAL BUILDINGS AND COMMUNITY FACILITIES

- Constructed 1 Multipurpose Hall in Ward 18 previously known as ward 11.
- Commenced with the procurement process for the Construction of a Multipurpose Hall in Wards 13.
- Construction of the Security Fencing and Guard House in ward 3 is in progress
- Upgrade of Reception and Council Chambers in ward 3 is in progress.
- Resolved land legal issues and commenced with construction of a Sports field in Chappies ward 14
- A consultant was appointed to conduct a feasibility study for the relocation of the Sundumbili Plaza Sports field in ward 7.

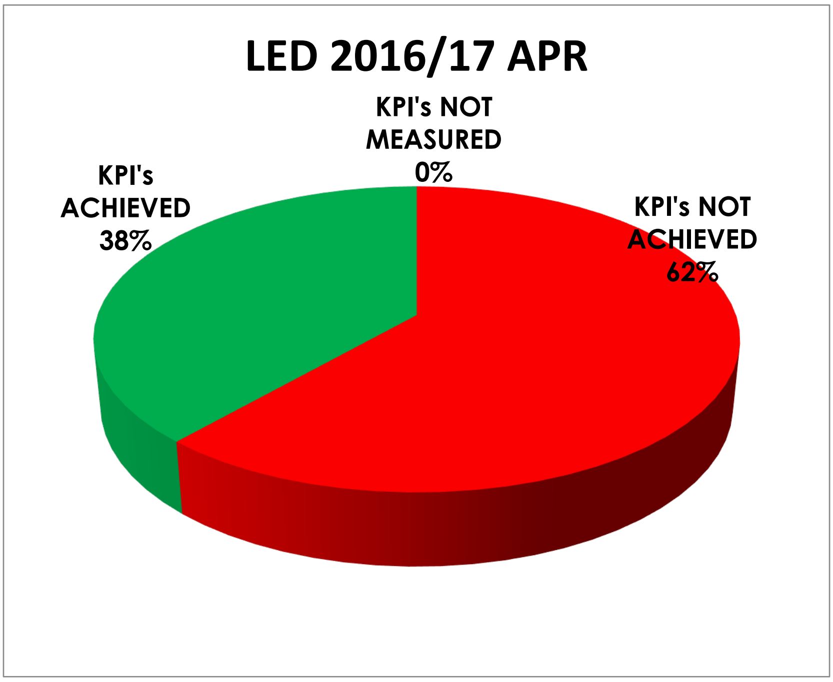
INFRASTRUCTURE PLANNING AND IMPLEMENTATION

- Spent 100% of the Municipal Infrastructure Grant.
- Convened ONE (1) Infrastructure Development Programme Steering Committee meetings.

WATER AND SANITATION

- Ensured 3 Water and Sanitation Reports was submitted to the Infrastructure Development and Technical Services Committee meeting by collating information sourced from the District municipality (ILembe).

COMPONENT E: LOCAL ECONOMIC DEVELOPMENT



This pie chart displays the performance achieved under the Local Economic Development National Key Performance Area (NKPA).

As indicated there are **52** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved an unfavourable percentage of **38%** and KPI's that were not achieved made up **62%.** This KPA is one of the lowest performing KPA's in the year of assessment.

This NKPA is another that needs to be closely monitored as it has a huge impact on service delivery and is essential for the economic growth of the municipality.

TRAINING OF UNEMPLOYED GRADUATES AND YOUTH.

- *Training to unemployed graduate was provided under the year in review to 6 graduates. This was an overachievement as the annual target was 2. The* Increased workflow demanded additional trainees to be employed.

- Sourced four (4) laptops for Medicine bursary students from the business sector.
- Was awarded by the Local Government SETA the following training opportunities for our unemployed youth;
- 35 Plumbing learner ships, stipend of R1800 for 12 months
- Further sourced and obtained free Plumbing training of twenty (20) unemployed youth with stipend of R1800 for twelve (12) months from oThandweni Center.
- Further sourced and obtained free training of six (06) unemployed youth with stipend of R1500 for twelve (12) months from Intsika Foundation.
- Further sourced and obtained free Landscaping training of thirty six (36) unemployed youth with stipend of R1500 for twelve months from Rhabanzindo.
- Further sourced and obtained free Construction training of nine (9) unemployed youth with stipend of R1500 for twelve months from CETA.

- Further sourced and obtained free Civil Engineering training of twenty (20) unemployed youth with stipend of R1500 for twelve months from oThandweni Center.
- Further received ten(10) Project Management training for our employees.

BURSARIES.

- *The department provided Bursaries to 50 Local Matriculants in Quarter 3. Initially the target was 40, 10 additional bursaries were awarded to matriculants due to the overwhelming amount of applications that were received.*

SMME'S

- 3 out of the 4 targeted Number of trainings were provided to capacitate SMME's. Funds for this KPI were not available to completely achieve this as the Budget remains with the Economic Development Planning department and not Corporate Services. This particular KPI needs to be taken to the LED department or the budget be allocated to the Corporate Services department.

COMMUNITY WORKS PROGRAMME (CWP)

- During 2015/16 financial year the council approved the upscaling of CWP participant from 500 to 1000 (with 10% allowance increase of the number). However, as the result of 2016 local government elections there was a delay in the finalization of the recruitment process. It is encouraging to report that notwithstanding the said challenge, however a total of 388 out of 550 participants (which constitute 71%) had been recruited and awaiting approval by the Department of Cooperative Governance (DCoG). It is planned the balance of 29% recruitment of participants will be finalized in the first quarter of the oncoming financial year.

2016 JG ZUMA ANNUAL CHESS TOURNAMENT

- On 03 November 2016 subsequent to informal discussion with JG Zuma Foundation for Mandeni Municipality to host the 2016 JG Zuma Chess Tournament, a letter confirming that the event would be held on 20 December was received from the Foundation.

  The Municipality hosted a very successful tournament which was graced by the presence of His Excellence, the State President, Honourable JG Zuma, His Worship, the Mayor, Honourable Councilor, S.B Zulu, the Honourable Chairperson of the Foundation, Mrs. D. Myeni, the Hounarable Councilors of the Municipality and other dignified guests.

  The event was also graced by the presence of the Eastern Cape team and Steve Tshwete Local Municipality representing

Mpumalanga Province over and above the eleven districts of the Province. Mandeni Municipality scooped the major trophies of the tournament as it obtained the first prize followed by King Cetshwayo and Ilembe District.

2016 MAYORAL CUP TOURNAMENT

- During 25 and 26 November 2016 the Municipality hosted a very successful Mayoral Cup Tournament in preparation for the 2016 Provincial SALGA/DSR Games which were hosted by Ugu District in Porshepstone. The highlights of the tournament were the amateur and professional boxing tournament organized jointly by the Municipality and Ludonga Boxing Promotion and the soccer match between Thanda Royal Zulu FC and the Mandeni Soccer Squad that played in the Ilembe Inter Municipal Games. The match was won by the Thanda Royal Zulu FC.

2016 ANNUAL SALGA/DSR GAMES

- Due to the financial constraints of the Ilembe District the decision was taken by the Inter-Governmental Relations (IGR) structure of the district that local municipalities co-fund the event. This, on the other hand resulted in the reduced number of sport codes from 16 to 9 that participated in provincial games.

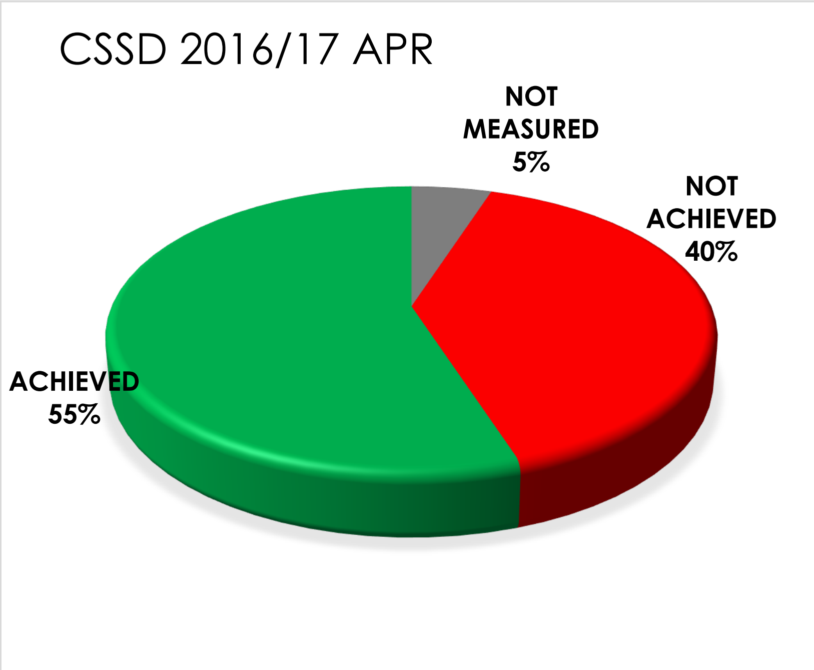
FULL DRIVER LICENSE PROGRAMME

- At total of 18 leaner drivers, one per Ward were recruited to participate in the full drivers programme funded by the Municipality. As at the end of 30 June 2017 nine of the recruited participants had completed the programme. Had the Municipality has a Driver Licensing Testing Centre (DLTC) authorized to perform driver licensing function, all 18 participants would have undergone with the full training. The inhabiting factor is that the learner drivers were booked in various Driver License Testing Centres which have their own schedules of license testing dates. The balance of the participants will be licensed in the new financial year.

REGISTRATION BURSARIES AWARDED TO BENEFICIARIES

- A total of 50 registration bursaries were awarded to 50 beneficiaries within jurisdictional area of the Municipalities.

COMPONENT F: COMMUNITY SERVICES AND SOCIAL DEVELOPMENT



This pie chart displays the performance achieved under the Community and Social Services Development National Key Performance Area (NKPA).

As indicated there are **20** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved an unfavourable percentage of **55%, 5%** was not measured and KPI's that were not achieved made **40%.**

Under this KPA, the Municipality amongst others the following are the performance highlights from the 2016/17 financial year:

LIBRARY OUTREACH PROGRAMME

- The major objective of library service is to preserve knowledge, promote reading and make knowledge to be easily to the broader community. During the period under review it was planned that there will be four outreach events. However, due to the increasing need by the community to access library services especially in rural areas, this was achieved by increasing the number of the events from four to fourteen schools (including primary schools and high schools).

  It is important to mention that it was not possible for the Municipality to achieve this on its own. The Department of Arts and Culture must be highly commended for its unrelenting support to the Municipality. The same is being attributed to various institutions that supported these events namely, University of KwaZulu Natal; University of Zululand; NSFAS and Bursary Unit of UNZUL; Owen Sithole Agriculture College; Milpark University especial its Business School; Durban University of Technology; Mangosuthu University of Technology; Umfolozi College; ICESA Campus; Coastal College; Love life; Helping hand of uMzansi; and University of KwaZulu Natal Students Dynamic.

In addition to the outreach events referred to above, there were three campaigns held during the period of review which are Library Week; World Play Day; and Literacy Celebration. Further, there two Career Expo events hosted by the Municipality at eMacambini Multi-Purpose Centre and at Ndulinde Library.

LIBRARY CYBER CAFÉ TRAINING

- According to the annual target it was projected that 250 community members will be trained in Basic Computer Literacy. The interest shown by the community members in the programme resulted in the increase of the projected target to 344 trainees at the end of the financial year. The dedication and commitment of the Cyber Cadets to the implementation of the programme does not go unnoticed. They should be real commended for their effort.

  The training program was further enhanced by training of 182 high school and primary school learners.

TOY@ YOUR LIBRARY AND GAMING SERVICE

- The annual target of 450 patrons to have been given access to the service was not achieved. This was because of the none renewal of the contract of the Youth Ambassador. Unfortunately this had deprived the young people and children the opportunity to access the service which might have had negative consequence in the escalation of social ills and deliquesce rate.

LIBRARY MEMBERSHIP

- It is noted that during the period under review there was a remarkable increase in the library membership statistics from 5131 in 2015/16 to 5630 in 2016/17. This shows that the community of Mandeni that has access to the library service is using the service optimally. It is noted with regret that the larger community in rural areas is deprived of this service due budget constraints of the Provincial Department of Arts and Culture. Nonetheless, it is believed that the situation will improve to enable the Department to budget for the expansion of library facilities to the rural areas of the Municipality that are currently without the facilities.

  The provision of the library service in the said areas must be accompanied by IT Network Infrastructure as this limitation does impact negatively to the existing library facilities such as Ndulinde and Sundumbili libraries. Had these facilities have adequate infrastructure, the membership might have been higher than recorded membership statistic.

Having said this the Department of Art and Culture must be commended for having acceded to the need of the Greater Isithebe Community who demanded to be provided with the library facility. During the financial in question the Department approved the project for the construction of a Modular Library which will contribute to membership increase in the oncoming financial year.

OPEN SPACE

- The Department succeeded in appointing 20 grass cutting contractor to orpiment the internal capacity. The set target annual target was achieved and the performance was achieved beyond the target in that during the 2016 local government elections and integrated development planning process meetings for community consultation, the Unit was called upon to cut grass in open spaces and/or sport ground that were that were falling outside defined areas. However, all of this was done within the allocated budget.

DRIVING LICENSE TESTING CENTRE

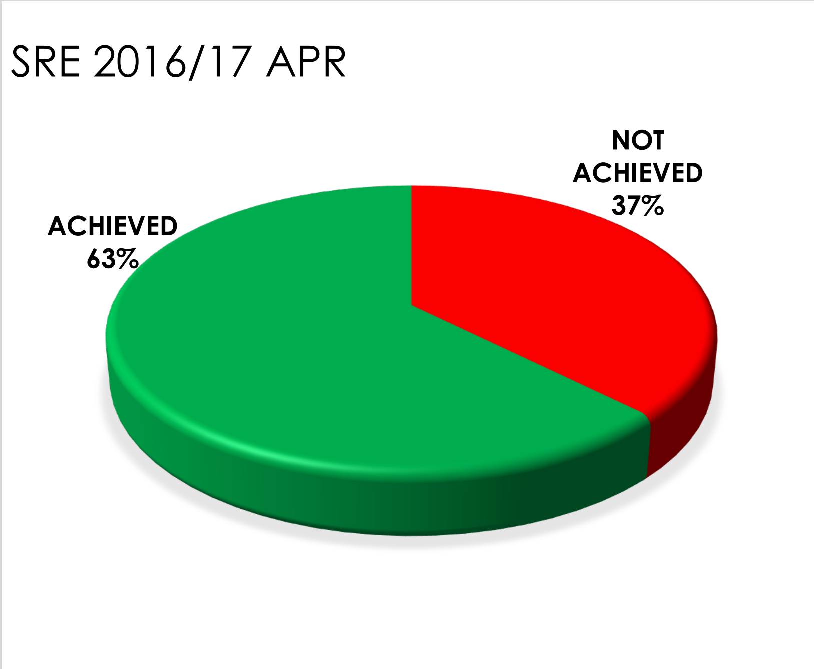
- Mandeni Municipality is authorized to operate a Grade E DLTC which unfortunately does not allow for the testing of motor vehicle drivers. The limitation is occasioned by the fact that the Municipality does not have a testing ground. Otherwise, it will be operating as a Grade D DLTC.

  However, the Municipal Council has approved a budget of R2,5 million in the 2017/18 financial year to cater for the relocation of the Public Safety / Protection Services Unit to a new site that allows for the construction of the testing ground.

  During the period under review the DLTC generated cash revenue of R1, 103, 860 – 00 from all the transactions performed by the Centre. Had it have the testing ground this revenue would have been doubled or tripled.

  Further, despite unfounded allegations levelled against the DLTC by a certain media house that there are fraud and corruption activities occurring at the DLTC, however there is no such evidence. Neither has that media house done its investigation amid by the Department to the house to come and observe the operations of the DLTC. But, most importantly, both Provincial and National Departments of Transport have been giving the DLTC a clean audit from its date of operation in 2014 to date

COMPONENT G: SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT



THIS PIE *chart displays the performance achieved under the Spatial Rational and Environmental National Key Performance Area (NKPA).*

As indicated there are 8 key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. Out of the eight, 8 only 3 were not achieved and 5 achieved, making it a 63% achievement.

FORWARD PLANNING

- The municipality as part of forward planning has developed Local Area Development Plans for both Dokodweni and Tugela Mouth areas to guide strategic developments through both public and private investments which have been adopted during the mid- year of 2016/2017 financial year.

LANDUSE MANAGEMENT

- In terms of Land Use Management, the planning unit successfully completed the review of the Urban Town Planning scheme which was reviewed in –house by the Mandeni Municipality planning team, together with the ILembe shared services colleagues. A number of stakeholder engagements were conducted during this exercise to sensitise stakeholders on the implications of the newly reviewed scheme including the reviewed zonings and development controls. The reviewed scheme was presented at various council structures and was adopted by Council in December 2016.

SPATIAL PLANNING AND SPLUMA

- The municipality in complying with the Spatial Planning and Land Use Management Act (SPLUMA) participated in the ILembe Joint Municipal Planning Tribunal (JMPT) which is chaired by the Director EDPHS of Mandeni Municipality. During the year under review, the planning unit received (7) SPLUMA applications which have since been tabled at the ILembe JMPT. Three out of the seven applications have been processed and are complete and the remaining four applications are still undergoing the applicable processes as prescribed by SPLUMA and are anticipated to be concluded upon during the first quarter of the 2017/18 Financial year.

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- The Planning unit continues to receive applications pertaining to land requests for various uses ranging from the establishment of small businesses to the establishment of municipal office space by government departments and service delivery projects by the internal municipal departments. These applications and requests are channeled through the various council structures accordingly.

OUTDOOR ADVERTISING

- The EDPHS department, as part of its functions, is also tasked with facilitating and coordinating the municipal outdoor advertising function. During the year under review, the planning unit has made great strides in ensuring compliance with the outdoor advertising by-laws and this has been done in conjunction with the by-law enforcement unit, housed under the Public Safety unit under the Community Services Department. The outdoor advertising function managed to generate an amount of R 29 839.25 which has contributed towards the departmental revenue base which has been indicated above.

CHAPTER 5

X

DEPARTMENTAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

(Annual Performance Report 2016/17)

DEPARTMENTAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017 (AS PER SDBIP)

The SDBIP serves a critical role to focus both the Administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP provides the vital link between the Mayor, Council (Executive) and the Administration, and facilitates the process for holding Management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the Mayor, Councillors, Municipal Manager, Senior Managers and Community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of Senior Management and achievement of the strategic objectives set by council. It enables the Municipal Manager to monitor the performance of Senior Managers, the Mayor to monitor the performance of the Municipal Manager, and for the Community to monitor the performance of the Municipality.

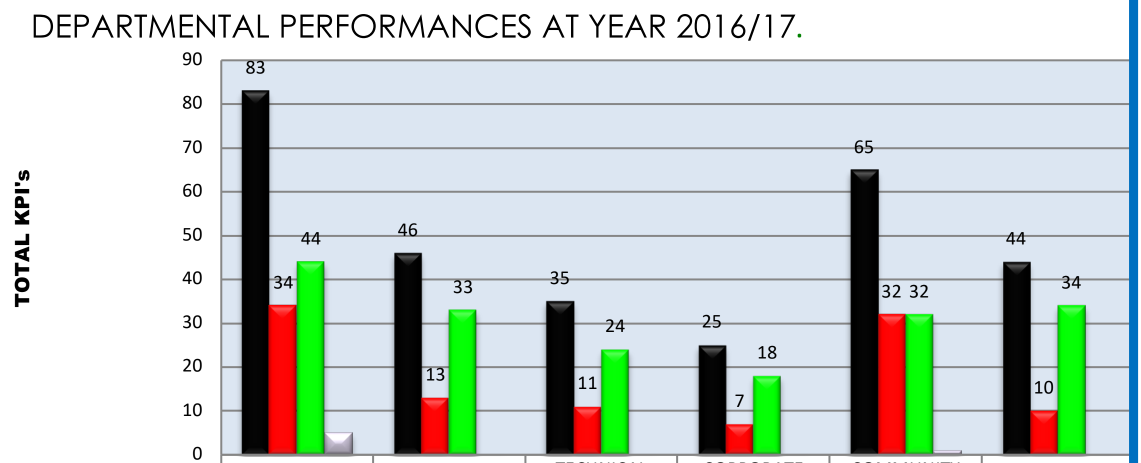
The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and the Senior Mangers determined at the start of every financial year approved by the Mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP's for each department are attached as annexure as follows;

- Department: Office of the Municipal Manager
- Department: Budget and Treasury
- Department: Technical Services and Infrastructure Development.
- Department: Community Services and Public Safety.
- Department: Corporate Services
- Department: Economic Development Planning and Human Settlements.

Departmental SDBIP indicates performance indicators per National Key Performance Areas and comments with corrective measures with regards to indicators not achieved for the office of the Municipal Manager, Budget and Treasury Office, Technical Services, Community Services, Corporate Services and EDP Department.

The following are departmental annual performance summaries for the 2016/17 financial year;

Below is a Graphical demonstration of how the Departments performed in the year in review;



	OMM	BTO	TECHNICAL SERVICES	CORPORATE SERVICES	COMMUNITY SERVICES	EDP
TOTAL KPI's	83	46	35	25	65	44
KPI's NOT ACHIEVED	34	13	11	7	32	10
KPI's ACHIEVED	44	33	24	18	32	34
KPI's NOT MEASURED	5	0	0	0	1	0

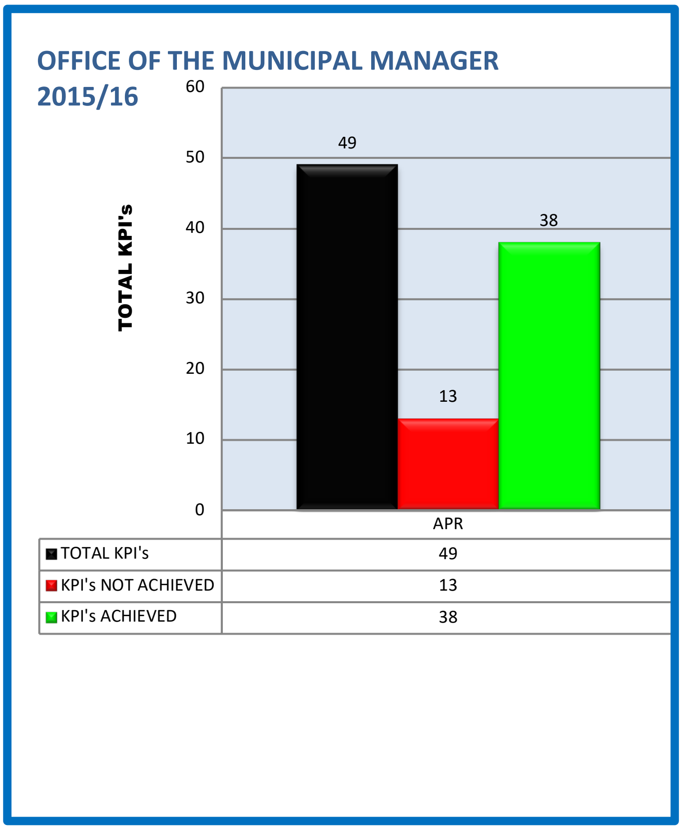
The Municipality had a total of 318 KPI's in the year under review, these KPI's were split among the 6 departments. The Office of the Municipal Manager's office had the most KPI's followed by Community Services with 65. Economic Development Planning, Corporate Services and Budget and Treasury Office all achieved 72% of their targets. Technical Services achieved an unfavourable total of 46%, this was due to the fact that the Department had a single KPI that was broken down into 20 single KPI's. Community Services and Public Safety achieved 51% of their targets and OMM achieved 53%.

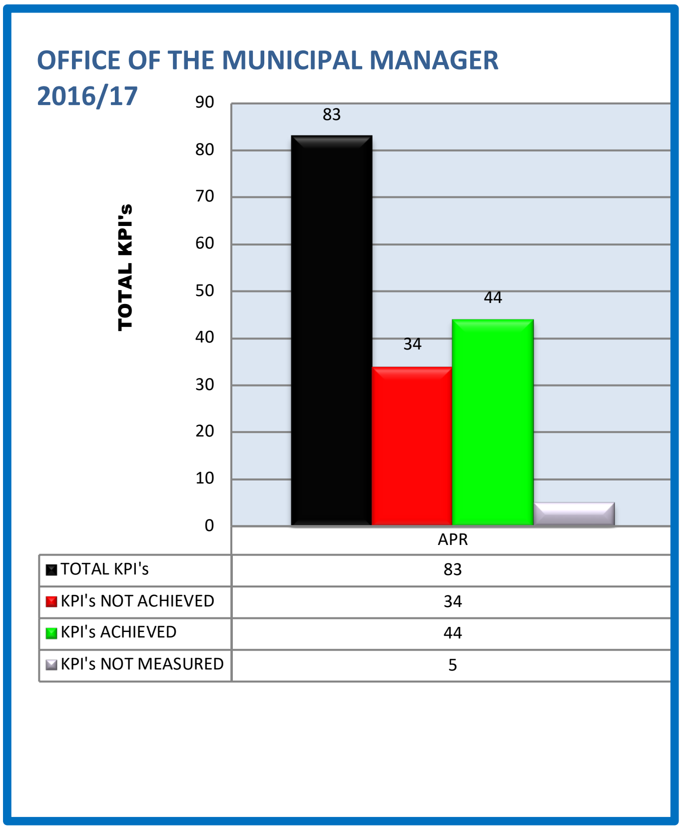
5.1. OFFICE OF THE MUNICIPAL MANAGER

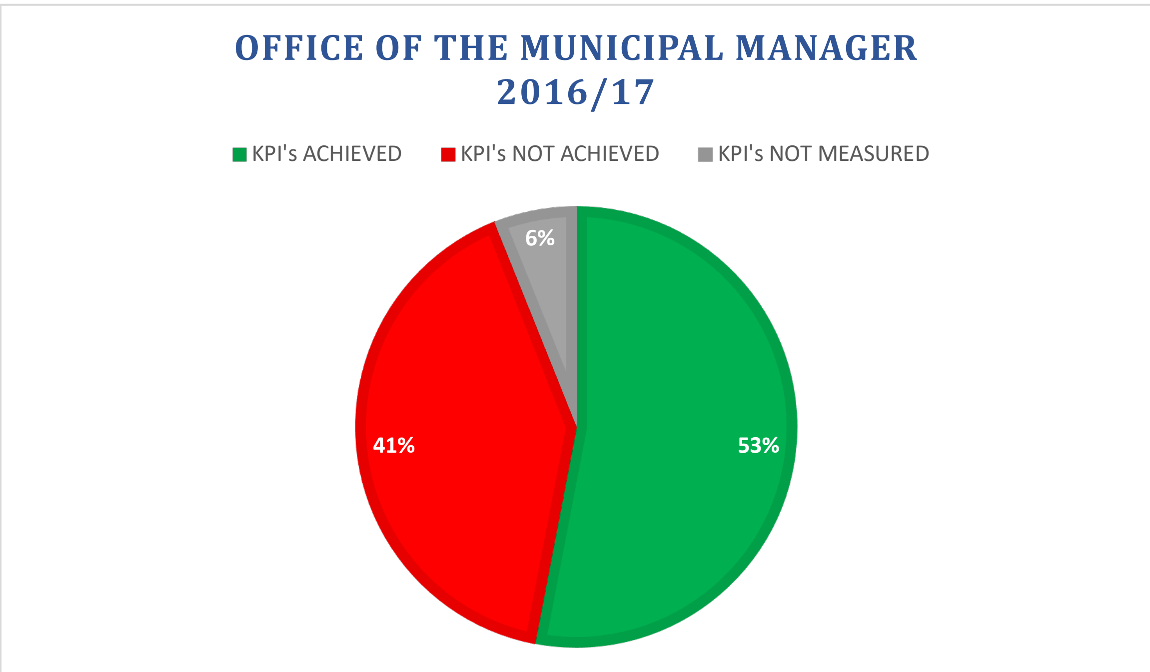
The Office of the Municipal Manager is the nerve centre of Mandeni Municipality. The municipality has achieved tremendous progress since the new administration assumed office. The Municipal Manager's office has recently beefed-up its human resources capacity through the establishment of the following units:

- Internal Audit
- Performance Management Systems
- Special Programmes
- Communication
- Public Participation
- The Office of the MM is fully staffed and fully operational.

Below are the graphs representing the performance of the Municipal Manager's Office in the 2016/17 and 2015/16 financial years and a comparative SDBIP of the Office of the Municipal Manager's performance in the 2015/16 and 2016/17 financial years;







The Office of the Municipal had a total of 83 KPI's and 44 were achieved in the year 2016/17, this translating to a 53% achievement. 5 KPI's were not applicable as they were achieved in the previous financial year. 34 were not achieved, one being the *Reviewed and adopted Housing Sector Plan by Council by 31 December 2016.* In the previous financial year, the Department had a total of 49 KPI of which 38 were achieved; this means the Office achieved 78% of their targets in the 2015/16 financial as compared to the 53% in the 2016/17 year. The main reason behind the 25% drop is due to the suspension of the Municipal Manager. 5 KPI's were not measured as they were targeted to the following financial year.

MANDENI OMM 2016/17 DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP									
IDP/ ORG REF	Key performance indicator	2015/16 ANNUAL PERFORMANCE			2016/17 ANNUAL PERFORMANCE			Reason for Variance	Corrective Measures
		TARGET	ACTUAL	R	TARGE T	ACTUAL	R		
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT/(SERVICE DELIVERY: CREATING CONDITIONS FOR DECENT LIVING)									
BSD 02	Date of completing a 3 year capital infrastructure funding plan	30-Jun-16	30-May-16		31 May 2017	30-May-17		**None**	none
BSD 01	Number of IDProgSC meetings in Q2& Q4 to be held by 30 June 2017	2	2		2	1		The IDProg SC Q2 meeting was to be held on 18 November 2016 however due to certain key stakeholders been unavailable the meeting was postponed.	The acceptance of invitations are beyond the control of the municipality
	Quarterly reports of Project Manageme nt Unit submitted to Top MANCO and Portfolio Committee	N/A	N/A		4	4		none	none

	Reviewed and adopted Storm Water Management Plan by Council by 31 December 2016	N/A	N/A		31-Dec-16	N/A		KPI removed from commencement of year but was not deleted but part of hidden cell. This is not applicable	none
	Reviewed and adopted Electricity Master Plan by Council by 31 December 2016	N/A	N/A		31-Dec-16	N/A		KPI removed from commencement of year but was not deleted but part of hidden cell. This is not applicable	none
	Reviewed and adopted Housing Sector Plan by Council by 31 December 2016	N/A	N/A		31-Dec-16	not achieved		This KPI could not be achieved due to a lack of funding as funding needed to be prioritised for other key service delivery activities	Remove this KPI
	Establishment of Intermodal Facility Forum at Squmbe by 31 December 2016	N/A	N/A		31-Dec-16	N/A		KPI removed from commencement of year but was not deleted but part of hidden cell. This is not applicable	none
FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)									
FVM 01	Adopted 2017/18 FY Municipal Budget by council by 30 JUNE 2017	30-Jun-16	31-May-16		30-Jun-17	30-May-17		none	none
FVM 02	Adopted of Annual Procurement Plans for 2016/17 by Council by 30-June-2017	30-Jun-16	30-Jun-16		30-Jun-17	Not achieved		This issue was due to the suspension of the SCM Manager and the shortage of staff within the SCM unit at the time	The SCM manager will be replaced and the matter prioritised in the upcoming year

FVM 39	Adopted budget related policies by Council by 30 May 2017	30-May-16	30-May-16		30-May-17	30-May-17		none	None
FVM 40	Date of adopting reviewed Fraud prevention plan by 30 May 2017	30-May-16	30-May-16		30-May-17	Not achieved		SALGA has requested that Municipality attends a Fraud Assessment process so that they can amend the Fraud Risk Register and Fraud Prevention Plan that will be achieved 2017/18	
	Quarterly mSCOA Project Steering Committee Reports submitted to Top MANCO	N/A	N/A		4	8		The MSCO Meetings had to take place on a regular basis as the period of implementation was getting closer hence the need to put all systems in place and PSC to monitor progress and state of readiness	None
	Submission of monthly Section 71 reports	N/A	N/A		12	12		none	None
	Section 72 reports submitted to Council by 25 January 2016	N/A	N/A		25-Jan-17	25-Jan-17		none	None
	Number of quarterly of section 52 reports compiled	N/A	N/A		4	4		none	None

	Submission of Annual Financial Statement and Annual Performance Report to Auditor General by 31 August 2016	N/A	N/A		31-Aug-16	31-Aug-16		none	None
GOOD GOVERNANCE AND PUBLIC PARTICIPATION (GOOD GOVERNANCE AND PUBLIC PARTICIPATION:PUTTING PEOPLE FIRST)									
GPP 01	Date of adopting the municipal public participation strategy by Council by 30 June 2017	30-Jun-16	not achieved		30-Jun-17	29-Jun-17		None	None
	Conduct Strategic Planning Session by 31 December 2016	N/A	N/A		31-Dec-16	12-16 September 2016		none	none
	Established IDP Representative Forum by 30 September 2016	N/A	N/A		30-Sep-16	19-Sep-16		none	none
	Adopted Customer Satisfaction Survey by 30 June 2017	N/A	N/A		30-Jun-17	25-Jan-17		The Municipality during the Strategic Session considered the Consumer Satisfaction Survey as conducted by the Statistics South Africa.	
GPP 02	Number of quarterly public report-back meetings convened and addressed by ward Councillors.	4	4		4	19		none	none

GPP 03	Number of public meetings held at which the Mayor or members of EXCO provided report back to the public.	4	4		4	30		These meetings also include IDP Consultation meetings where it was the first time the new Council engaged with the Community hence Ward by Ward engagements during second Quarter	None
GPP 04	Date of adopting the communication strategy by 31 Dec 2016	30-Jun-16	not achieved		31-Dec-16	not achieved		The Strategy could not be adopted due to Capacity Challenges within Communication Unit	To supplement the capacity through IT and external support
GPP 05	Number of media slots acquired with the national radio station by 30 JUNE 2017	4	4		4	6		none	None
GPP 06	Number of media slots acquired with the community radio station by 30 JUNE 2017.	12	12		12	10		Lack of budget	More appropriate Budget allocated under 2017/18

GPP 07	Number of electronic newsletters issued to the staff by 30 JUNE 2017	10	7		10	0		Capacity Challenges within Communication Unit	To supplement the capacity through IT and external support
GPP 08	Number of hard copy newsletters issued to the staff by 30 JUNE 2017	10	5		10	4		Challenges with Budget Cash flow	Review the Annual Target in 2017/18 to align with Budget
GPP 09	Number of the newsletters issued to general public by 30 JUNE 2017	6	6		8	4		Challenges with Budget Cash flow	Review the Annual Target in 2017/18 to align with Budget
GPP 10	Number of website updates conducted by 30 JUNE 2017	12	8		12	12		None	None
GPP 11	Number of LCD TV's to be installed in all municipal workstations by 30 JUNE 2017	3	2		3	0		The LCD's were removed due to renovations and hence this could not be undertaken	This KPI to be removed
GPP 12	Number of LCD TV's content updates by 30 JUNE 2017	12	1		12	0		The LCD's were removed due to renovations and hence this could not be undertaken	This KPI to be removed

GPP 13	Date of installing the complaints system	31-Dec-15	31-Dec-15		31-Dec-16	not achieved		The Municipality embarked on procurement of the system however that process could not be finalised pending the agreement to utilise the system that is used by the Office of the Premier and Presidency for alignment	
GPP 15	ward committee operational plans developed by 30 April 2017	30-Apr-16	Not Achieved		30-Apr-17	12-May-17		The process of establishment of Ward Committees was only concluded by Dec 2016 due to LG Elections hence the delays of other processes	None
GPP 16	Number of monthly ward committee meeting held in 17 Wards x 12	12	7		12	79			The KPI needs to be reviewed accordingly for Smartness
GPP 17	% attendance at ward committee meetings	N/A	N/A		70%	70%		None	None

GPP 18	Number quarterly of ward committee reports submitted to Council	4	3		4	1		The term of Office came to an end due to LG Elections and had to undergo establishment and inductions of Ward Committees	none
GPP 20	Convening the first Council to establish Office by 31 August 2016	N/A	N/A		31-Aug-16	18-Aug-16		None	None
	Training and Induction of new Council by 31 December 2016	N/A	N/A		31-Dec-16	15-17 November 2016		None	None
	Establishment of Ward Committees by 31 December 2016	N/A	N/A		31-Dec-16	31-Dec-16		None	None
	Number of EXCO meetings held by 30 JUNE 2017	N/A	N/A		12	11		Council Committees had to be established after Inauguration of Council and were finally confirmed towards end of September 2017	All meetings to sit according to the Council Calendar

GPP 21	Number of formal meetings between the Mayor, Speaker, Chief whip and Municipal Manager.	10	10		10	9			Troika Agenda and Attendance Registers
GPP 22	Number of Council meetings held	4	4		4	17			
GPP 23	Number of traditional leaders participating in Council meetings	4	4		4	0		The local Traditional Leadership indicated to have no interest in participati ng at Council Meetings.	Provincial Cogta was engaged and a meeting between MLM, COGTA and TCs was arranged but yielded no positive results. KPI to be removed
GPP 24	Number of Audit committee meetings held	4	4		4	4		None	None
GPP 25	Number Municipal accounts committee meetings held	4	4		4	4		None	None
GPP 26	Number of Internal audit reports presented to the Audit committee	4	4		4	4		None	None
	Quarterly sitting of Dashboard meetings to review status	N/A	N/A		4	3		The quarter 1 meeting was not convened due to elections and request from AG to hold introductor y meeting with Political	None

								leadership instead	
	Quarterly Review of A.G's Action Plan	4	3		4	3		The quarter 1 meeting was not convened due to elections and request from AG to hold introductory meeting with Political leadership instead	None
GPP 27	Date of Oversight reports compiled by 31 March 2017	31-Mar-16	28-Mar-16		31-Mar-17	28-Mar-17		None	None
GPP 28	Adopted 2015/16 Annual Report by 25 January 2017	25-Jan-16	25-Jan-16		25-Jan-17	25-Jan-17		None	None
GPP 29	Date of adopting reviewed Fraud prevention plan 30 May 2017	31-May-16	31-May-16		31-May-17	Not achieved		SALGA has requested that Municipality attends a Fraud Assessment process so that they can amend the Fraud Risk Register and Fraud Prevention Plan that will be achieved 2017/18	
LOCAL ECONOMIC DEVELOPMENT (SERVICE DELIVERY)									

LED	17 Number of learners to be provided with a full driver education programme in Q1	40	17		17	10		The programme was delayed due to cash flow management and other learners dropping out of the programme	The Programme will be further rolled out in 2017/18 and budgeted for.
	Percentage of local SMME's supported through Supply Chain as per database	N/A	N/A		100%	0		The KPI could not be achieved due to changes on the requirement for SMMEs required to register on NT Central database.	The KPI to be removed
	Date of Conducting Business Retention and Expansion Strategy/Programme by 30 June 2017	N/A	N/A		30-Jun-17	08-Mar-17		None	None
	Date of hosting Local Economic Development Summit by 30 June 2017	N/A	N/A		30-Jun-17	Not achieved		The KPI could not be achieved due to lack of funding hence removed during the Mid-Year Adjustment	The PKPI has been prioritised in 2017/18 FY and budgeted for
	Reviewed and adopted LED Strategy by 31 December 2016	N/A	N/A		31-Dec-16	Not achieved			
COMMUNITY AND SOCIAL SERVICES DEVELOPMENT									

CSD01	Number of monthly meetings held with the Food for waste programme	N/A	N/A		12	2		Target not achieved due to the Director responsible being indisposed for Quarter 1 and Quarter 3 for lengthy period	Proper planning in respect of schedule of meeting in 2017/18
	Quartely Monitor the implementation of the Community Works Programme	N/A	N/A		4	1		Due to the delay in the finalisation of the recruitment process of participant and Site Manager, this affected plans	LRC meetings to be held as schedule under 2017/18
	Number of reports submitted to Council on Local Aids Council conducted	N/A	N/A		4	0		Capacity Challenges within Special Programmes Unit	To build capacity within Special Programmes Unit through recruitment of staff on budget posts
	Established War Rooms by 31 September 2016	N/A	N/A		30-Sep-16	07-Feb-17			
	Quarterly reports submitted to Council on progress and implementation of OSS Programmes	N/A	N/A		4	0		Capacity Challenges within Special Programmes Unit	To build capacity within Special Programmes Unit through recruitment of staff on budget posts

	Number of reports CPF submitted to community and protection services portfolio committee on community safety by 30 June 2017	N/A	N/A		12	12		None	None
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT									
MID 01	Date of adopting the reviewed budget related policies by council 31 March 2017	30-Jun-16	30-Jun-16		31-Mar-17	30-May-17		None	None
	Reviewed and adopted Municipal delegation Framework by Council by 31 March 2017	N/A	N/A		31-Mar-17	14-16 March 2017		None	None
MID 02	Date of adopting the reviewed HR strategy by Council by 30 June 2017	30-Jun-16	30-Jun-16		30-Jun-17	30-Mar-17		None	None
	Reviewed and adopted organogram by 30 September 2016	N/A	N/A		30-Sep-16	30-Mar-17		None	None
	Completed Employee Satisfaction Survey by 30 September 2016	N/A	N/A		30-Sep-16	19-Sep-16			
	Established ICT Steering Committee by 30 September 2016	N/A	N/A		30-Sep-16	02-Jul-16		None	None

	Finalised and adopted ICT Framework Systems by 30 September 2016.	N/A	N/A		30-Sep-16	N/A		The KPI was achieved in the previous Financial Year	
MID 16	Date of adopting the performance 2016/17 management system Monitoring & Evaluation framework by 30 September 2016	30-Jul-16	30-Jul-16		31-Jul-16	not achieved		The Manager PMS was on a long-sick leave	To be prioritised in 2017/18
MID 17	Date of adopting the 2016/17 Organisational scorecard by 30 September 2016	31-Jul-16	19-Jul-16		31-Jul-16	19-Jul-16		None	None
MID 18	Date of developing Lower Layer SDBIP (Departmental Scorecards) endorsed by the Mayor by 31 July 2016	31-Jul-16	19-Jul-16		31-Jul-16	19-Jul-16		None	None
MID 19	Date of advertising the 2016/17 SDBIP 31 July 2016	31-Jul-16	10-Jun-16		31-Jul-16	10-Jun-16		None	None
MID 20	Number of performance agreements to be signed by 30 July 2016	6	6		6	6		None	None
MID 21	Number of MANCO meetings held	12	12		12	29		The KPI is consist of both Top Management and Full Management Committees hence	Review the Annual Target in 2017/18

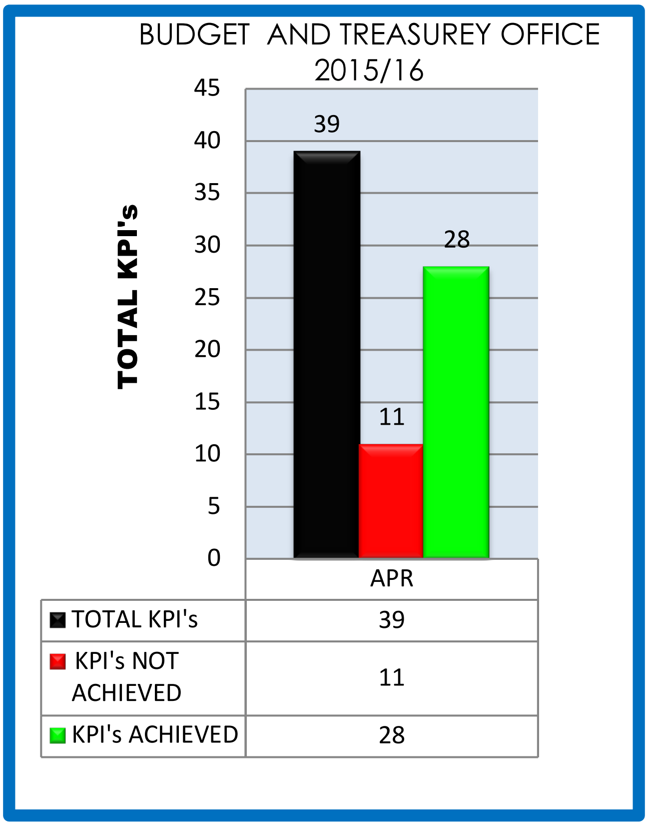
								over achievement	
MID 22	Number of departmental performance reports to be submitted to the portfolio committees by 30 JUNE 2017.	12	12		12	5		Other Departments could not get Performance Plans signed for Managers pending adoption of Performance Framework with exception of EDPHS Department.	This KPI will be re-prioritised in 2017/18 to inculcate culture of Performance in the Institution.
MID 23	Number of Managers Performance Plans submitted to monthly Departmental Meetings for Review	N/A	N/A		36	6		Signing of Performance Plan was delayed pending the adoption of the Performance Framework	This KPI will be re-prioritised in 2017/18 to inculcate culture of Performance in the Institution.
MID 24	Number of quarterly performance reports to be submitted to council by 30 JUNE 2017.	3	3		4	3		The coordination of PMS was affected due to the Manager PMS on sick leave for a long period	To build capacity within PMS Unit

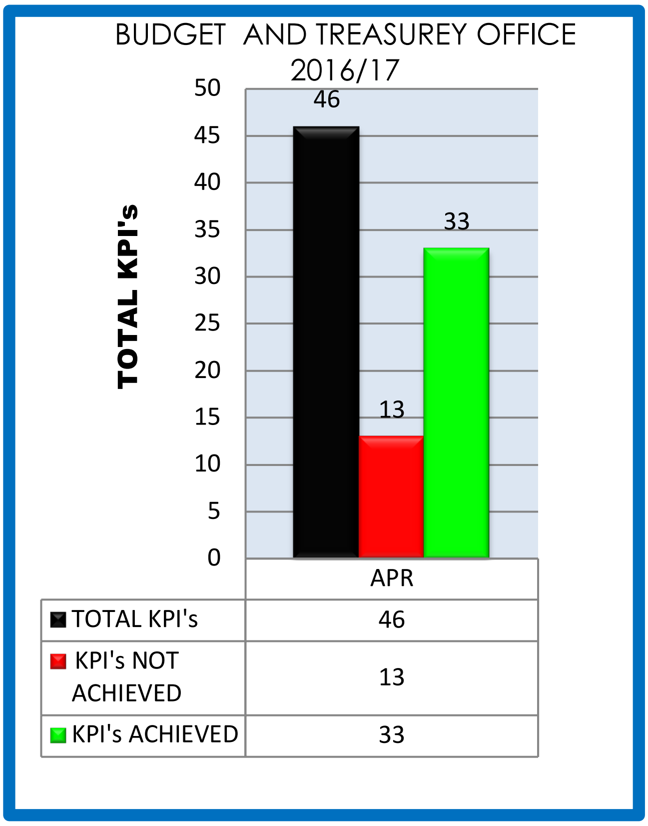
MID 25	Number of feedback reports to communities of targets achieved, not achieved and corrective action	4	4		4	3		The target could not achieved in the first Quarter due to Local Government Elections and *Inauguration* of Council	To plan accordingly under 2017/18
MID 26	Number of quarterly performance assessments to be conducted by 30 JUNE 2017.	4	4		4	2		The Suspension of the Municipal Manager and long-illness of PMS Manager affected Performance Management Processes.	To build capacity within PMS Unit
MID 27	Number of quarterly face to face Performance assessments corrective measures taken on under performance	4	4		4	1		The Suspension of the Municipal Manager and long-illness of PMS Manager affected Performance Management Processes.	To build capacity within PMS Unit
MID 28	Date of adopting the revised scorecards by 28 February 2017	28-Feb-16	28-Feb-16		28-Feb-17	28-Feb-17		None	None
SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT (SERVICE DELIVERY)									
SRE 08	Date of establishing the municipal planning tribunal by 30 June 2017	N/A	N/A		30-Jun-17	**N/A**		The target was removed as it was achieved in the previous Financial Year	Proper planning in respect of schedule of meeting in 2017/18

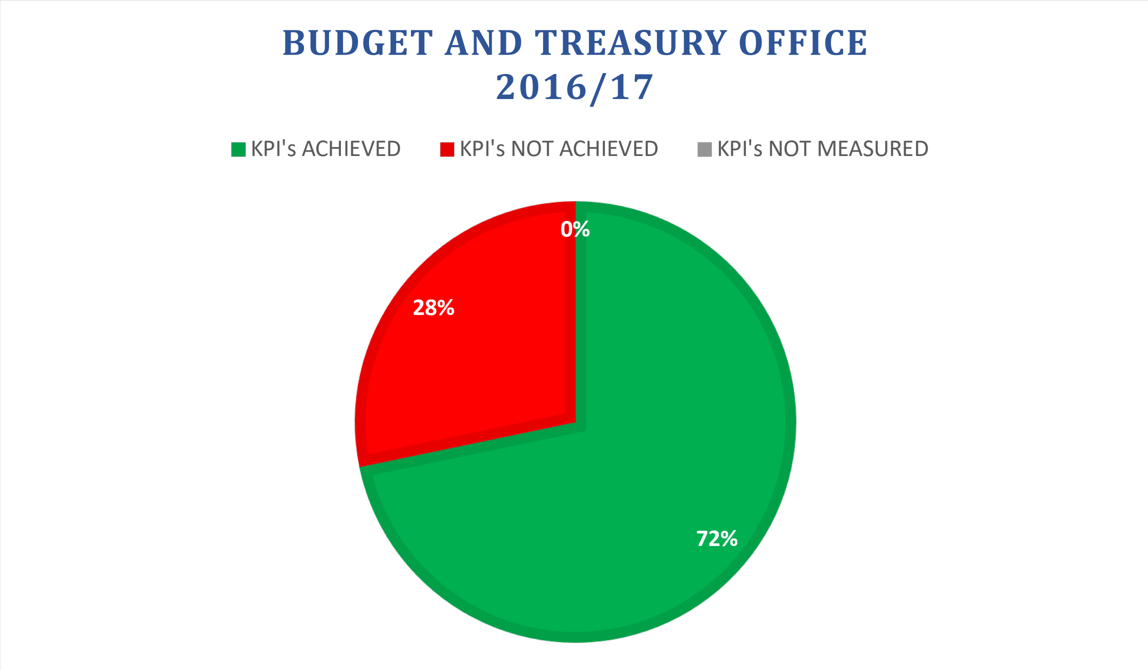
5.2. BUDGET AND TREASURY OFFICE

The Budget and Treasury Office is a municipal department that was established in terms of Chapter 9 of the Municipal Finance Management Act No. 56 of 2003 (MFMA). Its major role is to administer municipal funds, advise the accounting officer and other departments of their role in terms of this Act and to perform budgeting, accounting, analysis, financial reporting cash management, debt management, supply chain management, financial management, review and other duties.

Below are the graphs representing the performance of the Budget and Treasury Office in the 2016/17 and 2015/16 financial years and a comparative SDBIP of the Budget and Treasury Office's performance in the 2015/16 and 2016/17 financial years;







The Budget and Treasury Office has a total of 45 KPIs. The department achieved 33 targets which translate to 72%, 28% of the targets were not achieved. Targets such as *Approved Indigent register by 30 June 2017 and Adopt new Valuation roll by 30/5/2017* were not achieved just to name a few. 28 targets were achieved in the 2015/16 financial year out of 39 total KPI's.

BUDGET AND TREASURY OFFICE 2016/17 DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP									
IDP POE REF	**Key performance indicator**	**2015/16 ANNUAL PERFORMANCE**			**2016/17 ANNUAL PERFORMANCE**			**REASONS FOR VARIENCE**	**CORRECTIVE Measures**
		TARGET	**ACTUAL**	**R**	**TARGET**	**ACTUAL**	**R**		
BASIC SERICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT/(SERVICE DELIVERY: CREATING CONDITIONS FOR DECENT LIVING)									
	FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)								
FVM 01	Date of completing the implementation of the AG's report intervention plan.	30-Jun-16	30-Jun-16		30-Jun-17	30-Jun-17		None	None
	Date of completing the implementation of the AG's Dashboard report.	N/A	N/A		30-Jun-17	30-Jun-17		None	None

FVM 02	Date of tablingthe 2017/18 annual budget by	30-May-16	30-May-16		30-May-17	30-May-17		None	None
FVM 03	Date of tabling the 2016/17 adjustment budget by 28 Feb 2016	28-Feb-16	28-Feb-16		28-Feb-17	28-Feb-17		None	None
FVM 05	Percentage expenditure of the municipal budget spent quartely 30 June 2017	100%	103%		100%	102%		None	None as over achieved
FVM 06	Percentage of the annual operating budget spent	100%	119%		100%	102%		Over expenditure in operating expenditure is due to the actual non cash items such as depreciation and impairment which were understated during budget preparation, as they have been considered in their actual figures at year end.	
FVM 07	Percentage of the annual capital budget spent	100%	103%		100%	206%		Over expenditure of Capital Budget is due to transfer of infrastructure assets from the department of Human settlements within project of Inyoni Housing and handover of Umngeni water	

								projects which amounted to; R31Million.	
FVM 08	Percentage spent quartely on all conditional grants as per terms and conditions	100%	93%		100%	93%			This will be fast tracked in the upcoming year through stricter measures of spending
FVM 11	Percentage of suppliers paid within 30 days of invoicing	100%	100%		100%	100%		None	None
FVM 12	Monthly reports on creditors reconciliation	12	12		12	12		None	None
FVM 13	Monthly reports on salaries reconciliation	12	12		12	12		None	None
FVM 14	Monthly Reports on VAT reconciliation	12	12		12	12		None	None
FVM 15	Monthly Reports on assets reconciliation submitted to FPC	12	12		12	12		None	None
FVM 16	Number of physical assets verification performed	4	1		31-Mar-17	31-Mar-17		None	None
FVM 21	Intergration of supplier database and banking by 30 Dec 2016	N/A	N/A		28-Jun-17	28-Jun-17		None	None
FVM 35	Number of monthly bank reconciliations	12	12		12	11			Resolve the MSCOA **process**

FVM 24	Number of reports on investments reconciliation conducted	12	12		12	12		None	None
FVM 17	Approved Indigent register by 30 June 2017	N/A	N/A		30-Jun-17	Not achieved			Finalise the verification earlier through stricter control measures within the debt departtment
FVM 19	% of debt collected	60%	66%		65%	64%			Refer to POE
FVM23	Negotiating a transfer of distribution licence from Eskom to Mandeni by 31 March 2017	N/A	N/A		31-Mar-17	Not Achieved			
FVM 20	Number of reports on debtors reconciliation submitted to FPC	12	12		12	12		None	None
FVM 25	Conducted supplementary valuations roll by 30 June 2017	30-Jun-16	30-Jun-16		30-Jun-17	Not achieved			The matter of service provider appointment will be fast tracked in the upcoming year

FVM 41	Adopt new Valuation roll by 30/5/2017	N/A	N/A		30-May-17	30-Jun-17			The matter of service provider appointment will be fast tracked in the upcoming year
FVM 26	% of orders issued as per requisition received from user departments	100%	100%		100%	100%		None	None
FVM 27	Monthly progress report on bids awarded as per approved and budget procurement plan	3	3		12	12		None	None
FVM 28	Number of monthly SCM reports compiled and submitted	12	12		12	12		None	None
FVM 29	Quarterly report irregular and friutless expenditure	4	4		4	4		None	None
FVM 32	Updated Job Description of SCM officials to promote segregation of duties by 30 December 2016	N/A	N/A		30-Dec-16	Not achieved			Appointment of SCM staff and finalisation of manager post

FVM 30	Number of contract register updates performed Quartely Updated contract register	4	4		12	12		None	None
FVM 33	Implement proper stationary for recording and controlling other income by 30 December 2016	N/A	N/A		30-Dec-16	Not achieved			Better management of staff
FVM 31	Number of monthly section 71 reports compiled	12	12		12	12		None	None
FVM 34	Number of IYM submissions	N/A	N/A		4	4		None	None
FVM 36	Section 72 reports submitted to Council by 25 January 2016	1	1		1	1		None	None
FVM 37	Quartely section 52 reports compiled	4	4		4	4		None	None
FVM 38	Submitted annual financial statement by 30 August 2016	30-Aug-16	30-Aug-16		30-Aug-16	30-Aug-16		None	None
FVM 40	Adopted budget related policies by 30 May 2017	31-Mar-16	31-Mar-16		30-May-17	30-May-17		None	None
FVM 39	Monthly report of under /over expenditure	N/A	N/A		12	12		None	None
GOOD GOVERNANCE AND PUBLIC PARTICIPATION (GOOD GOVERNANCE AND PUBLIC PARTICIPATION:PUTTING PEOPLE FIRST)									

GGP 01	Date of adopting reviewed Fraud prevention plan	30-May-16	30-May-16		30-May-17	Not achieved		It was not achieved SALGA has requsted that Municipality to attend a Fraud assessment process so that they can amend the fraud Risk Register and Fraud Prevention plan that will be achieved 2017/18	
	Date of budget public participation meeting	N/A	N/A		30-May-17	30-May-17		None	None
	Date of budget forum meeting	N/A	N/A		30-May-17	30-Jan-17		None	None
MID 22	Submit progress report to Council quarterly	N/A	N/A		01-Jan-17	01-Jul-17		None	None
	Date of adopting reviewed Financial delegations	N/A	N/A		30-Sep-17	30-Sep-17		None	None
LOCAL ECONOMIC DEVELOPMENT									
	Percentage of the operating budget spent on local suppliers by 30 June 2017	N/A	N/A		40%	21%			This will be measured through the MSCOA system
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT									

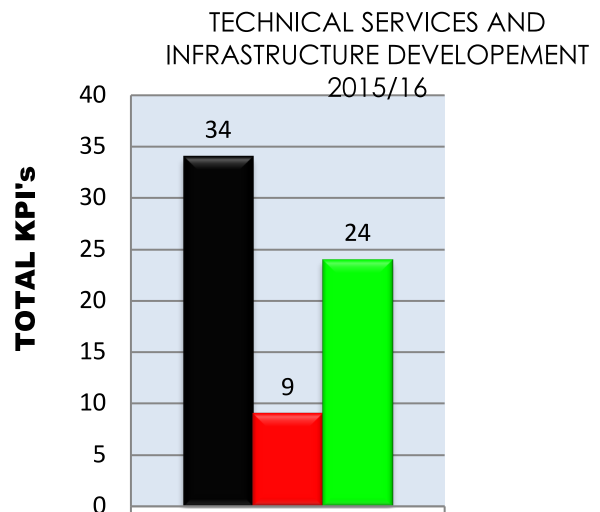
MID 18	Submit SDBIP to FPC monthly	N/A	N/A		12	0			
	Date on King IV training	N/A	N/A		30-Mar-17	Not Achieved		It is not achieved because training was not available through our Service Provider, we needed to sort out quotations however all quotes were beyond budget this will be achieved through training held by Service Provider in 2017/18	
MID 22	Attendance of staff to training by 30 June 2017	N/A	N/A		30-Jun-17	30-Jun-17		None	None
SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT (SERVICE DELIVERY)									

5.3. TECHNICAL SERVICES AND INFRASTRUCTURE DEVELOPMENT

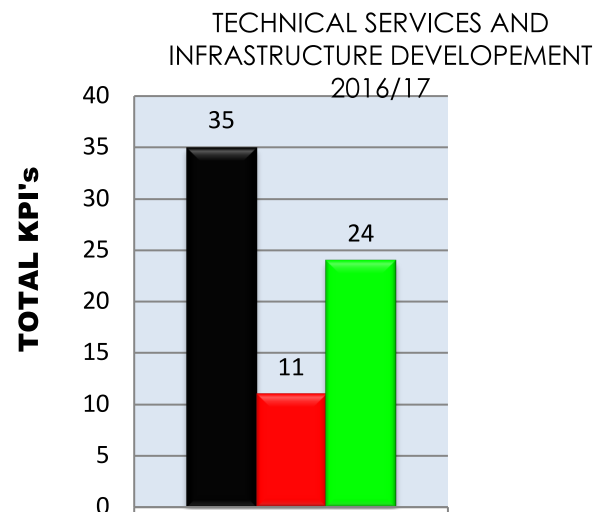
The Technical Services Department (TSD) is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- Technical Administration/Planning and Projects (PMU);
- Roads and Storm Water Repairs and Maintenance;
- Municipal Buildings Repairs and Maintenance (Works);
- Electricity Distribution, Street Lighting, Installation and Mechanical Workshop.

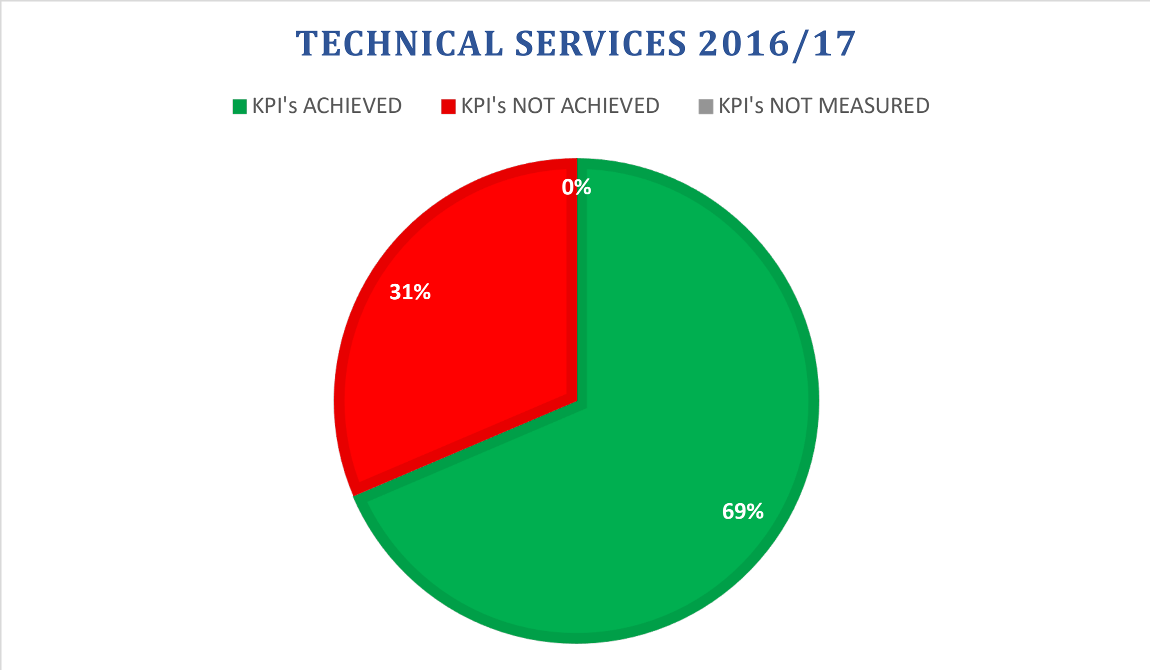
Below are the graphs representing the performance of the Technical Services and Infrastructure Development Department in the 2016/17 and 2015/16 financial years and a comparative SDBIP of the performance in the 2015/16 and 2016/17 financial years;



	APR
TOTAL KPI's	34
KPI's NOT ACHIEVED	9
KPI's ACHIEVED	24



	APR
TOTAL KPI's	35
KPI's NOT ACHIEVED	11
KPI's ACHIEVED	24



Technical Services and Infrastructure Development department had a total of 35 KPIs, 24 out of the 35 targets were achieved, which translates to a 69% achievement.

DIRECTOR: TECHNICAL SERVICES & INFRASTRUCTURE DEVELOPMENT 2016/17 PERFORMANCE PLAN									
SDBIP REF	**Key performance indicator**	**ANNUAL 2015/16**		**R**	**ANNUAL 2016/17**		**R**	**Reason for Variances**	**Corrective Measure**
		TARGET	**ACTUAL**		**TARGET**	**ACTUAL**			
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT/(SERVICE DELIVERY: CREATING CONDITIONS FOR DECENT LIVING)									
TSID01	Number of quarterly reports submitted to IDTSPC on water and sanitation	3	3		3	3		None	None
TSID02	Number of energy forum meetings to be held by 30 June 2017	1	2		1	2		As requested by the Honourable Mayor a Energy Forum was held in Q4 to align Eskom and MLM plans (This is evidenced as per minutes of the IDTSPC meeting	None as this was a special request

								dated 19 April 2017)	
TSID03	Number of households to be provided with electrification infrastructure (Dry Connections) and ready for connection by 30 June 2017	582	165		352	352		None	None
TSID04		-	-		471	471		None	None
TSID05		-	-		248	30		Eskom networking planning report delays contributed towards the slow progress on this project.	Target to be moved to the 2017/18 FY
TSID 5.1 (36)		-	-		100	0		Eskom networking planning report delays contributed towards the slow progress on this project.	Target to be moved to the 2017/18 FY
TSID05 .2 (37)	Number of new streetlights to be installed by 30 June 2017	85	0		85	90		The planned project initially covered 17 wards. On the implementation the municipal election was finalised thus creating 18 wards. This 18th ward necessitated the need for 5 additional street lights.	Non necessary. The change in wards is not foreseen in the next term

TSID05 .3 (38)	Commence with Installation of new streetlights to be installed in various wards within Mandeni by 30 June 2017	N/A	N/A		30-Jun-17	Not achieved		Delay experienced in Eskom authorising the designs	Target to be moved to the 2017/18 FY
TSID06	Number of Kms of existing 11KV overhead electricity distribution network upgraded by 31 December 2016	30-Jun-16	Not Achieved		4km	4km		None	None
TSID07	Number of KM of phase 3 (Bhidla and Etherl Mthiyane) urban roads in wards 7 & 15 to be constructed by 31 December 2016.	2KM	Not Achieved		2km	2km		None	None
TSID08	3,60 km of phase 2 gravel roads to be constructed by 31 December 2016	3,KM	3,37km		3,60km	3,60km		None	None

TSID09	Commence with Construction of Roads to be Upgraded to Layer works (G9 Formation Layer) in High view Park Roads Ward 4 by 30 June 2017	N/A	N/A		30-Jun-17	30-Jun-17		The demarcation process for wards resulted in ward numbers changing after the local government elections	None
TSID27	Number kilometres of Roads to be Upgraded to Sub base Layer (G7 Formation Layer)in Hlomendlini Taxi Route Ward 4 by 30 June 2017	N/A	N/A		0,438km	0,438km		0,438km to G2 formation layer - programme was fast tracked to increase MIG expenditure.	None
TSID28		N/A	N/A		1,03km	1,03km		1,03km to G5 formation layer - programme was fast tracked to increase MIG expenditure.	None

TSID29	Number of m² potholes repaired on urban roads	1000 m²	1307,08 m²		760m²	796.61m²		Due to heavy rains certain roads had to be maintained more regularly then planned increasing the actual amount of roads maintained.	This was a projected target based on on original investigation hwoever anticipated inclement weather necessitated the need for additional work. This is not anticipated again
TSID30	Number of kilometres of rural gravel roads repaired and maintained in-house by 30 June 2017	310km	409,84km		250km	245.39km		Grader Breakdown and heavy rain contributed towards the KPI not being achieved,	A panel of service providers for repairs and for grader hire are appointed. Turnaround time is minimised
TSID31	Date of completing the construction of 1 multipurpose hall in Ward 11 area by 30 June 2017	N/A	N/A		30-Jun-17	30-Jun-17		None	None

TSID39	Commence with construction of 1 multipurpose hall in Ward 13 area by 30 June 2017	N/A	N/A		30-Jun-17	Not Achieved		Delays in the evaluation of tenders by the consultants resulted in the late appointment of the contractor	Contractor to be appointed in July 2017
TSID 32	Register the Project relocation of the Sundumbili Plaza Sportfield in the Thokoza Area in Ward 7 project with MIG by 30 June 2017.	N/A	N/A		30-Jun-17	Not Achieved		This issue could not be achieved due to land legal issues. The site that was chosen has no registered owner and the process of acquiring the land has been delayed due to this process	This issue is still be pursued via the land legal processes
TSID33	Commence with construction once the land legal issue of Chappies Sports field project is resolved by 30 June 2017	30-Jun-16	00-Jan-00		30-Jun-17	30-Jun-17		None	None
TSID34	2 IDProgSC meetings to be held by 30 June 2017 (Q2 / Q4)	2	2		2	1		The IDProg SC Q2 meeting was to be held on 18 November 2016 however due to certain key stakeholders been unavailable the meeting was postponed.	The acceptance of invitations are beyond the control of the municipality

TSID35	Preparation of a First Draft of a 5 year capital infrastructure investment plan	30-Jun-17	30-Jun-17		30-Jun-17	30-Jun-17		None	None
FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)									
TSID36	Date of completing draft Departmental Budget estimate document	31-Mar-16	31-Mar-16		31-Mar-17	31-Mar-17		None	None
TSID37	Ensure 100% expenditure on MIG funding by 30 June 2017	100%	100%		100%	100%		None	None
TSID38	Number of mSCOA Project Steering Committee meetings attended by 30 June 2017	4	4		4	4		None	None
TSID39	Completed quarterly PMS information (POE File And signed scorecard) submitted to Municipal Manager.	4	4		4	4		None	None

TSID40	Number of Quartley Perfomance Review Sessions between The Director Technical Services and Manager(s)	4	3		4	4		None	None
TSID41	Completed quarterly risk reports submitted to Manco	4	3		3	3		None	
TSID42	Respond to Internal Audit Queries within 48 hours	1	1		4	4		None	None
LOCAL ECONOMIC DEVELOPMENT (SERVICE DELIVERY)									
TSID43	Ensure 80 Jobs (Full Time Equivalent) opportunities are created through implementation of municipality's capital projects by 30 June 2017	198	198		80	54		The KPI target intially included the Zibambele programme which was transferred to the community services department in September 2016. See attached Memo and FTE breakdown calculation.	This was a transfer in services and hence not anticipated in the *future*

TSID44	Ensure the Development of 3 Local Contractors on the Mandeni Contractor Development Programme through the implementation of Municipality's Sidewalks Project phase 3 in ward 3 (Kingfisher)	N/A	N/A		3	0		As per the CIDB meeting held on the 26 April 2017, the municipality was advised that the SCM policy needs to include the extract from the CDP policy. Once the policy is revised the policy will be submitted through council structures for approval and the contractors can be appointed..	Target to be moved to the 2017/18 FY
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT									
TSID 45	Policies requiring review submitted to CS for presentation to the council policy review session.	N/A	N/A		30-Jun-17	#########		None. Meet was requested early	None

TSID 46	Date of Submission of the Departmental Organogram to CS for inclusion in the Overall Municipal Organogram by 30 June 2017	N/A	N/A		30-Jun-17	14-Mar-17		None	None
TSID 47	Construction of the Reception and Council Chambers by 30 June 2017	N/A	N/A		30-Jun-17	Not Achieved		The contractor was given additional scope during the project with regards to the Façade (Face of the building)	Target to be moved to the 2017/18 FY
TSID 48	Construction of security fencing and guard house at Main Municipal offices by 30 June 2017	N/A	N/A		30-Jun-17	Not achieved		The contractor had failed to perform and the contract was terminated.	Target to be moved to the 2017/18 FY

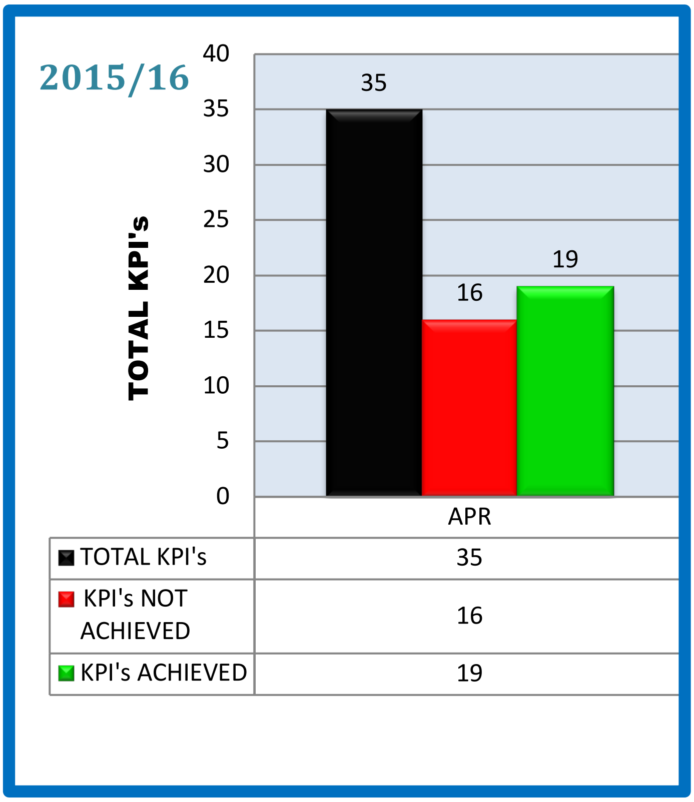
5.4. COMMUNITY SERVICES AND PUBLIC SAFETY

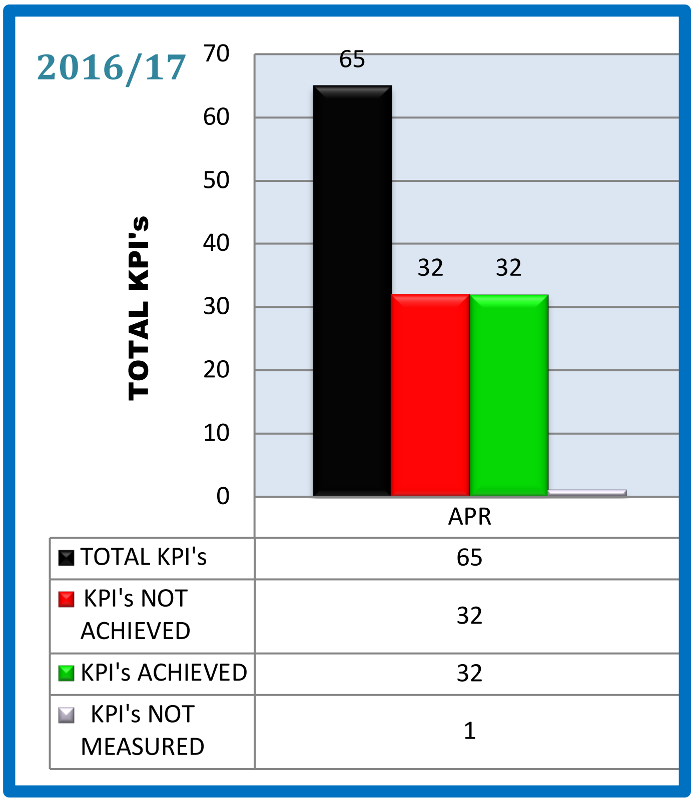
The community Services Department is primarily responsible for the social wellbeing of the community. It comprises the following sections:

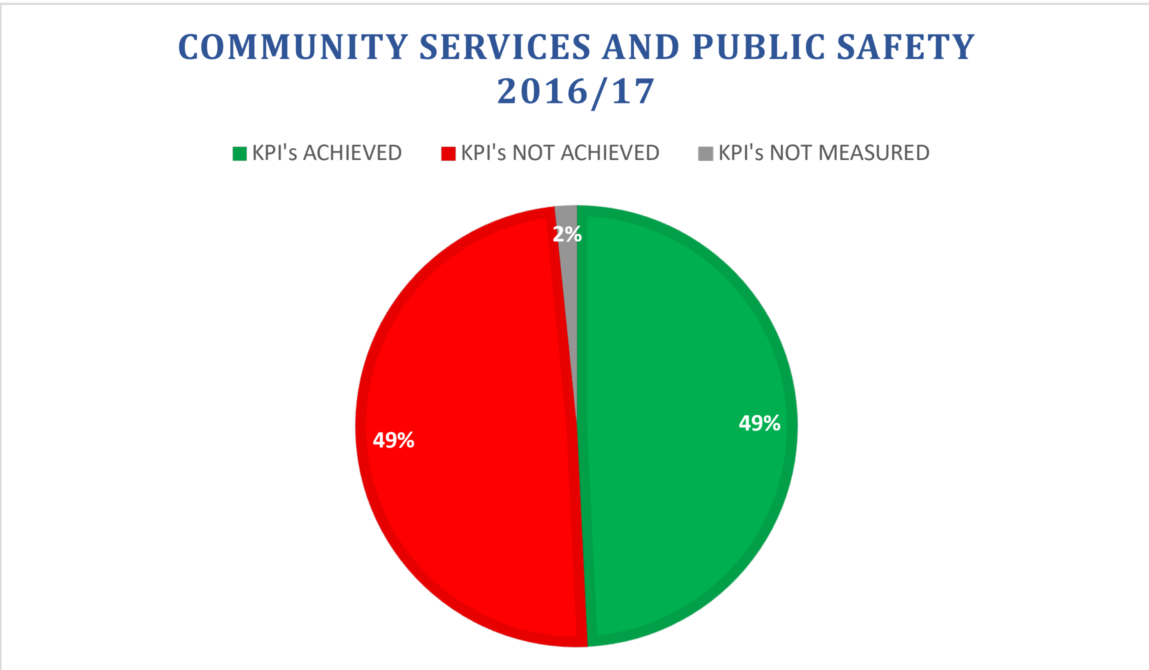
- Library Services;
- Parks, Verges and Gardens Community Facilities;
- Community Development;
- Public Safety
- Fire and Rescue Services and Disaster Management;

- Security Services;
- Cemeteries & Crematoria;
- Waste Management.

Below are the graphs representing the performance of the Community Services and Public Safety Department during the 2016/17 and 2015/16 financial years and a comparative SDBIP of the performance in the 2015/16 and 2016/17 financial years;







The Community Services and Public Safety Department has a total of 65 KPI's. 32 out of the 65 were achieved, 32 were not achieved and 1 Not measured, this being a 49,2% split between achieved and not achieved. "*The Number of households with access to refuse removal at least once a week*" Is amongst the other KPI's not achieved.

COMMUNITY SERVICES & PUBLIC SAFETY 2016/17 DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP FOR FINANCIAL YEAR 01 JULY 2016 TO 30 JUNE 2017										
IDP/POE REF	Key performance indicator	2015/16 ANNUAL PERFORMANCE			2016/17 ANNUAL PERFORMANCE			REASONS FOR VARIANCE	CORRECTIVE MEASURES
		TARGET	ACTUAL	R	TARGET	ACTUAL	R		
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT/(SERVICE DELIVERY: CREATING CONDITIONS FOR DECENT LIVING)									
BSD 01	Number of households with access to refuse removal at least once a week.	*4431*	4427		4431	4427		Waste was collected from 4427 households against 4431 the latter of which is a registered total number of household kerb collections. The shortfall may be attributed to the households that are vacated presumably due to financial and economic conditions.	Due to the Municipality having no control over the in-migration and out-migration of households owner; there is a little if any that the Municipality may do to make residents to stay permanently in Mandeni
BSD 02	16000 households provided with access to "free basic rural" refuse removal at least once a week	16431	16431		16431	16688		Pilot of weekly waste collection at Greater Isithebe Wards (Ward 10, 11, 12, 16, 17 &18) as per EXCO resolution and due to	Use of the achieved target in future as baseline

								these Wards being densely populated, the target was exceeded.	
BSD 03	Appointment of a service provider to Conduct a feasibility study for the establishment the recycling facility by 31 December 2016	30-Jun-16	Not Achieved		31-Dec-16	Not Achieved		The collapse of negotiations between Mandeni and iThala resulted in the process of taking over of the transfer station to be not feasible	To investigate a possibility of procuring land to establish a fully-fledged Landfill site
FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)									
MFV 01	Interaction meetings with BTO in regards to clean audit	1	1		1	1		N/A	N/A
MFV 02	Date of submission of inputs to completing the implementation of the AG's report intervention plan	30-Apr-16	30-Apr-16		30-Apr-17	30-Apr-17		N/A	N/A
MFV03	Submission of budget inputs of attendance of budget meetings	31-Mar-16	31-Mar-16		1	1		N/A	N/A

MFV0 4	Submission of budget adjustment inputs to compiling and tabling the Municipal adjustment budget.	28-Feb-16	28-Feb-16		1	1		N/A	N/A
MFV0 5	% of expenditure of departmental spent, as at 30 June 2017	100%	100%		100%	97,31%		2,69% variance was due to poor debt managemen t and credit control.	Concerted effort to be made in enforcing debt manageme nt and credit control.
MFV0 5.01	% spent on conditional grant applicable to the CSPSD, as at 30 June 2017	100%	74.46%		100%	81,68%		Non filling of Vacancies as well as the carry-over of the 2015/16 balance of R403 000 set aside for procurement of Library services vehicle. Also the delay in the establishment of the modular library has contributed to the below target expenditure	The Library Vehicle has since been purchased, the modular library project and filling of vacancies will be carried-out in the next financial year.
MFV 06	Number of bid awarding meetings attended	4	10		4	4	-	N/A	N/A

MVF 08	Number of monthly departmental reports submitted to contribute to compilation of Section 71 reports	12	8		10	0		Lack of departmental management capacity to analyse expenditure reports as well as the fact these reports are not received regularly from Finance Department	Finance department to circulate the expenditure reports regularly and for Director CSPS to arrange with the department of finance to conduct training session on the analysis of the Section 71 reports.
	GOOD GOVERNANCE AND PUBLIC PARTICIPATION (GOOD GOVERNANCE AND PUBLIC PARTICIPATION:PUTTING PEOPLE FIRST)								
GGPP 01	Number of portfolio committee monthly meetings held by 30 June 17	10	9		10	10		N/A	N/A
GGP01/01	Number of EXCO meetings attended by 30 June 17	10	10		10	12		Over achieved due to special meetings	None as special meetings are called at the behest of council
GGPP 01/02	Number of Council meetings attended.	4	8		4	10		Over achieved due to special meetings	None as special meetings are called at the behest of council
GGPP 01/03	Number of Audit Committee meetings attended	4	4		4	2		The December Council meeting the Director held a meeting with councillors on EPWP and CEP and in the month of	None as the meeting non-attendance was not anticipated

								June the director was on family responsibility leave	
GGPP 02	Number of MPAC meetings attended	4	3		4	4		N/A	N/A
GGPP 03	Annual youth IDP Indaba conducted by 31 March 2017	N/A	N/A		31-Mar-17	February 2017		N/A	N/A
GGPP 04	Formulation of youth development strategy for approval by council 31 March 2017	N/A	N/A		31-Mar-17	Not Achieved		This strategy was delayed because of the development and establishment of youth forums	Moved forward to next financial year
GGPP 05	Process of Electing of Youth Forums conducted by 31st March 2017	N/A	N/A		31-Mar-17	not achieved		This process could not be completed due to resource constraints	Moved forward to next financial year
	COMMUNITY AND SOCIAL SERVICES DEVELOPMENT								
CSD 01	Number of library outreach events held.	4	33		4	16		While it was planned that there will be four (4) outreach events held (quarterly), however due to overwhelming requests from various schools, such requests were responded to and has resulted in the over achievement.	N/A

CSD01/01	380 people trained on cyber café(Community Computer Training)	380	331		250	344		There were more people who came in to enrol for computer literacy training, there by exceeding the target number which was base from the previous baseline	Annual target to be revised upwards and those in future focusing techniques in predicting enrolment figure.
CSSD 02	Number of HIV/Aids Campaigns held	N/A	N/A		2	0		Budget constraints	This item is to be removed from the scorecard
CSSD 02/01	Date of re launch of task team	N/A	N/A		31-Dec-16	Not Achieved		Budget constraints	This item is to be removed from the scorecard
CSSD 03	Date of host of HIV/AIDS Christmas party	N/A	N/A		N/A	N/A		N/A	N/A
CSD 03	Approved technical designs	30-Jun-16	Not Achieved		1	Not Achieved		Due to the unfavourable financial situation at the Municipality, it was not feasible to proceed with the project	The project has since been registered under the MIG funding programme during 2017/18 to 2019/20 MTEF
CSSD 04	Number of reports submitted to community and protection services portfolio committee on community safety by 30 June 2017	10	13		12	12		N/A	N/A

CSD06	Number of reports submitted to community and protection services portfolio committee on community safety by 30 June 2017	10	9		10	10		N/A	N/A
CSD 06	Number of community awareness campaigns and disaster forums Meetings held	8	6		8	8		N/A	N/A
CSD07	Number of reports submitted to community and protection services portfolio committee on community safety by 30 June 2017	12	9		12	12		N/A	N/A
CSD11	Number of 20 grass cutting contractors appointed	20	20		20	20		N/A	N/A
CSD12	Procurement of wood chipper machine	N/A	N/A		10	Not achieved		No financial resources	Item removed from scorecard
CSD12	Conduct 10 Grass cutting maintenance Q1-1, Q2-3, Q3-3, Q4-3	10	10		10	10		N/A	N/A
	LOCAL ECONOMIC DEVELOPMENT								
LED00	Recruiting 500 Community Works Programme (CWP)	N/A	N/A		500	388		Delay in recruitment process due to Local Government Elections	Strengthen efforts to fast-track the recruitment process

LED00	Convening of bi-annual Local Reference Committee for implementation of CWP	N/A	N/A		2	1		Due to the delay in the finalisation the recruitment process it was deemed futile to convene the 2nd LRC meeting because there was not much to be reported as the up scaling process was the important item to be tabled at LRC.	In light of the recruitment process have been dealt with, future LRC meetings will be held as scheduled
LED00	Holding bi-monthly Supervisor's meeting for Zibambele and Food for Waste	N/A	N/A		6	2		Target not achieved due to - Director having been indisposed in Q1 &3 for lengthy periods. The Strategic Planning session held in September & the SALGA /DSR Games also contributed to the non-achievement.	Better planning in the future with scheduling meetings.
LED01	Monthly beside December & January reports on the Implementation of sport and development programmes in respect of soccer,volleyball, netball and rugby	N/A	N/A		6	6		N/A	N/A

LED02	Monthly Conducting monthly chess tournaments	N/A	N/A		10	0		Budget constraints	Manageme nt to strength debt manageme nt and credit control effort so as to augment the Municipality 's tax base
LED03	Conducted an annual JG Zuma tournament in December 2016	N/A	N/A		31-Dec-16	20-Dec-17		N/A	N/A
LED04	Quarterly conduct swimming development for children under 6 years	N/A	N/A		4	0		Financial resource constrains	Manageme nt to strengthen debt manageme nt and credit control effort so as to augment the Municipality 's tax base
LED05	Two annual senior citizen sport Golden Games events conducted in 1stand 2nd Quarter	N/A	N/A		2	2		N/A	N/A
LED06	Mandeni Mayoral Cup held in November 2016	N/A	N/A		30 Nov 16	26 Nov 16		N/A	N/A
LED07	Sport tournament for children with disabilities to be held in November 2016	N/A	N/A		30-Nov-16	Not Achiev ed		Financial resource constrains	Manageme nt to strengthen debt manageme nt and credit control effort so as to augment

									the Municipality's tax base
LED08	Commemorating Albinism Awareness Day in June 2017 (13th)	N/A	N/A		30-Jun-17	Not Achieved		Financial resource constrains	Management to strengthen debt management and credit control effort so as to augment the Municipality's tax base
LED09	Beach Sport Festival to be held in December 2016	N/A	N/A		31-Dec-16	Not Achieved		Financial resource constrains	Management to strengthen debt management and credit control effort so as to augment the Municipality's tax base
LED10	Annual SALGA/ DSR Games to be held during the 1st and 2nd Quarter	N/A	N/A		2	2		N/A	N/A
LED11	Children's rights workshop conducted during May 2017	N/A	N/A		31-May-17	Not Achieved		Financial resource constrains	Management to strengthen debt management and credit control effort so as to augment the Municipality's tax base

LED12	Child protection week in May conducted in six schools	N/A	N/A		6	Not Achieved		Financial resource constrains	Management to strengthen debt management and credit control effort so as to augment the Municipality's tax base
LED13	Two meetings attended in preparation of the Umkhosi weLembe	N/A	N/A		2	2		N/A	N/A
LED14	16 Days of Activism event against women and children during November / December 2016	N/A	N/A		1	1		N/A	N/A
LED15	Full Drivers License to be issued to young people who successful completed the full driver lisence programme by 30 June 2017	N/A	N/A		18	9		Due to the Municipality not having a Driver Licence Testing Facility this forces local driving school to book driving test for their in other Municipalities / DLTCs and therefore experience delays in enrolling them for their driving test.	In the oncoming financial year the Municipality has made a budgetary provision of 2,5 million for the construction of a Driver Licence Testing Ground
LED16	Youth Job Summit to be held by 30 November 2016	N/A	N/A		30-Nov-16	23-24 Feb 2017		N/A	N/A

LED17	Youth Skills Development Decade for Artisian programme to be launched by June 2017	N/A	N/A		30-Jun-17	Not Achieved		Budget constraints ensured that the programme could not be launched, however to overcome the challenge, Mandeni Municipality has partnered with Umfolozi Municipality.	In future, arrangement of this nature will be done in a pro-active and collaborative manner with the relevant stakeholder(s) so as to ensure the target date for the achievement of the deliverable(s) is attained as planned
LED18	Training of nominated young people in Governance and Leadership Skills Programme by 31 March 2017	N/A	N/A		31-Mar-17	Not Achieved		Financial resource constrains	Management to streght debt management and credit controll effort so as to augment the Municipality's tax base
LED18.1	Mandeni Youth Municipal Council established by 30 April 2017	N/A	N/A		30-Apr-17	Not Achieved			
LED19	Talent search event(s) (Music, Poetry, Beautiy concert) to be held by 30 June 2017	N/A	N/A		30-Jun-17	Not Achieved		Financial resource constrains	Management to strengthen debt management and credit control effort so as to augment the Municipality's tax base

LED19. 1	Operation Siyaya Emhlangeni event to be held by 30 Sepetember 2016	N/A	N/A		30-Sep-16	Not Achieved		Financial resource constrains	N/A
LED 20	Inkunzi Isematholeni awareness campaign to be held by 30 June 2017	N/A	N/A		30-Jun-17	Not Achieved		Financial resource constrains	Management to strengthen debt management and credit control effort so as to augment the Municipality's tax base
LED 21	Symposium on sexuality for Young Women to be held by 31 March 2017	N/A	N/A		31-Mar-17	Not Achieved		Financial resource constrains	Management to strengthen debt management and credit control effort so as to augment the Municipality's tax base
LED 22	Meetings held with Youth NPOs, NGOs and Youth structures across broad public spectrum	N/A	N/A		1	0		Financial resource constrains	Management to strengthen debt management and credit control effort so as to augment the Municipality's tax base
LED 23	Number of registration bursaries beneficiaries awarded by 28 February 2017	N/A	N/A		28-Feb-17	23-Jan-17		N/A	N/A
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION									
MID 01	Number of departmental MANCO	10	9		10	10		N/A	N/A

	meetings held by 30 June 2017								
	Number of quarterly general staff meetings held by 30 June 2017	4	3		4	4		N/A	N/A
MID 02	Number of departmental skills audit forms completed and submitted to CSD by 31 March 2017	71	0		71	0		No skills audit forms were distributed to the Department by Corporate Services	It is expected that the skills audit forms be circulated in time for the Department to action.
MID 03	Draft departmental organisational structure compiled by 30 April 2017	30-Apr-16	02-Mar-16		30-Apr-17	12-Apr-17		N/A	N/A
MID 04 MID 05	Draft polices and draft by-laws reviewed and or approved by Council	30-Jun-16	Not Achieved		30-Jun-17	30-Apr-17		N/A	N/A
SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT (SERVICE DELIVERY)									

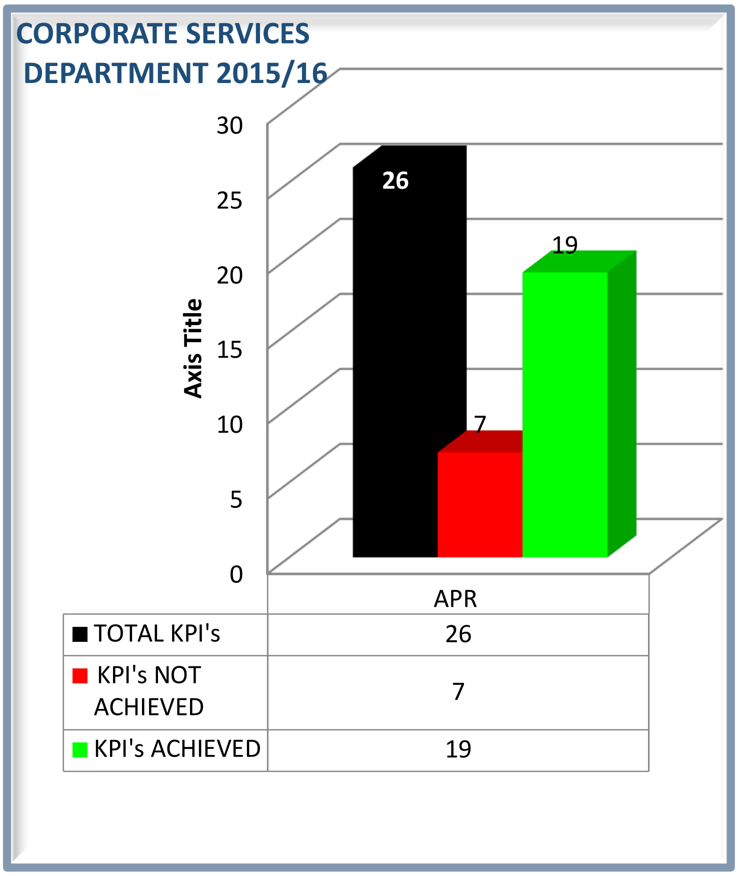
5.5. CORPORATE SERVICES

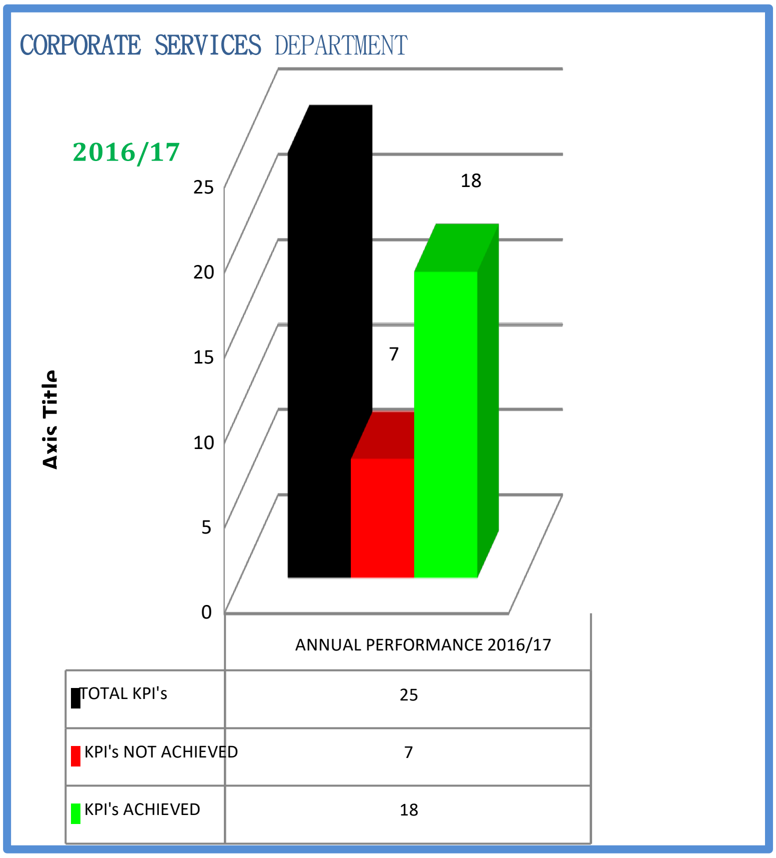
The Department of Corporate Services in headed by the Director: Corporate Services who is a section 57 employee according to the Municipal Systems Act of 2000. The corporate wing is mainly responsible for the following;

- Human Resources Management;
- General Administration;
- Information Technology;
- Committees; and
- Labour Relations.

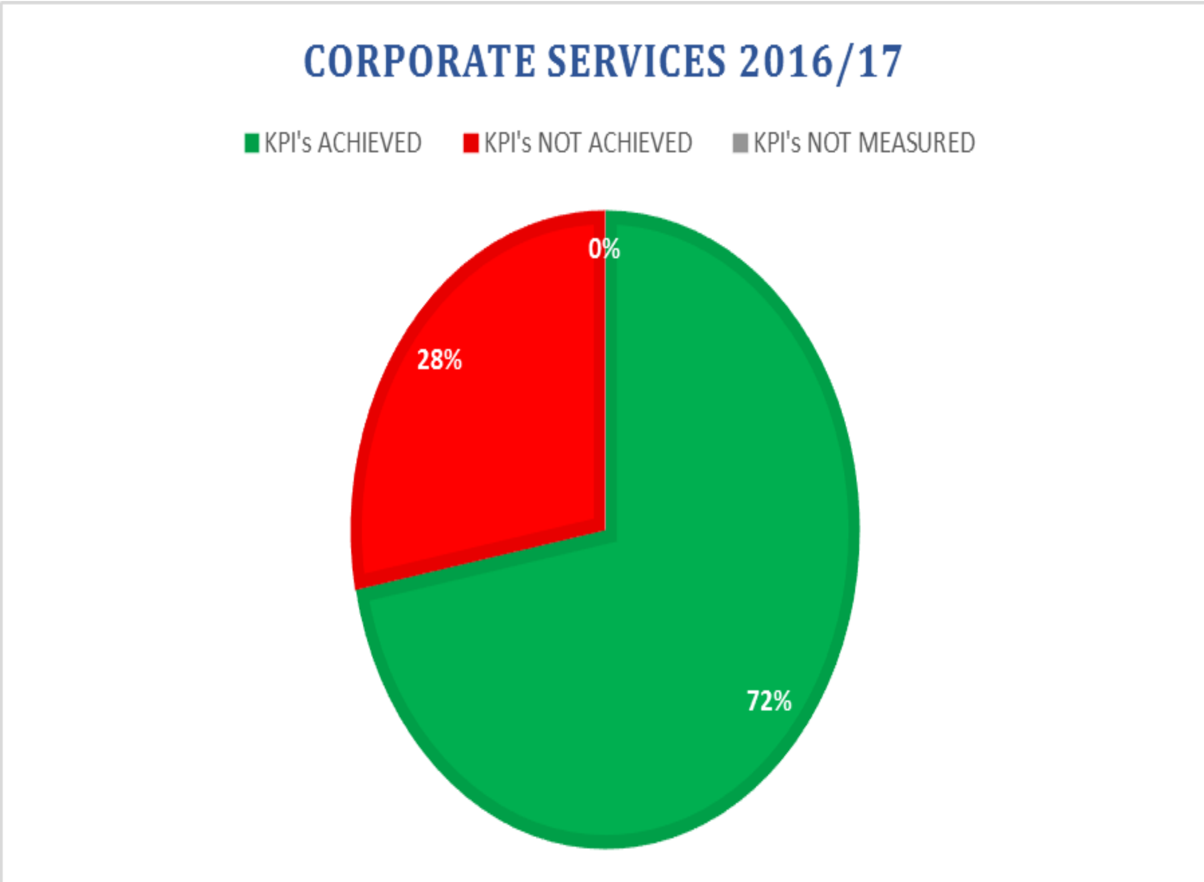
The corporate services wing is fully capacitated and in a better position to respond to the current challenges confronting the municipality as outlines in the IDP.

Below is a graph and pie chart demonstration of the performance of the Corporate Services Department in the 2016/17 financial year and a comparative SDBIP of the Department's performance in the 2015/16 and 2016/17 financial years





The Corporate Services Department had a total of 25 KPI's in the 2016/17 financial year and 18 out of the 25 were achieved. This translates to 72% achievement of total targets. The same number of targets was not achieved in the previous year, with 19 out of 26 being achieved. The achievement percentage stays the same as it was also 73% in the previous financial year.



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The department achieved 72% of its set targets and 28% was not achieved. This, making Corporate Services one of the best performing departments in the year under review.

CORPORATE SERVICES 2016/17 DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP									
IDP POE REF	Key performance indicator		ANNUAL ACTUALS 2015/16	R	ANNUAL TARGETS 2016/17	ANNUAL ACTUALS 2016/17	R	REASONS FOR VARIANCE	CORRECTIVE MEASURES
BASIC SERVICE DELIVERY									
FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)									
FVM 01	Contribution to the review and compilation 2016/2017 Municipal Budget linked to the IDP through attendance IDP/Budget Steering Committee on quarterly basis.	4	3		4	3		Budget Steering Committee did not sit in 3rd quarter. Management engaged in 2 Manco working session to address adjustment budget issues in quarter three.	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION (GOOD GOVERNANCE AND PUBLIC PARTICIPATION:PUTTING PEOPLE FIRST)									

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GGPP 01	Number of portfolio committee meetings held by 30 June 2017	60	71		60	79		Increase in meetings/ Over achievement was due special meetings being held to address unforeseen issues at the request of council.	N/A as special EXCO & Council Meeting cannot be controlled by administration.
GGPP02	Submit response of Internal Audit Queries to the Internal Audit Unit within one week after receiving the letter of request in a Quarter	4	3		4	4		N/A	N/A
GGPP 03	Submit Performance Information (AOPI's) to PMS Unit 10 working days after each quarter	4	4		4	4		N/A	N/A

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GGPP 04	Number of Managers Performance Plans reported at Departmental Meeting	N/A	N/A		8	6		Unavailability and busy schedule of all managers and director	Ensure meetings seat monthly.
LOCAL ECONOMIC DEVELOPMENT (SERVICE DELIVERY).									
LED 01	Provide training to unemployed graduate and unskilled Section 81 of Skills in Q2	N/A	N/A		2	6		Increased workflow demanded additional trainee.	N/A
LED 02	Provide Bursaries to 40 Local Matriculants in Q3	N/A	N/A		40	50		Applications received exceeded had to be considered	Set higher target perhaps only if there the budget is adjusted to be higher.

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LED 03	Number of trainings provided to capacitate SMME's	4	2		4	3		Function not under control of Corporate Services- KPI falls under EDP.	Remove from CS SDBIP - Better planning
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION									
MIDT01	Date of adopting the reviewed budget related policies by council	30-Jun-16	09-May-16		30-Jun-17	30-May-17		N/A	N/A
MIDT02	Date of adopting the 2017-2022 Five Year HR strategy by Council	30-Jun-16	11-Aug-16		30-Jun-17	22-Mar-17		N/A	N/A

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MIDT03	Date of adopting the 2017/18 IDP aligned organisational and departmental organograms.	30-Jun-16	30-Mar-16		30-Jun-17	22-Mar-17		N/A	N/A
MIDT04	Submission the reviewed employment equity plan in Q3 by 28 February 2017.	15-Sep-16	01-Sep-16		28-Feb-17	01-Nov-16		N/A	N/A
MIDT05	Number of meetings to be held for the Local Labour Forum 2 in each Quarter	10	5		8	6		No quorum due to elections(both council and Union)for first Q-Therefore no meeting in Q1	N/A - As meetings were held in following Quarters.

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MIDT06	Number of reports submitted to MANCO on disciplinary case resolved and officials presently on suspension.	4	1		4	5		Additional cases in Q2 required submission to be sent thru twice.	**N/A**
MIDT07	Date of completing the 2016/17 skills audit report by Q4	2016/03/31	31-June-2016		2017/04/30	2017/04/30		**N/A**	**N/A**
MIDT08	Date of adopting the workplace skills plan.	30-Apr-16	03-Mar-16		30-Apr-17	25-Apr-17		**N/A**	**N/A**
MIDT 09	Submit the workplace skills plan to SETA by 30 April 2017	N/A	N/A		30-Apr-17	25-May-17		**N/A**	**N/A**

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MIDT10	Number of employees to be trained according to the WSP prescriptions by 30 June 2017.	40	97		12	108		External trainings conducted by outside bodies at no cost to Council and others have been ongoing from previous financial year.	Corrective measure is N/A as trainings cannot be accurately foreseen
MIDT11	Actual amount spent on skills development	R 600 000,00	R 600 000,00		R800 000	R544 295.53		Cost-cutting measures as Corporate Services was informed to cut down on training.	Continue with cost cutting measures as management has advised.
MIDT12	Submit reports to HODS/Managers on Leave Management	10	41		10	27		Target cannot accurately set as reports are requested as and when needed by HODS/Managers	Change next SDBIPS targets to better suit Actuals achieved.

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MIDT13	Staff training on using the electronic document management system(Orbit) Once per quarter	N/A	N/A		4	1		Target not achieved due to the lack of Tools for the training including Venue- Internet access- Laptops etc.	A more suitable venue that is equipped with the necessary tools to be arranged
MIDT14	Number of monthly customer complaints register updates by 30 June 2017.	9	41		4	4		NA	N/A
MIDT15	Conduct four health and safety forums	4	3		4	4		N/A	N/A

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MIDT16	Conduct workshops half-yearly on collective agreements and applicable legislation and policies	4	4		2	2		N/A	N/A
MIDT17	Ensure the ICT Steering Committee sits once each quarter 4 meetings	N/A	N/A		4	3		No quorum could be reached for Q 1, despite numerous requests for such meetings.	Issue was resolved in following quarters
SPATIAL AND ENVIRONMENTAL MANAGEMENT (SERVICE DELIVERY)									

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5.6. ECONOMIC DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS.

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The Economic Development and Planning Department is the strategic business unit of the municipality and includes the following four divisions:

- Integrated Development (Strategic) Planning, Spatial Planning and Statutory Planning which includes implementation of the Land Use Management System, particularly the Planning and Development Act (PDA) and in future, the Spatial Planning and Land Use Management Act (SPLUMA).
- Human Settlements is essentially the implementation of rural and urban sustainable human settlement and development projects as an agent of the provincial Department of Human Settlements.
- Building controls which includes; the assessment and approval of building plans and enforcement of the National Building Regulations.
- Local Economic Development (Tourism, Business Licensing and SMME's Development, Agriculture, Manufacturing).

This department is fully staffed and fully operational.

Below is a graph demonstration of the performance of this department in the 2016/17 financial year and a comparative SDBIP of the EDPHS Department's performance in the 2015/16 and 2016/17 financial years;

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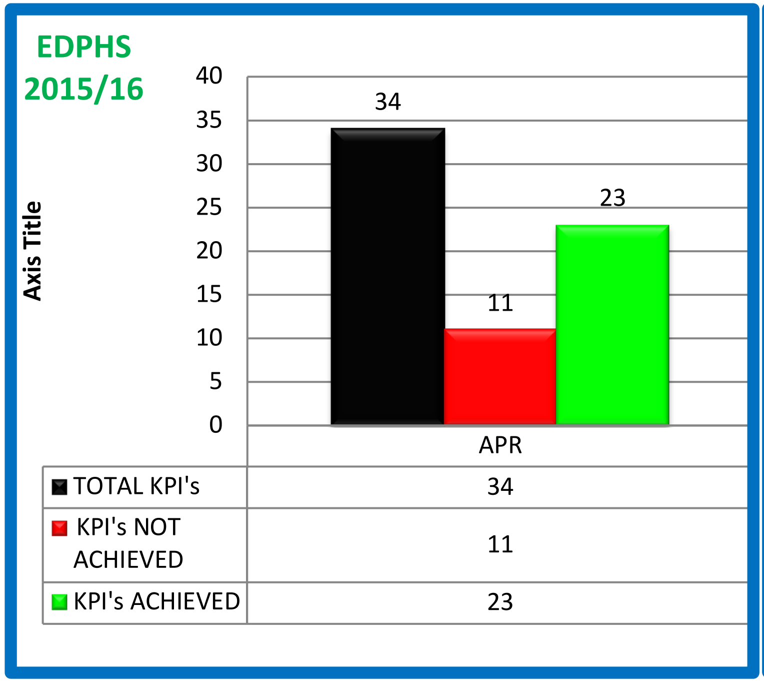

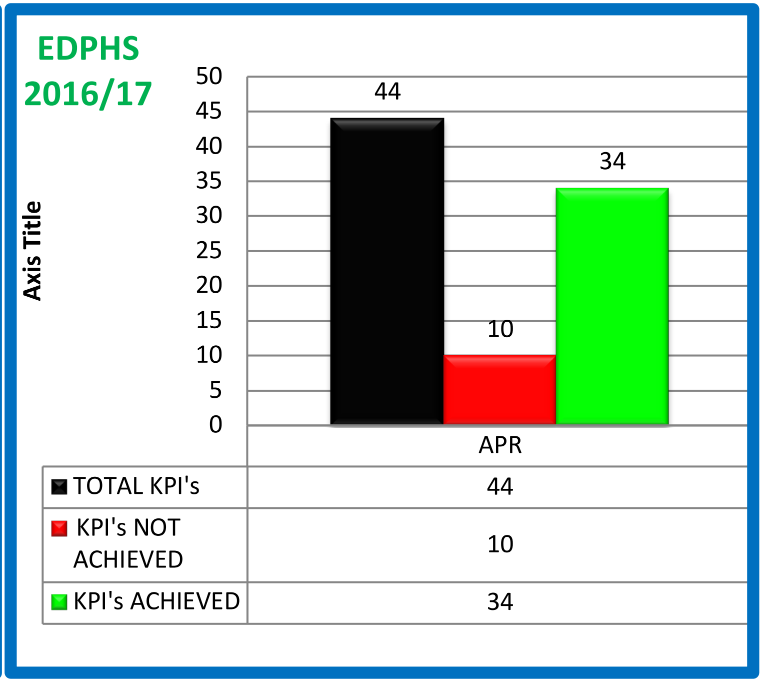

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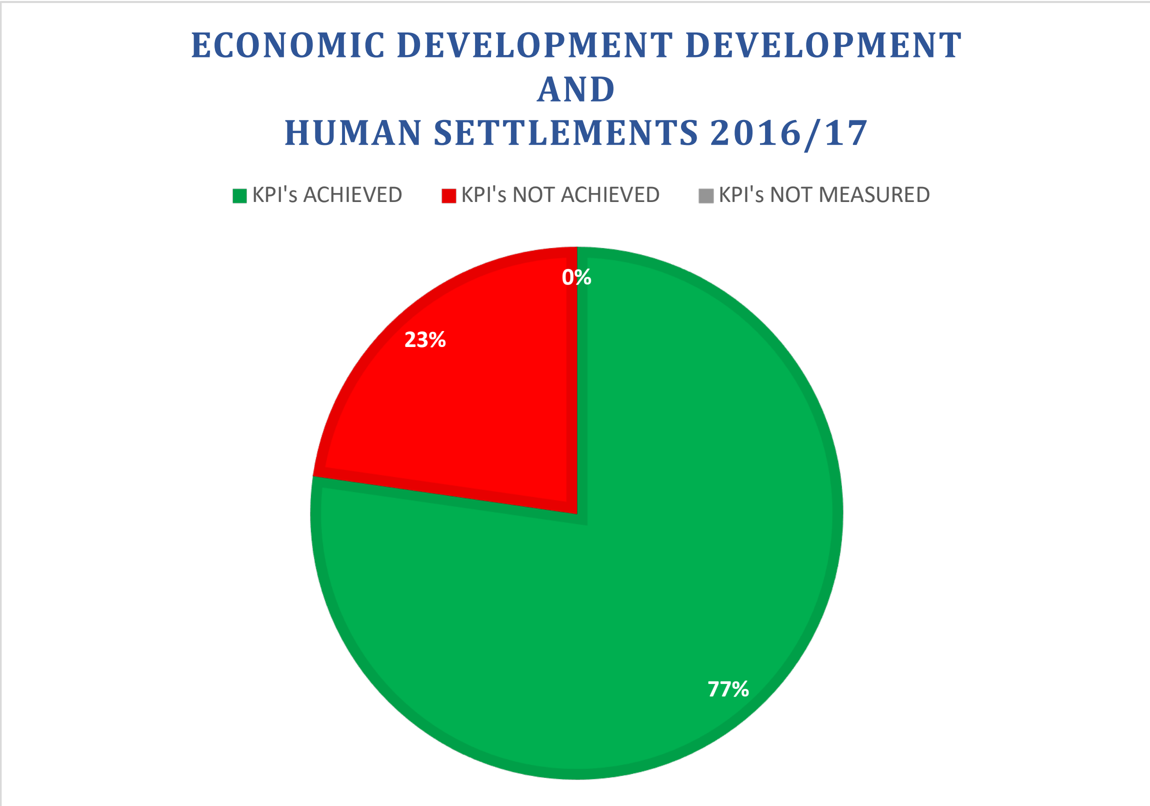

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The Economic Development Planning and Human Settlements Department had a total of 44 KPI's and 34 were achieved this translating to a 77% achievement, making EDP one of the best performing departments in the year under review. The *Number of SMMEs supported through Quick Win Programme by 30 June 2017* KPI was amongst the targets that were not achieved.

ECONOMIC DEVELOPMENT, PLANNING AND HUMAN SETTELEMENTS 2016/17 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN									
SDBIPREF NO.	**Key performance indicator**	**ANNUAL 2015/16**		**R**	**ANNUAL 2016/17**		**R**	**Reasons for Deviations**	**Corrective Measure**
		TARGET	**ACTUAL**		**TARGET**	**ACTUAL**			
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT									
EDPHS 02	Number of housing projects progress reports submitted to EXCO and Council by 30 June 2017	4	6		3	3		The KPI is amended based on the fact that the establishment of council committees was only finalised at the end of the first quarter and hence portfolio committees only started operating during the second quarter as per the municipal calendar.	N/A
EDPHS 03	2IDProgSC meetings to be held by 30 June 2017 (Q2 / Q4)	N/A	N/A		1	1		The KPI is amended based on the fact that the establishment of council committees was	N/A

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								only finalised at the end of the first quarter and hence portfolio committees only started operating during the second quarter as per the municipal calendar	
EDPHS 04	Date of completing a 5 year capital infrastructure investment plan by 30 June 2017	N/A	N/A		30-Jun-17	30-May-17		KPI achieved in line approval of the Five Year IDP and 2017/18 Budget	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION									
EDPHS 05	Date of establishing the IDP Representative Forum by 31 December 2016	N/A	N/A		31-Dec-16	19-Sep-16		The process had to be fast-tracked to allow for inputs on the IDP Process Plan and first round of public consultation process	N/A
EDPHS 06	Number of quarterly meetings held for the IDPRF by 30 June 2017	4	4		3	3		None	N/A

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EDPHS 07	Number of Community Outreach Programmes on18 Wards for IDP 2017-2022 (2017/18) conducted by 30 June 2017	2	2		2	2		None	N/A
EDPHS 08	Date for conducting the Councillors and Ward Committees workshop by 31 December 2016	31-Dec-15	31-Dec-15		31-Mar-17	16-Feb-17		None	N/A
EDPHS 09	Date of conducting the Council Strategic Session by 31 December 2016	N/A	N/A		31-Dec-16	12-16 Sep 2016		The process had to be moved forward to enable the new Council to have a better understanding of municipality before start planning for 5 Year IDP	N/A
EDPHS 10	Date of Adoption of the 2017-2022 IDP by Council in line with MSA by 30 May 2017	31-May-16	31-May-16		30-May-17	30-May-17		None	N/A

EDPHS 11	Number of quarterly Performance Information (AOPI's) submitted to PMS Unit within 10 working days after end of each quarter by 30 June 2017	4	4		4	4		None	N/A
EDPHS 12	Number of Audit and Performance Committee meetings attended by 30 June 2017	N/A	N/A		4	4		None	N/A
EDPHS 13	Number of quarterly Performance reports submitted to EDPHS Portfolio Committee by 30 June 2017	4	4		3	3		None	N/A
EDPHS 14	Number of Managers Performance Plans reported at Departmental Meetings in each month.	8	5		8	5		The Director EDPHS was appointed by Council from the 15th of December 2016 as Acting Municipal Manager and due to more responsibilities, could not be	N/A

								able to hold departmental meetings	
EDPHS 15	Number of Quartely EDPHS Staff Awarenesses on Fruad and Corruption conducted by 30June 2017	N/A	N/A		4	3		The Director EDPHS was appointed by Council from the 15th of December 2016 as Acting Municipal Manager and due to more responsibilities, could not be able to hold departmental meetings	N/A
EDPHS 16	Number of progress reports on implementation of Risk Management submitted to Risk Management Unit by 30 June 2017	4	4		4	4		None	N/A

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EDPHS 17	Respond to Internal Audit Queries within 48 hours	N/A	N/A		4	4		None	N/A
EDPHS 18	Number of monthly progress Reports on Implementation of (Provincial) Back to Basics submitted to National COGTA by 30 June 2017	16	16		12	12		None	N/A
EDPHS 19	Number of Quarterly progress reports on implementation of Back to Basics submitted to Provincial COGTA by 30 June 2017	N/A	N/A		4	4		None	N/A
COMMUNITY AND SOCIAL SERVICES DEVELOPMENT									
EDPHS 20	Dated of completed Cemetery Feasibility Study by 30 June 2017	N/A	N/A		30-Jun-17	03-Nov-16		None	N/A
LOCAL ECONOMIC DEVELOPMENT									

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EDPHS 21	Number of Quarterly Reports on Jobs opportunities created through EPWP and other Programmes submitted to EXCO by 30 June 2017	N/A	N/A		3	2		Quarter 1 was not achieved due to the new appointment of council due to elections. Quarter 4	
EDPHS 22	Date of adoption of reviewed Agricultural Development and Rural Plan/ Strategy	30-Jun-16	Not Achieved.		31-Mar-17	23-Mar-17		None	N/A
EDPHS 23	Number of SMMEs supported through Quick Win Programme by 30 June 2017	80	111		35	0		The project could not be implemented due to lack of funds. The budget was approved initially and subsequently adjusted at the mid terms and finally removed to cater for other projects	To be prioritised in 2017/18

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EDPHS 25	Date of Conducting Business Retention and Expansion Strategy/Programme by 30 June 2017	19-Apr-16	19-Apr-16		30-Jun-17	08-Mar-17		Community unrest necessitated the need to respond to issues of factories being burnt down	N/A
EDPHS 26	Number of Business Compliance workshops and SMMEs trainings by 30 June 2017	N/A	N/A		4	4		None	N/A
EDPHS 27	Date of completion of feasibility study of Mini Factories by 31 December 2016	30-Jun-16	Not Achieved.		31-Dec-16	08-Dec-16		None	N/A
EDPHS 28	One Educational Awareness Programmes conducted in Q3 by 30 June 2017	1	1		2	2		None	N/A
EDPHS 29	Date of completion of construction of Life-guard house in Dokodweni Beach	30-Jun-16	Not Achieved.		30-Sep-16	30-Sep-16		None	N/A
EDPHS 30	Date of completion of fencing the Nature Reserve 30 June 2017	30-Jun-16	Not Achieved.		N/A	Not Achieved.		This KPI could not be achieved to the issue of reduction in funding from annual to	To be prioritised in 2017/18

								midterm and thereafter no funding	
EDPHS 31	Date of Fixing Ablution and rehabilitation of picknic area within Ingwenya Nature Reserve by 30 June 2017	N/A	N/A		30 June 2017	Not Achieved		This KPI could not be achieved to the issue of reduction in funding from annual to midterm and thereafter no funding	To be prioritised in 2017/18
EDPHS 32	Date of hosting IBeach Experience 31 December 2016	31-Dec-15	31-Dec-15		31-Dec-16	Not Achieved		On the 08th of Dec 2016, the Council Resolved for the cancellation if the Ibeach Festival 2016 due to lack of funding; and the budget for the event had to be re-allocated or recommiteed to top up R200 000 approved for the Mandeni Home-Coming	Set up a meeting with Contento Group to discuss the continuation of the Ibeach 2017 in the third quarter.

EDPHS 33	Date of hosting Local Economic Development Summit by 30 June 2017	N/A	N/A		30-Jun-17	Not Achieved.		This KPI could not be achieved to the issue of reduction in funding from annual to mid term and thereafter no funding	To be prioritised in 2017/18
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT									
EDPHS 35	Date of adoption of 5 Year IDP(2017-2022) and Budget by 31 May 2017	N/A	N/A		31-May-17	30-May-17		None	N/A
EDPHS 36	Number of mSCOA Project Steering Committee meetings attended by 30 June 2017	N/A	N/A		4	4		None	N/A
EDPHS 37	Adopted Municipal Budget 2017/18 inclusive of EDPHS Budget by 31 May 2017	31-May-16	31-May-16		31-May-17	30-May-17		None	N/A

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EDPHS 38	Amount of Revenue Collected as per submitted Town planning applications, Business License and Building Plans and rental collection from Informal Traders Stalls by 30 June 2017	100 000,00	R97 930.73		R90 000	R71 352.23		There was a decline in terms of number of Building Plans and Business licenses	To review the target in 2017/18
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT									
EDPHS 39	Date of reviewed and adopted Departmental Policies by 30 June 2017	30-Jun-16	30-Jun-16		30-Jun-17	15-17 March 2017		The Council Policy review session had to be brought forward to allow Councillors to make inputs on particular on all budget related policies a they hade to form part of the Draft Budget by end of March 2017	N/A
EDPHS 40	Date of adoption of reviewed Municipal organogram with EDPHS Section by 30 June 2017	30-Jun-16	30-Jun-16		30-Jun-17	30-May-17		None	N/A

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EDPHS 41	Date of of Cascading of Performance Management System to Sectional Manager by 30 September 2016 Line Managers Perfomance Plans submitted to Departmenatla Meetings for Review	N/A	N/A		30-Sep-16	30-Sep-16		None	N/A
SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT/ CROSS-CUTTING MEASURES									
EDPHS 42	Number of Community Environmental Awareness Programmes conducted by 30 June 2017	2	2		2	2		None	
EDPHS 43	Date of adopting the Tugela mouth Local Area plan by 31 March 2017	30-Jun-16	Not Achieved.		31-Mar-17	08-Dec-16		The plan was finalised during the 2nd Quarter and ready for adoption by Council	N/A
EDPHS 44	Date of adopting the Dokodweni Local Area plan 31 March 2017	30-Jun-16	Not Achieved.		31-Mar-17	08-Dec-16		The plan was finalised during the 2nd Quarter and ready for adoption by Council	N/A

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EDPHS 45	Date of resuming the coordination of Simunye Environmental and Coastal Management Forum by 31 December 2016	31-Dec-16	Not Achieved.		31-Dec-16	Not Achieved.		In house capacity was not available to take over function	Sappi to assist in this process
EDPHS 46	Number of meetings held by the Simunye Coastal Management and Environmental Forum 30 Jue 2017.	2	2		2	2		None	N/A
EDPHS 47	Date of Adopting the MLM UrbanTown Planning Scheme by 31 March 2017	N/A	N/A		31-Mar-17	08-Dec-16		None	N/A
	MR SG KHUZWAYO [EDPHS DIRECTOR] : ______________________________ DATE: ____________________								

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MEASURES TO IMPROVE PERFORMANCE

The financial year has generally started on a good mode as many targets were achieved, although areas of concern have been and stringent corrective measures have to be implemented. The Office of the Municipal Manager has been conducting Informal reviews over and above the Legislated Formal reviews and the PMS, M, E & Unit also conducts departmental verification meetings.

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

- Detail on issues raised during the previous financial year;
- Remedial action taken to address the above and preventative measures

SECTION 9: Summary of detailed audit findings

Page no. ref to Mgt report	Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters		
	Annexure A										

MANDENI MUNICIPALITY
AUDIT REPORT COMBINED ACTION PLAN 2017/2018 (FINANCIAL AND ICT)
PREPARED: CHIEF AUDIT EXECUTIVE
DATE: 29TH DECEMBER 2017

Page no. ref to Mgt report	Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters		
30	Non prevention of Fruitless and Wasteful, Unauthorised and Irregular expenditure			✓			✓			0	In progress
32	Consequence management – no investigations for unauthorised, irregular or fruitless and wasteful expenditure			✓			✓			0	In progress
	Annexure B										
34	Possible bid rigging				✓			✓		0	In progress
36	Incorrect supplier awarded tender	✓		✓				✓		0	In progress
37	Suppliers in service of state				✓			✓		0	In progress
39	Suppliers not paid within 30 days			✓				✓		3	Not achieved
40	Payment for prior year service that was never rendered			✓				✓		0	In progress
41	Supplier charging VAT with no VAT registration number	✓		✓				✓		0	Achieved
42	Use of consultants				✓			✓		3	In progress
43	Indigent debtors not approved for extended period of time				✓			✓		0	Achieved
45	IT Service Continuity - Monthly backup for June 2017 not performed				✓			✓		1	In progress

MANDENI MUNICIPALITY
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Page no. ref to Mgt report	Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters		
46	User Access Management - User access forms do not contain a proper audit log and administrative activities not reviewed timeously and independently				✓			✓		1	Achieved
48	IT Governance - Vacancy within the Information Technology Unit				✓			✓		2	In progress
49	Business Continuity Plan not tested				✓			✓		3	In progress
	Annexure C										
50	Security Management - Approved IT security policy does not contain "Security awareness and training"				✓				✓	0	In progress

MANDENI MUNICIPALITY
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LEGENDS

ACHIEVED	
IN PROGRESS	
PARTIALLY ACHEVED – AWAITING COMPLETION BY 3RD PARTY	
NOT ACHIEVED	
NOT ASSESSED AS DEADLINE NOT PAST	
MANAGEMENT RESPONSE NOT RECEIVED	

Detailed audit findings

ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT

<table>
<tr><th>ITEM</th><th>FINDING</th><th>ACTION</th><th>RESPONSIBLE PERSON</th><th>TARGET DATE</th></tr>
<tr><td>1. Non-prevention of Fruitless and Wasteful, Unauthorised and Irregular expenditure</td><td>In terms of section 62 of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented.

During our audit the following was noted:

• Irregular expenditure to the amount of R4 204 190 have not been prevented for the current year.

<table>
<tr><th>Date</th><th>Amount (R)</th><th>Description of Incident</th></tr>
<tr><td>02/12/2016</td><td>463 378,00</td><td>4 Cars hired for inauguration of office bearers</td></tr>
<tr><td>01/02/2016</td><td>656 784,00</td><td>Sport attire for Salga Games</td></tr>
<tr><td>19/12/2016</td><td>700 000,00</td><td>Home Coming Event</td></tr>
<tr><td>22/12/2016</td><td>450 000,00</td><td>Preparation and Printing of Annual Report</td></tr>
<tr><td>26/07/2017</td><td>248 128,00</td><td>Security body guards for Cllr BL Magwaza</td></tr>
<tr><td>18/10/2016</td><td>110 831,00</td><td>Finalizing of Staff Establishment</td></tr>
<tr><td>20/09/2016</td><td>78 000,00</td><td>Photoshoot and Make-up of councillors for Inauguration</td></tr>
<tr><td>26/10/2016</td><td>197 420,00</td><td>Supply and Installation of Network at Customer Care Office</td></tr>
</table></td><td>• Council to be workshopped and adopt the anti-fraud and anti-corruption strategy which sets forth mechanisms to undertake processes of investigation –

Achieved - Workshop held in October 2017

• Council, management and staff are to be specifically trained on MFMA Circular 68 and steps needed to be undertaken to investigate UIFW which include the compliance with S32, 75, 170 of the MFMA –

Achieved - Training has taken place amongst MPAC during the 05th December 2017 meeting. Subsequent to this training Circular 68 of the MFMA and consequence management training document have been</td><td>CAE

CAE through AG</td><td>October 2017

January 2018</td></tr>
</table>

<table>
<tr>
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<td></td>
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<table>
<tr><td>21/09/2016</td><td>198 850,00</td><td>Installation of Network in Park homes at Head Office</td></tr>
<tr><td>21/09/2016</td><td>73 700,00</td><td>VAT view and Reconciliation and Working Paper File Compilation of VAT Review</td></tr>
<tr><td>21/09/2017</td><td>33 630,00</td><td>Employment Health Care and Long Service Awards</td></tr>
<tr><td>21/09/2017</td><td>68 400,00</td><td>Procurement of Embroided Towels for Women's Day</td></tr>
<tr><td>21/09/2017</td><td>156 800,00</td><td>Accommodation for Salga Games</td></tr>
<tr><td>21/09/2017</td><td>35 000,00</td><td>Facilitate Team Building for Management Retreat</td></tr>
<tr><td>16/01/2017</td><td>43 126,00</td><td>Hiring of Conference Venue for Exco Retreat</td></tr>
<tr><td>26/04/2017</td><td>40 000,00</td><td>Hiring of Thanda Royal Zulu Club to play at Mayoral Cup</td></tr>
<tr><td>03/05/2017</td><td>73 500,00</td><td>Media Slot at Vuma fm for Mayor to present Service Delivery Programmes</td></tr>
<tr><td>26/04/2017</td><td>457 795,67</td><td>Suspension Matter of Mr LH Mapholoba</td></tr>
<tr><td></td><td>4 085 342,67</td><td>Municipal identified</td></tr>
<tr><td>30/10/2017</td><td>118 848,00</td><td>Incorrect application of BBBEE regulation</td></tr>
<tr><td></td><td>4 204 190,67</td><td></td></tr>
</table>
</td>
<td>
placed on the municipal document management website for the attention of Councillors and Management. Currently MPAC and finance management are being trained by COGTA as per scheduled training held on the 13TH and 14TH of February 2018 with regards to this matter. Councillors have been trained by MPAC on the 15th March 2018 with a specific training session held By COGTA.
UIFW has been added onto the agenda for MPAC to undertake investigations and report to council as per their charter and council mandate - Achieved
In progress - Council has mandated MPAC to investigate UIFW in terms of resolution C59 dated 25 January 2018. MPAC has held their first sitting to discuss UIFW on the 01st February and have drafted request for information on all UIFW that was incurred and reported via the AG audit report. Request number 1
</td>
<td>CAE</td>
<td>March 2018 and monthly thereafter</td>
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<tr>
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<td>
Fruitless and wasteful expenditure to the amount of R630 634 have not been prevented for the current year.
<table>
<tr><th>Amount (R)</th><th>Description of Incident</th></tr>
<tr><td>427 500,00</td><td>Ibeach Experience</td></tr>
<tr><td>427 500,00</td><td>Municipal identified</td></tr>
<tr><td>5 192,00</td><td>Interest on overdue Eskom account</td></tr>
<tr><td>88 742,00</td><td>Payment made but no services rendered - license</td></tr>
<tr><td>109 200,00</td><td>VAT paid to non VAT vendor</td></tr>
<tr><td>630 634,00</td><td></td></tr>
</table>
Unauthorised expenditure relating to employee cost, R1 955 742 and R10 499 759 relating to transfer and subsidies have not been prevented for the current year.
This results in material non-compliance with section 62 of the MFMA
</td>
<td>
was submitted to the Office of the MM on the 06th February 2018 and thereafter the matter will be addressed in MPAC meetings as a standing item.
UIFW that includes high level of complexity will involve the assistance of the internal audit unit and the audit committee as a specific request from the Municipal Manager –

Achieved - The request to involve the internal audit unit forms part of request 2 written by the MPAC Chairperson and submitted to the Audit Committee Chairperson. The Audit Committee chairperson has responded by indicating that internal audit may support MPAC in performing cursory reviews but any detailed audits and investigations must be time based and be supported by budget and resources
</td>
<td>Municipal Manager

Municipal Manager and Acting CFO</td>
<td>January 2018 for prior year and April 2018 for current year UIFW

January 2018</td>
</tr>
</table>

		• The adjustment budget process will investigate the need to cater funding for the forensic investigation of transactions where MPAC and internal audit identify suspicion or more in depth reviews are required – **Achieved awaiting council approval of the municipal adjustment budget - The issue of a forensic investigation for SCM processes has already been discussed and the process will commence once MPAC has finalise their review of all supporting documentation. The adjustment budget process will allow the internal audit budget to be used for forensics**	Municipal Manager, Acting CFO and external investigators	
		• A list of all UIFW will be taken to council together with investigations undertaken and recommendations relating to condonement or recovery. – **In progress - MPAC has commenced with the investigations on the list supplied to council in August 2017. This**	Municipal Manager, Acting	Current List taken in August 2017 and to include those UIFW identified by AG April 2018 new list for period July 2017 to March 2018

		investigation is scheduled for completion in March 2018 and as such will be taken together with recommendations to council. **Current UIFW for the period up to January 2018 was taken to EXCO and Council and this was then subsequently handed over to MPAC for investigation** All UIFW will be reported to the MEC on a quarterly basis via the approved UIFW reporting template **Not achieved - There has been no reporting as yet to the MEC in terms of the UIFW approved template and as such this matter is outstanding for quarter 1 and quarter 2. The report will be submitted to the MEC after tabled at council at the end of February 2018. The report will be compiled by the SCM Manager in consultation with the CFO and MM** • Individuals within the municipality will be trained, through the assistance of KZN COGTA, to	CFO and SCM Manager Municipal Manager, Acting CFO and SCM Manager Municipal Manager, Acting CFO, CAE and Labour Relations Manager	July 2018 list for April 2018 to June 2018 January 2018, April 2018, July 2018, October 2018 January 2018, April 2018, July 2018, October 2018

		undergo training for investigations to ensure that this function has be performed at a high level in house – February 2018 (pending confirmation of training from KZN COGTA) – **Achieved - KZN COGTA is training MPAC, internal audit and finance on the processes of investigations and how the UIFW will be dealt with. The training was held on the 07th February and the 13th and 14th February 2018** • UIFW will be a standing item on FPC, EXCO, Council and MPAC Agenda and will require immediate reporting and investigation **Achieved – UIFW are standing items for FPC and MPAC and will be added to council and EXCO in the next meeting however this item was addressed in January and February through the audit action plan** • Compliance checklists will be developed by SCM for each transaction setting out compliance	Municipal Manager and Manager Administration Acting CFO and SCM Manager	February 2018 Municipal Manager, CAE and labour relations manager to be trained on CFE to understand initial investigation processes January 2018 onwards

		with SCM regulations, in house policies and procedures – January 2018 **Partially achieved – The SCM Checklist is in existence and is currently being reviewed to ensure that there is now adequate segregation of duties and isolation of responsibilities.**		January 2018
Achievements				
Reason for delays or non-achievement				
Status				

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE

2. Consequence management – no investigations for unauthorised, irregular or fruitless and wasteful expenditure	In terms of section 32 of the MFMA. A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure. • Unauthorised expenditure incurred by the municipality in the prior year (R31 588 760) was not investigated to determine if any person is liable for the expenditure. • Fruitless and wasteful expenditure incurred by the municipality in the prior year (R183 045) was not investigated to determine if any person is liable for the expenditure. This results in material non-compliance with the section 32(2) of the MFMA.	• Council, management and staff are to be specifically trained on MFMA Circular 68 and steps needed to be undertaken to investigate UIFW which include the compliance with S32, 75, 170 of the MFMA– January 2018 – **Training has taken place amongst MPAC during the 05th December 2017 meeting. Subsequent to this training Circular 68 of the MFMA and consequence management training document have been placed on the municipal document management website for the attention of Councillors and Management. Currently MPAC and finance management are being trained by COGTA as per scheduled training held on the 13TH and 14TH of February 2018 with regards to this matter. Councillors have been trained by MPAC on the 15th March 2018 with a specific training session held By COGTA.**	CAE through AG	January 2018 March 2018

		• UIFW has been added onto the agenda for MPAC to undertake investigations and report to council as per their charter and council mandate – March 2018 **Achieved - Council has mandated MPAC to investigate UIFW in terms of resolution C59 dated 25 January 2018. MPAC has held their first sitting to discuss UIFW on the 01st February and have drafted request for information on all UIFW that was incurred and reported via the AG audit report. Request number 1 was submitted to the Office of the MM on the 06th February 2018 and thereafter the matter will be addressed in MPAC meetings as a standing item.** • UIFW that includes high level of complexity will involve the assistance of the internal audit unit and the audit committee as	CAE Municipal Manager	January 2018 for prior year and April 2018 for current year UIFW

		a specific request from the Municipal Manager – January 2018 **Achieved - The request to involve the internal audit unit forms part of request 2 written by the MPAC Chairperson and submitted to the Audit Committee Chairperson. The Audit Committee chairperson has responded by indicating that internal audit may support MPAC in performing cursory reviews but any detailed audits and investigations must be time based and be supported by budget and resources** • The adjustment budget process will investigate the need to cater funding for the forensic investigation of transactions where MPAC and internal audit identify suspicion or more in depth reviews are required – January 2018	Municipal Manager and Acting CFO	January 2018 and approved by council February 2018 (however appointment should have already occurred and work started) January 2018

		Achieved awaiting council approval of the municipal adjustment budget - The issue of a forensic investigation for SCM Processes has already been discussed and the process will commence once MPAC has finalise their review of all supporting documentation. The adjustment budget process will allow the internal audit budget to be used for forensics • Scope of the UIFW investigation will also be determined and will include the following: - The investigation should be commissioned/ approved at the appropriate level. - Terms of reference of the investigations should be approved.	Municipal Manager and Acting CFO	April 2018 for prior year and part of current year and June 2018 for current year remainder

		- The scope of the investigation should address the allegation. - The recommendations/ findings should be relevant to the allegation. - Investigations should comply with auditee's policies with regard to independence and qualification/ position. Irregular, fruitless and wasteful expenditure should only be written-off as irrecoverable after being certified by council as irrecoverable based on the result of an investigation and the council committee must consider: - Measures already taken to recover the expenditure. - Cost of the measures already taken to recover such expenditure. - Estimated cost and likely benefit of further measures that can be taken. - All cases of alleged irregular expenditure that constitute a criminal offence should be reported to the South African Police Service	Municipal Manager and Acting CFO	Current List taken in August 2017 and to include those UIFW identified by AG April 2018 new list for period July 2017 to March 2018 July 2018 list for April 2018 to June 2018

		Not yet commenced - The write off processes will be followed up once the investigations are completed • A list of all UIFW will be taken to council together with investigations undertaken and recommendations relating to condolement or recovery. **In progress - MPAC has commenced with the investigations on the list supplied to council in August 2017. This investigation is scheduled for completion in March 2018 and as such will be taken together with recommendations to council** **Current UIFW for the period up to January 2018 was taken to EXCO and Council and this was then subsequently handed over to MPAC for investigation**	Municipal Manager, Acting CFO and external investigators	April 2018 and July 2018 April 2018

				April 2018, July 2018, October 2018
		• A recovery process will be undertaken on UIFW as determined by council resolution on UIFW not condoned but recommended for recovery **Not yet commenced - The recovery processes will be followed up once the investigations are completed**		
		• MEC recommendations on UIFW (UIFW that council cannot condone) will be implemented for recovery by a task team as determined by the municipal manager **Not yet commenced - The MEC recommendations once received will be implemented by the Municipal Manager who will in turn form a task**	Council through resolution and Municipal Manager	February 2018 Municipal Manager, CAE and labour relations manager to be trained on CFE to understand initial investigation processes

		team. This will only occur after preliminary processes by MPAC are completed • All UIFW will be reported to the MEC on a quarterly basis via the approved UIFW reporting template **Not achieved - There has been no reporting as yet to the MEC in terms of the UIFW approved template and as such this matter is outstanding for quarter 1 and quarter 2. The report will be submitted to the MEC after tabled at council at the end of February 2018. The report will be compiled by the SCM Manager in consultation with the CFO and MM** • Individuals within the municipality will be trained, through the assistance of KZN COGTA, to undergo training for investigations to ensure that this function has be performed at a high level in house –	and Acting CFO Municipal Manager and COGTA representative	January 2018 onwards

		February 2018 (pending confirmation of training from KZN COGTA) – **Achieved - KZN COGTA is training MPAC, internal audit and finance on the processes of investigations and how the UIFW will be dealt with. The training is scheduled for the 13th and 14th February 2018** • UIFW will be a standing item on FPC, EXCO, Council and MPAC Agenda and will require immediate reporting and investigation **Achieved – UIFW are standing items for FPC and MPAC and will be added to council and EXCO in the next meeting however this item was addressed in January and February through the audit action plan**	Municipal Manager, Acting CFO and SCM Manager	

			Municipal Manager, Acting CFO, CAE and Labour Relations Manager Munici	

			pal Manager and Manager Administration	
Achievements				
Reason for delays or non-achievement				
Status				

ANNEXURE B: OTHER IMPORTANT MATTERS

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
3. Procurement and contract management **- Possible bid rigging**	The following indicators indicate possible cover quoting/bid rigging: i) The winning quotation has a similar (format/wording/pricing) with any other losing quotation. ii) The winning quotation comes from the same address as any other losing quotation. iii) The winning quotation is from a supplier falling within the same group as any of the companies from whom losing bids were received. During our audit of Supply Chain Management, we have identified possible bid rigging by **Obytech** Solutions (PTY) LTD and **Norologix** (PTY) LTD for quotes relating to information technology. Below set out the details of the tenders in question. <table><tr><th>Reference</th><th>Details</th></tr><tr><td>REF: 01/16/17 – July 2016</td><td>Supply and delivery of laptops for R64 464 by Obytech Solutions (PTY) LTD</td></tr><tr><td>REF: 02/16/17 – August 2016</td><td>Supply and delivery of software licenses for R198 222 by Obytech Solutions (PTY) LTD</td></tr></table>	• On tabling of the audit report and management report to council the issue will be discussed with the political and administrative leadership to establish the scope of the investigation – **Achieved - The AG tabled the audit report and highlighted this issue. A formal resolution was taken by Council to investigate all UIFW. On the MPAC meeting held on the 01st February 2018 MPAC resolved that the issue of the bid rigging, though it relates to expenditure falls out of the**	Municipal Manager	31 January 2018

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<tr><td>REF: 05/16/17 – September 2016</td><td>Supply and delivery of laptops for R197 109 by Obytech Solutions (PTY) LTD</td></tr>
<tr><td>REF: 08/16/17 – September 2016</td><td>Renewal of firewall licenses for R196 879 by Obytech Solutions (PTY) LTD</td></tr>
</table>

In the above quotes both Obytech and Norologix participated. Both have the same directors and invoices are identical apart from a small price difference.
1. Obytech is a Johannesburg based company with 2 directors:
a. Funeka Patricia Mayo – 7403150734087 which was appointed 26/01/2016 and resides in Margate
b. Dorcas Abakah-Gyenin – 7811190723083 which was appointed 17/09/2012 and resides in Johannesburg
2. Norologix is a Margate based company with 1 director:
a. Funeka Patricia Mayo – 7403150734087 which was appointed 07/05/2015 and resides in Margate

The following 2 tenders is where there were changes in ownership for both companies, but the operations remained the same.

<u>REF: 15/16/17 – December 2016</u>
Supply and delivery of laptops to the value of R60 099
Four companies supplied quotes ranging between R60 099 and R121 000. Obytech Solutions (PTY) LTD was recommended as they quoted R60 099 and scored the highest points. Norologix (PTY) LTD did not participate in this tender. Obytech was however disqualified after submitting falsified information. According to the COR39 certificate, ownership has changed. However, after further inspection, it was noted that the ownership is still the same as completed on the MBD 4 form. This difference led to the disqualification of Obytech and another unrelated company won.
Obytech was disqualified for this tender. After this incident there were a complete change in ownership at both Norologix and Obytech and even though the municipality identified falsified information from these suppliers, other tenders were still awarded to them in 2017 as documented below.
</td>
<td>
expertise of the MPAC unit and internal audit unit and hence developed request 1 annexure B which required that the Municipal Manager provide the following:

A budget allocation in terms of the adjustment budget process for investigations specifically relating to the afore mentioned bid rigging transactions and a list of service providers to undertake this investigation

• Scope, nature and timing of the investigation will be determined and taken to council for approval prior to the appointment of a forensic investigator –

Not yet commenced - This matter is still pending as the adjustment process will indicate the available budget. Once the budget is available
</td>
<td>Municipal Manager</td>
<td>15 February 2018</td>
</tr>
</table>

	REF: 33/16/17 – May 2017 Supply and delivery of planning software for R141 737 by Obytech Solutions (PTY) LTD Changes occurred after the municipality discovered the falsified information as per quote above. Both companies appointed new directors from Pinetown on the exact same date (just days after the disqualification was communicated internally) which leads to further questions as it may just be a front. It would appear that the changes in ownership was just to avoid documents from looking suspicious. Invoices also changed appearance, although the exact same quotation number were used which further indicates that there haven't been any changes at these 2 companies. 1. Obytech is a Johannesburg based company with 2 new directors on the COR39: a. Yada Mlungwana – 8911241309087 which was appointed 18/10/2016 and resides in Mthata, Eastern Cape. b. Kayleen Madasamy – 9711150327081 which was appointed **09/12/2016** and resides in **Pinetown** c. The address of the company on the CSD was changed to Chatsworth but the invoice still indicates Johannesburg. d. The BEE certificate was still obtained where the previous owner obtained it, Port Shepstone, but with the new director's details. This possibly indicates that there was just a change in ownership but the original owners might still be running the company. 2. Norologix is still a Margate based company with 1 new director: a. Mathapelo Khoarane – 9501250692082 which was appointed **09/12/2016** and resides in **Pinetown**	**the terms of reference will be developed** • Once forensic processes initiated the outcome of the report will be tabled at Council to determine if there is need for disciplinary action **Not yet due** • Quarterly reporting on this matter will occur with the Auditor General and progress will be tabled to council, EXCO, MPAC and audit committee **Not yet due** • Furthermore, training will be run out to SCM and further training will be done in the area of forensic and fraud management **Not yet due**	Municipal Manager, Forensic Investigator and Council Municipal Manager and CAE Acting CFO and Municipal Manager	March 2018 Quarterly at each meeting. March, June April 2018
Achievements				

Reason for delays or non-achievement	
Status	

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
4. Procurement and contract management **-Tender awarded to incorrect supplier**	During the audit of quotations, it was noted that the incorrect supplier was awarded the tender Kayosi Trading was wrongfully awarded the tender. Takur Trading had scored the highest points and should have been selected, however their BEE certificate was not accepted as it was not SANAS approved or had an affidavit. However, the regulations that were applied only came into effect from the 1st of January 2017 and BEE certificate was issued in 2016. Takur trading had a certified BBEEE certificate from a SAIBA member (which constitutes a valid BEE certifier).	• Compliance checklists will be developed by SCM for each transaction setting out compliance with SCM regulations, in house policies and procedures – January 2018 **Partially achieved – The SCM Checklist is in existence and is currently being reviewed to ensure that there is now adequate segregation of duties and isolation of responsibilities.**	SCM Manager	January 2018

Details	Name	Price	Points	BBBEE LEVEL	BBBEE Points	Total points
File no. : 19/16/17-	Kayosi	R118 848	80.00	0	0	80.00

	PO18730-supply and delivery of cold mix bags 25kg-kayosi trading | Takur | R143 640 | 66.19 | 1 | 20 | 86.19 As a result, the award is considered irregular expenditure and must be disclosed in the financial statements.	• The CFO and SCM Manager will be required to sign off all tenders once the SCM practitioner has concluded the scoring with score sheets amended to include these relevant reviewer signatures **Achieved – Due to the appointment of the SCM Manager and the CFO the following process has been established:** **R30 000 – R200 000 – The business unit will raise the requisition which first goes to the budget manager to establish available funds. Thereafter the requisition will go to the user department HOD for approval. Once the approval is received the requisition goes to SCM (sourcing) who will analyse the specifications, advertise through the intranet and billboards, open for 7 days and on closure the tender box is opened by SCM Practitioner (SCM Practitioner) who evaluates the pricing and**	Acting CFO, SCM Manager	January 2018

			BEE, She then recommends to the SCM Manager. Currently the SCM Manager verifies all information and signs to review. Once this is done the scoresheet and recommendation is taken to CFO for approval and thereafter P/O is generated by another individual within SCM (segregation achieved to reduce fraud and error) **R200 000 and Above – The first step with this is the development of specification and spec committee sitting. Thereafter once specification is approved the advert is developed by the user department and signed by the MM and advertised for 14 days. Once the advert is closed the SCM Practitioner again opens the bids in front of the public and all bidders are documented together with price. Thereafter the documents are evaluated by the evaluation committee. Once the evaluation committee evaluates the**		

		report is prepared by the evaluation chairperson and submitted to the SCM Manager. The SCM Manager reviews for completeness and sends the report to the adjudication committee together with the consultant's report (for technical tenders). Then the adjudication committee adjudicates and recommends to the MM for approval. (segregation achieved to reduce fraud and error) • The matter is also included in the list of UIFW discussed under finding 1 above and hence outcomes will determine whether there will be recovery or condonement **Not yet due**	Council through resolution and Municipal Manager and Acting CFO	April 2018 and July 2018
Achievements				
Reason for delays or non-achievement				
Status				

MANDENI MUNICIPALITY
AUDIT REPORT COMBINED ACTION PLAN 2017/2018 (FINANCIAL AND ICT)
PREPARED: CHIEF AUDIT EXECUTIVE
DATE: 29TH DECEMBER 2017

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE

<table>
<tr>
<td>5. Procurement and contract management
- Suppliers in service of state</td>
<td>Municipal SCM Regulation 44 states the following states that the municipality may not make any award to a person who is in the service of the state

The municipality had the following persons, which are in service of the state, registered in its supplier database to which awards/payments were made in the 2016/17 financial year. False declarations were submitted by these suppliers:

<table>
<tr><th>Name</th><th>State institute where employed</th><th>Supplier name</th><th>Amount
R</th></tr>
<tr><td>Siziwe Cynthia Buthelezi</td><td>KZN: health</td><td>Emahaqa Trading Enterprise</td><td>29 098.65</td></tr>
<tr><td>Thembela Barba Mzolo</td><td>Amahlati Local Municipality</td><td>Htb Consulting</td><td>450 000.00</td></tr>
<tr><td>Hlomelwa Zantsi</td><td>Alfred Nzo District Municipality</td><td>Htb Consulting</td><td>450 000.00</td></tr>
<tr><td>Ntokozo Chili</td><td>South African Social Security Agency</td><td>Wamelisha Projects (Pty) Ltd</td><td>20 664.00</td></tr>
<tr><td>Phakamani Goodman Maduna</td><td>Transnet Freight Rail</td><td>Qomalesizwe Trading</td><td>36 140.00</td></tr>
<tr><td>Linda Cecil Nene</td><td>PetroSA</td><td>Work Dynamics (Pty) Ltd</td><td>48 620.00</td></tr>
</table>
</td>
<td>• The SCM Manager has written letters to all the suppliers above indicating the respective finding from the Auditor General and seeking responses for clarity as these suppliers have indicated that they are not in service of the state. The letters were signed by the Municipal Manager and the municipality is currently awaiting responses.

Achieved. Letters were sent to 7 of the 10 individuals on the 13th October 2017 whilst 3 others were contacted verbally and submitted responses
• On receipt of responses indicating that the supplier is in service of the state and falsified this fact on their submissions then the municipality, through the SCM Manager, will prepare a report to the Municipal Manager highlighting defaulters and will seek to undertake legal proceedings against each supplier and will undertake process for recovery on money paid

In Progress – There were 7 letters of response received from the 10 letters issued.</td>
<td>SCM Manager with assistance of SCM Practitioner

SCM Manager with assistance of SCM Practitioner and then report submitted to Municipal Manager to initiate legal proceedings</td>
<td>December 2017

January 2018</td>
</tr>
</table>

Johanna Makgaleme le- Mukoki	South African Tourism	Travel With Flair (Pty)Ltd	11 855.42
Reginald Banda Thembinko si Mwelase	NAT: TRANSPORT	Ngubane & Co.	38 190.00
Bhekabant u Wilfred Ngubane	KZN Nature Conservation Board	Ngubane & Co.	38 190.00
Zibuse Comfort Ngidi	KZN Nature Conservation Board	Ngidi And Company Incorporated	299 665.24

This result in non-compliance with the Municipal SCM regulations and repeat findings will result in irregular expenditure.

Letters of responses are still required from Mr Ntokozo Chilli, Phakamani Goodman Maduna and Reginald Bhanda. Responses were received from the following indicating their status as follows:

1. ***Bhekabane Wilfred Ngbane – indicated that he is an audit committee chairperson at KZN Wildlife and an independent director at Petro SA. He stated that he is being paid through the payroll system for attendance fees and as such is causing an issue. This reason meets the requirements for not in service of the state and hence no further action is required. - Resolved***

2. ***Emahaqa Trading Enterprise (Ms Siziwe Cynthia Buthelezi) – indicated that there member Ms Siziwe Cythia Buthelezi is in fact in service of the state but has been removed from their ownership. This matter is being dealt with by the SCM Manager who will institute proceedings to reclaim money paid to Emahaqa Trading as they did not comply with the regulations to disclose. Steps***

		to be undertaken will be to write to the company and to inform them of the SCM procedures for recovery - SCM to write to the Accounting Officer to institute recovery process ***3. Mr Zubuse Comfort Ngidi – indicated that he serves as a non-executive director at SAPO, NECSA, Umgundlovu Development Agency and KZN Wildlife and that he is not a full time employee with KZN Wildlife or any other organisation other than at the law firm he operates and as such is not in service of the state. This reason meets the requirements for not in service of the state and hence no further action is required - Resolved*** ***4. Mr L. Nene (Work Dynamics) indicated that Petro SA the employer is not a department nor part of the establishment of a department and hence is not considered to be in service of the state. This matter was responded on by Mr F. Wilbers Managing Director Work Dynamics on behalf of Mr Nene. SCM manager will need to speak to***		

		the Accounting Officer in this regard and determine if legal council will be sought to respond or if we are willing to accept the response Need to get advice from MM 5. ***Mr J. Mkoki - indicated that she is not an employee of S.A Tourism but rather a member of its Grading Council Awards Committee which serves as a subcommittee of the S.A Tourism Board - This reason meets the requirements for not in service of the state and hence no further action is required - Resolved*** 6. ***HTB Consulting namely (Thembela Mzolo and Hlomelwa Zantsi) both provided a sworn affidavit of the fact that they are no longer in service of the state and have not been for a period of 5 years. This reason has been accepted as there is no further indication of employment in service of the state - Resolved*** • Furthermore those found to have falsely declared will be		

		blacklisted and reported to National Treasury **In Progress – A letter will be written to the Emahaqa trading to inform them that they were conducting business whilst their director was in service of the state and that recovery processes will be initiated and they will be blacklisted** **A letter will also be written to Mr. Nene once instructed by the Accounting Officer on whether the evidence provided is suitable.** • If the supplier does not respond then the municipality will call meetings with each supplier to obtain the final responses failing which their names will be removed from the municipal database and no further engagements will be entered into unless it relates to contracts. For contracts there will be further investigation into breach of clause and thereafter investigation into cancellation of	SCM Manager SCM Manager with assistance of SCM Practitioner	February 2018 January 2018

		contract and recovery on monies. ***In Progress – There were 7 letters of response received from the 10 letters issued. Letters of responses are still required from Mr Ntokozo Chilli, Phakamani Goodman Maduna and Reginald Bhanda. The SCM Manager will undertake to again write letters to the respective individuals and then to seek to contact them verbally. If not responses are received then they will be removed from the database and all contracts or agreements with the suppliers will immediately be ceased*** • Lastly should a supplier submit proof that they are not in service of the state then this evidence will be maintained on file and business with the supplier will continue as usual **In progress – This will be done once all letters are received**	SCM Manager with assistance of SCM Practitioner	March 2018

		• The matter will be reported to AG at quarterly interactions **In progress – Monthly updates are submitted to the AG on this matter and on all progress in terms of the action plan. The quarterly interaction set for the end of March 2018 where this matter will be corresponded further**	SCM Manager with assistance of SCM Practitioner Arranged through the CAE	March 2018
Achievements				
Reason for delays or non-achievement				
Status				

MANDENI MUNICIPALITY
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PREPARED: CHIEF AUDIT EXECUTIVE
DATE: 29TH DECEMBER 2017

<table>
<tr><th>ITEM</th><th>FINDING</th><th>ACTION</th><th>RESPONSIBLE PERSON</th><th>TARGET DATE</th></tr>
<tr>
<td>6. Expenditure
- Suppliers not paid within 30 days</td>
<td>MFMA S65(2)(e) states that the accounting officer must take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
<table>
<tr><th>Date</th><th>Supplier</th><th>Auditee Value R</th><th>Date Invoice Received</th><th>Date Paid per confirmation</th><th>Days</th></tr>
<tr><td>2017/04/28</td><td>Eskom</td><td>693911.69</td><td>2017/04/20</td><td>2017/06/01</td><td>42</td></tr>
<tr><td>2016/07/14</td><td>Conlog</td><td>18722.11</td><td>2016/05/30</td><td>2016/07/14</td><td>45</td></tr>
</table>
</td>
<td>All invoices received will be stamped received by the payments unit once it has been transferred by the user department (This is due to invoices sometimes sent to user departments without any prior knowledge of the payment unit and hence payments are not done on time)
Invoices that are not paid within 30 days from the stamped received date by the payments unit will have accompanying documentation to state the reason for the delayed payment as there could be disputes that have arisen or problems with the service of goods received</td>
<td>Acting CFO and Manager Budget with the assistance of the payments unit</td>
<td>February 2018 – to correct historical invoices (July 2017 to February 2018)

January 2018 onwards for all invoices from January 2018 onwards on a monthly basis

February 2018 – to correct historical invoices (July 2017 to February 2018)

January 2018 onwards for all invoices from January 2018 onwards on a monthly basis</td>
</tr>
</table>

	2016/07/14	Business Connexion	88 741.52	2016/05/30	2016/07/14	45	NOT ACHIEVED - ALL THE INVOICES THAT ARE RECEIVED WITHIN CREDITOR'S OFFICER FOR PROCESSING OF PAYMENT, AFTER APPROVAL BY THE HOD THEY ARE STAMPED FOR CONFIRMATION OF RECEIPT AND THEREAFTER PROCESSED FOR PAYMENT. WE ACKNOWLEDGE THAT THE MUNICIPALITY IS CURRENTLY EXPERIENCING CASH FLOW CHALLENGES, THIS THEN RESULT IN THE MUNICIPALITY NOT BEING ABLE TO COMPLY WITH THE LEGISLATION OF PAYING ITS CREDITORS WITHIN 30 DAYS. DURING THE FINANCIAL PRESSURES, CREDITORS WHOM THE MUNICIPALITY WAS RENDERING SERVICES WERE ADVISED OF THE SITUATION, SO AS TO AVOID THEM BILLING INTEREST AND PENALTIES WHICH WILL RESULT IN FRUITLESS AND WASTEFUL EXPENDITURE. FOR THOSE PAYMENTS THAT WE DID NOT ADHERE AS PER LEGISLATION SUPPORTING DOCUMENTS WILL BE PROVIDED TO SUPPORT REASONS FOR NON-PAYMENT.	Acting CFO and Manager Budget with the assistance of the payments unit	
	2016/09/20	Worth Kings Trading	26 200.00	2015/08/13	2016/09/20	404			
	2016-12-08	Obytech Solutions	197 109.00	2016/10/14	2016/12/08	55			
	2017/02/28	Telkom	65 748.27	2016/11/30	2017/02/28	42			
	During the audit of expenditure, it was noted that the following suppliers were not paid within 30 days after receipt of invoice: This will result in non-compliance with the MFMA								

Achievements	
Reason for delays or non-achievement	
Status	

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
7. Expenditure - Payment for prior year service that was never rendered	In terms of section 62(1)(c)(i) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;"	• This invoice forms part of finding (1) UIFW and will be investigated in detail to determine the nature of the finding and to determine recovery – **Not yet due**	Council through resolution and Municipal Manager and Acting CFO	April 2018 and July 2018 through the UIFW recovery processes

<table>
<tr>
<td></td>
<td>During the audit of expenditure, it was noted that the following invoice, which relates to 2015-16 was incorrectly recorded in the 2016-17 financial year and the payment was made despite no services being received:

<table>
<tr><th>Name</th><th>Invoice date</th><th>Payment date</th><th>Amount
R</th></tr>
<tr><td>Business Connextion</td><td>30 May 2016</td><td>1 July 2017</td><td>R88 742</td></tr>
</table>

This leads to non-compliance with the MFMA and an overstatement of expenditure</td>
<td>The matter will further be discussed with the audit committee (IT expert) to determine the underlying facts relating to the case as it was established that the payment had to be done to restore the firewall –

Achieved - The issue was discussed with the IT audit committee specialist who provided advice as follows

“The management response in the finding below does not make sense to me. The norm with regards to Software transaction is that, the quote for software is broken down to reflect costs for software licencing, installation, support and maintenance in one invoice. In this case, since the CFO is says “This was a back dated licence payment”, the PO for this software licencing would have been issued in the 2015-16 financial year.

So, the AG is correct in saying that the invoice “was incorrectly recorded in the 2016-17 financial year” as it should have been accrued or recorded in the period it was incurred and not in the period it was paid.”

• As a control measure the payments unit will not process any prior year payments or long outstanding payments without proof from the user department</td>
<td>CAE</td>
<td>January 2018

January 2018</td>
</tr>
</table>

		that the service was in fact undertaken. This will accompany the invoice as an attachment stating the reason for the invoice being paid and approved by the Municipal Manager – **Achieved - This is currently being implemented in the payments section and the MM does not approve any long outstanding payments. Rather the matter is returned to the user department to clarify the matter and then payment is made**	Acting CFO and Manager Budget	
Achievements				
Reason for delays or non-achievement				
Status				

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
8. Expenditure	VAT Act states: 20. Tax invoices. — (1) Except as otherwise provided in this section, a supplier, being a registered vendor, making a taxable supply (other than a supply	• The Nomanele (Pty) Ltd payment required 2 VAT	Council through	April 2018 and July 2018 through the UIFW recovery processes

<table>
<tr>
<td>- Supplier charging VAT with no VAT registration number</td>
<td>contemplated in section 8 (10)) to a recipient, must within 21 days of the date of that supply issue a tax invoice containing such particulars as are specified in this section: Provided that -

During the audit of contracted services, it was noted that VAT was paid to a supplier who did not have a VAT number.

<table>
<tr><th>Supplier</th><th>Invoice No</th><th>Amount</th><th>VAT</th></tr>
<tr><td>Nomanele PTY LTD</td><td>April and June 2017</td><td>260 000.00</td><td>36 400.00</td></tr>
</table>

This will result in non-compliance with the VAT Act and fruitless and wasteful expenditure as proper controls were not implemented to evaluate whether the invoice is a valid tax invoice as per the VAT act.</td>
<td>journals which were subsequently processed however the payment of the invoices VAT portion was deemed fruitless and invoice forms part of finding (1) UIFW and will be investigated in detail to determine the nature of the finding and to determine recovery

• In the current financial year these monies will be recouped from the supplier through reduction from future invoices.

• Furthermore, once the monies are recouped this person’s contract will be investigated to determine the legality of the business in terms of tax matters.

As a control measure payments staff and staff interrogating invoices will attend training on issues relating to VAT and VAT invoices to determine the adequacy of information required on invoices

Furthermore the manager expenditure will design a checklist of the minimum requirements for all VAT</td>
<td>resolution and Municipal Manager and Acting CFO

Acting CFO and manager budget

Municipal Manager

Acting CFO and</td>
<td>January 2018

February 2018

February 2018 or as early as training can be identified from SARS or internally is possible

February 2018</td>
</tr>
</table>

		invoices and ensure that it forms part of the payment batch prior to the processing of payments ACHIEVED - THE MUNICIPALITY HAS ENGAGED THE SERVICE PROVIDER TO ADVISE THEM OF THE FINDING RAISED IN RELATION TO THEIR VAT STATUS. WE HAVE THEN RECOUPED ALL THE MONIES THAT WERE PAID FOR VAT TO THE SERVICE PROVIDER, EVEN THE ONES THAT RELATE TO THE BEGINNING OF THIS FINANCIAL YEAR. FURTHERMORE WE HAVE DOWNLOADED SARS CHECKLIST THAT ENTAILS THE MINIMUM REQUIREMENTS FOR ALL VAT INVOICES IN ENSURING THAT ALL PAYMENTS PROCESSED ARE ADHERING TO VAT REQUIREMENTS. (ATTACHED WORKINGS FOR VAT PAYMENTS)	manage r budget Acting CFO and manage r budget	
Achievements				
Reason for delays or non-achievement				
Status				

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ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
9. Expenditure **- Use of Consultants**	Paragraph 4.5 - National Treasury Instruction 01 of 2013/14 Accounting officers and accounting authorities must develop consultancy reduction plans by 31 March of each year for the implementation in the ensuing financial year. The first consultancy reduction plan required in terms of this Treasury Instruction must be developed before 31 March 2014 for implementation in the 2014/15 financial year An audit was conducted on the use of consultants at the municipality and it was identified that the current policy on consultants does not contain a reduction plan and measures to address over reliance on consultants.	The municipality will seek to identify all financial consultants that are utilised by the municipality and develop a plan per consultant to determine if it is practical to reduce their use. **In progress - The identification has commenced during the budget process and there are reductions currently taking place in terms of the budget. This matter is also being dealt with via contracts that are overdue and are being taken to council for UIFW** If it is decided that the use of the consultancy cannot be reduced a detail explanation will be included to highlight why this is the case and what is going to be done in the future	SCM Manager SCM Manager through section heads	January 2018 February 2018

		to reduce or eliminate the need for the financial consultants		
Achievements				
Reason for delays or non-achievement				
Status				

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
10. Expenditure - Indigent debtors not approved for extended period of time	Paragraph 7.1 of the indigent policy adopted by the municipality states that "*relief will only be distributed to those residents who apply and qualify*". During the audit, we noted that the municipality adopted the tariff policy and indigent policy which is in line with the MSA. However, the municipality did not implement the adopted policy during the past financial year due to non- approval of indigent debtors by the council. The table below serves as reference of qualifying indigent debtors not receiving reduced monthly billings during financial year 2016/17:	The corrective measure has now been implemented as the 2017-18 indigent register has been approved by council in September 2017. – **Achieved as per above**	Acting CFO	Achieved September 2017

No	Ward	Account No.	Debtor Name	AREA	Balance @ date of application
1	Ward 3	6660292	Ramlucken Deonarian	Newark	19 218.88
2	Ward 3	3965102	Rambarran Shameela	Highview Park	893.82
3	Ward 3	9801271	Joseph Trevor Joel	Mandeni 007/ 6 Dube Road	28 069.65
4	Ward 4	3961291	Chetty Sokalingam P.	Padianagar 302	113859.57
5	Ward 4	3961021	Singh Anel Dindayal	Highview Park	99 861.44
6	Ward 4	6661081	Beer Singh	Padianagar 302	15 479.15
7	Ward 4	6600361	Singh Premdei	Padianagar 302	37 922.24
8	Ward 7	1112500	Sibiya Sarah	Dark City	1 488.00

	9	Ward 7	1108000	Buthelezi Mzikayise	Dark City	889.00				
	10	Ward 7	1123900	Sibiya Thobiyani	Dark City	41 568.49				
	11	Ward 7	1085200	Zulu Hloniphani Wiseman	Thokoza	25 717.97				
	12	Ward 13	2015700	Zulu Khululewe Goodness	Ireland	13 101.82				
	13	Ward 13	2014700	Ngiba Thembisile Ntombenhle	Ireland	41 561.98				
	14	Ward 13	2027000	Mdletshe Thembisile Mildred	Ireland	12 843.06				
	15	Ward 14	2144000	Hadebe Sipho Ernest	Chappies	35 364.45				
	16	Ward 14	2146900	Ngcobo Mandlakayise	Chappies	12 476.34				

17	Ward 14	2149200	Ntuli Saneliso Q	Chappies	34 201.48
18	Ward 15	1003300	Mpanza Sinethemba Musawenkosi	Bhidla	6 903.76
19	Ward 15	1015500	Thobela Armindo Albino	Bhidla	2 491.43
20	Ward 15	1031900	Mbowana Thembeni Mayvis	Bhidla	38 353.29
			Total		**582 265.82**

Achievements	
Reason for delays or non-achievement	
Status	

MANDENI MUNICIPALITY
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ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
11. IT Service Continuity - **Monthly backup for June 2017 not performed**	Through the testing of the daily, weekly and monthly backup slips/tapes, it was noted that for June 2017 a monthly backup was not performed. Not performing the backups on a regular basis increases the risk that the municipality may not be able to recover significant business systems, operations and processes in a timely manner in event of a disaster. This may compromise availability of systems, critical business processes and data. This may also impact adversely on the municipality's reputation.	This matter is being corrected by purchasing additional drives and tapes. This problem was foreseen however due to cost restrictions this was placed on hold. Steps undertaken: 1. Requisition will be completed on the MSCOA system to request the purchase of additional drives and tapes – **Achieved - The IT Manager Mr Y. Owusu Boakye has submitted a requisition during the month of January**	IT & Records Manager IT & Records Manager	13 November 2017 and followed up on monthly 13 November 2017

		2018 to purchase additional tapes to perform back- ups. 2. Follow up on tapes and drives with the SCM unit and budget are available – **In progress - The follow up was performed again in January 2018 with the budget Manager and it was identified that there was a problem with the vote allocation. This matter is still in the process and is awaiting the approval of the budget manager** 3. If tapes and drives not acquired then matter to be raised at MANCO and then escalated via formal correspondence to the Municipal Manager – **In progress - The matter relating to this issue is being taken to the IT Steering Committee on the 12th February 2018 awaiting resolutions from that**	IT & Records Manager IT & Records Manager	January 2018 January 2018

		subsequent meeting and subsequently going to the Local Public and Human Resources Portfolio Committee (LPA) on the 14th February 2018 to further elaborate on that matter where the issue of tapes being unavailable to perform back-ups will be discussed and further the risk associated. **The plan is to ensure that resolutions are received to either purchase the tapes or to take this matter to the budget adjustment process so that there can be allocated finding in the immediate term**		

Achievements	
Reason for delays or non-achievement	
Status	

<table>
<tr><th>ITEM</th><th>FINDING</th><th>ACTION</th><th>RESPONSIBLE PERSON</th><th>TARGET DATE</th></tr>
<tr><td>12. User Access Management - User access forms do not contain a proper audit log and administrative activities not reviewed timeously and independently</td><td>The following password parameters have not been configured on the Pastel and Payday application:
<table><tr><th></th><th>System</th><th>Applicant</th><th>Approval from HOD</th><th>Date</th><th>Created by IT</th><th>Approval by IT ma</th></tr><tr><td>Access account form</td><td>Pastel, Network, email, internet</td><td>T. Dlamini (MM secretary)</td><td>L. Mapholoba (ex MM)</td><td>10/08/2016</td><td>not completed</td><td>Yaw Owusu (IT Ma</td></tr></table></td><td>This matter was an oversight error that arose due to need to fast track processes. This matter has now been subsequently resolved as all password parameter have been configured on the Pastel and Payday application –

Achieved - This matter was resolved in November 2017 and is being followed up on a monthly basis by the IT Manager. The Created column now includes a name but specifically from the IT unit</td><td>IT & Records Manager</td><td>13 November 2017

And followed up on monthly</td></tr>
</table>

Access account form	Network, email, internet, remote access	M. Dlamini (manager: Com services)	ZW Mcineka (Dir: Com services)	01-Dec-16	not completed	Yaw Owusu (IT Manager)
Access account form	Pastel, Network, email, internet	L. Metnga (Office of the mayor)	M. Mthembu (OMM)	01-Dec-16	not completed	Yaw Owusu (IT Manager)

Administrative activities have not been reviewed timeously, apart from April 2017. The system user lists as well as the administrative activities have also not been independently reviewed from the IT department (CFO).

Number		System	Period for report	Date reviewed	Reviewed by
1	Administrative activities	Active Directory - mandeni.local	30 July 2016	04-May-17	Yaw Owusu (IT Manager)

Achieved - Independent reviews have occurred via the IT Manager on a timely basis however due to the resignation of the IT Systems Administrator there is a lack of segregation of duties whereby the IT Manager has to perform admin and then review. This is being addressed through the appointment process whereby the advert for the	IT & Records Manager	13 November 2017 And followed up on monthly

		2	Administrative activities	Active Directory - mandeni.local	30 August 2016	04-May-17	Yaw Owusu (IT Manager)	**position is advertised and the post is to be filled April 2018**		
		3	Administrative activities	Active Directory - mandeni.local	30 September 2016	04-May-17	Yaw Owusu (IT Manager)			
		4	Administrative activities	Active Directory - mandeni.local	30 October 2016	04-May-17	Yaw Owusu (IT Manager)			
		5	Administrative activities	Active Directory - mandeni.local	30 November 2016	04-May-17	Yaw Owusu (IT Manager)			
		6	Administrative activities	Active Directory - mandeni.local	30 December 2016	04-May-17	Yaw Owusu (IT Manager)			
		7	Administrative activities	Active Directory -	30 January 2017	04-May-17	Yaw Owusu (IT Manager)			

				mandeni. local							
		8	Administrative activities	Active Directory - mandeni. local	28 February 2017	04-May-17	Yaw Owusu (IT Manager)				
		9	Administrative activities	Active Directory - mandeni. local	30 March 2017	04-May-17	Yaw Owusu (IT Manager)				
		10	Administrative activities	Active Directory - mandeni. local	30 April 2017	04-May-17	Yaw Owusu (IT Manager)				
		11	Administrative activities	Active Directory - mandeni. local	30 May 2017	07-Nov-17	Yaw Owusu (IT Manager)				
		12	Administrative activities	Active Directory - mandeni. local	30 June 2017	07-Nov-17	Yaw Owusu (IT Manager)				

	Users with administrator privileges have full control over the network and IT applications. If activities of administrators are not monitored on a periodic basis, this may result in unauthorized activities performed not being detected in a timely manner. In addition, user account maintenance activities could be performed by administrators without valid and approved requests.			

Achievements	
Reason for delays or non-achievement	
Status	

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ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
13. IT Governance - Vacancy within the Information Technology Unit	The IT unit was not fully capacitated as the following position that formed part of the approved municipal structure had not been filled: • One IT Security Specialist If the IT unit is not sufficiently capacitated in terms of IT security. This may lead to process inefficiencies and IT not adequately supporting business. Strategic and operational goals may therefore not be achieved. In addition, vacancies within the IT unit expose the municipality to the risk of a lack of segregation of duties. This may result in incompatible tasks being performed by personnel and unauthorised access to systems and information..	The network administrator together with the IT Manager to identify and attend specific training relating to IT security if provided on a free basis or alternatively in house training will be done to ensure that there is some capacity building until the IT unit budgets for this formal training or identifies cost free training – **In progress - Currently there was no free training made available by any of the institutions and there is no budgeted resources available for training. This matter will be discussed in the IT steering committee meeting scheduled for the 12th February 2018 to identify any alternatives that can be found to enhance IT Security. The IT Manager has completed his CEGEIT (Corporate Governance Enterprise IT) and this together with in house security**	IT & Records Manager	February 2018

		discussions will be used as a mitigating mechanism until budget is made available This mitigating action will be undertaken until there is available budget to fill the post of IT security specialist. However due to current cost constraints this is not anticipated in the current or next financial year – **Not yet started - This is still not budgeted in the organogram and will not be budgeted for in the upcoming year**	IT & Records Manager	To be discussed in 2019

Achievements	
Reason for delays or non-achievement	
Status	

MANDENI MUNICIPALITY
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DATE: 29TH DECEMBER 2017

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
14. Business Continuity Plan not tested	Although the municipality has a Business Continuity Plan (BCP), the effectiveness of the plan has not been tested in the current financial year. The municipality may not be aware of the effectiveness of its BCP if regular scheduled testing is not performed. In the event of a disaster the municipality may not be able to recover business operations in a timely manner which could result in the loss of revenue for the municipality	The BCP testing is a costly exercise and the municipality had previously engaged with Deloitte who were willing to assist in the process over a three year period however due to financial constraints the municipality could not prioritise this three year program. We are currently undertaking the following steps: 1. Currently seeking assistance from Provincial Treasury and seeking to identify alternate means of testing however all avenues are going to be further investigated in the current year with the hope of obtaining this assistance free of charge or at a reduced rate so that it can be accommodated within the municipal budget	IT & Records Manager IT & Records Manager and CAE	February 2018 February 2018

		2. Failure to obtain free services will result in the the unit engaging with the Municipal Manager to identify excess funds to deal with this issue on a piecemeal process		

Achievements	
Reason for delays or non-achievement	
Status	

ANNEXURE C: ADMINISTRATIVE MATTERS

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
15. Security Management - Approved IT security policy does not contain "Security awareness and training"	Through inspection of the IT security policy it was noted that it does not contain a procedure for communicating awareness and training of the policy, and therefore hinders the implementation and effectiveness of this policy. Although it was noted that the training did occur for the current financial year under review, in the absence of regular security awareness training, users may not be aware, neglect and possibly forget their information security responsibilities. This may result in the disclosure of confidential information through security breaches such as password sharing, user social engineering attacks and/or compromised user accounts which could lead to security breaches. The resultant breaches may lead to the integrity, availability and confidentiality of the key systems and its data being compromised.	The IT Security policy will be reviewed to ensure that the above recommendations are considered and included within the policy. The policy will be reviewed by March 2018 **In progress - The recommended changes have been made to the IT Security Policy. The Policy is being taken to the policy review scheduled for the February 2018 and thus will be achieved.**	IT & Records Manager IT & Records Manager	February 2018 March 2018

Achievements	
Reason for delays or non-achievement	
Status	

16. Debt impairment: material impairment to the amount of R36.63 million

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
16. Debt impairment: material impairment to the amount of R36.63 Million (PARA 9 of the Audit Report)	As disclosed in note 33 to the financial statements, material losses to the amount of R36.63 million (2016: R4.03 Million) were incurred as a result of write-off of irrecoverable debtors	Negotiating a transfer of distribution licence from Eskom to Mandeni, Specifically for the Sundumbiili area. Opened a debt collection office and call centre at the Sundumbili plaza which will be monitored for effectiveness **Achieved – Debt collection centre and call centre opened in 2017 and is functional**	Municipal Manager and TOP MANCO Forum Municipal Manager and	Long term plan commencing with meetings with Eskom September 2017 June 2018

		Debt awareness program run by the municipality to engage with community debtors **In progress – The matter has been raised within the management TOP Structure and with the department of finance and public participation. The manager treasury committed to discussing the issue of public participation assisting the finance unit in performing debt awareness and to roll out debt policies and indigent register** Reviewing of the rates policy to identify weaknesses and shortcomings and take to appropriate structures for approval **Achieved – The policy was reviewed by management and then taken to council policy review session on the 13th – 15th March 2018 for workshopping and approval** Develop a credible valuation roll that addresses all areas raised by ratepayers, Ingonyama Trust Board and Ithala. **In progress – The valuation roll was finalised on the 21st February 2018 and**	TOP MANCO Forum CFO (through manager Treasury)and Public Participation	March 2018 March 2018

		now is open for objections and consultations Form a committee made up of the Political leadership, MM, CFO and the treasury manager to meet with representatives of the Ingonyama Trust Board and any other slow ratepayers to ensure that issues of current rates owed is addressed and some form of agreement is reached in terms of recovery (e.g. rand for rand) **In progress – The issue of forming the committee was taken to TOP MANCO in February and again highlighted during the risk committee session on the 05th March 2018. The treasury manager will serve as the organiser of this process and will arrange and oversee meetings between the municipality and ITB.** A task team will be formed by the municipal manager and the mayor that incorporate EXCO councillors and directors to seek interventions into businesses and individuals with non or slow payment **In progress – The issue of forming the task team has already occurred however the nature of its success and**	CFO (through manager Treasury) CFO (through manager Treasury) Municipal	March 2018 Already formed

		the actual visits conducted will need to be finalised and reported.	Manager Municipal Manager	

Achievements	As per above			
Reason for delays or non-achievement	None			
Status	In progress			

17. Material Misstatements identified in the Annual Performance Report

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
17. Material Mistatements in the Annual Performance Report (PARA 21 of the Audit Report)	I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery and infrastructure development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information	To appoint the the PMS Manager and to ensure that he/she undertakes duties before start of January 2018 **Achieved– The PMS Manager was appointed in December 2017** The Mid-terms review of departmental and organisational scorecards are to commence on the 08th January 2018 with a report being tabled to council on changes and reason for changes	Municipal Manager HR PMS Manager	December 2017 28 February 2018

		Achieved– The PMS Manager tabled the mid-term report to council at the end of February and highlighted the change in scorecards Quarterly interactions will occur with PMS Manager and departmental heads and their POE coordinators to monitor achievement of targets prior to the reporting to internal audit and this will then be reported to council and EXCO **Achieved– The PMS Manager has commenced with interactions and the internal audit unit is then reviewing the files. The internal audit reports on PMS are then tabled to MPAC and audit committee**	PMS manage r	January 2018
Achievements	As per above			
Reason for delays or non-achievement	None			
Status	In progress			

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PREPARED: CHIEF AUDIT EXECUTIVE
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18. Material Misstatements identified in the Annual Financial Statements

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
18. Material Misstatements in the Annual Financial Statements (PARA 27 of the Audit Report)	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, revenue, expenditure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified opinion	• Appointment of the new CFO by January 2018 **Achieved– The CFO was appointed in February 2018** • Filling of key vacant posts such as Manager Treasury and SCM Manager to ensure that there is greater control over individual areas of finance and more stringent reporting **Achieved– The Manager Treasury was appointed in October 2017 and the**	Municipal Manager HR Municipal Manager HR	January 2018 November 2017

		SCM Manager was appointed in December 2017		January 2018
		• Areas where material changes were required will be included in the Municipality internal audit plan **Achieved – The internal audit plan and areas of testing now include areas where material findings occurred. Currently the internal audit unit has tested assets (moveable and non-moveable) as well as revenue with focus on araes of other revenue.**	CAE and Audit Committee	January 2018
		• Standard Operating Procedures to be developed for areas of high risk namely SCM and Revenue Management **In progress – The Standard operating procedures for revenue have been developed and tabled to MANCO. The SCM standard operating procedures are currently being developed and are in progress**	CFO (through his/her respective managers)	

Achievements	As per above
Reason for delays or non-achievement	None
Status	In progress

19. Leadership

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
19. Leadership (PARA 36 of the Audit Report)	Vacancies in key positions and a lack of consequence management resulting in material non-compliance to the prevention and investigation of unauthorized, irregular as well as fruitless and wasteful expenditure. This also led to a breakdown in internal controls, resulting in the annual financial statements having to be materially corrected	• Appointment of the new CFO by January 2018 **Achieved– The CFO was appointed in February 2018**	Municipal Manager HR	January 2018 November 2017

		• Filling of key vacant posts such as Manager Treasury and SCM Manager to ensure that there is greater control over individual areas of finance and more stringent reporting **Achieved– The Manager Treasury was appointed in October 2017 and the SCM Manager was appointed in December 2017** • Appointment of a Municipal Manager **Achieved – The Municipal Manager Mr S.G Khuzwayo was appointed in October 2017** • Appointment of a Director Economic Development and Planning **Achieved – The Economic Development and Planning Director Mr Mbongwa was appointed on 02 January 2018** • Appointment of the Director: Technical Services	Municipal Manager HR Council Council and Municipal Manager	November 2017 January 2018 January 2018

		In progress – The post was advertised from July 2017 and old director resigned in September 2017. Based on the list of candidates and the salary offered there was no suitable candidate to undertake the duties and hence the position has been re-advertised	Council and Municipal Manager	
Achievements	As per above			
Reason for delays or non-achievement	None			
Status	In progress			

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20. Financial and Performance Management

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
20. Financial and Performance Management (PARA 37 of the Audit Report)	Management did not fully understand the requirements of the financial reporting framework which resulted in material corrections to the annual financial statements. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored **Current assets** Cash and Bank Receivables Payables **Revenue**	The issue of the financial framework and understanding of reporting will be addressed as follows: The GRAP Checklist will be utilised to prepare and review all areas required in terms of GRAP **In progress – The GRAP Checklist is used by internal audit to review the AFS however the AFS preparation has not yet occurred and will consider the checklist during the processes** **The issues of material misstatement relating to specific items will be dealt with as follows:** Cash and Bank – This was a human error and arose due to poor correction methods employed by the CFO – The matter was identified by the Internal Audit Unit during review however the CFO failed to correct – This will be managed by commencing with the review of AFS early and then monitoring changes **Not yet started – Year end process** Receivables - Debtors with credit balances existed on the note to receivables due to a misalignment of the aging periods in the ageing analysis. – This arose due to a mapping error on the system and was compounded as the correction required the assistance of a consultant who could not remap the aging. The process of mapping is complete through	CFO and CAE	June 2018 August 2018

	Government grants and subsidies **Expenditure** Transfer and subsidies	the MSCOA system This will be managed by commencing with the review of AFS early and then monitoring changes **In progress– Mapping is done but testing will occur as a year end process** Payables **-** Provision for leave and bonuses was incorrectly classified in terms of Generally Recognised Accounting Practice (GRAP) 19 and provision for bonuses not calculated. This arose due to the application of the same mthod in the prior year. The assumptions made by management was that it met the definition of a provision as we management were unsure about amount and time of payment. However on subsequent inspection and on application on bargaining council agreement the uncertainty was removed. **Achieved – Correction made** Government Grants and Subsidies - VAT input revenue does not comply with GRAP 1 and 23 in terms of the nature thereof, incorrectly classified –incorrect classification that arose due the recognition of revenue from VAT without consideration with GRAP 1 fair presentation and matching principle **Achieved – Correction made** Transfer and subsidies - Statement of financial performance does not comply with GRAP 1 in terms of the nature thereof – This issue stemmed from an incorrect application of the condtion of a grant and hence a n expense was recognized instead of raising the liability due to cut off issues – This matter was a once off error that arose due to management oversight and will be addressed when reviewing the working paper file. The change was corrected **Not yet started – Year end process**	CFO and CAE CFO and CAE	August 2018 November 2017

			CFO CFO	November 2017 June 2018

			CFO	
Achievements	As per above			
Reason for delays or non-achievement	None			
Status	In progress			

RECOMMENDATIONS /WAY FORWARD

a) Maintain alignment between the IDP, PMS and Budget Process

b) That monthly monitoring of SDBIP's and Capital Program through presentation conducted to the respective Portfolio Committees be a standing item.

c) That the financial system and performance management system be tightly aligned to ensure accurate and clear performance reports are prepared and submitted for the understanding of all stakeholders.

d) Monitoring and evaluation be strengthened were PMS, M, E & R Unit conduct monthly consultation verification meetings at least a month before the end of the quarter, and obedience to the timeframes that are as per the process plan.

e) Department to take ownership of cascading PMS to lower levels, and OPMSMER Unit to assist and report through all structures of the municipality, Top Manco, Manco, Departmental Meetings, Portfolio, Council and Executive Council.

CONCLUSION

The Mandeni wishes to reinforce its commitment and dedication in ensuring the service delivery and changing the lives of the people within our municipality. This report clearly demonstrates the commitment of the municipality to ensure that the local community have access to their basic needs.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report to Council and the local community demonstrates the ability of them Mandeni Municipality to adapt to the ever changing social needs of the local community. The above the norm budget spent of 100% on capital infrastructure clearly indicates that the municipality has solid and establishment project management systems in place. Improving on those, will be the focus from now on.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "*what we do*".
Adequacy Indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.

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Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic Municipal Service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget Year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost Indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution Indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's

	strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the

	municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX A

MANDENI LOCAL MUNICIPALITY
PORTFOLIO COMMITTEES SCHEDULE

ECONOMIC DEVELOPMENT, PLANNING & HUMAN SETTLEMENTS PORTFOLIO COMMITTEE (EDPHSPC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR LR MDLETSHE	ANC	0 731026256
CLLR N DLAMINI	ANC	0 730634311
CLLR SJ MATHONSI	AIC	0 785004506
CLLR N MSIMANGO	ANC	0 785166507
CLLR M NGUBANE	ANC	0 834895963
CLLR NR TEMBE	ANC	0 760655906
CLLR DM SITHOLE	IFP	0 787884303

INFRASTRUCTURE DEVELOPMENT & TECHNICAL SERVICES PORTFOLIO COMMITTEE (IDTSPC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR NF NTULI	ANC	0 796284318
CLLR MT CELE	ANC	0 836206748
CLLR TP ZUMGU	IFP	0 738647916
CLLR MM MNGADI	ANC	0 737572319
CLLR BW MTHETHWA	ANC	0 748182391
CLLR NR SIBIYA	ANC	0 732947678
CLLR N DLAMINI	ANC	0 730634311

CORPORATE SERVICES/ LOCAL PUBLIC ADMINISTRATION (LPAHRPC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR X MDLETSHE	ANC	0 730835801
CLLR BA KHUMALO	IFP	0 839851918
CLLR MV MHLONGO	ANC	0 787841995
CLLR GN ZUNGU	ANC	0 837293741
CLLR N NOMVETE	ANC	0 823896685
CLLR NR SIBIYA	ANC	0 732947678
CLLR AA ZUNGU	ANC	0 827308681

LOCAL LABOUR FORUM (FPC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR X MDLETSHE	ANC	0 730835801
CLLR N NOMVETE	ANC	0 823896685

CLLR GN ZUNGU	ANC	0 837293741
CLLR BA KHUMALO	IFP	0 839851918

HUMAN RESOURCES DEVELOPMENT COMMITTEE (HRDC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR GN ZUNGU	ANC	0 837293741
CLLR N NOMVETE	ANC	0 823896685

FINANCE PORTFOLIO COMMITTEE (FPC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR SB ZULU	ANC	0 791067328
CLLR MC MKHALIPHI	ANC	0 734540564
CLLR K NAIDOO	DA	0 832185029
CLLR BW MTHETHWA	ANC	0 748182391
CLLR ST MAGWAZA	ANC	0 767603117
CLLR EK DUBE	IFP	0 825019338
CLLR MT CELE	ANC	0 836206748

COMMUNITY SERVICES & PUBLIC SAFETY PORTFOLIO COMMITTEE (CSPSPC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR PM SISHI	ANC	0 835457421
CLLR SZ MDLETSHE	ANC	0 735985484
CLLR CL MTHEMBU	ANC	0 731966659
CLLR S NKWANYANA	EFF	0 838738975
CLLR DM SITHOLE	IFP	0 787884303
CLLR N NOMVETE	ANC	0 823896685
CLLR MM MNGADI	ANC	0 737572319

GENDER SUB COMMITTEE (GSC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR N NOMVETE	ANC	0 823896685
CLLR SZ MDLETSHE	ANC	0 735985484
CLLR N MSIMANGO	ANC	0 785166507
CLLR ST MAGWAZA	ANC	0 767603117
CLLR MC MKHALIPHI	ANC	0 734540564
CLLR SR MDLETSHE	IFP	0 826289486
CLLR NT SHANDU	ANC	0 721055331

YOUTH AFFAIRS SUB COMMITTEE (YASC)

NAME	**ORGANISATION**	**CELL NUMBER**

CLLR SZ MDLETSHE	ANC	0 735985484
CLLR TP SHANDU	ANC	0 780903784
CLLR M NGUBANE	ANC	0 834895963
CLLR NR SIBIYA	ANC	0 732947678
CLLR S NKWANYANA	EFF	0 838738975
CLLR MM MNGADI	ANC	0 737572319
CLLR EK DUBE	IFP	0 825019338

MUNICIPAL PUBLIC ADMINISTRATION COMMITTEE (MPAC)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR NT SHANDU	ANC	0 721055331
CLLR AM GWALA	ANC	0 789946492
CLLR TP SHANDU	ANC	0 780903784
CLLR SR MDLETSHE	IFP	0 826289486

EXECUTIVE COMMITTEE (EXCO)

NAME	**ORGANISATION**	**CELL NUMBER**
CLLR SB ZULU	ANC	0 791067328
CLLR PM SISHI	ANC	0 835457421
CLLR NF NTULI	ANC	0 796284318
CLLR X MDLETSHE	ANC	0 730835801
CLLR LR MDLETSHE	ANC	0 731026256
CLLR MS MDUNGE	IFP	0 810877726
CLLR M SHELEMBE	IFP	0 720261629
CLLR MPP ZUNGU	ANC	0 839894400

AFRICAN NATIONAL CONGRESS (ANC)

NAME	**CELL NUMBER**
CLLR SB ZULU	0 791067328
CLLR PM SISHI	0 835457421
CLLR NF NTULI	0 796284318
CLLR X MDLETSHE	0 730835801
CLLR LR MDLETSHE	0 731026256
CLLR MPP ZUNGU	0 839894400
CLLR MC MKHALIPHI	0 734540564
CLLR BW MTHETHWA	0 748182391
CLLR AM GWALA	0 789946492
CLLR SZ MDLETSHE	0 735985484
CLLR CL MTHEMBU	0 731966659
CLLR N NOMVETE	0 823896685
CLLR MM MNGADI	0 737572319
CLLR AA ZUNGU	0 827308681

CLLR ST MAGWAZA	0 767603117
CLLR NT SHANDU	0 721055331
CLLR MT CELE	0 836206748
CLLR MV MHLONGO	0 787841995
CLLR GN ZUNGU	0 837293741
CLLR NR SIBIYA	0 732947678
CLLR N DLAMINI	0 730634311
CLLR N MSIMANGO	0 785166507
CLLR M NGUBANE	0 834895963
CLLR NR TEMBE	0 760655906
CLLR TP SHANDU	0 780903784

INKATHA FREEDOM PARTY (IFP)

NAME	CELL NUMBER
CLLR MS MDUNGE	0 810877726
CLLR M SHELEMBE	0 720261629
CLLR SR MDLETSHE	0 826289486
CLLR DM SITHOLE	0 787884303
CLLR EK DUBE	0 825019338
CLLR BA KHUMALO	0 839851918
CLLR TP ZUMGU	0 738647916

APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES

FINANCE PORTFOLIO COMMITTEE

CONSTITUTION:

1. **Name and Status**

The finance portfolio committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

The committee shall consist of:-

1. Chairperson appointed by council;

2. Seven (7) Councilors appointed by the council; and

3. *The Mayor as a voting Ex-Officio member, please note here the Mayor is the chairperson*

3. Quorum

The quorum of the committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions]+1) of current members (excluding the Mayor).

4. Rules of Procedure

The Rules of Order of the council, insofar as they govern Committees, shall apply to the Committee.

5. Functions

5.1 The committee shall monitor, investigate, enquire into and make recommendations to the Executive committee relating to any aspect affecting the Council in connection with the following functions:-

(a) Budget and Reporting
(b) Revenue Management and Enhancement
(c) Expenditure Control
(d) Supply Chain and Contract Management
(e) Financial Management
(f) Anti-Corruption and Anti-fraud strategy

5.2 The committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the committee;-

(a) Shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall, subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogation from the afore-going and subject to the provisions of any law, the committee is authorized to advice, from time to time, the Executive committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the committee.

(2) all bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the committee.

(3) Any legislation or proposed legislation falling within the terms of reference of the of the committee which the Council may adopt.

(4) Any amendments to the terms of reference of the committee.

7. General Policy Functions

The committee may:-

(1) appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

COMMUNITY SERVICES AND PUBLIC SAFETY AND SECURITY PORFOLIO COMMITTEE

Constitution:-

1. Name and Status

1.1. The Community Services and Public Services Portfolio Committee, is a standing Committee appointed in terms of section 80 Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

2.1. The committee shall consist of:

2.1.1. Chairperson appointed by Council

2.1.2. Seven (7) Councilors appointed by the council; and

2.1.3. The Mayor as a voting Ex-Officio member

3. Quorum

3.1. The quorum shall be not less than fifty percent

(Disregarding fractions) plus one (50) % (disregarding fractions) + 1) of current members (excluding the Mayor).

4. Rules of Procedure

4.1. The Rules of Order of the Council, insofar as they govern Committees,

Shall apply to the Committee.

5. Functions

5.1. The Committee shall monitor, investigate, enquire into and make

Recommendations to the Executive Committee relating to any aspect

Affecting the Council in connection with the following functions:-

(a) Libraries
(b) Museum
(c) Beach Amenities
(d) Marine Safety
(e) Sports and Recreation
(f) Verge Maintenance
(g) Cemeteries
(h) Pounds
(i) Emergency Services (Traffic and Fire)
(j) Security Services
(k) Disaster Management
(l) Communications
(m) Vehicle Licensing
(n) Trade Licensing
(o) General Law Enforcement
(p) Environmental Health
(q) Personal Health

(r) Youth Development Initiatives;
(s) Gender Related Programme;
(t) Programme of Children and Elderly;
(u) Programmes Related to the Disable Persons (Persons Living with Disabilities);
(v) Stakeholder Coordination (Operation Sukuma Sakhe)
(w) Programmes dealing with promotion of preventative measures on HIV/AIDS Coordinate Activities of Local Aids Council Coordination of programmes dealing with promotion of preventative measures on HIV/AIDS and other related programmes for those infected and affected; and
(x) Coordinate Activities of Local Aids Council

6. Standing Authorities

6.1. Without derogating from the a foregoing and subject to the provisions

Of any law, the Committee and any Employee to whom specific powers have been delegated on:-

6.1.1. Aspects of policy in respect of the functions of the Committee

6.1.2. All bylaws, fees, tariffs which the Council may enact or prescribe

Within the terms of reference of the committee.

6.1.3. Any legislation or proposed legislation falling within the terms of reference of the committee which the Council may adopt.
6.1.4. Any amendments to the terms of reference of the committee

7. General Policy Functions

7.1. *The Committee may:-*

7.1.1. Appoint from within its own membership a sub-committee with

Powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

7.1.2. Refer to the Executive Committee for decision, with or without a

Recommendation, any matter falling within its terms of reference;

7.1.3. Consider all matters of a policy nature incidental to the above

Terms of reference and submit recommendations on such matters to the Executive Committee.

Constitution:

1. **Name and Status**

   The Economic Development, Planning, Community Development and Human Settlement Portfolio Committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. **Membership**
   The Committee shall consist of:-

   1. Chairperson appointed by Council;
   2. Seven (7) Councilors appointed by the Council; and
   3. The Mayor as a voting Ex-Officio member

3. **Quorum**
   The quorum of the Committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions] +1) of current members (excluding the Mayor).

4. **Rules of Procedure**
   The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

5. **Functions**
   5.1 The Committee shall monitor, investigate, enquire into and make recommendations to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

   (a) Town Planning;
   (b) Spatial planning
   (c) Local Economic Development;
   (d) Community Development;
   (e) Environmental Conservation
   (f) Building Control
   (g) Integrated Development Plan
   (h) Local Tourism
   (i) Business Licensing and Business Development (SMMes) and Cooperatives)
   (j) Agriculture Development
   (k) Human Settlements and Housing (Including Housing Sector Plan)
   (l) Implementation of Building Regulations and By-Laws
   (m) Environment and Coastal Management
   (n) Land Reform

5.2 The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the Committee;-

(a) shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogating from the aforegoing and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the Committee.

(2) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.

(3) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.

(4) Any amendments to the terms of reference of the committee.

7. General Policy Functions

The Committee may:-

(1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

Constitution:-

1. Name and Status

The Local Public Administration & Human Resources Portfolio Committee is a standing Committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

The Committee shall consist of

1. Chairperson appointed by council
2. Seven (7) Councillors appointed by the council; and
3. The Mayor as a voting Ex-Officio member

3. Quorum

The quorum of the Committee shall be not less than fifty percent

(Disregarding fractions) plus one (50 %) (Disregarding fractions) + 1

Of current members (excluding the Mayor).

4. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Council,

Shall apply to the Committee.

5. Functions

5.1. The Committee shall monitor, investigate, enquire into and make

Recommendation to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

(a) Local Public Administration with particular reference to Chapter 7 the Local Government :Municipal Systems Act,2000;
(b) Human Resources;
(c) Labour Relations; and Employees Relations
(d) Occupational Health and Safety
(e) Performance Management
(f) Information Technology
(g) Municipal Administration and Auxiliary Services
(h) Council Support

(i) Fleet Management
(j) Policy Development
(k) Public Participation and Ward Committee Coordination
(l) Implementing resolutions taken by the LLF and HRDC
(m) Communications

5.2. The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee for such monitoring, investigations or enquiry.

5.3. In **carrying out its functions the Committee**

(a) Shall at all times ensure that it complies with all requirements of law in regards to public participation, the receipt of evidence or representation and similar matters;

(b) Shall, subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogation from the afore going and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the Committee.
(2) All bylaws, fees, tariffs which the council may enact or prescribe within the terms of reference of the committee.
(3) Any legislation or proposed legislations falling within the terms of reference of the committee which the Council may adopts.
(4) Any amendments to the terms of reference of the committee

7. General Policy Functions

The Committee may:-

(1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference ;
(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

INFRASTRUCTURAL AND TECHNICAL SERVICES PORTFOLIO COMMITTEE

Constitution:-

8. Name and Status

The Infrastructural and Technical Services Portfolio Committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

9. Membership

The Committee shall consist of:-

4. Chairperson appointed by Council;
5. Seven (7) Councillors appointed by the Council; and
6. The Mayor as a voting Ex-Officio member

10. Quorum

The quorum of the Committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions] +1) of current members (excluding the Mayor).

11. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

12. Functions

12.1 The Committee shall monitor, investigate, enquire into and make recommendations to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

(o) Water and Sanitation in conjunction with District Municipality
(p) Sewerage;
(q) Roads;
(r) Storm Water Drainage
(s) Electricity and Street lights

(t) Mechanical Workshops;
(u) Fleet Management;
(v) Cleansing & Waste Management; and
(w) Maintenance and Municipal Facilities
(x) Parks and Gardens
(y) Municipal Roads
(z) Maintenance of Municipal Facilities
(aa) Management of Capital Equipment and Technical Service Fleet
(bb) Telecommunication

12.2 The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

12.3 In carrying out its functions the Committee;-

(b) shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

13. Standing Authorities

Without derogating from the aforegoing and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

(5) Aspects of policy in respect of the functions of the Committee.

(6) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.

(7) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.

(8) Any amendments to the terms of reference of the committee.

14. General Policy Functions

The Committee may:-

(4) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(5) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(6) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

APPENDIX C

Revenue Collection Performance by Source 2016/17

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue)									
Description	Ref	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source									
Property rates	2	27 408	28 937	28 937	28 937	30 557	30 789	32 451	34 203
Property rates - penalties & collection charges		9 766	–	–	–	9 864	–	–	–
Service charges - electricity revenue	2	13 186	12 236	17 186	17 186	13 399	17 270	18 202	19 185
Service charges - water revenue	2	–	–	–	–		–	–	–
Service charges - sanitation revenue	2	–	–	–	–		–	–	–

Service charges - refuse revenue	~~2~~	~~6 339~~	~~7 920~~	~~7 920~~	~~7 920~~	7 751	~~8 395~~	~~8 849~~	9 327
Service charges - other		–	–	–	–				
Rental of facilities and equipment		286	305	305	305	241	325	342	361
Interest earned - external investments		3 627	3 570	3 570	3 570	2 961	3 000	3 162	3 333
Interest earned - outstanding debtors		–	7 500	7 500	7 500		4 160	7 218	8 235
Dividends received		–	–	–	–		–	–	–
Fines		32	2 105	1 105	1 105	350	505	532	561
Licences and permits		1 123	1 255	1 255	1 255	1 175	1 000	1 054	1 111
Agency services		–	–	–	–		–	–	–
Transfers recognised - operational		172 071	139 308	139 308	139 308	174 804	152 744	169 732	181 408
Other revenue	2	16 847	605	605	605	38 363	517	584	615
Gains on disposal of PPE		–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**250 684**	**203 740**	**207 690**	**207 690**	**279 465**	**218 704**	**242 127**	**258 338**

APPENDIX D

Revenue Collection Performance by Vote 2016/17

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue)									
Description	Ref	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source									
Property rates	2	27 408	28 937	28 937	28 937	30 557	30 789	32 451	34 203
Property rates - penalties & collection charges		9 766	–	–	–	9 864	–	–	–
Service charges - electricity revenue	2	13 186	12 236	17 186	17 186	13 399	17 270	18 202	19 185
Service charges - water revenue	2	–	–	–	–		–	–	–
Service charges - sanitation revenue	2	–	–	–	–		–	–	–
Service charges - refuse revenue	2	6 339	7 920	7 920	7 920	7 751	8 395	8 849	9 327
Service charges - other		–	–	–	–				
Rental of facilities and equipment		286	305	305	305	241	325	342	361
Interest earned - external investments		3 627	3 570	3 570	3 570	2 961	3 000	3 162	3 333
Interest earned - outstanding debtors		–	7 500	7 500	7 500		4 160	7 218	8 235

Dividends received		–	–	–	–	–	–	–	–
Fines		32	2 105	1 105	1 105	350	505	532	561
Licences and permits		1 123	1 255	1 255	1 255	1 175	1 000	1 054	1 111
Agency services		–	–	–	–	–	–	–	–
Transfers recognised - operational		172 071	139 308	139 308	139 308	174 804	152 744	169 732	181 408
Other revenue	2	16 847	605	605	605	38 363	517	584	615
Gains on disposal of PPE		–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**250 684**	**203 740**	**207 690**	**207 690**	**279 465**	**218 704**	**242 127**	**258 338**

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)								
Vote Description	Ref	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1							
Vote 1 - Executive and Council		204	6 678	6 678	0	6 902	7 245	7 590
Vote 2 - Budget and Terasury		181 032	152 640	152 640	208 057	161 204	176 024	185 093
Vote 3 - Corporate Services		126	0	0	145	0	0	0
Vote 4 - Community and Social Services		1 979	1 887	1 887	2 153	2 729	2 864	2 988
Vote 5 - Sport and Recreation		13	12	12	0	6	6	7
Vote 6 - Public Safety		1 112	3 448	2 448	1 476	1 530	1 613	1 700
Vote 7 - Housing		0	0	0	0	0	0	0
Vote 8 - Health		0	0	0	0	0	0	0
Vote 9 - Planning and Development		39 850	390	390	30 700	410	432	455
Vote 10 - Environmental Protection		0	0	0	0	0	0	0
Vote 11 - Road transport		0	0	0	0	1728	1 821	1 919
Vote 12 - Waste Management		6 339	12 920	12 920	7 750	13 395	14 849	16 327
Vote 13 - Electricity		20 028	25 766	30 716	29 184	30 800	37 273	42 260
Vote 14 - [NAME OF VOTE 14]		0	0	0	0	0	0	0
Vote 15 - [NAME OF VOTE 15]		0	0	0	0	0	0	0
Total Revenue by Vote	2	**250683640**	**203740363**	**207690363**	**279 465**	**218 704**	**242 127**	**258 338**

GRANTS GIVEN BY THE MUNICIPALITY

KZN291 Mandeni - Supporting Table SA21 Transfers and grants made by the municipality									
Description	Ref	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Transfers to other municipalities									
Insert description	1								
Total Cash Transfers To Municipalities:		0	0	0	0	0	0	0	0
Cash Transfers to Entities/Other External Mechanisms									
Insert description	2								
Total Cash Transfers To Entities/Ems'		0	0	0	0	0	0	0	0
Cash Transfers to other Organs of State									
Insert description	3								
Eskom (Free Basic Electricity)			550000	550000	550000	550000	550 000,00	579 700,00	611 003,80
Total Cash Transfers To Other Organs Of State:		0	550000	550000	550000	550000	550 000,00	579 700,00	611 003,80
Cash Transfers to Organisations									
Insert description									
Free Basic Refuse			100000	100000	100000	100000	100 000,00	105 400,00	111 091,60
Total Cash Transfers To Organisations		0	100000	100000	100000	100000	100 000,00	105 400,00	111 091,60
Cash Transfers to Groups of Individuals									
Insert description									
Total Cash Transfers To Groups Of Individuals:		0	**650000**	**650000**	**650000**	**650000**	**650 000,00**	**685 100,00**	**722 095,40**
TOTAL CASH TRANSFERS AND GRANTS	6	0	**650000**	**650000**	**650000**	**650000**	**650 000,00**	**685 100,00**	**722 095,40**

APPENDIX E

Ward Information

WARD PROFILE

DISTRICT: ILEMBE

LOCAL MUNICIPALITY: MANDENI MUNICIPALITY

WARD NO.	MEMBERSHP	SURNAME	FULL NAMES	ID NO. (13 DIGITS)	GENDER M	GENDER F	CONTACT NO.	CDW
1	WARD CLLR	SHELEMBE	MLUNGISI	8002146037088	M		0720261629	
		LIKEBA	CELINA	5901021049089		F	0732260825	
	WC MEMBERS	MBAMBO	SIZWE	8204075865089	M		0719200422	
		MDLETSHE	NTOKOZO	8312231073082		F	0797031976	
		MZIMELA	GUGU	7504110432089		F	0787478003	LILY DUBE
		NXUMALO	THEMBINKOSI	6704185201085	M		0735881392	0837762156
		THETHWAYO	GABRIEL	4205175476085	M		0781133841	
		SHANDU	MBONGISENI	6508095517088	M		0729318042	
		SHANDU	SMANGELE	6809110583083		F	0749397484	
		BHUYENI	BHEKI	9207175938085	M		0718265294	
		MTHETHWA	LINDENI	7412140976085		F	0631197227	
2	WARD CLLR	MTHETHWA	BHEKIZENZO	7304235463089	M		0748182391	CDW
		MPANZA	XOLANI	8104105496089	M		0718877170	
		BIYELA	MLUNGISI	7911075321084			0737612290	
	WC MEMBERS	SADIE	DEAN	6908255444083	M		0747566743	SPHAMANDLA MTHETHWA
		MZOBE	ADORAH	8012250917082		F	0714162433	0782440308
		GWALA	SIMPHIWE	7303030512082	M		0790580038	
		MTHEMBU	SIYABONGA	8202135848087	M		0736764136	
		KHUMALO	VIVIAN	7811235811083	M		0760462200	

		NTULI	DOLLY	9109030944086		F	0840696808	
		MTHETHWA	ZENZELE	8012175438081	M		0721385247	
		NTULI	BETTY	6102210626089		F	0827033766	
3	WARD CLLR	SIBIYA	NONHLANHLA	8006280717082		F	732947678	CDW
	WC MEMBERS	MTHEMBU	MZWANDILE	8704135582087	M		0715464215	
		MDLETSHE	NATHI	9004246555083	M		0729367875	
		EDLEY	NOKUKHANYA	8701090694089		F	0608990547	
		MKHWANAZI	NOKUKHANYA	9305170500080		F	0763285582	
		MGAGA	KWANELE	8610225554086	M		0783677769	N/A
		DEJOE	HAROLD	6210295792088	M		0732576355	
		GUMEDE	NORA	6611100931086		F	0780259500	
		MNGADI	ZANELE	7005130608088		F	0762624577	
		MHLONGO	THEMBINKOSI	6103205699081	M		0848328810	
		SHANDU	BENEDICTA	5503230834085		F	0723365786	
4	WARD CLLR	MAGWAZA	SIPHO	6706045509086	M		0767603117	CDW
	WC MEMBERS	QWABE	NOKUTHULA	8311111649086		F	0717520925	
		SHEZI	NOKUTHULA	8809281294088		F	0785601239	
		MBOKAZI	THEMBINKOSI	7306165371083	M		0780283603	
		CELE	THOKOZANI	8010275366087	M		0715445195	GUGU KHUZWAYO
		MDLALOSE	LEONARD	7512285656085	M		0833383560	0837762095
		ZUNGU	LUCKYBOY	7308145369088	M		0781105913	
		MBONAMBI	CELIWE	8606061427080		F		
		NDLOVU	DORA	6206030331083		F	0837487801	
		KILOWAN	RADESH	8611025145083	M		0732619714	
		REDDY	VISHNA	4207125053089	M		0839912348	
5	WARD CLLR	NGUBANE	MJABULISENI	8909166185086	M		0834895963	CDW
	WC MEMBERS	MPANZA	NOKUTHULA	7306170531084		F	0732651301	
		MAKHAYE	NTOKOZO	8902166202084	M		0735301817	
		CELE	JABULISIWE	5410300707086		F	0783204858	
		MATHONSI	GAMELIHLE	8506125867083	M		0733109158	SBUSISO GAZU
		KHUMALO	NOKUTHULA	7806170531084		F	0631550006	0782445268
		MSOMI	NHLAKANIPHO	8608085520080	M		0737179670	

		MTHETHWA	SIPHO GABRIEL	6709025319088	M		0766123714	
		DLAMINI	BUKHOSIBAKHE	9203166069089	M			
		HLONGWANE	ALBERT	5408095501086	M			
		MATHONSI	PHAKAMILE	7610060372082		F	0731388797	
6	WARD CLLR	CELE	MBONGENI	6512265784080	M		0836206748	
	WC MEMBERS	MHLONGO	SLINDILE	8601050349080		F	0783566224	
		NCANANA	FIKELEPHI	6905230525085		F	0799902532	
		MASUKU	FAKO	6705015688086	M		0712713891	
		DLAMINI	ZAMILE	5202160229081		F	0714532429	
		NZUZA	PAMELA	7512010426085		F	0633041591	
		MHLONGO	STHEMBISO	6707075678080	M		0762725949	NOMUSA MADIKANE
		KHETHOKUHLE	NGEMA	8612176000085	M		0798178508	0837762155
		SHEZI	PHILILE	5701160358089		F	0767791213	
		CHILI	XOLISILE	8505251754081		F	0795323914	
		MPUNGOSE	THABANE	7106245743081	M		0727072527	
7	WARD CLLR	DLAMINI	NONHLANHLA	7111170408080		F	0730634311	CDW
	WC MEMBERS	QWABE	BHEKANI	7503055577080	M		0826677871	
		MAGWAZA	KHONZI	8001150306082	M		0782910443	
		MLAMBO	THABISILE	6804130599086		F	0834215381	
		DUBE	BONGI	6203110714080		F	0791682373	
		MNCWANGU	JOHN	8001225708080	M		0739028460	
		DLADLA	NHLANHLA	8401055386082	M		0786725820	
		ZIBANE	JEROME	7002285345087	M		0784277749	
		GUMEDE	MADODA	7304305421082	M		0736500666	
		NTSHANGASE	LANGELIHLE	5106260167085	M		0783395328	
8	WARD CLLR	MDLETSHE	LINDELIHLE	7301155457083	M		0731026256	CDW
	WC MEMBERS	KHUZWAYO	THABISO	9304125724085	M		0721295570	
		HLABISA	NONHLANHLA	7405080466083		F	0791121991	
		MYEZA	SENZO				0769029471	
		SIBIYA	EDNAH	4308200225087		F	0732547379	MATHEMBI MSANE
		CHIRINDA	DUMSANI	7611025354082	M		0836672162	0832010563
		MBONAMBI	WELLINGTON	7208205934088	M		0797210699	

		HADEBE	NOKWANDA	7909290796080		F	0735551693	
		MDLULI	SIYABONGA	8110275602083	M		0799995347	
		NDLOVU	HLENGIWE	5808070690087		F	0717149167	
		MATHENJWA	LETHIWE			F	0780436052	
9	**WARD CLLR**	MNGADI	MPHILE	8505185766086	M		0737572319	**CDW**
	WC MEMBERS	DUBE	SAKHILE	8204206002081	M		0732716662	
		MSOMI	MOFFATE	6810225470083	M		0736138070	
		MPANZA	SPHAMANDLA	9201026099080	M		0717220730	
		ZUNGU	SANELE	8007245928087	M		0734514687	SLUNGILE MWANDLA
		MSOMI	NOBUHLE	8409100799084		F	0787524982	0832011114
		NENE	BALUNGILE	7312240654089		F	0739034883	
		MCINEKA	ZAMOKUHLE	8812010477081		F	0781695070	
		LANGA	MICHAEL	6207215798088	M		0712400845	
		CHONCO	BALUNGILE	8307251015088		F	0783000609	
		MATABA	MZAMISENI	6012025745083	M		0785140418	
10	**WARD CLLR**	SHANDU	NOMUSA	6605070720081		F	0721055331	**CDW**
	WC MEMBERS	SAMKA	ANDISWA	8211220388081		F	0732934127	
		GUMEDE	BONGANI	7512115476084	M		0782151643	
		MTSHALI	SIBUSISO	7112055769081		F	0720951452	
		VUMISA	NJABULO	8004165843081	M		0839559067	
		MATHONSI	NOZIPHO	8507010732085		F	0711637649	
		GUMEDE	SDUDUZO	8410255994082	M		0787658321	N/A
		MTHETHWA	LONDIWE	8905300548080		F	0739583137	
		ZONDI	THEMBA	701010666086	M		0839523135	
		DLAMINI	SINDI	7502060611082		F	0710719691	
11	**WARD CLLR**	MTHEMBU	LUNGILE	6901270514089		F	0731966659	**CDW**
	WC MEMBERS	VALENTIA	NGEMA	6402290326083		F		
		MYEZA	MZONJANI	5103015286088	M		0730862986	
		MASUKU	REJOICE	6701190625084		F	0719135450	
		KHUZWAYO	BUSISIWE	7210020487086		F	0711790928	
		SIBISI	SIFISO	6910245738087	M		0730615695	
		MDANDA	AUDREY	6102280898089		F	0833432982	N/A
		TIMBANE	SIYABONGA	8309105586082	M		0838939600	

		~~DLOMO~~	~~JABULANI~~	~~6901235447086~~	~~M~~		~~0725366781~~	
		MKHWANAZI	SIYABONGA	8104145826089	M		0824337289	
12	WARD CLLR	MKHALIPHI	MZWAKHE	7 904 215 681 087	M		0734540564	
	WC MEMBERS	SKHAKHANE	THOBEKILE	6901031314084		F	0732338649	MINENHLE DLAMINI 0728179683
		MABASO	ZODWA	8202110988080		F	0719338585	
		BUTHELEZI	THEMBA	6106105535085	M		0826959173	
		YAKA	PHUMLANI	7803035660083	M		0742582181	
		KHUZWAYO	THABSILE	8210050701082		F	0786746827	
		GAZU	MALUSI	6707255274080	M		0837470409	
		MATHONSI	NOKWAZI	8001200767082		F	0737716676	
		DANISA	WINSON	7212025462080	M		0833475403	
		MATHONSI	SIBONGISENI	8612206304085	M		0630930899	
13	WARD CLLR	ZULU	SIPHESIHLE	781006 5369 089	M		079 1067 328	CDW
	WC MEMBERS	DLAMINI	CELIMPILO	7710045385082	M		0784406016	N/A
		NGIBA	DUDU	7208250464080		F	0739329567	
		NXUMALO	THANDEKA	7603170577088		F	0736700647	
		MTHIYANE	VUSIMUZI	8305295374081	M		0761701482	
		MTHIYANE	SIBUSISO	8711075815088	M		0730510007	
		ZULU	THEMBI	6702220565084		F	0717411830	
		MDLULI	JOYCE	7502260720089		F	0606535100	
		MHLONGO	SIBONGILE	6009010521081		F	0739321097	
		SIKHAKHANE	MUSAWENKOSI	7202055841089	M		0722898548	
		MTSHALI	SIYAKWAMUKELA	9008175359086	M		0814367260	
14	WARD CLLR	SHANDU	THOBANI	8812245508080	M		0780903784	
	WC MEMBERS	SITHOLE	MTHOKOZISI		M		0763531697	N/A
		MAZIBUKO	THEMBI	5911720642080		F	0787781938	
		MLAMBO	JABU	6803180708084		F	0737856698	
		XULU	GIFT	8212136095083	M		0729765216	
		NCWANE	BONGI	5511280824088		F	0734101968	
		KHOZA	LINDOKUHLE	8107075394085	M		0767647294	
		THABEDE	KHULEKANI	8001076050087	M		0734683621	
		MPILI	GUGULETHU	9105200458089		F	0737899574	
		NGEMA	NDUDUZO	8506246170086	M		0842967544	

		MAVUSO	SIZA	8701075883087	M		0732400329	
15	WARD CLLR	ZUNGU	AYANDA	8110195560080	M		0827308681	
	WC MEMBERS	PHIRI	ALLY	8509085391086	M		0829751176	N/A
		ZULU	THABILE	6208040817085		F	0784869787	
		MTHEMBU	NONDUMISO	8610140635085		F	0767516289	
		HLEZA	BAFANA	7303096011086	M		0842967048	
		DLUDLA	NGCEBO	7711075654082	M		0736816210	
		ZULU	NTOMBIZANDILE	5403250638088		F	0731931548	
		NYAWO	BHEKI	6411255545082	M		0724879112	
		GCALEKA	GCINA	6208180632086		F	0722203178	
		MNGOMEZULU	PHILISIWE	7805050348080		F	0818997510	
		BUTHELEZI	NONHLANHLA	5908130818080		F	0732242699	
16	WARD CLLR	GWALA	ANDILE	8808285723084	M		0789946492	
	WC MEMBERS	GUMEDE	SIPHO	7002015628083	M		0782471852	N/A
		MAGWAZA	LINDA	8507026068086	M		0795869375	
		MNGOMEZULU	NKOSINGIPHILE	6705285337083	M		0736907000	
		MTSHALI	SIBUSISO	7002235358081	M		0764286990	
		MKHABELA	NKOSINATHI	6208025949085	M		0712680580	
		MOTHA	MJABULISENI	7503185411085	M		0735610592	
		MTHETHWA	NOMPUMELELO	7804180514083		F	0716230018	
		MCUBE	AURELIA ZAMA	8403031627084		F	0785737250	
		ZULU	BONGIWE			F	0785984545	
		MHLONGO	VELIE	7704270421084		F	0787470285	
17	WARD CLLR	TEMBE	NOVEMBER	6005315398084	M		0760655906	
	WC MEMBERS	MAPHUMULO	THANDAZILE	6206200704085		F	0724922805	N/A
		BUSANE	SITHABISA	8604146277083	M		0719387765	
		MSWELI	JEREMIYA	5312125558084	M			
		KHUMALO	NTUTHUKO	9002045718084	M		0737025171	
		KHUMALO	THEMBEKA	9209231354083		F	0739791785	
		MFEKA	ZODWA	6506070394085		F	0735478783	
		NXELE	GABISILE	8312110344083		F	0737469282	
		HADEBE	ZOLILE	7009215597083	M		0781030857	
		MBELE	JOB	6606095707087	M		0732506307	
		DANISA	WINSON	7212025462080	M			

18	WARD CLLR	MSIMANGO	NICHOLAS		M		0785166507	
	WC MEMBERS	NXUMALO	SDUDLA	6711120612086		F	0799378733	SFUNDO MBUYAZI 0832011060
		MJADU	ZAMANI	8308226089083	M		0764764077	
		MZIMELA	MAVIS	6211270664086		F	0733646666	
		VUNDLA	PHUMULILE	6802010607086		F	0837142834	
		MDLULI	GOODENOUGH	6010085408089	M		0735789782	
		KHUMALO	NOMPUMELELO	8205171023085		F	0796722262	
		MABHIDA	PHENDUKANI	8405025481089	M		0735204973	
		NGEMA	BONGANI	7803055822084	M		0793197635	
		HLONGWANE	HLENGIWE	6802010607086		F	0760226456	

APPEDIX F

CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

- Neighbourhood Development Partnership Grant (NDPG) Funding: (1 July 2015 to 30 June 2016): Gazette Allocation: R13 400 000.00.

  - Upgrade and Improvement of the Sundumbili_Mandeni CBD Project (ward 7): Phase 2: Re-alignment of Thokoza Road and Upgrade of P415.

- Municipal Funding:

  - Rehabilitate 2km of urban roads under the Urban Road Rehabilitation Programme Phase 3 Project (wards 7; 15): (IDP Reference No. TSID07).
  - Construction of the Reception and Council Chambers (ward 3): (IDP Reference No. TSID47).
  - Construction of the security fencing and guard-house at the main municipal offices (ward 3): (IDP Reference No. TSID48).
  - Upgrade and refurbishment of 4km of existing 11 KV overhead electricity distribution networks in municipal licensed area (ward 3): (IDP Reference No. TSID06).
  - Installation of 85 Streetlights in various wards in Mandeni.
  - Maintain a functional Infrastructure Development Programme Steering Committee (IDProgSC): (IDP Reference No. TSID34).

- Department of Energy: Integrated National Electrification Programme (INEP) Funding plus top-up funding from KZNCOGTA: R10 000 000.

- 819 HH to be provided with electrification infrastructure (dry connections) (471 – Makhwanini Electrification Project and 348 – Nyathini Electrification Project): (IDP Reference No. TSID04 &TSID05).

➢ Department of Cooperative Governance and Traditional Affairs Massification Funding: R 8 000 000.

- 352 HH to be provided with electrification infrastructure in the ward 6 Evutha area (dry connections): (IDP Reference No. TSID03).

➢ Neighbourhood Development Partnership Grant (NDPG) Funding: (1 July 2016 to 30 June 2017): Gazette Allocation: R13 400 000.00.

Upgrade and Improvement of the Sundumbili/Mandeni CBD:

Upgrade and Improvement of the Sundumbili Mandeni CBD Project (ward 7): Phase 2: Realignment of Thokoza Road.

The duration of the construction programme is 18 months. As a result of the delays relating to the social issues recorded to date the contractor is behind programme. The total percentage of work completed is 77%, based on the latest certificate.

National Treasury, for the 2016/2017 financial year, has now gazetted funds for the NDPG for the Mandeni Municipality. The expenditure to date is R8 568 571.78 which translates to 63.94% of the annual allocation of R13 400 000.00.

Until the question of land acquisition from the school, the church and the other homeowners between the school and P415 extension are resolved; progress will continue to fall short of the planned program.

A mutual decision by the municipality and the contractor was made to terminate this contract due to issues relating to the non-availability of areas of the site. Certain elements of the works was still able to be constructed, namely, the completion of the Link Road, the construction of P415 from chainage 0.350 to chainage 0.410, the erection of handrails to completed sections of the brick retaining walls and road-marking and signage. Included also is the concrete access road to the Engen Garage.

The contractor is still busy with the above and it will be completed by the middle of July, 2017.

Handrails erected in the vicinity of the P415 informal traders have been broken down presumably by the traders, and the Municipality's Social Facilitators have been requested to resolve this problem with the affected people.

- Municipal Funding:

  - Rehabilitate 2kms of urban roads under the Urban Road Rehabilitation Programme Phase 3 Project (wards 7; 15): (IDP Reference No. TSID07).

    Premier Attraction JV Jamjo Civils is progressing on site. The Contractor has completed premix in both ward 7 & 15. The overall progress on site is 99%.

    Local sub-contractors were engaged on the kerb laying and V- drain repairs in both wards (2 contractors per ward).

    This project was due for completion on the 17th September 2016 and the contractor is incurring penalties. The project achieved Practical Completion in March 2017 and a final walkabout will take place on the week ending 21st July 2017.

  - Construction of the Reception and Council Chambers (ward 3): (IDP Reference No. TSID47).

    The Contractor is experiencing delays on the project due to the HVAC sub-contractor not working on site. This is due to payment delays which has a negative effect on the work programme.

    The estimated completion date is 17th August 2017.

    The project is currently being micro-managed to ensure it is completed by the anticipated completion date.

  - Construction of the Security Fencing and Guard-house at the Main Municipal Offices (ward 3): (IDP Reference No. TSID48).

    This project was re-advertised on the 22nd February 2017, closed on the 10th March 2017 and is currently under SCM processes.

  - Upgrade and refurbishment of 4km of existing 11 KV overhead electricity distribution networks in municipal licensed area (ward 3): (IDP Reference No. TSID06).

Overall project progress is currently at 99% with the pole labelling outstanding. The project has achieved practical completion in March 2017.

- Installation of 85 Streetlights in various wards in Mandeni.
  (IDP Reference No.)

  Due to there being 18 wards, the project entailed 90 streetlights being installed. The project has achieved practical completion in March 2017.

- Maintain a functional Infrastructure Development Programme Steering Committee (IDProgSC): (IDP Reference No. TSID34).
-

  The first meeting for this financial year took place on Friday, 31st March 2017.

➢ Department of Energy: Integrated National Electrification Programme (INEP) Funding plus top-up funding from KZNCOGTA: R10 000 000.

The 471 new connections will be focused in ward 9, Makhwanini area.

The project is 99% complete with 471 dry connections complete and 468 connections successfully energised. Three households have faulty meter key pads which were sent back to Eskom, presently awaiting replacements.

There was an additional 21 connections within the project boundary for which Eskom has given permission for the contractor to purchase the outstanding meters and bases. These are now awaiting Eskom for encoding.

The initial scope of works is complete, however, the anticipated completion date to energise the additional 21 customers is July 2017.

Nyathini Electrification

The planned number of households to be electrified is 348 connections.

The project went on tender on the 25th November 2016, closed on the 09th December 2016. The tender validity was been extended to the 09th May 2017.

The tender was awarded on the 10th April 2017, the CLO appointed and construction has commenced. Site establishment is complete and excavation and planting of poles is in progress. Thirty (30) dry connections have been achieved to date. Construction is at 35% complete with current sie activities including excavation, pole planting and conductor stringing.

Khenana Electrification

The planned number of households to be electrified is 143 connections.

The project went on tender on the 29th May 2017. The briefing meeting took place on the 14th June 2017 and the tender closed on the 23rd June 2017. The consultant is currently busy with tender evaluation.

Ifalethu Mangeza Electrification

The planned number of households to be electrified is 159 connections.

The project went on tender on the 29th May 2017. The briefing meeting took place on the 14th June 2017 and the tender closed on the 23rd June 2017. The consultant is currently busy with tender evaluation.

- Department of Cooperative Governance and Traditional Affairs Massification Funding : R 8 000 000

The Evutha Electrification project is an estimated 352 HH connections in Ward 6

The project is at 95% complete.

The contractor has completed 352 dry connections and off this, 167 have been successfully energised with the balance of 185 dry connections awaiting to be energised.

APPENDIX G

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

A] SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

The service that we provide as a municipality is **waste collection**

- ✓ Here we have a routinely weekly plan , that accommodates all these entities , which is consistently delivered accordingly
- ✓ We even provide wheelie bins for these entities

Hence we do not have backlogs here!!!!

B] THE Q SECTION – BACKLOGS BY OTHER DEPARTMENTS

Mandeni has the following clinics

- Ndulinde
- Isithebe
- Sundumbli
- Hlomendlini
- Mandeni, and
- Ohwebede

All these are serviced by Eskom for electricity, and Ilembe District

Pertaining to schools, Mandeni has two **circuits, namely Gingindlovu Circuit and Gingindlovu Circuit, and part of Phambela Circuit (in ward 3 & 4)**

About 18 of the rural schools do have access to water , and these schools are situated in ward 06 , ward 1, 2,8, 5 & 9.

APPENDIX H

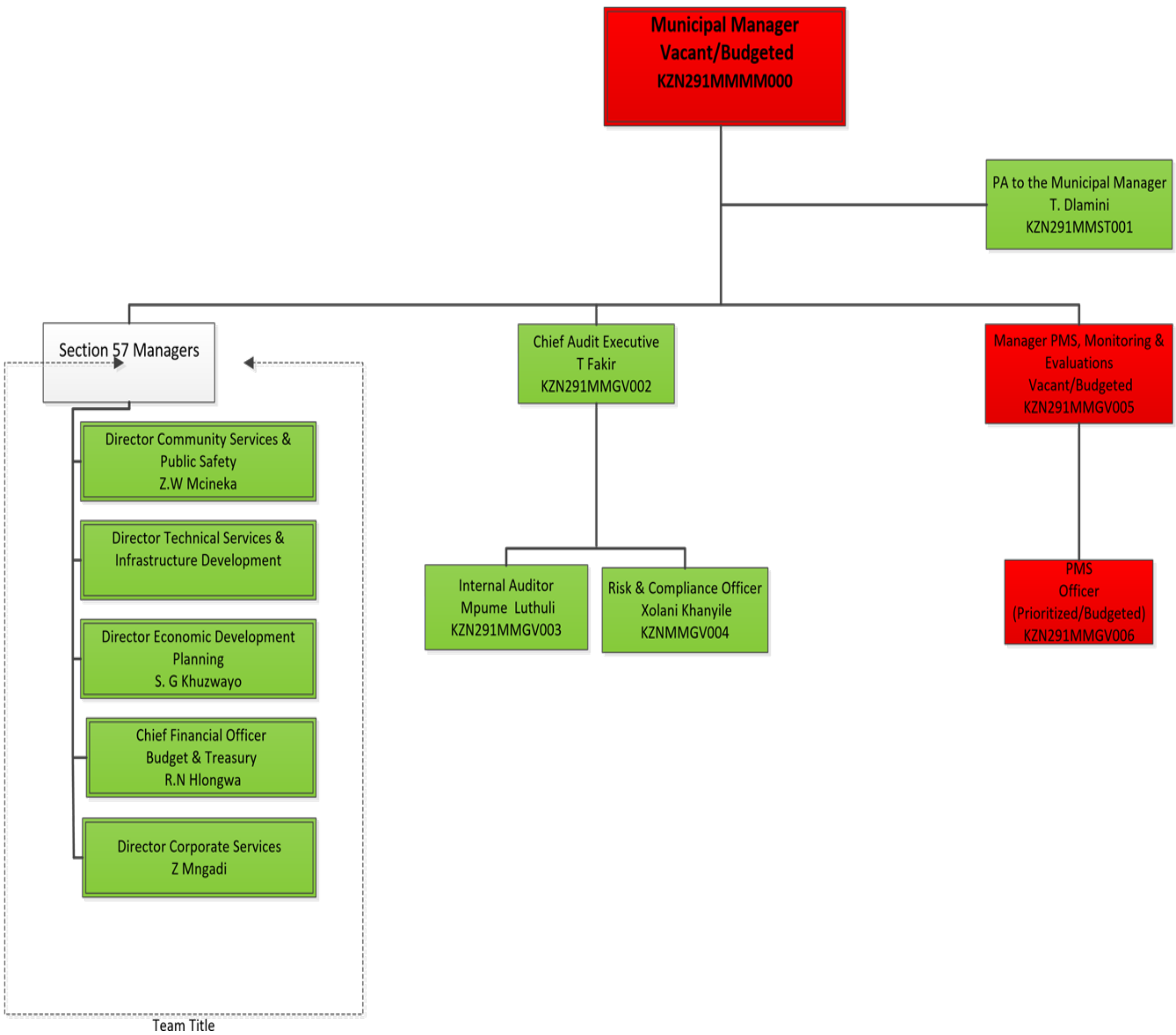
THIRD TIER ADMINISTRATIVE STRUCTURE

MANDENI
MUNICIPALITY

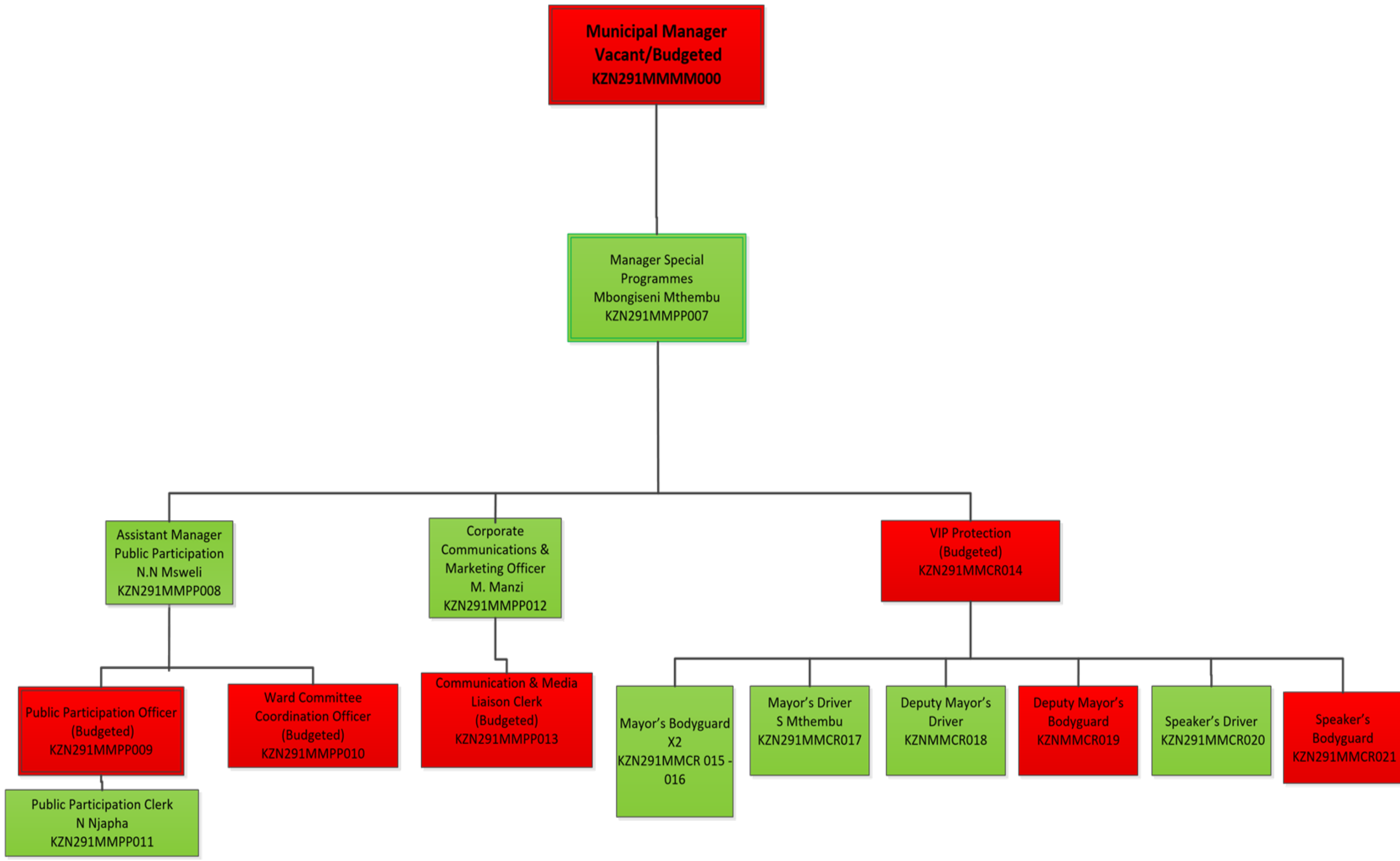
P.O.BOX 144

MANDENI
4490

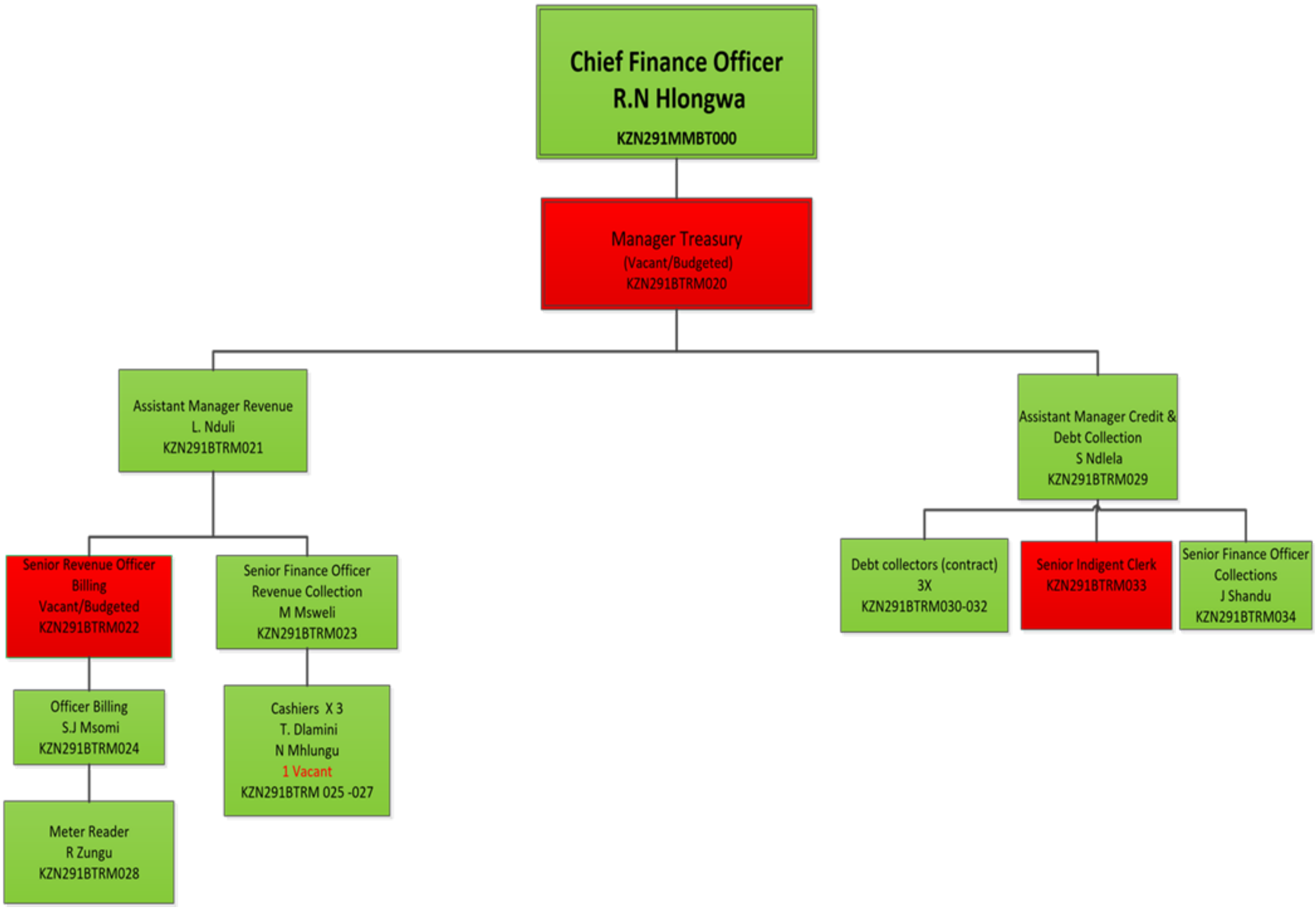
TELEPHONE : 032-4568200 FAX : 032-4562567 WEBSITE: www.mandeni.gov.za



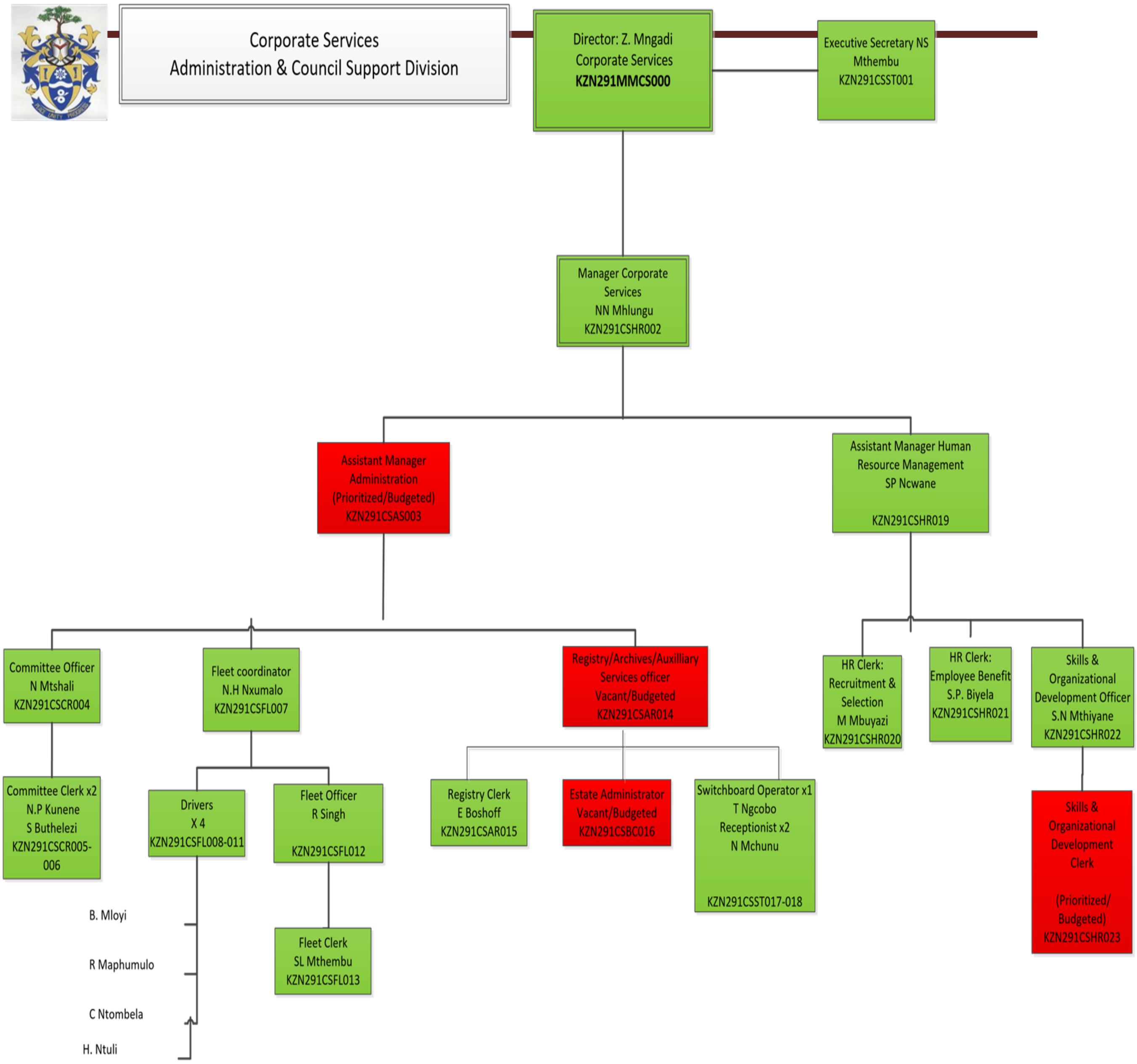
MM Office: Operations Division



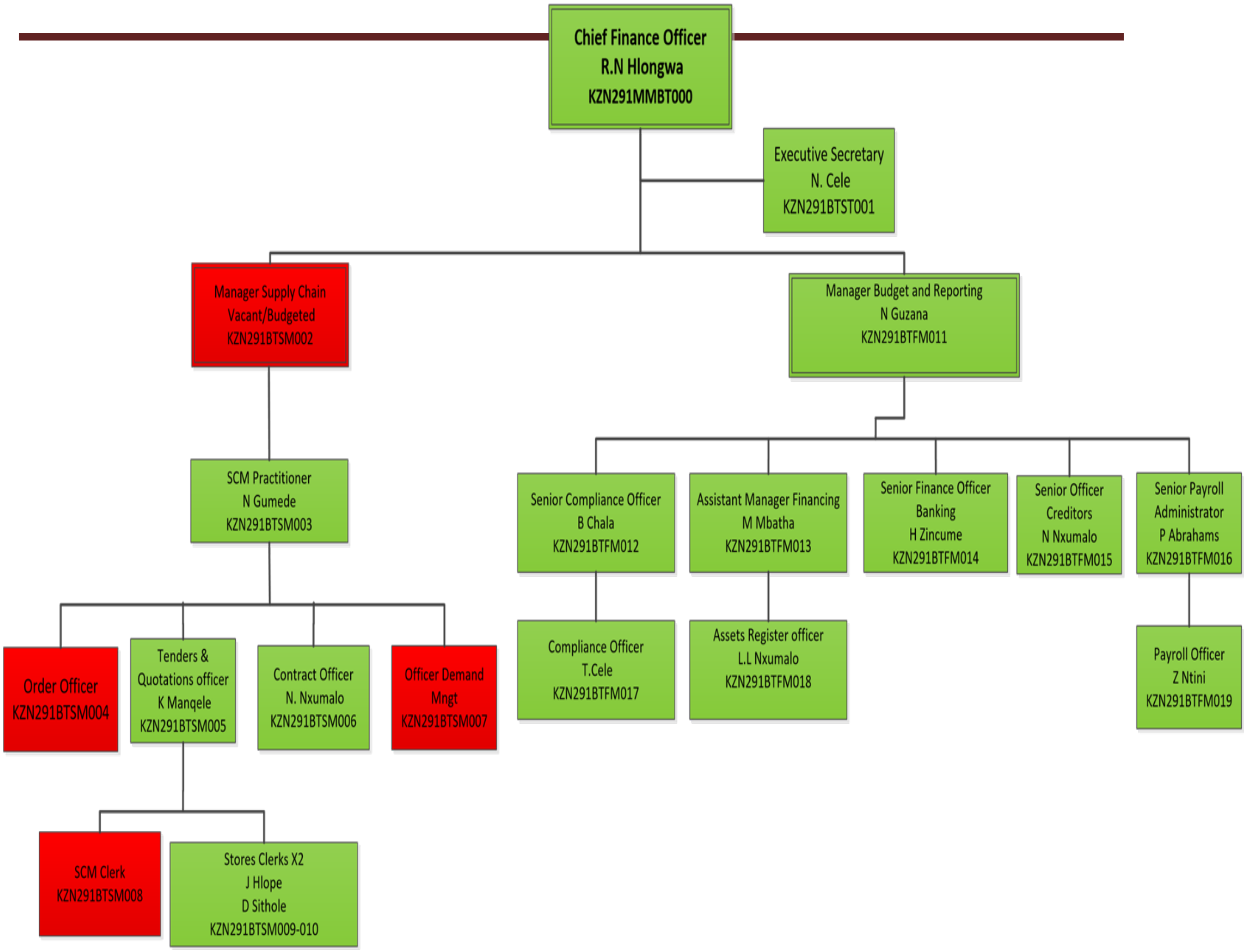
Financial services department
Treasury Division



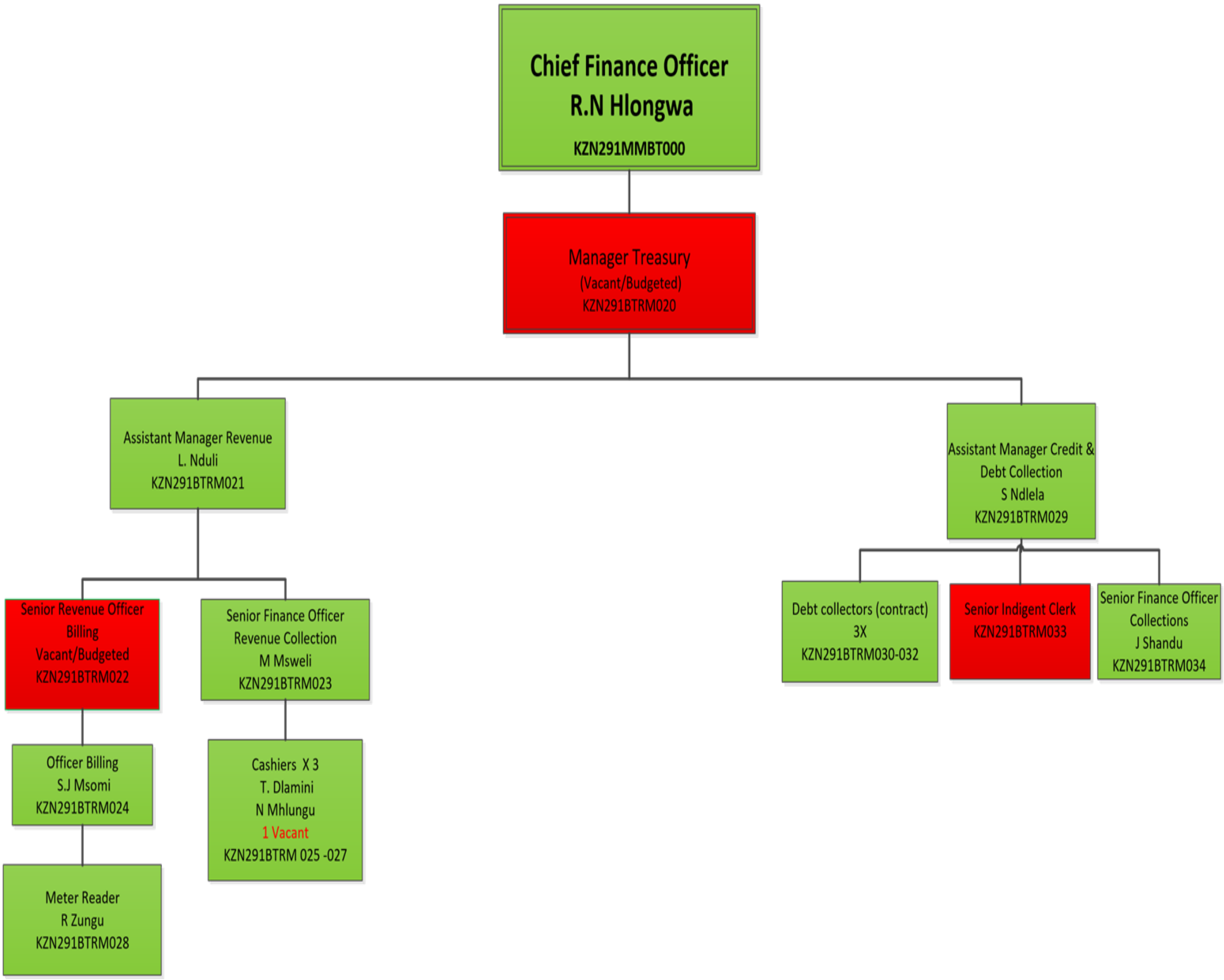
Corporate Services
Administration & Council Support Division



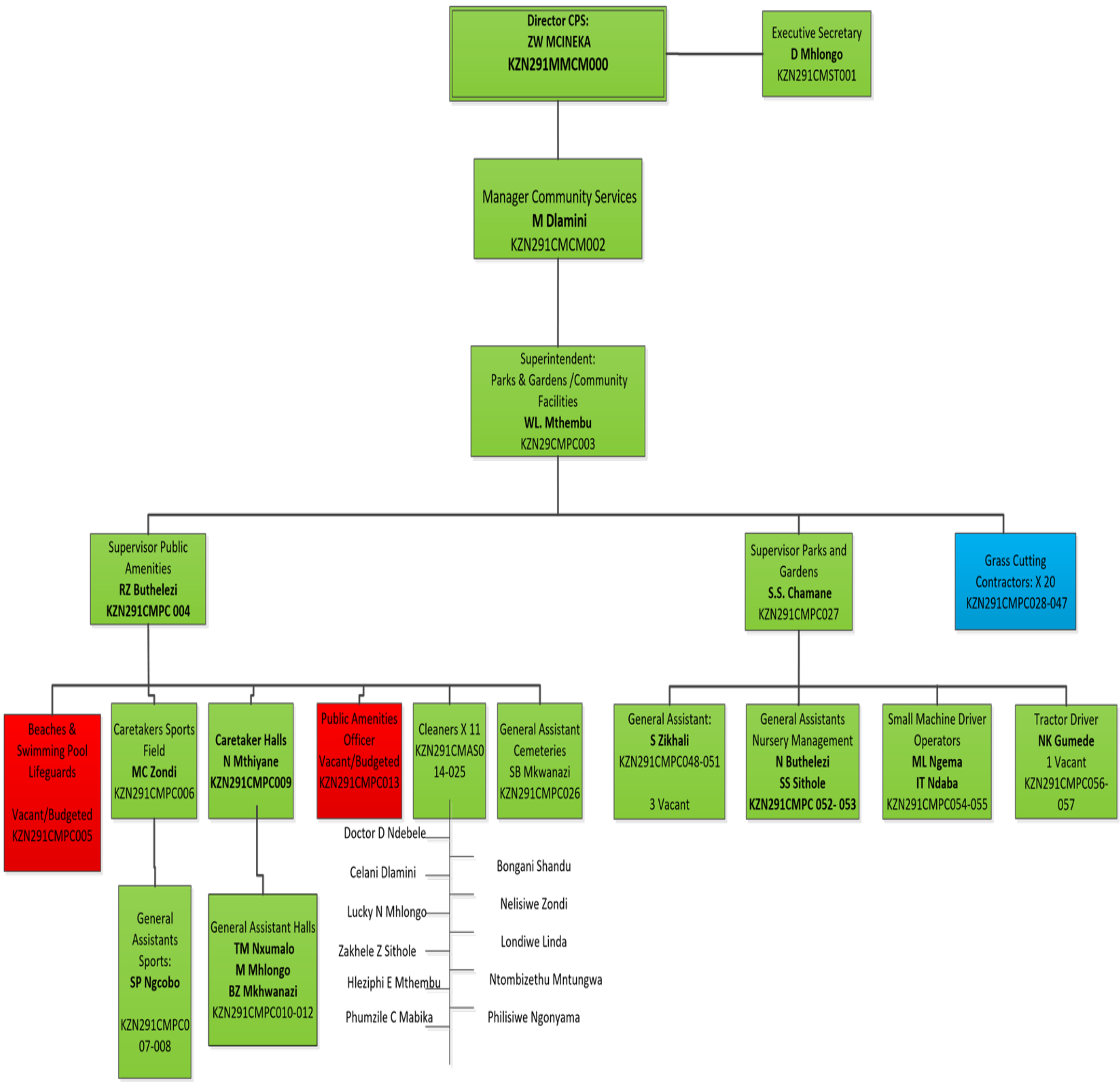
Financial Services
Supply Chain Division&
Budget and Reporting Division


Chief Finance Officer
R.N Hlongwa
KZN291MMBT000
Executive Secretary
N. Cele
KZN291BTST001
Manager Supply Chain
Vacant/Budgeted
KZN291BTSM002
Manager Budget and Reporting
N Guzana
KZN291BTFM011
SCM Practitioner
N Gumede
KZN291BTSM003
Senior Compliance Officer
B Chala
KZN291BTFM012
Assistant Manager Financing
M Mbatha
KZN291BTFM013
Senior Finance Officer
Banking
H Zincume
KZN291BTFM014
Senior Officer
Creditors
N Nxumalo
KZN291BTFM015
Senior Payroll
Administrator
P Abrahams
KZN291BTFM016
Order Officer
KZN291BTSM004
Tenders &
Quotations officer
K Manqele
KZN291BTSM005
Contract Officer
N. Nxumalo
KZN291BTSM006
Officer Demand
Mngt
KZN291BTSM007
Compliance Officer
T.Cele
KZN291BTFM017
Assets Register officer
L.L Nxumalo
KZN291BTFM018
Payroll Officer
Z Ntini
KZN291BTFM019
SCM Clerk
KZN291BTSM008
Stores Clerks X2
J Hlope
D Sithole
KZN291BTSM009-010

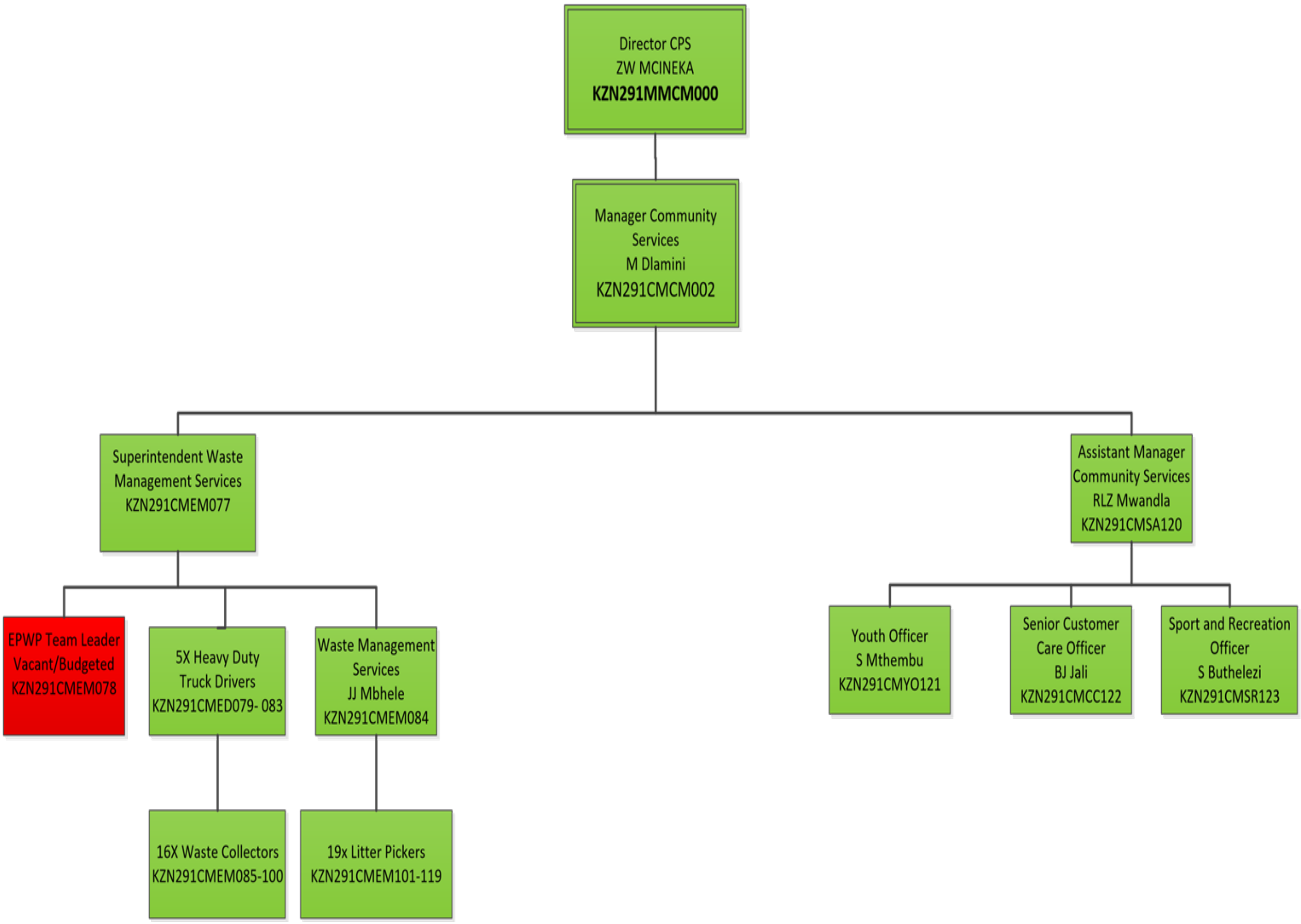
Financial services department
Treasury Division



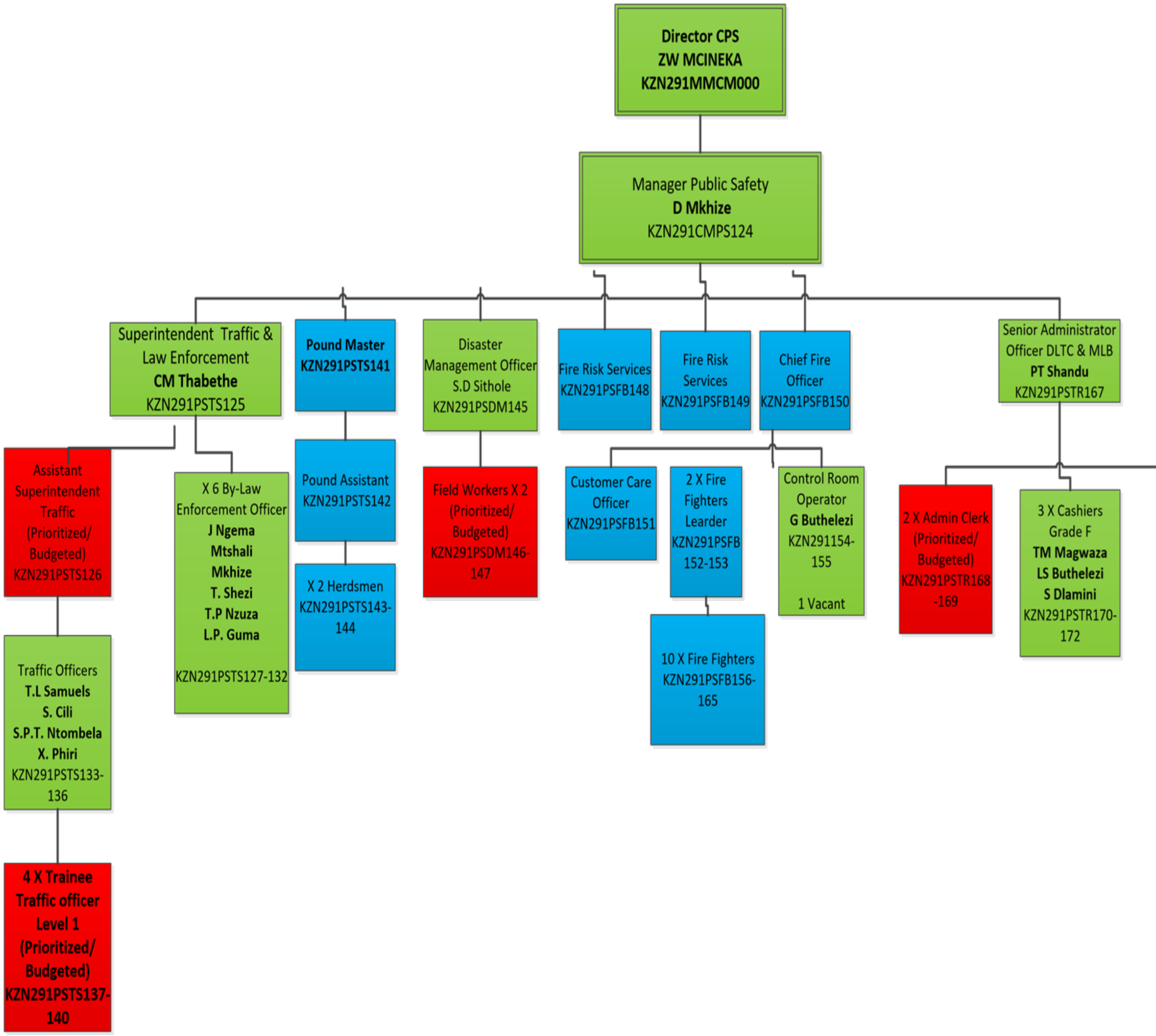
Community Services & Public Safety Department
Community Safety Division



Community Services & Public Safety Department
Community Safety Division

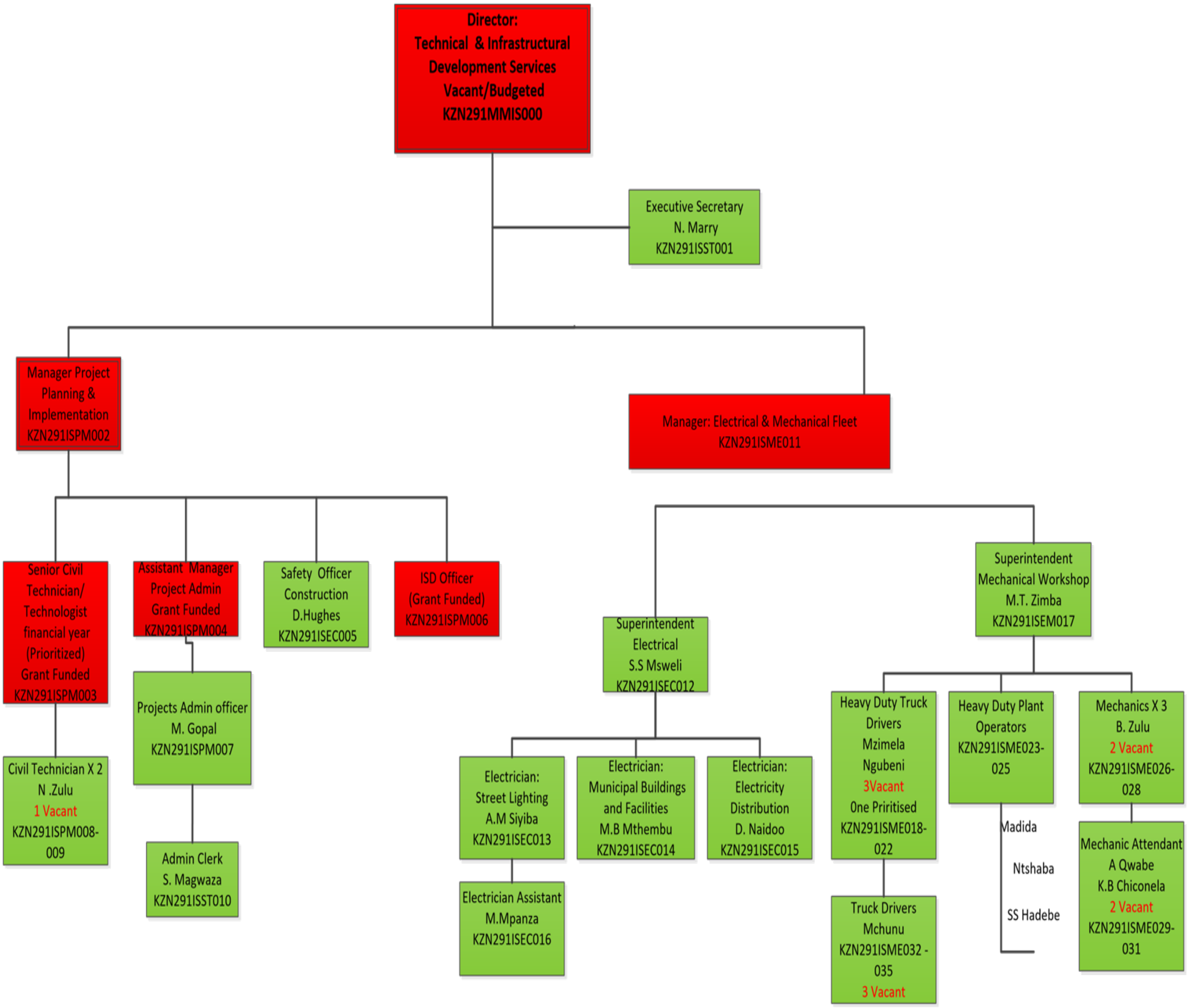


Community Services
Public Safety Division

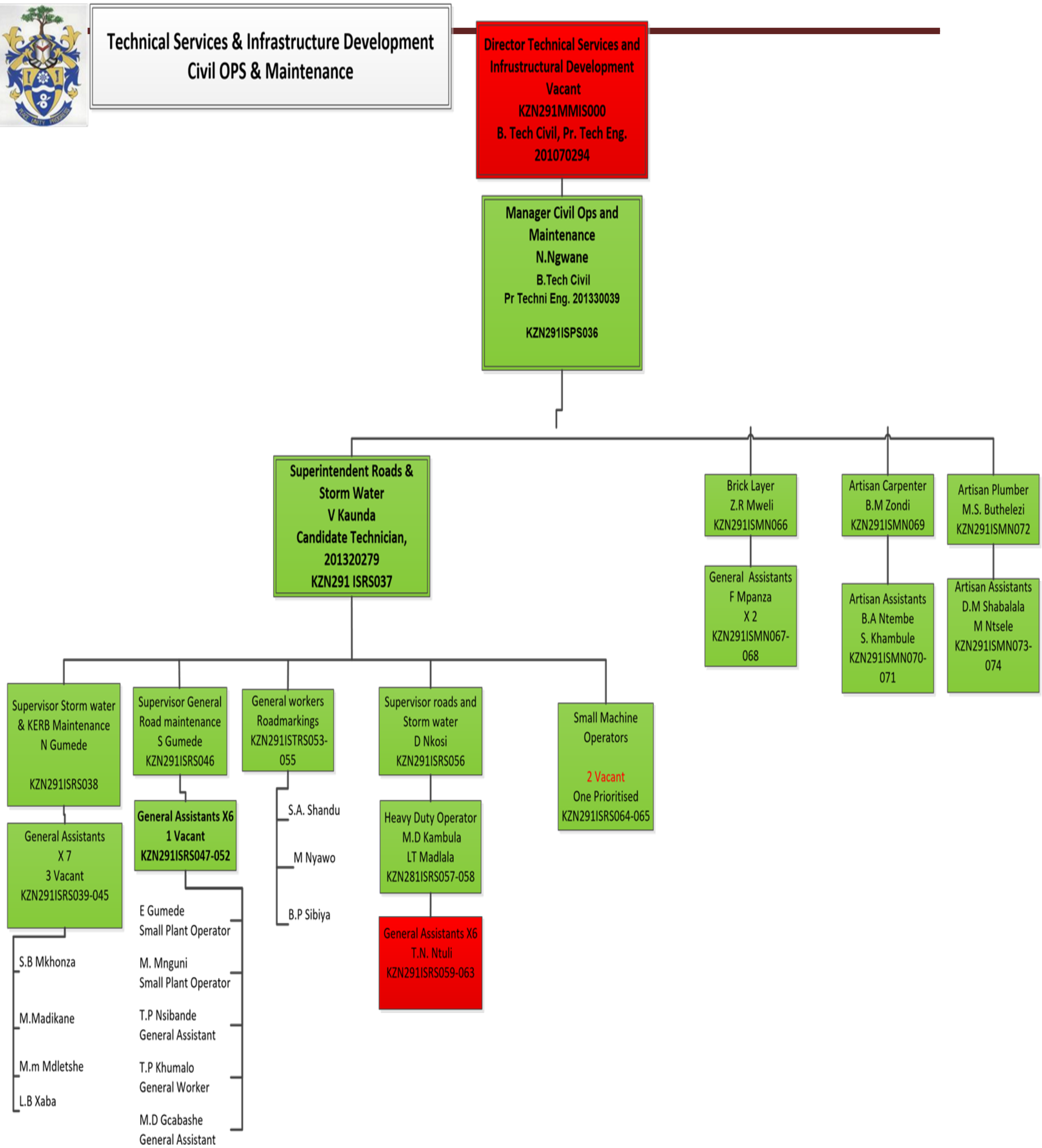


Technical Services & Infrastructural Development

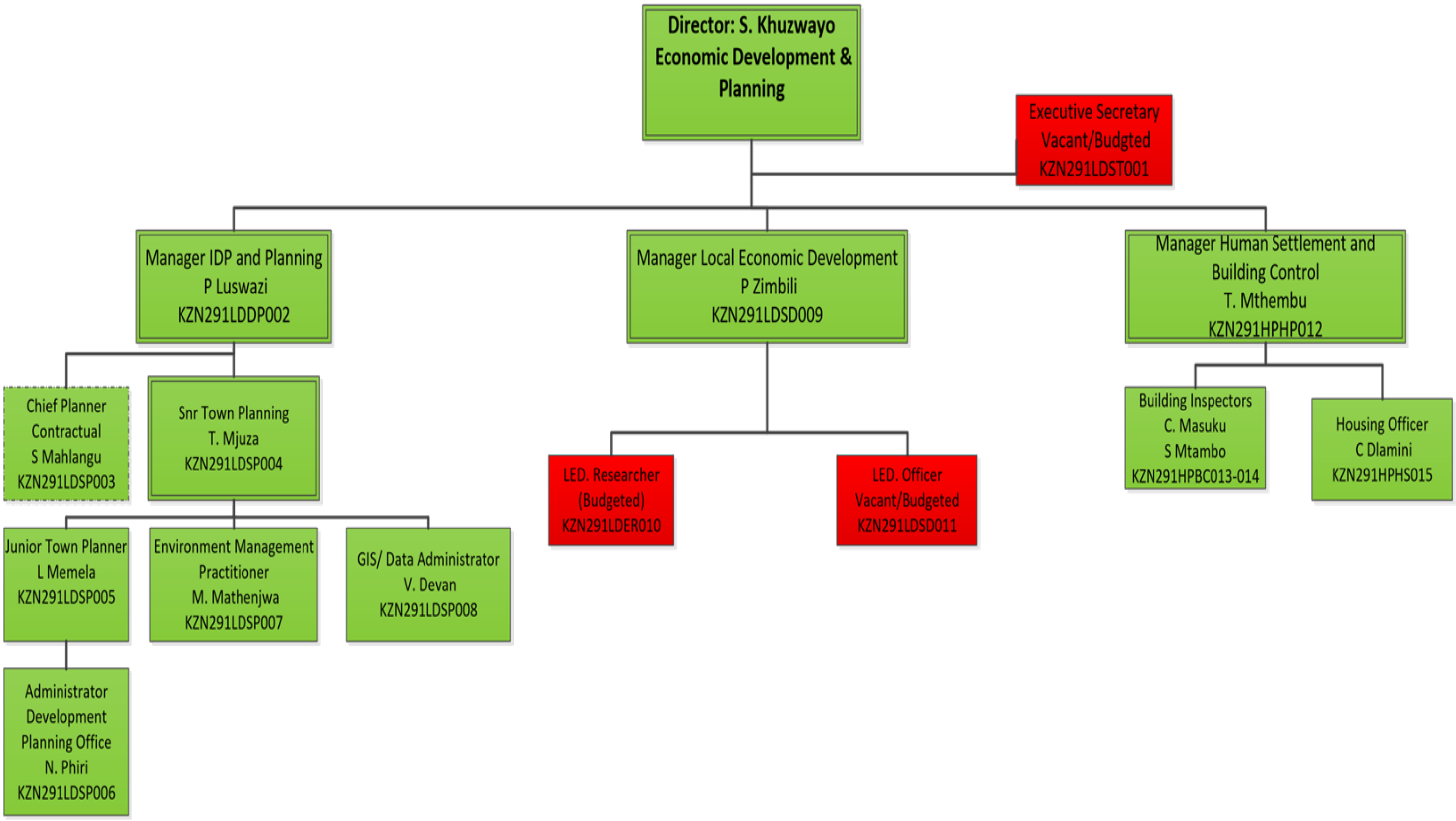
PMU Division & Electrical and Mechanical Division



Technical Services & Infrastructure Development
Civil OPS & Maintenance



Local Economic Development & Planning



APPENDIX I

Mandeni Municipality Powers and Functions

In terms of Section 156 of the Constitution of the Republic of South Africa, 1996, a municipality has executive authority in respect of, and has the right to administer:

- The local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
- Any other matters assigned to it by national or provincial legislation.

In addition, national and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 to the Constitution which necessarily related to local government, if:

- That matter would most effectively be administered locally; and
- The municipality has the capacity to administer it. (Section 156(4), Constitution)

Section 83 read with section 84(1) and (2) of the Municipal Structures Act 117 of 1998 (Structures Act) divides up the functions listed in Schedule 4B and 5B of the Constitution between local municipalities and district municipalities.

The Minister, in terms of section 84(3) of the Structures Act, and the MEC, in terms of section 85(1) of the Structures Act may make adjustments to the functions and powers of local and district municipalities by way of notice in the Government Gazette and Provincial Gazette respectively.

National Legislation may also assign certain duties and responsibilities relating to national or provincial government powers and functions.

In addition to the above, a district municipality is obligated in terms of section 83 (3) to seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by –

- Ensuring integrated development planning for the district as a whole;
- Promoting bulk infrastructure development and services for the district as a whole;
- Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
- Promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

APPENDIX J

- LONG TERM CONTRACT AND PUBLIC PRIVATE PARTNERSHIPS

Unspent conditional grants and receipts comprises of:

EPWP grant	R 110 522.00
Library KZNPA grant	R 911 445.00
Sport & recreation grant	R 60 211.00
NDP grant	R 4 831 428.00
INEP grant	R 2 549 320.00
	R 8 462 926.00

Roll overs for the following Unspent grants were approved after the 30 June 2017 and were included in the Adjustment Budget for 2017/18

INEP (Electrification Grant)	R 2 549 000.00
EPWP	R 92 522.00
Library grant	R 911 445.00
Total	**R 3 552 967.00**

Contracts longer than 12 months:

Future finance charges:	
In second to fifth year inclusive	824 158
Lease payments due:	
In second to fifth year inclusive	3 377 797
Total	**4 201 955**

APPENDIX K

:RECOMMENDATION OF THE AUDIT COMMITTEE 2016/2017

File Reference:	Author: Mrs. Charmaine Jugnarayan
Report Number:	Designation: Chairperson of the Audit Committee
CONFIDENTIAL	The Honourable Speaker
FOR CONSIDERATION	MANDENI MUNICIPAL COUNCIL (30/06/2017)

SUBJECT: AUDIT COMMITTEE REPORT FOR THE 2016/17 FINANCIAL YEAR

DATE: 24 AUGUST 2017

1. INTRODUCTION

The Audit Committee of the Mandeni Local Municipality has pleasure in submitting its report to the Council for the above period for consideration.

2. PURPOSE

The purpose of this report is to apprise Mandeni Municipal Council of the outcome of the work done by the Audit Committee during the 2016/17 Financial Period.

3. LEGISLATIVE PROVISIONS

3.1 In terms of Section 165 of the Municipal Finance Management Act, Act 56 of 2003 ("the MFMA"), Internal Audit Unit is directly accountable functionally to the Audit Committee. This accountability applies despite the administrative location of the Internal Audit Unit which is under the Office of the Municipal Manager.

3.2 Internal Audit Unit is responsible to the Accounting Officer to ensure that it gives assurance as to the effectiveness and efficiency of the systems of internal controls, governance and risk management at Mandeni Municipality. This should not, however, be construed as channelling the Internal Audit's direct responsibility to the Accounting Officer as this function reports to the Audit Committee as laid out in International Standards for the Professional Practice of Internal Audit (ISPPIA) issued by the Institute of Internal Auditors of South Africa (IIA).

3.3 ISPPIA requires that matters which arise in the course of the internal audit activities are confidential and primary discussion is restricted to management and Accounting Officer. Discussion with management is necessary when the draft audit report has been prepared for management comments and action plan developed for consideration by the Audit Committee, Executive Committee and Council. This is an essential feature of the good relationship between the internal auditors, management and Council.

3.4 The report records the outcome of the work done by the Audit Committee. The committee from time to time made recommendations as preventative or corrective measures to the weaknesses identified by Internal Audit Unit in the municipality based on reports and information, financial reports in terms of Section 52, 66, 71 and 72 of the MFMA supplied to the Audit Committee.

3.5 The recommendations or advice in this report have been made based on certain information at a point in time and supplied to the Audit Committee and are subject to change after due consideration of new information received as well as subsequent deliberation with the municipality.

4. MEMBERS

The Audit Committee consist of the members listed hereunder and meets as a minimum, four times a year as per the approved Audit Committee Charter. The composition of the committee is minimum of three members as per section 166 (4)(a) of the MFMA.

The Audit Committee had continued with its 2 existing members for the first half of 2016. A third member, Ms. S Rajah, has been appointed and joined the Audit Committee from February 2017.

Name of Member	Number of Meetings Attended
Mrs. C Jugnarayan (Chairperson)	4
Mr. S Nkosana	4
Ms. S Rajah	1

Overview of Activities

The Committee held 4 meetings during the period under review on the following dates:

25 August 2016;

07 December 2016;

29 March 2017; and

28 June 2017

5. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Audit Committees' work was guided and regulated by an Audit Committee Charter and has discharged all its responsibility as contained therein.

5.1 Institutionalisation of Internal Audit Function

Internal Audit Unit and Audit Committee operate within the mandate of the approved charters adopted by the Audit Committee and Council respectively.

5.2 Internal Audit Function

(a) The work of the Internal Audit Activity is regulated by Section 165 MFMA, ISPPIA & Internal Audit Charter.

(b) In terms of S165 (1) each Municipality is required to have an internal audit, S165 (3) allows the municipality to co-source the internal audit function if the Municipality requires assistance to develop its internal capacity. The internal audit services were co-sourced from KPMG and Ngubane and Company, the firm of Chartered Accountants and Auditors during the period under review. The Internal Audit Unit operates on the annual audit coverage plan which was approved by the Audit Committee at the beginning of the 2015/16 financial year.

(c) Internal audit reports were presented and discussed with management before they were tabled at the Audit Committee meetings. Issues that were raised were, deliberated upon and recommendations made to Council including the findings raised by the Auditor-General in their audit report for 2015/16 financial year.

(d) The following progress against the internal audit plan for 2016/17 was reported in the December 2016 meeting: The period of audit coverage was 1 July 2016 to 30 November 2016

No.	Audit Area	Status
1	Payroll	Completed & reported in visit 17 report to Audit Committee
2	Protection Services	Completed & reported in visit 1 report to Audit Committee
3	Debt Management	Completed & reported in visit 1 report to Audit Committee
4	Risk Management	Completed and reported in risk management report
5	Revenue	Completed & reported in visit 1 report to Audit Committee
6	Internal Controls	Completed and reported in Auditor

No.	Audit Area	Status
7	Performance Management System	Completed and reported in the PMS Report
8	Audit of Performance Information	Completed and reported in the PMS Report
9	Follow up on previous internal audit reports and AG reports	Completed & reported in visit 1 report to Audit Committee

(e) The following progress against the internal audit plan for 2016/17 was reported in the March & June 2017 meetings: The period of audit coverage was 1 July 2016 to 30 December 2016

No.	Audit Area	Status
1	Fixed asset management	Completed & reported in visit 2 report to Audit Committee
2	Supply chain management	Completed & reported in visit 2 report to Audit Committee
3	Housing rentals	Completed & reported in visit 2 report to Audit Committee
4	Annual report review	Completed & reported in visit 2 report to Audit Committee
5	Visit 1 Follow up	Completed & reported
6	Long term contracts	Completed & reported in visit 3 report to Audit Committee
7	Loss control	Completed & reported in visit 3 report to Audit Committee
8	Project assurance	Completed & reported in visit 3 report to Audit Committee
9	PMS Q2 & Q3	Completed & reported
10	Visit 2 follow up	Completed & reported
11	Visit 1 second follow up in Visit 3	Completed & reported
12	AG Compliance: dashboard & AG action plan	Completed & reported
13	MSCOA Register Q2 & Q3	Completed & reported
15	Risk management Q2 & Q3	Completed & reported

(f) The Audit Committee continues to monitor the progress against the implementation of the annual audit plan.

5.3 System of Internal Control

5.3.1 The system of internal controls are designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are effectively and efficiently managed.

5.3.2 The Visit 1: December 2016 report highlighted the following summary of findings:

Audit Area	Finding Risk rating: High	Finding Risk rating: Medium	Finding Risk rating: Low	Total audit findings
Payroll	03	1	-	04
Protection services	10	2	-	12
Debt management	04	3	-	07
Revenue management	02	2	-	04
Total	**19**	**8**	**-**	**27**

Of concern to the Audit Committee is the significant number of findings relating to the protection services, as well as the fact that 83% of the total findings are rated high and require immediate attention. Management is required to implement appropriate systems of internal controls and/or corrective action to address the identified weaknesses and possible irregularities. Although there are controls in place, the existing systems and procedures require enhancement and continued monitoring.

5.3.3 The Visit 2 report highlighted the following summary of findings:

Audit Area	Finding Risk rating: High	Finding Risk rating: Medium	Finding Risk rating: Low	Total audit findings
Supply chain mgt.	11	0	0	11
Fixed asset mgt.	3	5	0	8
Municipal housing	2	3	0	5
Annual report	2	0	0	2
Total	**18**	**8**	**0**	**26**

Of concern to the Audit Committee is the significant number of findings relating to the supply chain process, as well as the fact that 100% of the total findings are rated high and require immediate attention. Management is required to implement appropriate systems of internal controls and/or corrective action to address the identified weaknesses and possible irregularities. Although there are controls in place, the existing systems and procedures require enhancement and continued monitoring.

5.3.4 The Visit 3 report highlighted the following summary of findings:

Audit Area	Finding Risk rating: High	Finding Risk rating: Medium	Finding Risk rating: Low	Total audit findings

Project assurance	4	0	0	4
Loss control	2	3	0	5
Long term contracts	2	3	0	5
Risk management	2	0	0	1
Financial control	1	0	0	1
Total	**11**	**6**	**0**	**17**

Of concern to the Audit Committee is the significant number of high risk findings in project assurance, as well as the fact that 65% of the total findings are rated high and require immediate attention. Management is required to implement appropriate systems of internal controls and/or corrective action to address the identified weaknesses and possible irregularities. Although there are controls in place, the existing systems and procedures require enhancement and continued monitoring.

5.3.5 To further enhance the processes in place, the Internal Audit Unit conducts follows up audits on previously reported internal audit findings and reports progress to senior management and the Audit Committee.

The second follow-up audit of Visit 1 conducted by Internal Audit during their visit in quarter 3 highlighted the following:

Audit Area	Finding Risk rating: High		Finding Risk rating: Medium		Finding Risk rating: Low		Total audit findings	
	C	NC	C	NC	C	NC	C	NC
Protection services	5	3 5	1 1	1	-	-	1 6	3 6
Debt management	3	1	2	1	-	-	5	2
Revenue management	-	2	-	2	-	-	0	4
Total	**8**	**11**	**4**	**4**	**-**	**-**	**12**	**15**

C – Cleared

NC – Not cleared/in progress

The follow-up audit of Visit 2 conducted by Internal Audit during their visit in quarter 3 highlighted the following:

Audit Area	Finding Risk rating: High		Finding Risk rating: Medium		Finding Risk rating: Low		Total audit findings	
	C	NC	C	NC	C	NC	C	NC
Supply chain	7	4		-			7	4
Municipal housing	1	1	2	1	-	-	3	2

Fixed asset	2	1	4	1	-	-	6	2
Annual report	2	-	-	-	-	-	2	-
Total	**12**	**6**	**6**	**2**	**-**	**-**	**18**	**8**

C – Cleared
NC – Not cleared/in progress

The Audit Committee expresses concern on the significant number of not yet cleared findings relating to the payroll, protection services and supply chain management.. Also of concern was that the management is failing to adhere to the agreed timeframes for implementation of remedial action. Management will need to implement immediate action to address the high risk findings not yet cleared.

5.3.6 The Audit Committee recommends that the internal audit reports include the overall internal audit conclusions on the rating of the effectiveness of internal controls and indicate whether the control framework is operating as designed.

5.4 Performance management

The Audit Committee also serves as the performance Audit Committee for Mandeni Local Municipality. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001 (Section 14) (Regulations).

The quarter 3 PMS assessment report was considered. The report also noted that although the achievement is favourable, there are areas that need attention and severe corrective measures be implemented to achieve set targets. This is in line with the findings of Internal Audit.

The Audit Committee noted the internal audit report on the performance management system for the first, second and third quarters. The overall conclusion on the report was rated unsatisfactory in quarter 3, indicating that there is room for improvement in the critical processes in respect of adequacy and efficiency. Areas of concern continue to be the provision of complete and accurate information in the portfolio of evidence and targets not achieved.

The Audit Committee reviewed the annual performance information report and internal audit report at the Audit Committee meeting held on 24 August 2017. The

Audit Committee is pleased to note that management have considered and implemented recommendations of the Audit Committee.

The Municipality achieved an average of 65% overall success rate on performance. The final success rate will be calculated once the annual performance report has been finalised. The report also noted that although the achievement is favourable, there are areas that need attention and corrective measures be implemented to achieve set targets. This is in line with the findings of Internal Audit.

5.5 External Audit by Auditor-General

5.5.1 The Audit Committee has reviewed the External Audit scope to ensure the critical areas within the Municipality are being addressed. In addition, the committee considered the audit strategy. The audit engagement letter will be tabled to management in September 2017 for signature.

5.5.2 Based on processes followed and assurances received from the Auditor-General, nothing has come to the committee's attention with regard to any matter concerning the independence of External Auditors.

5.5.3 The dashboard report for all four quarters compiled by Auditor-General was followed-up by Internal Audit and reports presented to the Committee and progress thereof noted for quarter 3 of 2016/17 financial year. The dashboard report for Quarter 4 will form part of the report to management on the external audit. It should be noted that the Action Plan and Dashboard report was tabled to the Political and Administrative Leadership by the Auditor General and in summary there is general improvement in areas such as compliance and reporting.

5.6 Review of financial statements and accounting policies

The Audit Committee, during its review of the financial statements for the year ended 30 June 2017, considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices (GRAP).

The Audit Committee is satisfied that they comply in all material respects with the relevant provisions of the Municipal Finance Management Act and GRAP and, pending certain adjustments be made has approved the annual financial statements for submission to the Auditor-General.

A summary report on MSCOA was noted highlighting that the Municipality is on target for implementation. The MSCOA risk register was noted.

5.7 Risk Management

As part of the internal audit plan, Internal Audit presented their report on the work done to review the risk management process, as reported above.

Risk workshops were held in-house on June 2017 to update the risk register. The risk register was complied by the risk officer with support from internal audit. The risk register was used in the compilation of the internal audit plan.

It should also be noted that improvements in risk management include:

- The formal structuring and sitting of the risk committee
- The appointment of the risk committee chairperson
- The tabling of risk committee minutes for the Audit Committee

5.8 Information and Communication Technology

IT Governance Framework and Strategy is an engine of any organisation and should be developed and implemented urgently. The Director Corporate Services and the ICT manager have been actively addressing the concerns raised by the AG.

5.9 Overall Positive Improvement

The Audit Committee was pleased with the improvements but was of the view that there more room for further improvements as effort was still required in a number of areas as highlighted in this report where there was slow progress in clearing issues raised by Internal Audit Unit.

5.10 Recommendations

(a) Council should ensure that there is support for the internal audit function;.

(b) Council should ensure prioritisation of risk management in terms of capacity & skills;

(c) Council should ensure that the formal risk management committee minutes are tabled to the Audit Committee on a quarterly basis;

(d) Council together with management should implement a vigorous debt collection strategy.

(e) The Council and management need to further enhance internal controls over revenue management and SCM processes;

(f) Management should interact with the external auditors for interim audits with a view to identify and address shortcomings timely.

(g) Management should ensure that accurate, reliable and complete financial and performance information is submitted quarterly for review by the Committee;

5.11 Conclusion

The Audit Committee is of the opinion that in addition to the recommendations to Council, Management is required to implement appropriate systems of internal controls and/or corrective action to address the agreed concerns as identified by both Internal Audit, the Auditor General and Senior Management. The status of implementation of corrective measures is to be reported at every meeting of the Audit Committee to enable monitoring. Overall the Audit Committee has noted a positive improvement in the functioning of the municipality and will seek to monitor the implementation of resolutions quarterly

On behalf of the Audit Committee

Mrs. Charmaine Jugnarayan

Chairperson

Mandeni Municipal Audit Committee

30 August 2017

VOLUME II

X

ANNUAL FINANCIAL STATEMENTS

Mandeni Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Service delivery
MEMBERS OF EXECUTIVE COUNCIL	
Mayor and Chairman of the Executive Committee	Cllr SB Zulu
Deputy Mayor	Cllr PM Sishi
Speaker (Ex-Officio)	Cllr MPP Zungu
Members of the Executive Committee	Cllr X Mdletshe
	Cllr R L Mdletshe
	Cllr MS Mdunge
	Cllr NF Ntuli
	Cllr M Shelembe
Other councillors	Cllr MT Cele
	Cllr N Dlamini
	Cllr EK Dube
	Cllr AM Gwala
	Cllr BA Khumalo
	Cllr ST Magwaza
	Cllr SJ Mathonsi
	Cllr SZ Mdletshe
	Cllr SR Mdletshe
	Cllr MV Mhlongo
	Cllr MC Mkhaliphi
	Cllr MM Mngadi
	Cllr N Msimang
	Cllr CL Mthembu
	Cllr BW Mthethwa
	Cllr K Naidoo
	Cllr M Ngubane
	Cllr S Nkwanyana
	Cllr N Nomvete
	Cllr NT Shandu
	Cllr TP Shandu
	Cllr NR Sibiya
	Cllr DM Sithole
	Cllr NR Tembe
	Cllr AA Zungu
	Cllr GN Zungu
	Cllr TP Zungu
Senior management	S G Khuzwayo - Acting Municipal Manager
	RN Hlongwa - Chief Financial Officer
	ZP Mngadi - Director: Corporate Services
	R Sewdular - Director: Technical Services
	ZW Mcineka - Director: Community Services and Public Safety
	SG Khuzwayo - Director: Economic Development, Planning and Human Settlement

General Information

Auditors	Auditor-General South Africa
Bankers	First National Bank
Registered office	Mandeni Municipal Office 2 Kingfisher Road MANDENI 4490
Business address	2 Kingfisher Road MANDENI 4490
Postal address	P O Box 144 MANDENI 4490
Telephone number	032 - 456 8200
Fax number	032 - 456 2504
Email address	info@mandeni.gov.za
Grading of local authority	3
Jurisdiction	Mandeni Bounday (as determined by the Demarcation Board)

Index

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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.

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 79, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in the Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance of Traditional Affairs' determination in accordance with this Act.

Accounting Officer
SG Khuzwayo

MANDENI

31 August 2017

Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated deficits of R 443,309,201 and that the municipality's total liabilities exceed its assets by R 445,253,044.

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 is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note XX of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

2. Subsequent events

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

3. Accounting policies

The following International Financial Reporting Standards were applied prior to the commencement dates in the current year:

Details to be input here...

The impact on the results of the municipality in adopting the above policies is reflected in note - to the annual financial statements.

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

4. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the year were as follows:

Changes in the policy relating to the use of non-current assets were as follows:

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Current Assets			
Cash and cash equivalents	3	2,636,075	293,111
Call and Investment deposits	4	12,520,600	27,455,775
Receivables from exchange transactions	5	8,491,116	11,268,244
Receivables from non-exchange transactions	6	26,376,638	33,738,463
Inventories	7	336,429	421,964
VAT receivable	8	11,007,469	1,791,132
		61,368,327	**74,968,689**
Non-Current Assets			
Investment property	9	46,606,200	46,606,200
Property, plant and equipment	10	395,195,846	339,609,105
Intangible assets	11	1,606,713	373,972
		443,408,759	**386,589,277**
Total Assets		**504,777,086**	**461,557,966**
Liabilities			
Current Liabilities			
Payables	12	27,134,725	15,906,407
Consumer deposits	13	863,813	1,584,676
Unspent conditional grants and receipts	15	8,462,926	11,271,332
Finance lease obligation	16	1,180,678	263,323
		37,642,142	**29,025,738**
Non-Current Liabilities			
Finance lease obligation	16	3,377,797	670,866
Employee benefit obligation	17	18,504,108	18,707,714
		21,881,905	**19,378,580**
Total Liabilities		**59,524,047**	**48,404,318**
Net Assets		**445,253,039**	**413,153,648**
Reserves			
Housing Development fund		1,943,843	1,859,195
Accumulated surplus	18	443,309,201	411,294,456
Total Net Assets		**445,253,044**	**413,153,651**

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Revenue			
Property rates	20	30,557,372	27,408,131
Property rates - penalties imposed	20	9,864,412	9,765,673
Service charges	21	21,149,513	19,524,661
Rental of facilities and equipment	22	240,754	286,023
Interest received - External investment	23	2,960,636	3,627,069
Fines	24	349,545	32,314
Licences and permits	25	1,175,284	1,122,500
Government grants & subsidies	26	181,232,406	177,132,879
Other income	27	31,934,951	11,785,473
Total revenue		**279,464,873**	**250,684,723**
Expenditure			
Employee related costs	28	(72,957,529)	(68,600,351)
Remuneration of councillors	29	(10,990,490)	(10,158,932)
Retirement benefits and long term service contributions	17	203,606	(3,440,590)
Depreciation and amortisation	30	(24,278,108)	(22,976,348)
Impairment loss/ Reversal of impairments	31	(160,370)	(5,522,112)
Lease rentals	32	(2,912,365)	(1,852,143)
Debt Impairment	33	(36,634,209)	(4,026,289)
Collection costs	34	(329,294)	(134,278)
Repairs and maintenance	35	(10,530,182)	(14,017,309)
Bulk purchases	36	(10,984,271)	(8,972,268)
Contracted services	37	(18,241,033)	(23,932,694)
Transfers and Subsidies	38	(15,695,756)	(6,823,612)
General Expenses	39	(43,940,210)	(47,251,105)
Total expenditure		**(247,450,211)**	**(217,708,031)**
Operating surplus		**32,014,662**	**32,976,692**
Inventories losses/write-downs		85	(80,024)
Surplus for the year		**32,014,747**	**32,896,668**

Statement of Changes in Net Assets

Figures in Rand	Housing operating account	Accumulated surplus	Total net assets
Balance at 01 July 2015	**1,783,989**	**378,397,788**	**380,181,777**
Changes in net assets			
Surplus for the year	-	32,896,668	32,896,668
Transfer of income surplus to trust capital	75,206	-	75,206
Total changes	75,206	32,896,668	32,971,874
Balance at 01 July 2016	**1,859,195**	**411,294,454**	**413,153,649**
Changes in net assets			
Surplus for the year	-	32,014,747	32,014,747
Transfer of income surplus to trust capital	84,648	-	84,648
Total changes	84,648	32,014,747	32,099,395
Balance at 30 June 2017	**1,943,843**	**443,309,201**	**445,253,044**

Note(s)

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Taxation		47,783,608	29,548,229
Sale of goods and services		20,992,966	28,682,094
Grants		178,424,000	176,024,867
Interest- External investment		2,960,636	3,627,069
		250,161,210	237,882,259
Payments			
Employee costs		(83,948,020)	(76,949,236)
Suppliers		(101,219,728)	(103,293,239)
Other payments		(36,643)	-
		(185,204,391)	(180,242,475)
Net cash flows from operating activities	40	**64,956,819**	**57,639,784**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(79,615,372)	(59,306,813)
Purchase of other intangible assets	11	(1,642,588)	(245,580)
Net cash flows from investing activities		**(81,257,960)**	**(59,552,393)**
Cash flows from financing activities			
Finance lease payments		3,624,286	529,065
Interest on reserve capitalised		84,648	75,206
Net cash flows from financing activities		**3,708,934**	**604,271**
Net increase/(decrease) in cash and cash equivalents		**(12,592,207)**	**(1,308,338)**
Cash and cash equivalents at the beginning of the year		27,748,886	29,057,222
Cash and cash equivalents at the end of the year	3	**15,156,679**	**27,748,884**

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
2017												
Financial Performance												
Property rates	28,936,593	-	28,936,593	-		28,936,593	40,421,784		11,485,191	140 %	140 %	
Service charges	20,155,877	4,950,000	25,105,877	-		25,105,877	21,149,513		(3,956,364)	84 %	105 %	
Investment revenue	3,570,000	-	3,570,000	-		3,570,000	2,960,636		(609,364)	83 %	83 %	
Transfers recognised - operational	139,308,000	-	139,308,000	-		139,308,000	146,906,834		7,598,834	105 %	105 %	
Other own revenue	11,769,893	(1,000,000)	10,769,893	-		10,769,893	40,128,524		29,358,631	373 %	341 %	
Total revenue (excluding capital transfers and contributions)	**203,740,363**	**3,950,000**	**207,690,363**	**-**		**207,690,363**	**251,567,291**		**43,876,928**	**121 %**	**123 %**	**-**
Employee costs	(67,959,595)	-	(67,959,595)	-	-	(67,959,595)	(72,957,529)	-	(4,997,934)	107 %	107 %	
Remuneration of councillors	(12,579,547)	-	(12,579,547)	-	-	(12,579,547)	(10,990,490)	-	1,589,057	87 %	87 %	
Debt impairment	(3,629,457)	-	(3,629,457)			(3,629,457)	(36,634,209)	-	(33,004,752)	1,009 %	1,009 %	
Depreciation and asset impairment	(21,000,000)	-	(21,000,000)			(21,000,000)	(24,438,478)	-	(3,438,478)	116 %	116 %	
Materials and bulk purchases	(9,596,083)	(4,500,000)	(14,096,083)	-	-	(14,096,083)	(10,984,271)	-	3,111,812	78 %	114 %	
Transfers and grants	(11,150,000)	-	(11,150,000)	-	-	(11,150,000)	(15,695,756)	-	(4,545,756)	141 %	141 %	

Other expenditure	(77,825,681)	1,000,000	(76,825,681)	-	-	(76,825,681)	(75,749,478)	-	1,076,203	99 %	97 %	
Total expenditure	**(203,740,363)**	**(3,500,000)**	**(207,240,363)**	**-**	**-**	**(207,240,363)**	**(247,450,211)**	**-**	**(40,209,848)**	**119 %**	**121 %**	**-**
Surplus/(Deficit)	**-**	**450,000**	**450,000**	**-**		**450,000**	**4,117,080**		**3,667,080**	**915 %**	**DIV/0 %**	

Mandeni Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Transfers recognised - capital	33,757,000	(8,000,000)	25,757,000	-		25,757,000	34,325,572		8,568,572	133 %	102 %	
Surplus (Deficit) after capital transfers and contributions	**33,757,000**	**(7,550,000)**	**26,207,000**	**-**		**26,207,000**	**38,442,652**		**12,235,652**	**147 %**	**114 %0**	
Surplus/(Deficit) for the year	**33,757,000**	**(7,550,000)**	**26,207,000**	**-**		**26,207,000**	**38,442,652**		**12,235,652**	**147 %**	**114 %**	**-**

Capital expenditure and funds sources

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Sources of capital funds												
Transfers recognised - capital	33,757,000	(8,000,000)	25,757,000	-		25,757,000	34,325,572		8,568,572	133 %	102 %	
Public contributions and donations	-	-	-	-		-	31,043,747		31,043,747	DIV/0 %	DIV/0 %	
Borrowing	-	-	-	-		-	4,050,000		4,050,000	DIV/0 %	DIV/0 %	
Internally generated funds	17,425,000	(5,500,000)	11,925,000	-		11,925,000	18,868,133		6,943,133	158 %	108 %	
Total sources of capital funds	**51,182,000**	**(13,500,000)**	**37,682,000**	**-**		**37,682,000**	**88,287,452**		**50,605,452**	**234 %**	**172 %**	**-**

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Cash flows												
Net cash from (used) operating	32,625,000	(1,149,000)	31,476,000	-		31,476,000	65,004,419		33,528,419	207 %	199 %	
Net cash from (used) investing	(51,182,000)	13,500,000	(37,682,000)	-		(37,682,000)			(28,640,785)	176 %	130 %	
Net cash from (used) financing	(1,210,000)	(1,585,000)	(2,795,000)	-		(66,322,785)	(2,795,000)		6,503,934	(133)%	(307)%	
Net increase/(decrease) in cash and cash equivalents	**(19,767,000)**	**10,766,000**	**(9,001,000)**	**-**		**(9,001,000)**	**2,390,568**		**11,391,568**	**(27)%**	**(12)%**	**-**
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	293,111		293,111	DIV/0 %	DIV/0 %	
Cash and cash equivalents at year end	**(19,767,000)**	**10,766,000**	**(9,001,000)**	**-**		**(9,001,000)**	**2,683,679**		**(11,684,679)**	**(30)%**	**(14)%**	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of 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 unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

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. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by economic factors such as inflation and interest rate.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows under GRAP 13 while the government bond rate was used to discount future cash flows under GRAP 25.

Allowance for debt impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Going concern - assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Investment property

Investment property is property (land or a building - or part of a building) 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.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.3 Investment property (continued)

Subsequent measurement - Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

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. The cost also include necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

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

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

Subsequent measurement - cost model (land and buildings)

Subsequent to initial recognition, land and buildings are carried at a cost amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.4 Property, plant and equipment (continued)

Any increase in assets' s carrying amount as a result of revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Subsequent measurement - cost model

Subsequent to inial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Where the municipality replaces part of an asset, it derecognises the part of an asset being replaced and capitalises the new component. Subsequent expenditure incurred on a asset is capitalised when it increases the capacity or the future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on a depreciable amount, using the straight line basis over the estimated useful life of items of property, plant and equipment unless depreciation of certain assets is being determined using a method other that the estimated useful life.

Components of assets that are significant in relation to the whole asset and have different useful lives are depreciated separately.

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment and have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	30
Infrastructure	Straight line	
• Road surface		30
• Pavement		30
• Pedestrian malls		30
• Electricity network		20-30
• Transfomers		20-30
• Water		15-30
• Sewerage		15-20
Community	Straight line	30
• Buildings		30
• Recreational facilities		20-30
• Security		5
• Halls		30
• Libraries		30
• Parks and gardens		30
• Other assets		5
Other assets	Straight line	
• Buildings		30
• Specialist vehicles		10
• Other vehicles		5
• Other equipment		3-7
• Furniture and fittings		7-10
• Watercraft		15
• Bins and containers		5
• Specialised plant and equipment		10-15
• Other items of plant and equipment		2-5

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimate, the change is accounted for as achange in accounting estimate. In determining the depreciation change for the current year, the residual value for all assets have been taken into account.

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

1.4 Property, plant and equipment (continued)

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.

1.5 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 municipality 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.

Intangible assets are initially recognised at cost.

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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

1.5 Intangible assets (continued)

Internally generated goodwill is not recognised as an intangible asset.

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

Item	**Useful life**
Licenses and franchises	1 year
Computer software	3 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the statement of financial performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or receverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and impairment loss is charged to the statement of financial performance.

Derecognition

Intangible assets are derecognised when the asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The municipality has the following types of financial assets (classes and cartegory) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Cartegory
Cash and cash equivalents	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non- exchange transactions	Financial asset measured at amortised cost
Other receivables	Financial asset measured at fair value

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

1.6 Financial instruments (continued)

Initial and subsequent measurement

Financial assets

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial assets are recognised on the date they originated for loans and receivables and deposits and for other financial assets, initially on the trade date at which the municipality becomes a party to the contractual provision of the instrument.

Financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

1.6 Financial instruments (continued)

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity- specific inputs.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:
- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

1.6 Financial instruments (continued)

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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.

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

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

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorted of the asset's useful life or the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

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 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

1.8 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 tests 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.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

1.9 Impairment of cash-generating assets (continued)

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.

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.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses 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 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.

1.10 Impairment of non-cash-generating assets

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

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.

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

Value in use

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

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

Depreciated replacement cost approach

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

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

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 assesses 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.

1.11 Employee benefits

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality 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 benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.11 Employee benefits (continued)

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate municipality (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 municipality during a reporting period, the municipality recognises 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 municipality 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.

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of the medical aid fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

1.11 Employee benefits (continued)

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.11 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect 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 post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long-term service awards

The municipality has an obligation to provide long term service awards to all if its employees who have been in service of the municipality for a certain period of time. According to the rules of the long-term service allowance scheme, which the municipality has instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.11 Employee benefits (continued)

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit 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 benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

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.

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

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

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

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.12 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 49 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.12 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Revenue from the sale of tender documents is recognised at the point of sale.

1.13 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Fines are economic benefits or service potential received or receivable by municipalities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

1.14 Revenue from non-exchange transactions (continued)

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met.

Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied. Resources

arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The taxable event for property rates is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non- exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Accounting Policies

1.15 Value-added tax

The municipality accounts for value-added tax (VAT) on the payment basis.

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with section 15(2) of the VAT Act (Act no. 89 of 1991).

1.16 Comparative figures

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

1.17 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003) and includes:

- overspending of of the total amount appropriated in the municipality's approved budget;
- 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.
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b),(c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or a grant by the municipality in accordance with the Municipal Finance Management Act.

1.18 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.

1.19 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.

Accounting Policies

1.20 Accumulated surplus

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Number C30 dated 17.10.2012).

These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to CRR is based on the municipality's need to finance future capital progress included in the integrated development plan. The following provisions are set for the creation and utilisation of the CRR:

- the cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance
- the CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for maintenance of these items.
- whenever an asset is purchased out of CRR, an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation Reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- if a gain is made on the sale of assets previously purchased out of the CRR, the gain on these assets sold is reflected in the statement of financial performance.

Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Provisions are set out for the creation and utilisation of the Housing Development Fund. The Housing Development Fund is cash- backed, and invested in accordance with the investment policy of the municipality.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.20 Accumulated surplus (continued)

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.21 Budget information

Municipality are 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.

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

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

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,

1.22 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.

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

1.23 Events after the reporting date

The municipality has carefully considered whether events occurring between the Statement of Financial Position date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post Statement of Financial Position events') are either adjusting events or non-adjusting events.

Adjusting events provide further evidence of conditions that existed at the statement of financial position date and the carrying amounts of assets and liabilities at the statement of financial position date are adjusted for such events. Non-adjusting events relate to conditions that arose after the statement of financial position date and should be disclosed.

The municipality adjusts amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

1.24 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.

Accounting Policies

1.24 Commitments (continued)

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); and
- 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.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 26 (as amended 2015): Impairment of cash-generating assets	01 April 2016	
• GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	30 June 2016	
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	
• GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	
• GRAP 16 (as amended 2015): Investment Property	01 April 2016	

2.2 Standards and interpretations issued, but not yet effective

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 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 109: Accounting by Principals and Agents	01 April 2017	Unlikely there will be a material impact
• GRAP 18: Segment Reporting	01 April 2017	Unlikely there will be a material impact

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2017 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	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

Figures in Rand	2017	2016

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,033	6,200
Bank balances	2,630,042	286,911
Cash and cash equivalents at the end of the year	**2,636,075**	**293,111**

Cash on hand		
Balance at end of the year	6,033	6,200

First National Bank - Mandeni branch:		
Cheque Account		
Account number 52940480587		
Cash book balance	2,630,042	286,911
Bank statement balance	5,028,336	3,817,864

4. Call investment deposits

Call investment deposits consist of deposits maturing within a year and conditional grants that are ringfenced to be cash backed:

Nedbank - Mandeni branch -		
Call investment deposits		
Account number - 23581136/9998		
Cash book balance	1,537,812	7,120,345
Bank statement balance	1,537,812	7,120,345
Standard Bank -Mandeni branch -		
Call investment		
Account number -068637527002		
Cash book balance	69	27,106
Bank statement balance	69	27,106
First National Bank - Mandeni branch -		
Call investment deposits		
Account nunber - C061294217372		
Cash book balance	334,191	4,169,606
Bank statement balance	334,191	4,169,606
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062028673219		
Cash book balance	1,943,843	1,859,195
Bank statement balance	1,943,843	1,859,195
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062138398327.		
Cash book balance	55,156	(89,450)
Bank statement balance	70,375	260,951
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062252919471		
Cash book balance	4,820,898	(1,215,221)
Bank statement balance	6,764,203	126,711

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
4. Call investment deposits (continued)		
First National Bank - Mandeni branch - Call investment deposits Account number - C062113325882		
Cash book balance	34,878	9,810
Bank statement balance	34,879	9,811
Standard Bank - Mandeni branch - Call investment deposits Account number - 068637527003		
Cash book balance	1,379,942	6,048,147
Bank statement balance	1,379,942	6,048,147
First National Bank - Mandeni branch - Call investment deposits Account number - C062527527462		
Call account 6 -INEP	2,324,883	3,684,961
Bank statement balance	3,194,261	3,684,961
First National Bank - Mandeni branch - Call investment deposits Account number - C0625238203449		
Call account 7-Asset Revaluation	88,928	5,841,277
Bank statement balance	88,927	5,841,277
Cash book balance	**12,520,600**	**27,455,776**

The following call investment deposits have no restrictions on the use of funds:

- Nedbank - Mandeni branch - Call investment deposits
  Account number - 23581136/9998

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527002

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527003

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C061294217372

The following call investment deposits have the following restrictions on the use of funds:

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062028673219:
  This account may only be used for housing related expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062138398327:
  This account may only be used for MIG expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062252919471:
  This account may only be used for Neighbourhood Development Program expenditure.

Included in the amounts above are capital grants. See note 15 for additional information.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

5. Receivables from exchange transactions

	2017	2016
Gross balances		
Electricity	4,325,929	3,163,577
Refuse	31,299,732	26,332,806
	35,625,661	**29,496,383**
Less: Allowance for impairment		
Electricity	(1,021,363)	(1,617,685)
Refuse	(26,113,182)	(16,610,454)
	(27,134,545)	**(18,228,139)**
Net balance		
Electricity	3,304,566	1,545,892
Refuse	5,186,550	9,722,352
	8,491,116	**11,268,244**
Electricity		
Current (0 -30 days)	294,349	938,542
31 - 60 days	88,939	433,781
61 - 90 days	390,599	286,266
91 - 120 days	242,752	150,628
121 - 365 days	145,713	475,954
> 365 days	3,163,577	878,406
Less: impairments	(1,021,363)	(1,617,685)
	3,304,566	**1,545,892**
Refuse		
Current (0 -30 days)	574,572	504,090
31 - 60 days	590,113	431,235
61 - 90 days	401,305	375,067
91 - 120 days	487,899	367,140
121 - 365 days	2,913,035	2,678,135
> 365 days	26,332,806	21,977,139
Less: impairments	(26,113,180)	(16,610,454)
	5,186,550	**9,722,352**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

6. Receivables from non-exchange transactions

Other receivables from non-exchange revenue 1	178,929	926,880
Other receivables from non-exchange revenue 2	10,000	10,000
Consumer debtors - Rates	17,060,049	21,506,636
Consumer debtors - Other (Specified)	(389,448)	204,467
	26,376,638	**33,738,463**

Capital receivables represent funding that Council is awaiting from external institutions for capital expenditure incurred and claimed, but not yet received at year-end.

The average credit period for capital receivables is dependent on the government department involved and the nature of the claim. No interest is charged on outstanding capital receivables. The subsidies are payable to the municipality resulting from allocations made in the DORA or based on agreements between the municipality and the relevant departments.

Gross balances		
Rates	77,329,859	65,381,678
Interest	35,203,607	25,946,249
Other	130,035	311,504
Recievable from non-exchange transaction (not aged)		
Fines	807,988	718,130
Other receivables	178,929	926,880
Postage deposit	10,000	10,000
	113,660,418	**93,294,441**

Less: Non-exchange transactions impairment (aged)		
Rates	(60,269,810)	(43,875,042)
Interest	(26,494,487)	(15,573,899)
Other	(519,483)	(107,037)
	(87,283,780)	**(59,555,978)**

Net balances		
Rates	17,060,049	21,506,636
Interest	8,709,120	10,372,350
Other	(389,448)	204,467
Fines	807,988	718,130
Other receivables	178,929	926,880
Postage deposit	10,000	10,000
	26,376,638	**33,738,463**

Rates		
Current (0 -30 days)	4,355	(31,040)
31 - 60 days	2,095,912	1,544,038
61 - 90 days	924,670	1,867,494
91 - 120 days	2,030,051	1,437,274
121 - 365 days	13,617,768	7,512,073
> 365 days	58,657,103	53,051,839
Less: Impairment	(60,269,810)	(43,875,042)
	17,060,049	**21,506,636**

Figures in Rand	2017	2016

6. Receivables from non-exchange transactions (continued)

Interest		
Current (0 -30 days)	993,221	872,421
31 - 60 days	796,040	855,768
61 - 90 days	905,221	885,025
91 - 120 days	525,831	866,304
121 - 365 days	6,037,045	5,684,428
> 365 days	25,946,249	16,782,303
Less: Impairment	(26,494,487)	(15,573,899)
	8,709,120	**10,372,350**

Other		
Current (0 -30 days)	-	100
31 - 60 days	200	83
61 - 90 days	-	(958)
91 - 120 days	12,610	100
121 - 365 days	2,926	76,311
> 365 days	114,298	235,867
Less: Impairment	(519,482)	(107,036)
	(389,448)	**204,467**

Total		
Current (0 -30 days)	997,577	841,481
31 - 60 days	2,892,152	2,399,890
61 - 90 days	1,829,892	2,751,562
91 - 120 days	2,568,493	2,303,678
121 - 365 days	19,657,739	13,272,812
> 365 days	84,717,649	70,069,508
	112,663,502	91,638,931
Less: Impairment	(87,283,780)	(59,555,978)
	25,379,722	**32,082,953**

Households		
Current (0 -30 days)	1,272,427	1,695,821
31 - 60 days	1,651,787	1,766,355
61 - 90 days	987,641	1,535,169
91 - 120 days	1,554,808	1,427,883
121 - 365 days	9,200,994	9,642,337
> 365 days	73,817,255	56,933,684
Less: Impairment	(73,353,128)	(43,874,556)
	15,131,784	**29,126,693**

Industrial/Commercial		
Current (0 -30 days)	474,064	555,809
31 - 60 days	1,768,879	1,429,396
61 - 90 days	1,611,062	1,773,491
91 - 120 days	1,661,292	1,691,296
121 - 365 days	13,326,530	6,304,886
> 365 days	38,582,347	34,198,765
Less: Impairment	(39,449,664)	(32,217,434)
	17,974,510	**13,736,209**

Figures in Rand	2017	2016

6. Receivables from non-exchange transactions (continued)

National/Provincial Government		
Current (0 -30 days)	120,006	33,494
31 - 60 days	150,538	69,154
61 - 90 days	23,092	104,234
91 - 120 days	83,043	(297,733)
121 - 365 days	188,964	479,678
> 365 days	1,814,431	1,792,104
Less: Impairment	(1,833,141)	(1,909,735)
	546,933	**271,196**

Provision for Impairment		
Current (0 -30 days)	(1,123,239)	(1,186,212)
31 - 60 days	(2,291,618)	(1,806,929)
61 - 90 days	(1,683,598)	(1,709,160)
91 - 120 days	(1,717,045)	(1,282,546)
121 - 365 days	(14,616,997)	(11,529,534)
> 365 days	(93,203,437)	(60,487,343)
	(114,635,934)	**(78,001,724)**

Reconciliation of allowance for impairment for receivables from non-exchange transactions

Opening balance	(78,001,724)	(75,962,817)
Contribution for bad debt	(36,634,210)	(1,821,299)
Amounts written off as uncollectible	-	(217,608)
	(114,635,934)	**(78,001,724)**

Total		
Current (0 -30 days)	743,258	1,098,901
31 - 60 days	1,279,586	1,457,976
61 - 90 days	938,197	1,703,735
91 - 120 days	1,582,098	1,538,899
121 - 365 days	8,099,493	4,897,367
> 365 days	21,010,595	32,437,210
	33,653,227	**43,134,088**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

7. Inventories

Consumable stores	245,672	317,867
Maintenance materials	90,757	104,097
	336,429	**421,964**

Consumable stores		
At cost	317,867	465,071
Additions	562,017	620,975
Issued/(expensed)	(634,212)	(768,179)
	245,672	**317,867**

Maintenance materials		
At cost	104,097	173,019
Additions	103,842	48,378
Issued/(expensed)	(117,182)	(117,300)
	90,757	**104,097**

8. VAT receivable

VAT	11,007,469	1,791,132

VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

9. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	46,606,200	-	46,606,200	46,606,200	-	46,606,200

Reconciliation of investment property - 2017

	Opening balance	Additions	Disposals	Impairments	Fair value adjustments	Total
Investment property	46,606,200	-	-	-	-	46,606,200

Reconciliation of investment property - 2016

	Opening balance	Additions	Disposals	Impairments	Fair value adjustments	Total
Investment property	46,606,200	-	-	-	-	46,606,200

Figures in Rand	2017	2016

9. Investment property (continued)

Details of valuation

The Valuation roll for 2012/13 has been used to determine the fair values as it is believed to reflect the market value of properties.

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.

Fair value of investment properties		
Portion 6 of Farm Lot 5 Ca No. 8440	10,000	10,000
Portion 7 of Farm Lot 5 Ca No. 8440	20,000	20,000
Lot 56 of Padianager	33,000	33,000
Lot 1203 of Mandeni - Aloe Road	60,000	60,000
Lot 571 of Mandeni - Anderson Road	92,000	92,000
Lot 504 of Mandeni - Matthews Road	95,000	95,000
Lot 327 of Mandeni - Greig Road	121,000	121,000
Lot 1466 of Mandeni - Aloe Road	296,000	296,000
Portion 4 of Farm Lot 13 Tugela No. 13862	320,000	320,000
Portion 2 of Farm Reserve No. 21 No. 16882	360,000	360,000
The Farm Lot 5 B No. 4351 Agricultural	1,100,000	1,100,000
The Farm Lot 5 Ca No. 8440	1,890,000	1,890,000
Remainder of Farm Lot 30 Inyoni No. 13890	2,470,000	2,470,000
Portion 1 of Farm Reserve No. 21 No. 16882	16,000,000	16,000,000
Lot 1340 of Mandeni	59,500	59,500
Lot 1018 of Mandeni	154,000	154,000
Lot 175 of Padianager	41,000	41,000
Lot 181 of Tugela	41,000	41,000
Lot 48 Tugela mouth	400,000	400,000
Portion 10 Sisalana no. 15641	8,000	8,000
Lot 185 Newark no. 2621	42,000	42,000
Portion 4 Lot 9901 Newark no. 2621	125,000	125,000
Portion 6 Lot 9901 Newark no. 2621	2,380,000	2,380,000
Various lots Padianagar	302,000	302,000
Various lots Tugela	794,500	794,500
Various lots Tugela Ext 3	1,559,200	1,559,200
Variious lots Mandeni Ext 7	240,800	240,800
Various lots Mandeni Ext 8	17,592,200	17,592,200
	46,606,200	**46,606,200**

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There is no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,215,000	-	1,215,000	1,215,000	-	1,215,000
Buildings	25,317,520	(2,029,871)	23,287,649	19,158,460	(1,616,140)	17,542,320
Infrastructure	410,534,875	(111,029,248)	299,505,627	349,184,879	(92,868,817)	256,316,062
Community	60,144,349	(9,855,348)	50,289,001	53,673,297	(7,685,149)	45,988,148
Other assets	33,165,391	(12,266,822)	20,898,569	27,806,530	(9,258,955)	18,547,575
Total	**530,377,135**	**(135,181,289)**	**395,195,846**	**451,038,166**	**(111,429,061)**	**339,609,105**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Additions through transfer of functions / mergers	Revaluations	Depreciation	Impairment loss	Total
Land	1,215,000	-	-	-	-	-	1,215,000
Buildings	17,542,320	6,159,059	-	-	(413,730)	-	23,287,649
Infrastructure	256,316,062	61,356,471	(8,000)	-	(18,158,906)	-	299,505,627
Community	45,988,148	6,471,053	-	-	(2,170,200)	-	50,289,001
Other assets	18,547,575	5,636,789	-	-	(3,125,424)	(160,371)	20,898,569
	339,609,105	**79,623,372**	**(8,000)**	**-**	**(23,868,260)**	**(160,371)**	**395,195,846**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Additions through transfer of functions / mergers	Transfers	Depreciation	Impairment loss	Total
Land	904,000	311,000	-	-	-	-	1,215,000
Buildings	15,503,704	2,067,990	2,352,865	-	(534,433)	(1,847,806)	17,542,320
Infrastructure	234,044,249	29,216,711	12,446,420	826,239	(17,264,781)	(2,952,776)	256,316,062
Community	38,553,610	15,000,743	(4,959,988)	(826,239)	(2,067,646)	287,668	45,988,148
Other assets	19,585,379	2,871,072	-	-	(2,961,013)	(947,863)	18,547,575
	308,590,942	**49,467,516**	**9,839,297**	**-**	**(22,827,873)**	**(5,460,777)**	**339,609,105**

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.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

11. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,191,953	(585,240)	1,606,713	549,364	(175,392)	373,972

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	373,972	1,642,588	(409,847)	1,606,713

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	338,210	245,580	(148,483)	(61,335)	373,972

12. Payables

	2017	2016
Trade payables	11,380,378	1,229,355
Retention	4,148,416	3,935,194
Other payables	837,010	1,586,150
Bank deposits not yet receipted	866,366	537,541
Provision for leave	7,232,423	6,518,630
Provision for Bonus	2,054,851	1,835,519
	26,519,444	15,642,389
Cashier's collections	615,281	264,018
	27,134,725	**15,906,407**

Figures in Rand	2017	2016

13. Consumer deposits

Electricity	863,813	1,584,676

No guarantees are held in lieu of Electricity Deposits.

14. Provisions

Reconciliation of provisions - 2017

Reconciliation of provisions - 2016

The calculation for leave pay provision is based on the assumption that the balance of leave days accumulated by an individual employee should he/she terminate their employment, is payable. It is further assumed, that basic salaries reflect a true and current nature of an employee's remuneration and do not factor any retrospective changes with regards to SALGA negotiations or employee grievances.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
EPWP grant	110,522	-
Library KZNPA grant	911,445	403,976
Economic Development grant	-	321,917
Sport and recreation grant	60,211	102,958
NDP grant	4,831,428	-
Massification Grant	-	6,197,928
INEP grant	2,549,320	4,244,553
	8,462,926	**11,271,332**

See note 26 for reconciliation of grants from and receipts.

The capital grants are invested in a ring-fenced investment until utilised. See note 4 for additional information.

Figures in Rand	2017	2016

16. Finance lease obligation

Future finance charges		
- within one year	672,591	348,677
- in second to fifth year inclusive	824,158	247,133
Present value of minimum lease payments	**1,496,749**	**595,810**
Present value of minimum lease payments due		
- within one year	1,180,678	263,322
- in second to fifth year inclusive	3,377,797	670,866
	4,558,475	**934,188**
Non-current liabilities	3,377,797	670,866
Current liabilities	1,180,678	263,323
	4,558,475	**934,189**
Minimum lease payment		
-Within one year	1,853,269	612,000
-In second to fifth year inclusive	4,201,954	918,000
	6,055,223	**1,530,000**

The average lease term is 3 years and the average effective borrowing rate is 10.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

17. Employee benefit obligations

Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, SAMWU, Bonitas and Hosmed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by Independent Actuaries & Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Figures in Rand	2017	2016

17. Employee benefit obligations (continued)

Multi-employer pension funds

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the pension fund for municipal councillors.

Employees belong to a variety of approved pension and provident funds.

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

All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribuon applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

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

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

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been exxpensed.

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

Carrying value		
Present value of the defined benefit obligation-partly or wholly funded	(18,504,108)	(18,707,714)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	15,851,784	12,867,000
Net expense recognised in the statement of financial performance	(243,000)	2,984,784
	15,608,784	**15,851,784**

Net expense recognised in the statement of financial performance

Current service cost	1,082,000	1,005,000
Interest cost	1,639,000	1,146,660
Actuarial (gains) losses	(2,707,000)	1,007,375
Benefits paid	(257,000)	(174,251)
	(243,000)	**2,984,784**

Figures in Rand	2017	2016

17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Expected retirement age	63	63
Discount rates used	9.66 %	9.74 %
Medical cost trend rates	8.03 %	8.76 %
Consumer price inflation	6.53 %	7.26 %
Net iffective discount rate	1.50 %	0.90 %

Percentage of in-service members withdrawing before retirement

Age 20	16.0 %	16.0 %
Age 30	10.0 %	10.0 %
Age 40	6.0 %	6.0 %
Age 50	2.0 %	2.0 %
Age 55+	- %	- %

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate at 30 June 2017 is 9.66% which represents the average yield from the zero coupon government bond curve over a 15 to 20 year term.

Salary Inflation Rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

General Salary Inflation: This assumption is more stable relative to the growth in consumer Price Index (CPI) than in the absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.0% and 1.5% above CPI inflation.

The implied inflation assumption is 6.53% per annum which represents the market's pricing of inflation by comparing the yields on index linked government bonds and long term government bonds with a duration of 15 to 20 years, adjusting for an inflation risk premium of 0.5% per annum.

It has been assumed that the next salary increase will take place on 1 July 2017.

The next contribution increase was assumed to occur with effect from 1 January 2017.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income- dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Figures in Rand	2017	2016

17. Employee benefit obligations (continued)

Long service awards and retirement gifts

The independent valuers, Independent Actuaries and Consultants, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	8.83 %	8.95 %
General salary inflation (long term)	6.62 %	7.56 %
Net effective discount rate	2.07 %	1.30 %

Examples of mortality rates used were as follows:		
Average retirement age	63	63
Mortality during employment	SA 85-90	SA 85-90

Members resigned from service

	Per 1,000 members	Per 1,000 members
Age 20	160	160
Age 30	100	100
Age 40	60	60
Age 50	20	20
Age 55+	-	-

Membership summary		
Number of members	240	231
Average age of members (years)	39.5	39.2
Average past service (years)	7.3	7.5
Average salary (annual)	205,301	204,29

Benefit Structure

Service years	Award (Number of days)	Award (Number of days)
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

17. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	2,836,499	2,380,124
Current service cost	410,685	356,325
Interest cost	274,893	192,053
Expected benefit payments	(359,215)	(152,185)
Recognised actuarial (gains)/losses	(286,969)	60,182
Balance at end of year	**2,875,893**	**2,836,499**

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	410,685	359,325
Interest cost	274,893	192,053
Benefit payment	(359,215)	(152,185)
Actuarial (gains) / loss	(286,969)	60,182
	39,394	**459,375**

In conclusion:

Statement of Financial Position obligation for		
Long service award liability	2,875,893	2,836,499
Retirement benefit liability	15,627,506	15,871,215
	18,503,399	**18,707,714**
Statement of Financial Performance obligation for		
Long service award expense	39,394	456,375
Retirement benefit expense	(243,000)	2,984,215
	(203,606)	**3,440,590**

Key assumptions used

In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA- this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate is 8.95% which represents the average yield from the zero coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

18. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus

	Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
Balance at 01 July 2015	**151,731,208**	**50,941,129**	**175,725,451**	**378,397,788**
Surplus for the year	-	-	32,896,668	32,896,668
Balance at 01 July 2016	**151,731,208**	**50,941,129**	**208,622,119**	**411,294,456**
Surplus for the year	-	-	32,014,747	32,014,747
Balance at 30 June 2017	**151,731,208**	**50,941,129**	**240,636,866**	**443,309,203**

19. Revenue

	2017	2016
Property rates	30,557,372	27,408,131
Property rates - penalties imposed	9,864,412	9,765,673
Service charges	21,149,513	19,524,661
Rental of facilities and equipment	240,754	286,023
Interest received - external investments	2,960,636	3,627,069
Fines	349,545	32,314
Licences and permits	1,175,284	1,122,500
Government grants & subsidies	181,232,406	177,132,879
Other income	31,934,951	11,785,473
	279,464,873	**250,684,723**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	21,149,513	19,524,661
Rental of facilities and equipment	240,754	286,023
Licences and permits	1,175,284	1,122,500
Other income	31,934,951	11,785,473
Interest received - external investment	2,960,636	3,627,069
	57,461,138	**36,345,726**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	30,557,372	27,408,131
Property rates - penalties imposed	9,864,412	9,765,673
Transfer revenue		
Government grants & subsidies	181,232,406	177,132,879
Fines, Penalties and Forfeits	349,545	32,314
	222,003,735	**214,338,997**

20. Property rates

Rates received

	2017	2016
Residential	16,714,987	16,536,948
Commercial	11,746,341	10,392,641
State	2,096,044	478,542
	30,557,372	27,408,131
Property rates - penalties imposed	9,864,412	9,765,673
	40,421,784	**37,173,804**

Figures in Rand	2017	2016

20. Property rates (continued)

Valuations

Residential	854,112,900	854,112,900
Commercial	81,882,750	81,882,750
Industrial	905,000	905,000
Industrial Estate Special	783,071,200	783,071,200
Mining	14,800,000	14,800,000
Agricultural	503,400,300	503,400,300
Institutional	375,789,400	375,789,400
Public Services Infrastructure	208,722,300	208,722,300
Public benefit organisation	7,626,600	7,626,600
Municipal Properties	238,413,300	238,413,300
Vacant land	8,129,200	8,129,200
	3,076,852,950	**3,076,852,950**

Commercial includes industrial, mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The following are the rates randage that were applied to the valuations in respect of the various categories:

Residential	0.0118	0.0111
Commercial	0.0201	0.0188
Industrial	0.0201	0.0188
Industrial Estate Special	0.0134	0.0111
Mining	0.0276	0.0259
Agriculture	0.0030	0.0028
Public Service Infrastructure	0.0030	0.0028
State	0.0189	0.0176

All residential property owners are exempt from paying rates on the first R15,000.00 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.

Rates are levied on an annual basis with the final date for payment being 01 August 2016 (31 May 2017).

21. Service charges

Sale of electricity	13,399,041	13,185,553
Refuse removal	7,750,472	6,339,108
	21,149,513	**19,524,661**

22. Rental of facilities and equipment

Premises		
Hall hire	84,120	130,737
Staff housing	144,059	137,311
Stalls rental	12,575	17,975
	240,754	**286,023**

23. Interest received - external investments

Bank and Call Deposits	2,960,636	3,627,069

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

24. Fines

Library fines	12,270	2,163
Lost Books	175	133
Traffic fines	337,100	30,018
	349,545	**32,314**

25. Licences and permits

Drivers licenses	1,131,170	1,027,120
Business licenses	37,264	47,370
Learners licenses	6,850	48,010
	1,175,284	**1,122,500**

26. Government grants and subsidies

Operating grants		
Equitable share	122,874,000	119,361,000
Finance Management Grant	1,825,000	1,800,000
Municipal Systems Improvement Grant	-	940,000
Massification grant	6,197,928	1,723,381
INEP	11,695,233	5,832,059
Library Grant	2,005,531	1,560,033
Sport Facilities Grant	42,747	275,386
Economic Development Grant	321,917	-
EPWP Grant	1,944,478	1,755,000
	146,906,834	**133,246,859**
Capital grants		
MIG	25,757,000	34,263,000
NDPG	8,568,572	9,623,020
	34,325,572	**43,886,020**
	181,232,406	**177,132,879**

EPWP Grant

Current-year receipts	2,055,000	1,755,000
Conditions met - transferred to revenue	(1,944,478)	(1,755,000)
	110,522	**-**

Conditions still to be met - remain liabilities (see note 15).

To purchase goods and equipment.

Municipal Systems Improvement Grant

Current-year receipts	-	940,000
Conditions met - transferred to revenue	-	(940,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 15).

This grant was used to implement financial reforms, GRAP convention processes ward participation and debt management. It was since discontinued from this year.

26. Government grants and subsidies (continued)

Municipal Infrastructure Grant

	2017	2016
Current-year receipts	33,757,000	34,263,000
Conditions met - transferred to revenue	(33,757,000)	(34,263,000)
	-	-

Conditions still to be met - remain liabilities (see note 15).

This grant is used to construct roads infrastructure and related community projects.

Sports and Recreation Grant

	2017	2016
Balance unspent at beginning of year	102,958	228,344
Current-year receipts	-	150,000
Conditions met - transferred to revenue	(42,747)	(275,386)
	60,211	**102,958**

Conditions still to be met - remain liabilities (see note 15).

To pay salaries and facility refurbishment.

Neighbourhhod Development Programme Grant

	2017	2016
Current-year receipts	13,400,000	-
Conditions met - transferred to revenue	(8,568,572)	-
	4,831,428	**-**

Conditions still to be met - remain liabilities (see note 15).

To finalise inner town road resurfacing.

Finance Management Grant

	2017	2016
Current-year receipts	1,825,000	1,800,000
Conditions met - transferred to revenue	(1,825,000)	(1,800,000)
	-	-

Conditions still to be met - remain liabilities (see note 15).

Economic Develoment Grant

	2017	2016
Balance unspent at beginning of year	321,917	321,917
Conditions met - transferred to revenue	(321,917)	-
	-	**321,917**

Conditions still to be met - remain liabilities (see note 15).

Figures in Rand	2017	2016

26. Government grants and subsidies (continued)

Electricity Massification Grant

Balance unspent at beginning of year	6,197,928	-
Current-year receipts	-	8,000,000
Conditions met - transferred to revenue	(6,197,928)	(1,802,072)
	-	**6,197,928**

Conditions still to be met - remain liabilities (see note 15).

Grant 14

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Library Grant

Balance unspent at beginning of year	403,976	9
Current-year receipts	2,469,788	1,964,000
Conditions met - transferred to revenue	(1,962,319)	(1,560,033)
	911,445	**403,976**

Conditions still to be met - remain liabilities (see note 15).

To build modular library.

INEP

Balance unspent at beginning of year	4,244,553	221,398
Current-year receipts	10,000,000	10,000,000
Conditions met - transferred to revenue	(11,695,233)	(5,976,845)
	2,549,320	**4,244,553**

Conditions still to be met - remain liabilities (see note 15).

To further expand outstanding infills in electricity.

27. Other income

Building plan fees	29,951	44,914
Sundry income	682,145	1,412,692
Donated assets income	31,043,747	10,214,296
Connection fees	14,746	-
Swimming pool entrance fees	-	13,470
Photocopier charges	51,290	40,684
Rates clearance certificates	23,221	16,311
Reconnection fees	73,375	18,787
Town planning fees	15,965	17,235
Traffic Escort Services/Public Safety	-	768
Pounding fees	511	6,316
	31,934,951	**11,785,473**

Figures in Rand	2017	2016

28. Employee related costs

Basic	49,101,724	44,406,660
Medical aid - company contributions	3,410,487	3,140,773
UIF	358,681	322,494
WCA	42,133	24,567
SDL	615,954	597,077
Leave pay contribution	1,316,967	3,688,005
Defined contribution plans	6,707,770	6,113,691
Overtime payments	1,313,854	843,693
Car allowance	2,901,920	2,527,996
Housing benefits and allowances	141,852	92,062
Cellphone allowances	302,670	246,547
Pension surcharges	95,438	106,283
	66,309,450	**62,109,848**

There were no advances to employees/Loans to employees are set out in note 6.

Remuneration of Municipal Manager

Annual Remuneration	932,890	1,011,372
Car Allowance	158,450	226,140
Contributions to UIF, Medical and Pension Funds	13,166	15,349
	1,104,506	**1,252,861**

Remuneration of Chief Finance Officer

Annual Remuneration	876,265	772,968
Car Allowance	219,275	262,260
Contributions to UIF, Medical and Pension Funds	12,689	12,336
	1,108,229	**1,047,564**

Remuneration of Director (Corporate services)

Annual Remuneration	867,540	717,228
Car Allowance	228,000	318,000
Contributions to UIF, Medical and Pension Funds	12,992	11,855
	1,108,532	**1,047,083**

Remuneration of Director (Community Services)

Annual Remuneration	951,540	861,228
Car Allowance	144,000	174,000
Contributions to UIF, Medical and Pension Funds	12,683	12,187
	1,108,223	**1,047,415**

Remuneration of Director (Technical services)

Annual Remuneration	969,540	879,228
Car Allowance	126,000	156,000
Contributions to UIF, Medical and Pension Funds	13,330	12,863
	1,108,870	**1,048,091**

Figures in Rand	2017	2016

28. Employee related costs (continued)

Remuneration of Director (Planning, LED and Human Settlement)

Annual Remuneration	905,448	815,136
Car Allowance	190,092	220,092
Contributions to UIF, Medical and Pension Funds	14,179	12,261
	1,109,719	**1,047,489**
	72,957,529	68,600,351

29. Remuneration of councillors

Mayor	561,276	561,276
Deputy Mayor	556,139	560,532
Mayoral Committee Members	1,225,068	921,448
Speaker	461,520	461,520
Councillors	5,679,355	5,289,855
Councillors allowances	2,507,132	2,364,301
	10,990,490	**10,158,932**

In-kind benefits

The Mayor

The Mayor has access to the office and secretarial support at the cost of Council and is provided with the following:

2 Bodyguards

2 Driver

2 Municipal leased vehicles

Tools of trade as Gazette 39548: Determination of upper limit on Office bearers

The Speaker

The Speaker has access to the office and secretarial support at the cost of Council and is provided with the following:

1 Driver

1 Municipal leased vehicles

Tools of trade as Gazette 39548: Determination of upper limit on Office bearers

The Deputy Mayor.

The Deputy Mayor has access to the office at the cost of Council and is provided with the following:

1 Driver

1 Municipal leased vehicles

Tools of trade as Gazette 39548: Determination of Upper Limit of Office Beares

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

30. Depreciation and amortisation

	2017	2016
Property, plant and equipment	23,868,261	22,827,865
Intangible assets	409,847	148,483
	24,278,108	**22,976,348**

31. Impairment of assets

	2017	2016
Impairments		
Property, plant and equipment The Kingfisher road was being rehabilitated to lay the black top layer ,also the demolition of the council chamber in the main office building to give way to the new building and office equipment that is impaired. The recoverable amount of the asset was based on its fair value less costs to sell	160,370	5,522,112

The main classes of assets affected by impairment losses are:

Admin Office Building 2 Kingfisher

Roads and Stormwater

Office equipment

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:

Demolition for new block

Rehabilitation of roads

Impaired

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

32. Lease rentals

	2017	2016
Motor vehicles	2,008,087	1,360,421
Equipment	904,278	491,722
	2,912,365	**1,852,143**

33. Debt impairment

	2017	2016
Debt impairment	-	217,608
Contributions to debt impairment provision	36,634,209	3,808,681
	36,634,209	**4,026,289**

34. Collection costs

	2017	2016
Collection costs	329,294	134,278

Figures in Rand	2017	2016

35. Repairs and maintenance

Building - Civil	121,043	1,013,945
Buildings - Electrical	64,679	87,640
Air conditioning	50,350	32,620
Fire protection	174,000	277,866
Office equipment	348,759	1,091,279
Parks and gardens	3,745,812	3,744,913
Disaster management	-	31,299
Plant and equipment	1,700,910	1,631,495
Traffic lights	-	175,296
Road signs and markings	-	52,680
Roads and sidewalks	1,474,713	1,419,546
Street name plates	-	98,760
Vehicles	398,776	266,152
Pool chemicals	50,201	73,184
Electricity reticulation	635,322	2,077,474
Zibambele programme	1,765,617	1,943,160
	10,530,182	**14,017,309**

36. Bulk purchases

Electricity	10,984,271	8,972,268

37. Contracted services

Information Technology Services	339,263	705,103
Disaster Management	3,583,603	4,088,179
Waste removal	3,222,997	7,227,082
Security Services	8,216,676	7,403,485
Other Contractors	2,878,494	4,508,845
	18,241,033	**23,932,694**

Prosecure Security is responsible of the security of the municipal property.

38. Grants and subsidies paid

Other subsidies		
Electricity implementation (INEP Grant)	10,258,977	5,242,846
Electricity implementation(Massification Grant)	5,436,779	1,580,765
Sport and Recreation Grant	-	1
	15,695,756	**6,823,612**

Figures in Rand	2017	2016

39. General expenses

Advertising	506,107	675,849
Aids awereness	1,045,066	1,111,194
Audit committee	92,565	69,876
Auditors remuneration	1,674,163	1,612,188
Bank charges	273,620	292,160
Electricity - internal	1,345,876	1,142,612
Environmental management framework	794,620	3,883,333
Fire arm shooting	-	26,904
Fuel and oil	3,445,700	3,022,507
Hire Charges	583,803	777,964
Insurance	423,991	416,440
Internal audit	333,662	850,156
LED programs	2,881,526	4,741,080
Consulting and professional fees	7,835,119	9,137,024
Licences	1,007,737	745,207
Literature acts and books	222	2,018
Cleaning	410,051	411,071
Staff welfare	42,867	113,288
Other expenses	69,745	169,562
Pauper / Indigent burial	95,500	73,500
Postage and courier	278,179	321,513
Printing and stationery	439,594	581,772
Property valuations	1,415,513	194,447
Protection services	167	-
Public functions	-	101,300
Public participation	5,357,138	3,522,206
Publications	344,037	214,338
Refuse	157,222	9,970
Shared services	865,425	542,056
Small tools	32,433	4,899
Special programmes	1,368,987	1,448,582
Sports and recreation	17,932	835,566
Subscriptions and membership fees	36,574	24,795
Subsistance and travelling	3,628,058	2,510,885
Sundry expenses	1,243,115	1,078,503
Telephone and fax	2,560,291	2,233,003
Training	702,546	1,110,722
Uniforms	210,686	205,356
Ward committees	1,016,800	2,008,800
Water	624,086	354,465
Workmens compensation	372,024	341,613
Youth programs	407,463	332,381
	43,940,210	**47,251,105**

Figures in Rand	2017	2016

40. Cash generated from operations

Surplus	32,014,747	32,896,668
Adjustments for:		
Depreciation and amortisation	24,278,108	22,976,348
Impairment deficit	160,370	5,522,112
Debt impairment	36,634,209	4,026,289
Movements in retirement benefit assets and liabilities	(203,606)	3,440,590
Changes in working capital:		
Inventories	85,535	216,126
Consumer debtors	(33,857,081)	(9,130,359)
Other receivables from non-exchange transactions	7,361,825	(7,377,648)
Payables	11,228,318	(1,372,451)
VAT	(9,216,337)	2,553,565
Unspent conditional grants and receipts	(2,808,406)	3,953,466
Consumer deposits	(720,863)	(64,922)
	64,956,819	**57,639,784**

41. Prior period errors

As per the audit adjustment, the expenditure on unconditional grants are spent on items instead of functions. Therefore the reclassification is perfomed on FMG, MSIG, and EPWP grant

Reclassification of provision for leave resulting in the line item being shown separately on the face of the balance sheet as per GRAP 1.76 in 2016.

Reclassification of licences and permits previously recorded as fines and other income in 2015 Lease rental on operating lease has been reclassified from general expenses as reflected on note #.

A prior year adjustment has been done to reflect on the VAT on grant income that was shown as own income under other income category.

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

Statement of financial position		
Payables	(8,354,149)	181,520
Other payables	-	(181,520)
Provisions	8,354,149	-
Other Payables	-	(123,963)
Sundry debtors	-	123,963
Statement of Financial Performance		
Grant income	(5,061,473)	-
Other income	5,061,473	-
Licences and permits	-	2,861,621
Fines	-	(2,841,238)
Lease rentals on operating lease	-	2,346,675
Transfers and grants paid	(5,305,026)	-
Employee related costs	1,810,049	-
General expenses	3,494,979	(2,346,675)

42. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	183,045	31,137
Fruitless and wasteful expenditure current year	630,634	183,045
Condoned or written off by Council	-	(31,137)
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	**813,679**	**183,045**

Figures in Rand	2017	2016

42. Fruitless and wasteful expenditure (continued)

The amount was due to the planned activity towards the year end festival (I-beach). This was called off by council at the last moment since the municipal cash flows were not in favour of implementation. At that time the non refundable doposit was already made with the service provider (R427 500.00).

Interest on overdue accounts represent ESKOM interest of (R5 191.51)

Prior year licences paid in order to activate current year licence to Business connection (R88 741.52

VAT portion paid to supplier (Nomaneli) not registered for VAT. Aomunt to be recovered on current invoice (R109 200.00)

43. Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	38,000	217,681
Irregular Expenditure - current year	4,204,190	38,000
Condoned or written off by Council	-	(217,681)
Irregular expenditure awaiting condonement	**4,242,190**	**38,000**

Details of irregular expenditure

Incident	**Disciplinary steps taken/criminal proceedings**		
Payments made without reasons for not having three quotations	Not applicable	4,085,342	-
Procurement with employees in the service of the state	Ongoing disciplinary	-	38,000
Incorrect application of BBBEE regulation PPPFE		118,848	-
		4,204,190	**38,000**

Unauthorized Expenditure

Debt impairment	33,004,752	808,195
Depreciation and assets impairment	3,438,478	9,498,460
Employee related costs	4,997,529	9,176,524
General expenses	-	12,105,581
Transfers and grants	5,695,756	-
	47,136,515	**31,588,760**

Identified unauthorised expenditure was due to the accrual basis of budgeting against the cash basis of reporting.
The Depreciation is the backlog depreciation on revaluated assets
Placement of staff in higher position of employment and overtime resulted in the increase on employee related costs
Transfers and grants arose due to the roll over of INEP and Massificationt

Figures in Rand	2017	2016

44. Deviation from supply chain management regulation 36

Contract awards made in terms of Section 36(1) of the SCM policy amounted to R 3 139 237. Details of the awards are summarised in the below table:

Categories of SCM regulation	SCM reg. reference	Nummber of cases	% of Total	Value(R)	% of Rand value
In an emergency	36(1)(a)(i)	5	10	138,318	4
Services are available from single provider	36(1)(a)(ii)	7	14	821,216	26
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	37	76	2,181,703	70
		49	**100**	**3,141,237**	**100**

During the year there was a contract that was awarded to one person who is a spouse of a person in the service of the state. Refer to note below.

45. MFMA disclosure on SCM regulation 45

	2017	2016
Awards made to persons with spouse in the service of the state		
FANA Manufactures (Supply and deliver staff uniform)	68,400	-
FANA Manufactures (Supply and deliver trolley bags)	136,714	-
	205,114	**-**

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2017	2016
Opening balance	-	-
Current year subscription / fee	616,509	559,018
Amount paid - current year	(616,509)	(559,018)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

Audit fees

	2017	2016
Opening balance	-	-
Current year subscription / fee	1,674,163	1,612,188
Amount paid - current year	(1,674,163)	(1,612,188)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

VAT

	2017	2016
VAT receivable	11,007,469	1,791,132

PAYE and UIF

	2017	2016
Opening balance	-	-
Current year subscription / fee	10,593,279	10,053,435
Amount paid - current year	(10,593,279)	(10,053,435)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

The balance represents PAYE and UIF deducted from the June 2016 payroll. These amounts were paid during July 2017

Figures in Rand	2017	2016

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	15,925,646	14,249,477
Amount paid - current year	(15,925,646)	(14,249,477)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

The balance represents pension and medical aid contributions deducted from employees payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2016

Material losses through Electricity distribution

Current year subscription / fee	2,957,384	3,575

No disciplinary actions will be taken as the losses are not due to negligence. Council has finalised the installation of smart meters that will help to the prosess of addressing this technical loss via a meter audit programme and monthly reconciliation.

The amount of losses are equivalent to 2640522 Kwh @ R1.12 (63954 KwH : 2016) loss of energy.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and condoned by Council. The expenses incurred as listed hereunder have been condoned.

47. Commitments

Commitments in respect of capital expenditure

Approved and contracted for		
• Property, plant and equipment	52,172,222	56,497,220
Total capital commitments		
• Already contracted for but not provided for	52,172,222	56,497,220

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Finance leases - as lessee (expense)

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Minimum lease payments due		
- within one year	1,853,289	2,569,411
- in second to fifth year inclusive	4,201,954	5,138,822
- later than five years	-	-
	6,055,243	**7,708,233**

Finance leases consist of the following:

Finance lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

48. Retirement benefit information

Defined Benefit Plan

The following are defined benefit plans: Natal Joints Superannuation, Retirement and Provident Funds (NJMP). These are not treated as defined benefit plans as defined by GRAP 25, but are accounted for as defined contribution plans. This is in line with the exemption in GRAP 25 par. 31 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by multi-employer plan. It is therefore deemed impractical to obtain this information at a suitable level of detail. Current contributions by council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every 5 years. The last valuation was done on 31 March 2006.

An interim valuation carried on the NJMP Superannuation (Defined Benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year 30 June 2007 and thereafter at 4.5%.

The latest statutory valuation of the NJMP Retirement (Defined Benefit) as at 31 March 2007 reflects a fund deficit of R229,8 million in respect of the members. The total contribution rate payable, including the total surcharge of 14%, will eliminate the deficit by the year 2010.

The latest statutory valuation of the NJMP Provident Fund (Defined Contribution) as at 03 March 2007 revealed that the fund was in a sound financial position.

An amount of R9 783 633 was contributed by council in respect of councillors' and employees' retirement funding. These contributions have been expensed and are included in employee related costs for the year.

49. Contingencies

Contingent liabilities

The municipality is defending the below mentioned cases for which the outcome cannot be confirmed as well as the final costs of liability represented by legal councils.
Case against Nosipho Hadebe still pending the finalisation of the disciplinary processes
Case against Nosipho Zungu pending the finalisation of the disciplinary prcesses

Contingent assets

The following entiies were identified as contigent assets stemming from the interaction with our municipal lawyers.

Name of entity	Description	Attorney	Value
Inyoni Trust (Renasa insurance)	Loss on contractors default	Matthew Francis	100,000
Total client services	Reputation of contract	Matthew Francis	50,000
Minathi consulting	Claim of damage	Matthew Francis	100,000
B A Mchunu	Labour court review	Matthew Francis	50,000
R M Heslop	Labour court review	Matthew Francis	50,000
LQ Mtshali	Lobour court review	Matthew Francis	25,000
CM Thabede	Loabour court review	Matthew Francis	25,000
BL Mthethwa	Lobour court review	Matthew Francis	25,000
Sundumbili matter	Land dispute	Ngidi & Associates	200,000
			625,000

50. Related parties

No related party transactions and/or balances.

Related party balances

51. Events after the reporting date

There are no events that were reported at the reporting date.

52. Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:
- Useful lives and residual values of property, plant and equipment
- Provision for doubtful debts
- Impairment of assets

53. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	17,912,426	-	-	-
Consumer deposits	863,813	-	-	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment. Balances exposed to the interest rate risk. The municipality's policy is to further manage interest rate risks so that fluctuations in interest rates do not have a material impact on the net surplus/ deficit.

	2017	2016
Investments	12,520,600	27,455,775
Cash and cash equivalents	2,683,676	293,111
	15,204,276	**27,748,886**

53. Risk management (continued)

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:

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Trade and other receivables from exchange transactions	8,273,507	-
Other receivables	1,099,841	-
	9,373,348	**-**

54. Budget differences

Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to the annual report.

Differences between budget and actual amounts are basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

Notes to the Annual Financial Statements

Figures in Rand

Details	Budget	Actual	Varience	%	Comments
Property rates	28,936,593	40,421,784	11,485,191	140	The varience will include the penalties charges on non payment by debtors
Services charges	25,105,877	21,149,513	(3,956,364)	84	This is due to under billing on bulk supply of electricity on Umngeni water as the project could not start early
Investments revenue	3,570,000	2,960,636	(609,364)	82	This is due to low levels of cash and cash equivalents balances
Transfers recognised	139,308,000	144,666,217	5,358,217	103	Due to roll-overs on massification and INEP grants that has ment grant conditions
Other income	10,769,893	33,700,534	22,930,641	312	Due to donated assets for housing project by Department of Housing and settlement and electricity network by Umngeni water
Employee related costs	(67,959,595)	(72,957,529)	(4,997,934)	107	
Remuneration of councillors	(12,579,547)	(10,990,490)	1,589,057	87	Due to non increase on full time office bearers
Debt impairment	(3,629,457)	(36,634,209)	(33,004,752)	1,009	Based on the increase on the domant customers as per the provission assumptions
Depreciation	(21,000,000)	(24,278,108)	(3,278,108)	115	Due to assets acquired increase
Materials and Bulk purchases	(14,096,083)	(10,984,271)	3,111,812	77	Due to low power supply to Umngeni water works as per the delay on project commissioning
Transfers and grants	(11,150,000)	(15,695,756)	(4,545,756)	140	Due to grants on Massisfication and INEP and rollover
General expenditure	(76,825,681)	(75,909,848)	915,833	98	
Capital : internal	(11,925,000)	(18,868,133)	(6,943,133)	156	Due to municipal buildings, housing internal funding
Capital : Grants	(25,757,000)	(34,325,572)	(8,568,572)	133	Due to allocation of NDPG outside adjustment budget
Capital : borrowings	-	(4,050,000)	(4,050,000)	-	Initially budgeted under operation lease
Capital donations	-	(31,043,747)	(31,043,747)	-	Assets transfer
	(37,232,000)	**(92,838,979)**	**(55,606,979)**	**2,643**	

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages to in the annual report

Mandeni Municipality
Appendix A

Unadited Schedule of external loans as at 30 June

	Loan Number	Redeemable	Balance at 30 June 2016	Received during the period	Redeemed written off during the period	Balance at 30 June 2017	Carrying Value of Property, Plant & Equip	Ot ac
			Rand	Rand	Rand	Rand	Rand	
Loan Stock			-	-	-	-	-	
Structured loans			-	-	-	-	-	
Funding facility			-	-	-	-	-	
Development Bank of South Africa			-	-	-	-	-	
Bonds			-	-	-	-	-	
Other loans			-	-	-	-	-	
Lease liability								
			1,030,000	4,050,500	522,025	4,558,475	4,558,475	
			-	-	-	-	-	
			-	-	-	-	-	
			-	-	-	-	-	
			-	-	-	-	-	
			1,030,000	**4,050,500**	**522,025**	**4,558,475**	**4,558,475**	
Annuity loans			-	-	-	-	-	
Government loans			-	-	-	-	-	
Total external loans								
Loan Stock			-	-	-	-	-	
Structured loans			-	-	-	-	-	
Funding facility			-	-	-	-	-	
Development Bank of South Africa			-	-	-	-	-	
Bonds			-	-	-	-	-	
Other loans			-	-	-	-	-	
Lease liability			1,030,000	4,050,500	522,025	4,558,475	4,558,475	
Annuity loans			-	-	-	-	-	
Government loans			-	-	-	-	-	
			-	-	-	-	-	
			-	-	-	-	-	
			-	-	-	-	-	
			-	-	-	-	-	
			-	-	-	-	-	
			1,030,000	**4,050,500**	**522,025**	**4,558,475**	**4,558,475**	

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2017

Cost/Revaluation | Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	1,215,000	-	-	-	-	-	**1,215,000**	-	-	-	-	-	**-**	1,215,000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Buildings (Separate for AFS purposes)	19,158,460	198,950	-	5,960,110	-	-	**25,317,520**	(1,616,140)	-	-	(413,730)	-	**(2,029,870)**	23,287,650
	20,373,460	**198,950**	**-**	**5,960,110**	**-**	**-**	**26,532,520**	**(1,616,140)**	**-**	**-**	**(413,730)**	**-**	**(2,029,870)**	**24,502,650**
Infrastructure														
Pavements & Bridges	6,983,004	-	-	-	-	-	**6,983,004**	(1,720,548)	-	-	(290,908)	-	**(2,011,456)**	4,971,548
Storm water	29,542,870	19,214,235	-	-	-	-	**48,757,105**	(5,933,125)	-	-	(2,129,991)	-	**(8,063,116)**	40,693,989
Generation	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Transmission & Reticulation	6,058,924	16,679,848	-	(2,031,524)	-	-	**20,707,248**	(522,139)	-	-	(333,757)	-	**(855,896)**	19,851,352
Street lighting	3,217,067	852,937	-	315,794	-	-	**4,385,798**	(1,016,799)	-	-	(276,494)	-	**(1,293,293)**	3,092,505
Dams & Reservoirs	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Terminals	704,238	-	-	-	-	-	**704,238**	(219,631)	-	-	(40,591)	-	**(260,222)**	444,016
Roads	301,019,447	55,281,924	-	(28,963,219)	-	-	**327,338,152**	(83,217,078)	-	-	(14,889,307)	-	**(98,106,385)**	229,231,767
Reticulation	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Secirity Measures	1,659,321	-	-	-	-	-	**1,659,321**	(239,500)	-	-	(199,382)	-	**(438,882)**	1,220,439
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Housing	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Waste Management	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Gas	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other 1	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	349,184,871	**92,028,944**	**-**	**(30,678,949)**	**-**	**-**	**410,534,866**	**(92,868,820)**	**-**	**-**	**(18,160,430)**	**-**	**(111,029,250)**	**299,505,616**
Community Assets														
Parks & gardens	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Sportsfields and stadium	19,657,445	-	-	2,912,747	-	-	**22,570,192**	(3,588,996)	-	-	(1,095,566)	-	**(4,684,562)**	17,885,630
Swimming pools	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Community halls	26,476,236	-	-	3,558,304	-	-	**30,034,540**	(3,280,910)	-	-	(849,995)	-	**(4,130,905)**	25,903,635
Libraries	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Recreational facilities	7,539,617	-	-	-	-	-	**7,539,617**	(815,243)	-	-	(224,639)	-	**(1,039,882)**	6,499,735
Clinics	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Museums & art galleries	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Social rental housing	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Cemeteries	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Fire, safety & emergency	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Security and policing	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Buses	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	53,673,298	**-**	**-**	**6,471,051**	**-**	**-**	**60,144,349**	**(7,685,149)**	**-**	**-**	**(2,170,200)**	**-**	**(9,855,349)**	**50,289,000**

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets														
General vehicles	10,400,616	3,958,442	-	-	-	-	**14,359,058**	(3,612,453)	-	-	(1,165,739)	-	**(4,778,192)**	9,580,866
Plant & equipment	7,072,070	87,000	(2,799)	-	-	-	**7,156,271**	(2,324,623)	1,794	-	(437,317)	-	**(2,760,146)**	4,396,125
Computer Equipment	4,515,890	1,350,535	(260,298)	-	-	-	**5,606,127**	(1,347,458)	107,157	-	(969,003)	-	**(2,209,304)**	3,396,823
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	2,124,509	81,484	(2,496)	-	-	-	**2,203,497**	(603,518)	604	-	(162,762)	-	**(765,676)**	1,437,821
Office Equipment	1,327,419	118,051	(10,810)	-	-	-	**1,434,660**	(572,625)	6,477	-	(164,262)	-	**(730,410)**	704,250
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tools and Equipments	790,519	14,252	-	-	-	-	**804,771**	(469,551)	-	-	(78,889)	-	**(548,440)**	256,331
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Equipment	316,678	-	-	-	-	-	**316,678**	(90,928)	-	-	(47,826)	-	**(138,754)**	177,924
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	1,247,911	25,500	-	-	-	-	**1,273,411**	(229,067)	-	-	(98,103)	-	**(327,170)**	946,241
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic Epuipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	10,917	-	-	-	-	-	**10,917**	(8,734)	-	-	-	-	**(8,734)**	2,183
	27,806,529	**5,635,264**	**(276,403)**	**-**	**-**	**-**	**33,165,390**	**(9,258,957)**	**116,032**	**-**	**(3,123,901)**	**-**	**(12,266,826)**	**20,898,564**

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand	
Total property plant and equipment															
Land and buildings	20,373,460	198,950	-	5,960,110	-	-	**26,532,520**	(1,616,140)	-	-	(413,730)	-	**(2,029,870)**	24,502,650	
Infrastructure	349,184,871	92,028,944	-	(30,678,949)	-	-	**410,534,866**	(92,868,820)	-	-	(18,160,430)	-	**(111,029,250)**	299,505,616	
Community Assets	53,673,298	-	-	6,471,051	-	-	**60,144,349**	(7,685,149)	-	-	(2,170,200)	-	**(9,855,349)**	50,289,000	
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	
Other assets	27,806,529	5,635,264	(276,403)	-	-	-	**33,165,390**	(9,258,957)	116,032	-	(3,123,901)	-	**(12,266,826)**	20,898,564	
	451,038,158	**97,863,158**	**(276,403)**	**(18,247,788)**	**-**	**-**	**530,377,125**	**(111,429,066)**	**116,032**	**-**	**(23,868,261)**	**-**	**(135,181,295)**	**395,195,830**	
Agricultural/Biological assets															
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Intangible assets															
Computers - software & programming	549,363	1,642,589	-	-	-	-	**2,191,952**	(175,392)	-	-	(409,847)	-	**(585,239)**	1,606,713	
Other	-	-	-	-	-	-	**-**		-		-	-	-	-	**-**
	549,363	**1,642,589**	**-**	**-**	**-**	**-**	**2,191,952**	**(175,392)**			**-**	**-**	**(409,847)**	**-**	**(585,239)**
Investment properties															
Investment property	46,606,200	-	-	-				-	-	**46,606,200**		-		-	-
	46,606,200	**-**	**-**	**-**				**-**	**-**	**46,606,200**		**-**		**-**	**-**
Total															
Land and buildings	20,373,460	198,950	-	5,960,110				-	-	**26,532,520**	(1,616,140)			-	-
Infrastructure	349,184,871	92,028,944	-	(30,678,949)				-	-	**410,534,866**	(92,868,820)			-	-
Community Assets	53,673,298	-	-	6,471,051				-	-	**60,144,349**	(7,685,149)			-	-
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	
Other assets	27,806,529	5,635,264	(276,403)	-	-	-	**33,165,390**	(9,258,957)	116,032	-	(3,123,901)	-	**(12,266,826)**	20,898,564	
Agricultural/Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	
Intangible assets	549,363	1,642,589	-	-	-	-	**2,191,952**	(175,392)	-	-	(409,847)	-	**(585,239)**	1,606,713	
Investment properties	46,606,200	-	-	-	-	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200	
	498,193,721	**99,505,747**	**(276,403)**	**(18,247,788)**	**-**	**-**	**579,175,277**	**(111,604,458)**	**116,032**	**-**	**(24,278,108)**	**-**	**(135,766,534)**	**443,408,743**	

Mandeni Municipality

Mandeni Municipality

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	904,000	311,000	-	-	-	-	**1,215,000**	-	-	-	-	-	-	1,215,000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	17,263,173	3,632,421	(4,090,000)	2,352,866	-	-	**19,158,460**	(1,759,469)	654,818	-	(511,489)	-	**(1,616,140)**	17,542,320
	18,167,173	**3,943,421**	**(4,090,000)**	**2,352,866**	**-**	**-**	**20,373,460**	**(1,759,469)**	**654,818**	**-**	**(511,489)**	**-**	**(1,616,140)**	**18,757,320**
Infrastructure														
Pavements & Bridges	6,983,004	-	-	-	-	-	**6,983,004**	(1,428,843)	-	-	(291,705)	-	**(1,720,548)**	5,262,456
Storm water	27,617,238	4,433,765	-	(2,508,132)	-	-	**29,542,871**	(4,467,117)	-	-	(1,466,008)	-	**(5,933,125)**	23,609,746
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	4,561,004	-	-	1,497,920	-	-	**6,058,924**	(363,690)	-	-	(158,449)	-	**(522,139)**	5,536,785
Street lighting	3,217,069	392,637	-	(392,637)	-	-	**3,217,069**	(761,280)	-	-	(255,519)	-	**(1,016,799)**	2,200,270
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terminals	704,238	-	-	-	-	-	**704,238**	(178,929)	-	-	(40,702)	-	**(219,631)**	484,607
Roads	270,528,981	22,969,690	(7,154,738)	14,675,514	-	-	**301,019,447**	(72,550,913)	4,201,976	-	(14,868,141)	-	**(83,217,078)**	217,802,369
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Measures	1,064,968	1,420,599	-	(826,245)	-	-	**1,659,322**	(55,244)	-	-	(184,256)	-	**(239,500)**	1,419,822
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	314,676,502	**29,216,691**	**(7,154,738)**	**12,446,420**	**-**	**-**	**349,184,875**	**(79,806,016)**	**4,201,976**	**-**	**(17,264,780)**	**-**	**(92,868,820)**	**256,316,055**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	19,038,467	5,556,157	(5,800)	(4,931,379)	-	-	**19,657,445**	(2,541,966)	2,785	-	(1,049,815)	-	**(3,588,996)**	16,068,449
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	21,767,306	4,102,800	-	606,130	-	-	**26,476,236**	(2,462,321)	-	-	(818,588)	-	**(3,280,909)**	23,195,327
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	2,518,949	5,959,539	-	(938,872)	-	-	**7,539,616**	(593,064)	-	-	(222,180)	-	**(815,244)**	6,724,372
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	43,324,722	**15,618,496**	**(5,800)**	**(5,264,121)**	**-**	**-**	**53,673,297**	**(5,597,351)**	**2,785**	**-**	**(2,090,583)**	**-**	**(7,685,149)**	**45,988,148**

Mandeni Municipality

Mandeni Municipality

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets														
General vehicles	10,400,616	-	(1)	-	-	-	**10,400,615**	(2,482,471)	-	-	(1,129,983)	-	**(3,612,454)**	6,788,161
Plant & equipment	6,802,776	364,115	(94,821)	-	-	-	**7,072,070**	(1,917,374)	42,261	-	(449,510)	-	**(2,324,623)**	4,747,447
Computer Equipment	4,354,033	1,576,328	(1,414,471)	-	-	-	**4,515,890**	(1,139,963)	602,513	-	(810,008)	-	**(1,347,458)**	3,168,432
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1,948,286	201,465	(25,242)	-	-	-	**2,124,509**	(456,646)	11,849	-	(158,721)	-	**(603,518)**	1,520,991
Office Equipment	1,207,964	211,210	(91,755)	-	-	-	**1,327,419**	(432,369)	30,564	-	(170,819)	-	**(572,624)**	754,795
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tools and Equipment	793,049	10,454	(12,984)	-	-	-	**790,519**	(376,211)	10,387	-	(103,727)	-	**(469,551)**	320,968
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Equipment	289,178	27,500	-	-	-	-	**316,678**	(45,005)	-	-	(45,924)	-	**(90,929)**	225,749
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	798,760	480,000	(30,849)	-	-	-	**1,247,911**	(161,424)	24,679	-	(92,322)	-	**(229,067)**	1,018,844
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	10,917	-	-	-	-	-	**10,917**	(8,734)	-	-	-	-	**(8,734)**	2,183
	26,605,579	**2,871,072**	**(1,670,123)**	**-**	**-**	**-**	**27,806,528**	**(7,020,197)**	**722,253**	**-**	**(2,961,014)**	**-**	**(9,258,958)**	**18,547,570**

Mandeni Municipality

Mandeni Municipality

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	18,167,173	3,943,421	(4,090,000)	2,352,866	-	-	**20,373,460**	(1,759,469)	654,818	-	(511,489)	-	**(1,616,140)**	18,757,320
Infrastructure	314,676,502	29,216,691	(7,154,738)	12,446,420	-	-	**349,184,875**	(79,806,016)	4,201,976	-	(17,264,780)	-	**(92,868,820)**	256,316,055
Community Assets	43,324,722	15,618,496	(5,800)	(5,264,121)	-	-	**53,673,297**	(5,597,351)	2,785	-	(2,090,583)	-	**(7,685,149)**	45,988,148
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	26,605,579	2,871,072	(1,670,123)	-	-	-	**27,806,528**	(7,020,197)	722,253	-	(2,961,014)	-	**(9,258,958)**	18,547,570
	402,773,976	**51,649,680**	**(12,920,661)**	**9,535,165**	**-**	**-**	**451,038,160**	**(94,183,033)**	**5,581,832**	**-**	**(22,827,866)**	**-**	**(111,429,067)**	**339,609,093**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	395,309	245,579	(91,525)	-	-	-	**549,363**	(57,099)	30,190	-	(148,483)	-	**(175,392)**	373,971
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	395,309	**245,579**	**(91,525)**	**-**	**-**	**-**	**549,363**	**(57,099)**	**30,190**	**-**	**(148,483)**	**-**	**(175,392)**	**373,971**
Investment properties														
Investment property	46,606,200	-	-	-	-	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200
	46,606,200	**-**	**-**	**-**	**-**	**-**	**46,606,200**	**-**	**-**	**-**	**-**	**-**	**-**	**46,606,200**
Total														
Land and buildings	18,167,173	3,943,421	(4,090,000)	2,352,866	-	-	**20,373,460**	(1,759,469)	654,818	-	(511,489)	-	**(1,616,140)**	18,757,320
Infrastructure	314,676,502	29,216,691	(7,154,738)	12,446,420	-	-	**349,184,875**	(79,806,016)	4,201,976	-	(17,264,780)	-	**(92,868,820)**	256,316,055
Community Assets	43,324,722	15,618,496	(5,800)	(5,264,121)	-	-	**53,673,297**	(5,597,351)	2,785	-	(2,090,583)	-	**(7,685,149)**	45,988,148
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	26,605,579	2,871,072	(1,670,123)	-	-	-	**27,806,528**	(7,020,197)	722,253	-	(2,961,014)	-	**(9,258,958)**	18,547,570
Agricultural/Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Intangible assets	395,309	245,579	(91,525)	-	-	-	**549,363**	(57,099)	30,190	-	(148,483)	-	**(175,392)**	373,971
Investment properties	46,606,200	-	-	-	-	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200
	449,775,485	**51,895,259**	**(13,012,186)**	**9,535,165**	**-**	**-**	**498,193,723**	**(94,240,132)**	**5,612,022**	**-**	**(22,976,349)**	**-**	**(111,604,459)**	**386,589,264**

Mandeni Municipality
Appendix C

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Work in progress Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	747,855	-	-	-	-	**-**	**747,855**	(194,988)	-	-	-	-	**(194,988)**	552,867
Finance & Admin/Finance	15,761,665	-	-	-	-	**-**	**15,761,665**	(2,116,861)	-	-	-	-	**(2,116,861)**	13,644,804
Planning and Development/Economic Development/Plan	33,623,276	-	-	-	-	**-**	**33,623,276**	(4,220,052)	-	-	-	-	**(4,220,052)**	29,403,224
Health/Clinics	800,000	-	-	-	-	**-**	**800,000**	(118,956)	-	-	-	-	**(118,956)**	681,044
Comm. & Social/Libraries and archives	67,951,709	-	-	-	-	**-**	**67,951,709**	(6,389,839)	-	-	-	-	**(6,389,839)**	61,561,870
Housing	17,488	-	-	-	-	**-**	**17,488**	(7,589)	-	-	-	-	**(7,589)**	9,899
Public Safety/Police	1,932,262	-	-	-	-	**-**	**1,932,262**	(456,578)	-	-	-	-	**(456,578)**	1,475,684
Sport and Recreation	18,780,840	-	-	-	-	**-**	**18,780,840**	(3,037,639)	-	-	-	-	**(3,037,639)**	15,743,201
Environmental Protection/Pollution Control	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Waste Water Management/Sewerage	4,707,210	-	-	-	-	**-**	**4,707,210**	(989,005)	-	-	-	-	**(989,005)**	3,718,205
Road Transport/Roads	347,299,051	-	-	-	-	**-**	**347,299,051**	(93,437,250)	-	-	-	-	**(93,437,250)**	253,861,801
Water/Water Distribution	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Electricity /Electricity Distribution	6,407,617	-	-	-	-	**-**	**6,407,617**	(629,829)	-	-	-	-	**(629,829)**	5,777,788
Other/Air Transport	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	498,028,973	**-**	**-**	**-**	**-**	**-**	**498,028,973**	**(111,598,586)**	**-**	**-**	**-**	**-**	**(111,598,586)**	**386,430,387**
Municipal Owned Entities														
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
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	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
Total														
Municipality	498,028,973	-	-	-	-	**-**	**498,028,973**	(111,598,586)	-	-	-	-	**(111,598,586)**	386,430,387
Municipal Owned Entities	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-
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	-	-	-	-	-	**-**	**-**	-	-	-	-	-	**-**	-

Mandeni Municipality
Appendix C

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2017

Cost/Revaluation	Accumulated Depreciation

Mandeni Municipality
Appendix C

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2017

Cost/Revaluation							Accumulated Depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Work in progress Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
498,028,973	**-**	**-**	**-**	**-**	**-**	**498,028,973**	**(111,598,586)**	**-**	**-**	**-**	**-**	**(111,598,586)**	**386,430,387**

Segmental Statement of Financial Performance for the year ended

Prior Year Actual Income	Prior Year Actual Expenditure	Prior Year Surplus /(Deficit)		Current Year Actual Income	Current Year Actual Expenditure	Current Year Surplus /(Deficit)
Rand	Rand	Rand		Rand	Rand	Rand
			Municipality			
176,095,806	95,591,834	80,503,972	Executive & Council/Mayor and Council	201,629,964	116,443,590	85,186,374
125,628	17,183,309	(17,057,681)	Finance & Admin/Finance	145,132	18,364,888	(18,219,756)
44,149,790	34,753,674	9,396,116	Planning and Development/Economic Development/Plan	34,887,302	34,720,375	166,927
-	-	-	Health/Clinics	-	-	-
2,009,134	8,978,429	(6,969,295)	Comm. & Social/Libraries and archives	2,196,133	10,377,033	(8,180,900)
-	-	-	Housing	-	-	-
1,111,981	18,600,393	(17,488,412)	Public Safety/Police	1,475,631	19,309,905	(17,834,274)
13,470	901,294	(887,824)	Sport and Recreation	-	963,312	(963,312)
-	2,448,645	(2,448,645)	Environmental Protection/Pollution Control	-	3,823,221	(3,823,221)
6,339,107	7,474,188	(1,135,081)	Waste Water Management/Sewerage	7,750,473	3,449,964	4,300,509
-	10,101,102	(10,101,102)	Road Transport/Roads	-	8,208,670	(8,208,670)
-	-	-	Water/Water Distribution	-	-	-
20,759,780	21,675,165	(915,385)	Electricity /Electricity Distribution	31,380,322	31,789,256	(408,934)
-	-	-	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
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-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
250,604,696	**217,708,033**	**32,896,663**		**279,464,957**	**247,450,214**	**32,014,743**
			Municipal Owned Entities			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
250,604,696	217,708,033	32,896,663	Municipality	279,464,957	247,450,214	32,014,743
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-

-	-	-	-	-	-
-	-	-	-	-	-

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
250,604,696	**217,708,033**	**32,896,663**	**Total**	**279,464,957**	**247,450,214**	**32,014,743**

MANDENI MUNICIPALITY
AUDIT REPORT COMBINED ACTION PLAN 2017/2018 (FINANCIAL AND ICT)
PREPARED: CHIEF AUDIT EXECUTIVE
DATE: 29TH DECEMBER 2017

Mandeni Municipality
Appendix L
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	No		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

MANDENI MUNICIPALITY
AUDIT REPORT COMBINED ACTION PLAN 2017/2018 (FINANCIAL AND ICT)
PREPARED: CHIEF AUDIT EXECUTIVE
DATE: 29TH DECEMBER 2017

detailed audit findings

Page no. ref to Mgt report	Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor’ s report	Other important matters	Administrative matters		
	Annexure A										
30	Non prevention of Fruitless and Wasteful, Unauthorised and Irregular expenditure			✓			✓			0	In progress
32	Consequence management – no investigations for unauthorised, irregular or fruitless and wasteful expenditure			✓			✓			0	In progress
	Annexure B										
34	Possible bid rigging				✓			✓		0	In progress
36	Incorrect supplier awarded tender	✓		✓				✓		0	In progress
37	Suppliers in service of state				✓			✓		0	In progress
39	Suppliers not paid within 30 days			✓				✓		3	In progress
40	Payment for prior year service that was never rendered			✓				✓		0	In progress
41	Supplier charging VAT with no VAT registration number	✓		✓				✓		0	In progress
42	Use of consultants				✓			✓		3	In progress
43	Indigent debtors not approved for extended period of time				✓			✓		0	In progress

MANDENI MUNICIPALITY
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PREPARED: CHIEF AUDIT EXECUTIVE
DATE: 29TH DECEMBER 2017

Page no. ref to Mgt report	Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters		
45	IT Service Continuity - Monthly backup for June 2017 not performed				✓			✓		1	In progress
46	User Access Management - User access forms do not contain a proper audit log and administrative activities not reviewed timeously and independently				✓			✓		1	In progress
48	IT Governance - Vacancy within the Information Technology Unit				✓			✓		2	In progress
49	Business Continuity Plan not tested				✓			✓		3	In progress
	Annexure C										
50	Security Management - Approved IT security policy does not contain "Security awareness and training"				✓				✓	0	In progress

MANDENI MUNICIPALITY
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PREPARED: CHIEF AUDIT EXECUTIVE
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LEGENDS

ACHIEVED	
IN PROGRESS	
PARTIALLY ACHEVED – AWAITING COMPLETION BY 3RD PARTY	
NOT ACHIEVED	
NOT ASSESSED AS DEADLINE NOT PAST	
MANAGEMENT RESPONSE NOT RECEIVED	

Detailed audit findings

ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT

<table>
<tr><th>ITEM</th><th>FINDING</th><th>ACTION</th><th>RESPONSIBLE PERSON</th><th>TARGET DATE</th></tr>
<tr>
<td>1. Non-prevention of Fruitless and Wasteful, Unauthorised and Irregular expenditure</td>
<td>In terms of section 62 of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented.

During our audit the following was noted:

• Irregular expenditure to the amount of R4 204 190 have not been prevented for the current year.

<table>
<tr><th>Date</th><th>Amount (R)</th><th>Description of Incident</th></tr>
<tr><td>02/12/2016</td><td>463 378,00</td><td>4 Cars hired for inauguration of office bearers</td></tr>
<tr><td>01/02/2016</td><td>656 784,00</td><td>Sport attire for Salga Games</td></tr>
<tr><td>19/12/2016</td><td>700 000,00</td><td>Home Coming Event</td></tr>
<tr><td>22/12/2016</td><td>450 000,00</td><td>Preparation and Printing of Annual Report</td></tr>
<tr><td>26/07/2017</td><td>248 128,00</td><td>Security body guards for Cllr BL Magwaza</td></tr>
<tr><td>18/10/2016</td><td>110 831,00</td><td>Finalizing of Staff Establishment</td></tr>
<tr><td>20/09/2016</td><td>78 000,00</td><td>Photoshoot and Make-up of councillors for Inauguration</td></tr>
</table>
</td>
<td>• Council to be workshopped and adopt the anti-fraud and anti-corruption strategy which sets forth mechanisms to undertake processes of investigation

• Council, management and staff are to be specifically trained on MFMA Circular 68 and steps needed to be undertaken to investigate UIFW which include the compliance with S32, 75, 170 of the MFMA

• UIFW has been added onto the agenda for MPAC to undertake investigations and report to council as per their charter and council mandate

• UIFW that includes high level of complexity will involve the</td>
<td>CAE

CAE through AG

CAE

Municipal Manager</td>
<td>October 2017

January 2018

March 2018 and monthly thereafter</td>
</tr>
</table>

<table>
<tr>
<td></td>
<td>
<table>
<tr><td>26/10/2016</td><td>197 420,00</td><td>Supply and Installation of Network at Customer Care Office</td></tr>
<tr><td>21/09/2016</td><td>198 850,00</td><td>Installation of Network in Park homes at Head Office</td></tr>
<tr><td>21/09/2016</td><td>73 700,00</td><td>VAT view and Reconciliation and Working Paper File Compilation of VAT Review</td></tr>
<tr><td>21/09/2017</td><td>33 630,00</td><td>Employment Health Care and Long Service Awards</td></tr>
<tr><td>21/09/2017</td><td>68 400,00</td><td>Procurement of Embroided Towels for Women’s Day</td></tr>
<tr><td>21/09/2017</td><td>156 800,00</td><td>Accommodation for Salga Games</td></tr>
<tr><td>21/09/2017</td><td>35 000,00</td><td>Facilitate Team Building for Management Retreat</td></tr>
<tr><td>16/01/2017</td><td>43 126,00</td><td>Hiring of Conference Venue for Exco Retreat</td></tr>
<tr><td>26/04/2017</td><td>40 000,00</td><td>Hiring of Thanda Royal Zulu Club to play at Mayoral Cup</td></tr>
<tr><td>03/05/2017</td><td>73 500,00</td><td>Media Slot at Vuma fm for Mayor to present Service Delivery Programmes</td></tr>
<tr><td>26/04/2017</td><td>457 795,67</td><td>Suspension Matter of Mr LH Mapholoba</td></tr>
<tr><td></td><td>4 085 342,67</td><td>Municipal identified</td></tr>
<tr><td>30/10/2017</td><td>118 848,00</td><td>Incorrect application of BBBEE regulation</td></tr>
<tr><td></td><td>4 204 190,67</td><td></td></tr>
</table>
</td>
<td>assistance of the internal audit unit and the audit committee as a specific request from the Municipal Manager

• The adjustment budget process will investigate the need to cater funding for the forensic investigation of transactions where MPAC and internal audit identify suspicion or more in depth reviews are required

• A list of all UIFW will be taken to council together with investigations undertaken and recommendations relating to condonement or recovery.</td>
<td>Municipal Manager and Acting CFO

Municipal Manager, Acting CFO and external investigators</td>
<td>January 2018 for prior year and April 2018 for current year UIFW

January 2018

Current List taken in August 2017 and to include those UIFW identified by AG

April 2018 new list for period July 2017 to March 2018</td>
</tr>
</table>

<table>
<tr>
<td></td>
<td>
Fruitless and wasteful expenditure to the amount of R630 634 have not been prevented for the current year.
<table>
<tr><th>Amount (R)</th><th>Description of Incident</th></tr>
<tr><td>427 500,00</td><td>Ibeach Experience</td></tr>
<tr><td>427 500,00</td><td>Municipal identified</td></tr>
<tr><td>5 192,00</td><td>Interest on overdue Eskom account</td></tr>
<tr><td>88 742,00</td><td>Payment made but no services rendered - license</td></tr>
</table>
</td>
<td>

All UIFW will be reported to the MEC on a quarterly basis via the approved UIFW reporting template
Individuals within the municipality will be trained, through the assistance of KZN COGTA, to undergo training for investigations to ensure that this function has be performed at a high level in house – February 2018 (pending confirmation of training from KZN COGTA)
UIFW will be a standing item on FPC, EXCO, Council and MPAC Agenda and will require immediate reporting and investigation

</td>
<td>Municipal Manager, Acting CFO and SCM Manager

Municipal Manager, Acting CFO, CAE and Labour Relations Manager

Municipal Manager and Manager Administration

Acting CFO and SCM Manager</td>
<td>July 2018 list for April 2018 to June 2018

January 2018, April 2018, July 2018, October 2018

February 2018 Municipal Manager, CAE and labour relations manager to be trained on CFE to understand initial investigation processes

January 2018 onwards</td>
</tr>
</table>

	109 200,00 — VAT paid to non VAT vendor **630 634,00** • Unauthorised expenditure relating to employee cost, R1 955 742 and R10 499 759 relating to transfer and subsidies have not been prevented for the current year. This results in material non-compliance with section 62 of the MFMA	• Compliance checklists will be developed by SCM for each transaction setting out compliance with SCM regulations, in house policies and procedures – January 2018		January 2018
Achievements				
Reason for delays or non-achievement				
Status				

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PREPARED: CHIEF AUDIT EXECUTIVE
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ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
2. Consequence management – no investigations for unauthorised, irregular or fruitless and wasteful expenditure	In terms of section 32 of the MFMA. A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure. • Unauthorised expenditure incurred by the municipality in the prior year (R31 588 760) was not investigated to determine if any person is liable for the expenditure. • Fruitless and wasteful expenditure incurred by the municipality in the prior year (R183 045) was not investigated to determine if any person is liable for the expenditure. This results in material non-compliance with the section 32(2) of the MFMA.	• Council, management and staff are to be specifically trained on MFMA Circular 68 and steps needed to be undertaken to investigate UIFW which include the compliance with S32, 75, 170 of the MFMA– January 2018 • UIFW has been added onto the agenda for MPAC to undertake investigations and report to council as per their charter and council mandate – March 2018 • UIFW that includes high level of complexity will involve the assistance of the internal audit unit and the audit committee as a specific request from the Municipal Manager – January 2018	CAE through AG CAE Municipal Manager	January 2018 March 2018 January 2018 for prior year and April 2018 for current year UIFW

		• The adjustment budget process will investigate the need to cater funding for the forensic investigation of transactions where MPAC and internal audit identify suspicion or more in depth reviews are required – January 2018 • Scope of the UIFW investigation will also be determined and will include the following: - The investigation should be commissioned/ approved at the appropriate level. - Terms of reference of the investigations should be approved. - The scope of the investigation should address the allegation. - The recommendations/ findings should be relevant to the allegation.	Municipal Manager and Acting CFO Municipal Manager and Acting CFO	January 2018 and approved by council February 2018 (however appointment should have already occurred and work started) January 2018

		- Investigations should comply with auditee's policies with regard to independence and qualification/ position. Irregular, fruitless and wasteful expenditure should only be written-off as irrecoverable after being certified by council as irrecoverable based on the result of an investigation and the council committee must consider: - Measures already taken to recover the expenditure. - Cost of the measures already taken to recover such expenditure. - Estimated cost and likely benefit of further measures that can be taken. - All cases of alleged irregular expenditure that constitute a criminal offence should be reported to the South African Police Service	Municipal Manager and Acting CFO	April 2018 for prior year and part of current year and June 2018 for current year remainder Current List taken in August 2017 and to

		• A list of all UIFW will be taken to council together with investigations undertaken and recommendations relating to condonement or recovery. • A recovery process will be undertaken on UIFW as determined by council resolution on UIFW not condoned but recommended for recovery • MEC recommendations on UIFW (UIFW that council cannot condone) will be implemented for recovery by	Municipal Manager, Acting CFO and external investigators Council through resolution and Municipal Manager and Acting CFO Municipal Manager and COGTA representative	include those UIFW identified by AG April 2018 new list for period July 2017 to March 2018 July 2018 list for April 2018 to June 2018 April 2018 and July 2018 April 2018

		a task team as determined by the municipal manager • All UIFW will be reported to the MEC on a quarterly basis via the approved UIFW reporting template • Individuals within the municipality will be trained, through the assistance of KZN COGTA, to undergo training for investigations to ensure that this function has be performed at a high level in house – February 2018 (pending confirmation of training from KZN COGTA) • UIFW will be a standing item on FPC, EXCO, Council and MPAC Agenda and will require immediate reporting and investigation	Municipal Manager, Acting CFO and SCM Manager Municipal Manager, Acting CFO, CAE and Labour Relations Manager Municipal Manager and Manager Administration	January 2018, April 2018, July 2018, October 2018 February 2018 Municipal Manager, CAE and labour relations manager to be trained on CFE to understand initial investigation processes January 2018 onwards

Achievements				
Reason for delays or non-achievement				
Status				

ANNEXURE B: OTHER IMPORTANT MATTERS

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE

<table>
<tr>
<td>3. Procurement and contract management

- Possible bid rigging</td>
<td>The following indicators indicate possible cover quoting/bid rigging:
i) The winning quotation has a similar (format/wording/pricing) with any other losing quotation.
ii) The winning quotation comes from the same address as any other losing quotation.
iii) The winning quotation is from a supplier falling within the same group as any of the companies from whom losing bids were received.

During our audit of Supply Chain Management, we have identified possible bid rigging by Obytech Solutions (PTY) LTD and Norologix (PTY) LTD for quotes relating to information technology. Below set out the details of the tenders in question.

<table>
<tr><th>Reference</th><th>Details</th></tr>
<tr><td>REF: 01/16/17 – July 2016</td><td>Supply and delivery of laptops for R64 464 by Obytech Solutions (PTY) LTD</td></tr>
<tr><td>REF: 02/16/17 – August 2016</td><td>Supply and delivery of software licenses for R198 222 by Obytech Solutions (PTY) LTD</td></tr>
<tr><td>REF: 05/16/17 – September 2016</td><td>Supply and delivery of laptops for R197 109 by Obytech Solutions (PTY) LTD</td></tr>
<tr><td>REF: 08/16/17 – September 2016</td><td>Renewal of firewall licenses for R196 879 by Obytech Solutions (PTY) LTD</td></tr>
</table>

In the above quotes both Obytech and Norologix participated. Both have the same directors and invoices are identical apart from a small price difference.</td>
<td>

On tabling of the audit report and management report to council the issue will be discussed with the political and administrative leadership to establish the scope of the investigation
Scope, nature and timing of the investigation will be determined and taken to council for approval prior to the appointment of a forensic investigator
Once forensic processes initiated the outcome of the report will be tabled at Council to determine if there is need for disciplinary action
Quarterly reporting on this matter will occur with the Auditor General and progress will be

</td>
<td>Municipal Manager

Municipal Manager

Municipal Manager, Forensic Investigator and Council

Municipal Manager and CAE</td>
<td>31 January 2018

15 February 2018

March 2018

Quarterly at each meeting</td>
</tr>
</table>

	3. Obytech is a Johannesburg based company with 2 directors: a. Funeka Patricia Mayo – 7403150734087 which was appointed 26/01/2016 and resides in Margate b. Dorcas Abakah-Gyenin – 7811190723083 which was appointed 17/09/2012 and resides in Johannesburg 4. Norologix is a Margate based company with 1 director: a. Funeka Patricia Mayo – 7403150734087 which was appointed 07/05/2015 and resides in Margate *The following 2 tenders is where there were changes in ownership for both companies, but the operations remained the same.* **REF: 15/16/17 – December 2016** Supply and delivery of laptops to the value of R60 099 Four companies supplied quotes ranging between R60 099 and R121 000. Obytech Solutions (PTY) LTD was recommended as they quoted R60 099 and scored the highest points. Norologix (PTY) LTD did not participate in this tender. Obytech was however disqualified after submitting falsified information. According to the COR39 certificate, ownership has changed. However, after further inspection, it was noted that the ownership is still the same as completed on the MBD 4 form. This difference led to the disqualification of Obytech and another unrelated company won. Obytech was disqualified for this tender. After this incident there were a complete change in ownership at both Norologix and Obytech and even though the	tabled to council, EXCO, MPAC and audit committee • Furthermore, training will be run out to SCM and further training will be done in the area of forensic and fraud management	Acting CFO and Municipal Manager	April 2018

	municipality identified falsified information from these suppliers, other tenders were still awarded to them in 2017 as documented below. **REF: 33/16/17 – May 2017** Supply and delivery of planning software for R141 737 by Obytech Solutions (PTY) LTD Changes occurred after the municipality discovered the falsified information as per quote above. Both companies appointed new directors from Pinetown on the exact same date (just days after the disqualification was communicated internally) which leads to further questions as it may just be a front. It would appear that the changes in ownership was just to avoid documents from looking suspicious. Invoices also changed appearance, although the exact same quotation number were used which further indicates that there haven't been any changes at these 2 companies. 3. Obytech is a Johannesburg based company with 2 new directors on the COR39: a. Yada Mlungwana – 8911241309087 which was appointed 18/10/2016 and resides in Mthata, Eastern Cape. b. Kayleen Madasamy – 9711150327081 which was appointed **09/12/2016** and resides in **Pinetown** c. The address of the company on the CSD was changed to Chatsworth but the invoice still indicates Johannesburg. d. The BEE certificate was still obtained where the previous owner obtained it, Port Shepstone, but with the new director's details. This possibly indicates that there was just a change in ownership but the original owners might still be running the company. 4. Norologix is still a Margate based company with 1 new director:			

	a. Mathapelo Khoarane – 9501250692082 which was appointed **09/12/2016** and resides in **Pinetown**			
Achievements				
Reason for delays or non-achievement				
Status				

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE

<table>
<tr>
<td>4. Procurement and contract management
-Tender awarded to incorrect supplier</td>
<td>During the audit of quotations, it was noted that the incorrect supplier was awarded the tender

Kayosi Trading was wrongfully awarded the tender. Takur Trading had scored the highest points and should have been selected, however their BEE certificate was not accepted as it was not SANAS approved or had an affidavit. However, the regulations that were applied only came into effect from the 1st of January 2017 and BEE certificate was issued in 2016. Takur trading had a certified BBEEE certificate from a SAIBA member (which constitutes a valid BEE certifier).

<table>
<tr><th>Details</th><th>Name</th><th>Price</th><th>Points</th><th>BBBEE LEVEL</th><th>BBBEE Points</th><th>Total points</th></tr>
<tr><td rowspan="2">File no. : 19/16/17-PO18730-supply and delivery of cold mix bags 25kg-kayosi trading</td><td>Kayosi</td><td>R118 848</td><td>80.00</td><td>0</td><td>0</td><td>80.00</td></tr>
<tr><td>Takur</td><td>R143 640</td><td>66.19</td><td>1</td><td>20</td><td>86.19</td></tr>
</table>

As a result, the award is considered irregular expenditure and must be disclosed in the financial statements.</td>
<td>• Compliance checklists will be developed by SCM for each transaction setting out compliance with SCM regulations, in house policies and procedures – January 2018

• The CFO and SCM Manager will be required to sign off all tenders once the SCM practitioner has concluded the scoring with score sheets amended to include these relevant reviewer signatures

• The matter is also included in the list of UIFW discussed under finding 1 above and hence outcomes will determine whether there will be recovery or condonement</td>
<td>SCM Manager

Acting CFO, SCM Manager

Council through resolution and Municipal Manager and Acting CFO</td>
<td>January 2018

January 2018

April 2018 and July 2018</td>
</tr>
</table>

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Achievements				
Reason for delays or non-achievement				
Status				

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ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
5. Procurement and contract management - Suppliers in service of state	Municipal SCM Regulation 44 states the following states that the municipality may not make any award to a person who is in the service of the state The municipality had the following persons, which are in service of the state, registered in its supplier database to which awards/payments were made in the 2016/17 financial year. False declarations were submitted by these suppliers:	• The SCM Manager has written letters to all the suppliers above indicating the respective finding from the Auditor General and seeking responses for clarity as these suppliers have indicated that they are not in service of the state. The letters were signed by the Municipal Manager and the municipality is currently awaiting responses.	SCM Manager with assistance of SCM Practitioner	December 2017

Name	State institute where employed	Supplier name	Amount R
Siziwe Cynthia Buthelezi	KZN: health	Emahaqa Trading Enterprise	29 098.65
Thembela Barba Mzolo	Amahlati Local Municipality	Htb Consulting	450 000.00
Hlomelwa Zantsi	Alfred Nzo District Municipality	Htb Consulting	450 000.00
Ntokozo Chili	South African Social Security Agency	Wamelisha Projects (Pty) Ltd	20 664.00
Phakamani Goodman Maduna	Transnet Freight Rail	Qomalesizwe Trading	36 140.00
Linda Cecil Nene	PetroSA	Work Dynamics (Pty) Ltd	48 620.00

• On receipt of responses indicating that the supplier is in service of the state and falsified this fact on their submissions then the municipality, through the SCM Manager, will prepare a report to the Municipal Manager highlighting defaulters and will seek to undertake legal proceedings against each supplier and will undertake process for recovery on money paid	SCM Manager with assistance of SCM Practitioner and then report submitted to Municipal Manager to initiate legal proceedings	January 2018
• Furthermore those found to have falsely declared will be blacklisted and reported to National Treasury	SCM Manager	February 2018
• If the supplier does not respond then the municipality will call meetings with each supplier to obtain the final responses failing which their names will be removed from the municipal database and no further engagements will be entered into unless it relates to	SCM Manager with assistance of SCM Practitioner	January 2018

	Johanna Makgaleme le- Mukoki | South African Tourism | Travel With Flair (Pty)Ltd | 11 855.42 Bhekabant u Wilfred Ngubane | KZN Nature Conservation Board | Ngubane & Co. | 38 190.00 Reginald Banda Thembinko | NAT: TRANSPORT | Ngubane & Co. | 38 190.00 Zibuse Comfort Ngidi | KZN Nature Conservation Board | Ngidi And Company Incorporated | 299 665.24 This result in non-compliance with the Municipal SCM regulations and repeat findings will result in irregular expenditure.	contracts. For contracts there will be further investigation into breach of clause and thereafter investigation into cancellation of contract and recovery on monies. • Lastly should a supplier submit proof that they are not in service of the state then this evidence will be maintained on file and business with the supplier will continue as usual • The matter will be reported to AG at quarterly interactions	SCM Manager with assistance of SCM Practitioner SCM Manager with assistance of SCM Practitioner Arranged through the CAE	February 2018 March 2018
Achievements				
Reason for delays or non-achievement				

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Status	

<table>
<tr><th>ITEM</th><th>FINDING</th><th>ACTION</th><th>RESPONSIBLE PERSON</th><th>TARGET DATE</th></tr>
<tr>
<td>6. Expenditure
- Suppliers not paid within 30 days</td>
<td>MFMA S65(2)(e) states that the accounting officer must take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
<table>
<tr><th>Date</th><th>Supplier</th><th>Auditee Value R</th><th>Date Invoice Received</th><th>Date Paid per confirmation</th><th>Days</th></tr>
<tr><td>2017/04/28</td><td>Eskom</td><td>693911.69</td><td>2017/04/20</td><td>2017/06/01</td><td>42</td></tr>
<tr><td>2016/07/14</td><td>Conlog</td><td>18722.11</td><td>2016/05/30</td><td>2016/07/14</td><td>45</td></tr>
</table>
</td>
<td>• All invoices received will be stamped received by the payments unit once it has been transferred by the user department (This is due to invoices sometimes sent to user departments without any prior knowledge of the payment unit and hence payments are not done on time)

• Invoices that are not paid within 30 days from the stamped received date by the payments unit will have accompanying documentation to state the reason for the delayed payment as there could be disputes that have arisen or problems with the service of goods received</td>
<td>Acting CFO and Manager Budget with the assistance of the payments unit

Acting CFO and Manager Budget with the assistance of the payments unit</td>
<td>February 2018 – to correct historical invoices (July 2017 to February 2018)

January 2018 onwards for all invoices from January 2018 onwards on a monthly basis

February 2018 – to correct historical invoices (July 2017 to February 2018)

January 2018 onwards for all invoices from January 2018 onwards on a monthly basis</td>
</tr>
</table>

	2016/07/14	Business Connexion	88 741.52	2016/05/30	2016/07/14	45			
	2016/09/20	Worth Kings Trading	26 200.00	2015/08/13	2016/09/20	404			
	2016-12-08	Obytech Solutions	197 109.00	2016/10/14	2016/12/08	55			
	2017/02/28	Telkom	65 748.27	2016/11/30	2017/02/28	42			
	During the audit of expenditure, it was noted that the following suppliers were not paid within 30 days after receipt of invoice: This will result in non-compliance with the MFMA								
Achievements									

Reason for delays or non-achievement	
Status	

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE

<table>
<tr>
<td>7. Expenditure - Payment for prior year service that was never rendered</td>
<td>In terms of section 62(1)(c)(i) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;"

During the audit of expenditure, it was noted that the following invoice, which relates to 2015-16 was incorrectly recorded in the 2016-17 financial year and the payment was made despite no services being received:

<table>
<tr><th>Name</th><th>Invoice date</th><th>Payment date</th><th>Amount
R</th></tr>
<tr><td>Business Connextion</td><td>30 May 2016</td><td>1 July 2017</td><td>R88 742</td></tr>
</table>

This leads to non-compliance with the MFMA and an overstatement of expenditure</td>
<td>• This invoice forms part of finding (1) UIFW and will be investigated in detail to determine the nature of the finding and to determine recovery

• The matter will further be discussed with the audit committee (IT expert) to determine the underlying facts relating to the case as it was established that the payment had to be done to restore the firewall

• As a control measure the payments unit will not process any prior year payments or long outstanding payments without proof from the user department that the service was in fact undertaken. This will accompany the invoice as an attachment stating the reason for the invoice being paid and</td>
<td>Council through resolution and Municipal Manager and Acting CFO

CAE

Acting CFO and Manager Budget</td>
<td>April 2018 and July 2018 through the UIFW recovery processes

January 2018

January 2018</td>
</tr>
</table>

		approved by the Municipal Manager		
Achievements				
Reason for delays or non-achievement				
Status				

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
8. Expenditure **- Supplier charging VAT with no VAT registration number**	VAT Act states: 20. Tax invoices. — (1) Except as otherwise provided in this section, a supplier, being a registered vendor, making a taxable supply (other than a supply contemplated in section 8 (10)) to a recipient, must within 21 days of the date of that supply issue a tax invoice containing such particulars as are specified in this section: Provided that - During the audit of contracted services, it was noted that VAT was paid to a supplier who did not have a VAT number.	• The Nomanele (Pty) Ltd payment required 2 VAT journals which were subsequently processed however the payment of the invoices VAT portion was deemed fruitless and invoice forms part of finding (1) UIFW and will be investigated in detail to determine the nature of the	Council through resolution and Municipal Manager and Acting CFO	April 2018 and July 2018 through the UIFW recovery processes

<table>
<tr>
<td></td>
<td>
<table>
<tr><th>Supplier</th><th>Invoice No</th><th>Amount</th><th>VAT</th></tr>
<tr><td>Nomanele PTY LTD</td><td>April and June 2017</td><td>260 000.00</td><td>36 400.00</td></tr>
</table>

This will result in non-compliance with the VAT Act and fruitless and wasteful expenditure as proper controls were not implemented to evaluate whether the invoice is a valid tax invoice as per the VAT act.
</td>
<td>
finding and to determine recovery

In the current financial year these monies will be recouped from the supplier through reduction from future invoices.
Furthermore, once the monies are recouped this person’s contract will be investigated to determine the legality of the business in terms of tax matters.

As a control measure payments staff and staff interrogating invoices will attend training on issues relating to VAT and VAT invoices to determine the adequacy of information required on invoices

Furthermore the manager expenditure will design a checklist of the minimum
</td>
<td>
Acting CFO and manager budget

Municipal Manager

Acting CFO and manager budget

Acting CFO and manager budget
</td>
<td>
January 2018

February 2018

February 2018 or as early as training can be identified from SARS or internally is possible

February 2018
</td>
</tr>
</table>

		requirements for all VAT invoices and ensure that it forms part of the payment batch prior to the processing of payments		
Achievements				
Reason for delays or non-achievement				
Status				

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ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
9. Expenditure **- Use of Consultants**	Paragraph 4.5 - National Treasury Instruction 01 of 2013/14 Accounting officers and accounting authorities must develop consultancy reduction plans by 31 March of each year for the implementation in the ensuing financial year. The first consultancy reduction plan required in terms of this Treasury Instruction must be developed before 31 March 2014 for implementation in the 2014/15 financial year An audit was conducted on the use of consultants at the municipality and it was identified that the current policy on consultants does not contain a reduction plan and measures to address over reliance on consultants.	The municipality will seek to identify all financial consultants that are utilised by the municipality and develop a plan per consultant to determine if it is practical to reduce their use. If it is decided that the use of the consultancy cannot be reduced a detail explanation will be included to highlight why this is the case and what is going to be done in the future	SCM Manager SCM Manager through section heads	January 2018 February 2018

		to reduce or eliminate the need for the financial consultants		
Achievements				
Reason for delays or non-achievement				
Status				

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE

<table>
<tr>
<td>10. Expenditure - Indigent debtors not approved for extended period of time</td>
<td>Paragraph 7.1 of the indigent policy adopted by the municipality states that “relief will only be distributed to those residents who apply and qualify”.

During the audit, we noted that the municipality adopted the tariff policy and indigent policy which is in line with the MSA. However, the municipality did not implement the adopted policy during the past financial year due to non- approval of indigent debtors by the council. The table below serves as reference of qualifying indigent debtors not receiving reduced monthly billings during financial year 2016/17:

<table>
<tr><th>No</th><th>Ward</th><th>Account No.</th><th>Debtor Name</th><th>AREA</th><th>Balance @ date of application</th></tr>
<tr><td>1</td><td>Ward 3</td><td>6660292</td><td>Ramlucken Deonarian</td><td>Newark</td><td>19 218.88</td></tr>
<tr><td>2</td><td>Ward 3</td><td>3965102</td><td>Rambarran Shameela</td><td>Highview Park</td><td>893.82</td></tr>
</table>
</td>
<td>The corrective measure has now been implemented as the 2017-18 indigent register has been approved by council in September 2017.</td>
<td>Acting CFO</td>
<td>Achieved September 2017</td>
</tr>
</table>

	3	Ward 3	9801271	Joseph Trevor Joel	Mandeni 007/ 6 Dube Road	28 069.65			
	4	Ward 4	3961291	Chetty Sokalingam P.	Padianagar 302	113859.57			
	5	Ward 4	3961021	Singh Anel Dindayal	Highview Park	99 861.44			
	6	Ward 4	6661081	Beer Singh	Padianagar 302	15 479.15			
	7	Ward 4	6600361	Singh Premdei	Padianagar 302	37 922.24			
	8	Ward 7	1112500	Sibiya Sarah	Dark City	1 488.00			
	9	Ward 7	1108000	Buthelezi Mzikayise	Dark City	889.00			

	10	Ward 7	1123900	Sibiya Thobiyani	Dark City	41 568.49			
	11	Ward 7	1085200	Zulu Hloniphani Wiseman	Thokoza	25 717.97			
	12	Ward 13	2015700	Zulu Khululewe Goodness	Ireland	13 101.82			
	13	Ward 13	2014700	Ngiba Thembisile Ntombenhle	Ireland	41 561.98			
	14	Ward 13	2027000	Mdletshe Thembisile Mildred	Ireland	12 843.06			
	15	Ward 14	2144000	Hadebe Sipho Ernest	Chappies	35 364.45			

	16	Ward 14	2146900	Ngcobo Mandlakayise	Chappies	12 476.34				
	17	Ward 14	2149200	Ntuli Saneliso Q	Chappies	34 201.48				
	18	Ward 15	1003300	Mpanza Sinethemba Musawenkosi	Bhidla	6 903.76				
	19	Ward 15	1015500	Thobela Armindo Albino	Bhidla	2 491.43				
	20	Ward 15	1031900	Mbowana Thembeni Mayvis	Bhidla	38 353.29				
				Total		**582 265.82**				

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Achievements				
Reason for delays or non-achievement				
Status				

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
11. IT Service Continuity - **Monthly backup for June 2017 not performed**	Through the testing of the daily, weekly and monthly backup slips/tapes, it was noted that for June 2017 a monthly backup was not performed. Not performing the backups on a regular basis increases the risk that the municipality may not be able to recover significant business systems, operations and processes in a timely manner in event of a disaster. This may compromise availability of systems, critical business processes and data. This may also impact adversely on the municipality's reputation.	This matter is being corrected by purchasing additional drives and tapes. This problem was foreseen however due to cost restrictions this was placed on hold. Steps undertaken:	IT & Records Manager	13 November 2017 and followed up on monthly
		4. Requisition will be completed on the MSCOA system to request the purchase of additional drives and tapes	IT & Records Manager	13 November 2017
		5. Follow up on tapes and drives with the SCM unit and budget is available	IT & Records Manager	January 2018
		6. If tapes and drives not acquired then matter to be raised at MANCO and then escalated via	IT & Records Manager	January 2018

		formal correspondence to the Municipal Manager		

Achievements	
Reason for delays or non-achievement	
Status	

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
12. User Access Management - **User access forms do not contain a proper audit log and**	The following password parameters have not been configured on the Pastel and Payday application: | | System | Applicant | Approval from HOD | Date | Created by IT | Approval by IT ma |	This matter was an oversight error that arose due to need to fast track processes. This matter has now been subsequently resolved as all password parameter have been configured on the Pastel and Payday application	IT & Records Manager	13 November 2017 And followed up on monthly

administrative activities not reviewed timeously and independently	**Access account form**	Pastel, Network, email, internet	T. Dlamini (MM secretary)	L. Mapholoba (ex MM)	10/08/2016	not completed	Yaw Owusu (IT Manager)			
	Access account form	Network, email, internet, remote access	M. Dlamini (manager: Com services)	ZW Mcineka (Dir: Com services)	01-Dec-16	not completed	Yaw Owusu (IT Manager)			
	Access account form	Pastel, Network, email, internet	L. Metnga (Office of the mayor)	M. Mthembu (OMM)	01-Dec-16	not completed	Yaw Owusu (IT Manager)			

Administrative activities have not been reviewed timeously, apart from April 2017. The system user lists as well as the administrative activities have also not been independently reviewed from the IT department (CFO).

Number		**System**	**Period for report**	**Date reviewed**	**Reviewed by**
1	Administrative activities	Active Directory - mandeni.local	30 July 2016	04-May-17	Yaw Owusu (IT Manager)
2	Administrative activities	Active Directory - mandeni.local	30 August 2016	04-May-17	Yaw Owusu (IT Manager)

		3	Administrative activities	Active Directory - mandeni.local	30 September 2016	04-May-17	Yaw Owusu (IT Manager)				
		4	Administrative activities	Active Directory - mandeni.local	30 October 2016	04-May-17	Yaw Owusu (IT Manager)				
		5	Administrative activities	Active Directory - mandeni.local	30 November 2016	04-May-17	Yaw Owusu (IT Manager)				
		6	Administrative activities	Active Directory - mandeni.local	30 December 2016	04-May-17	Yaw Owusu (IT Manager)				

		7	Administrative activities	Active Directory - mandeni.local	30 January 2017	04-May-17	Yaw Owusu (IT Manager)				
		8	Administrative activities	Active Directory - mandeni.local	28 February 2017	04-May-17	Yaw Owusu (IT Manager)				
		9	Administrative activities	Active Directory - mandeni.local	30 March 2017	04-May-17	Yaw Owusu (IT Manager)				
		10	Administrative activities	Active Directory - mandeni.local	30 April 2017	04-May-17	Yaw Owusu (IT Manager)				

11	Administrative activities	Active Directory - mandeni.local	30 May 2017	07-Nov-17	Yaw Owusu (IT Manager)				
12	Administrative activities	Active Directory - mandeni.local	30 June 2017	07-Nov-17	Yaw Owusu (IT Manager)				

Users with administrator privileges have full control over the network and IT applications. If activities of administrators are not monitored on a periodic basis, this may result in unauthorized activities performed not being detected in a timely manner. In addition, user account maintenance activities could be performed by administrators without valid and approved requests.

Achievements	

Reason for delays or non-achievement	
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ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
13. IT Governance - Vacancy within the Information Technology Unit	The IT unit was not fully capacitated as the following position that formed part of the approved municipal structure had not been filled: • One IT Security Specialist If the IT unit is not sufficiently capacitated in terms of IT security. This may lead to process inefficiencies and IT not adequately supporting business. Strategic and operational goals may therefore not be achieved. In addition, vacancies within the IT unit expose the municipality to the risk of a lack of segregation of duties. This may result in incompatible tasks being performed by personnel and unauthorised access to systems and information..	The network administrator together with the IT Manager to identify and attend specific training relating to IT security if provided on a free basis or alternatively inhouse training will be done to ensure that there is some capacity building until the IT unit budgets for this formal training or identifies cost free training This mitigating action will be undertaken until there is available budget to fill the post of IT security specialist. However due to current cost constraints this is not anticipated in the current or next financial year	IT & Records Manager	February 2018

Achievements	

Reason for delays or non-achievement	
Status	

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
14. Business Continuity Plan not tested	Although the municipality has a Business Continuity Plan (BCP), the effectiveness of the plan has not been tested in the current financial year. The municipality may not be aware of the effectiveness of its BCP if regular scheduled testing is not performed. In the event of a disaster the municipality may not be able to recover business operations in a timely manner which could result in the loss of revenue for the municipality	The BCP testing is a costly exercise and the municipality had previously engaged with Deloitte who were willing to assist in the process over a three year period however due to financial constraints the municipality could not prioritise this three year program. We are currently undertaking the following steps:	IT & Records Manager IT & Records Manager and CAE	February 2018 February 2018

		3. Currently seeking assistance from Provincial Treasury and seeking to identify alternate means of testing however all avenues are going to be further investigated in the current year with the hope of obtaining this assistance free of charge or at a reduced rate so that it can be accommodated within the municipal budget 4. Failure to obtain free services will result in the the unit engaging with the Municipal Manager to identify excess funds to deal with this issue on a piecemeal process		

Achievements	
Reason for delays or non-achievement	

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Status	

ANNEXURE C: ADMINISTRATIVE MATTERS

ITEM	FINDING	ACTION	RESPONSIBLE PERSON	TARGET DATE
15. Security Management - Approved IT security policy does not contain "Security awareness and training"	Through inspection of the IT security policy it was noted that it does not contain a procedure for communicating awareness and training of the policy, and therefore hinders the implementation and effectiveness of this policy. Although it was noted that the training did occur for the current financial year under review, in the absence of regular security awareness training, users may not be aware, neglect and possibly forget their information security responsibilities. This may result in the disclosure of confidential information through security breaches such as password sharing, user social engineering attacks and/or compromised user accounts which could lead to security breaches. The resultant breaches may lead to the integrity, availability and confidentiality of the key systems and its data being compromised.	The IT Security policy will be reviewed to ensure that the above recommendations are considered and included within the policy. The policy will be reviewed by March 2018	IT & Records Manager IT & Records Manager	February 2018 March 2018

Achievements	

Reason for delays or non-achievement	
Status	

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