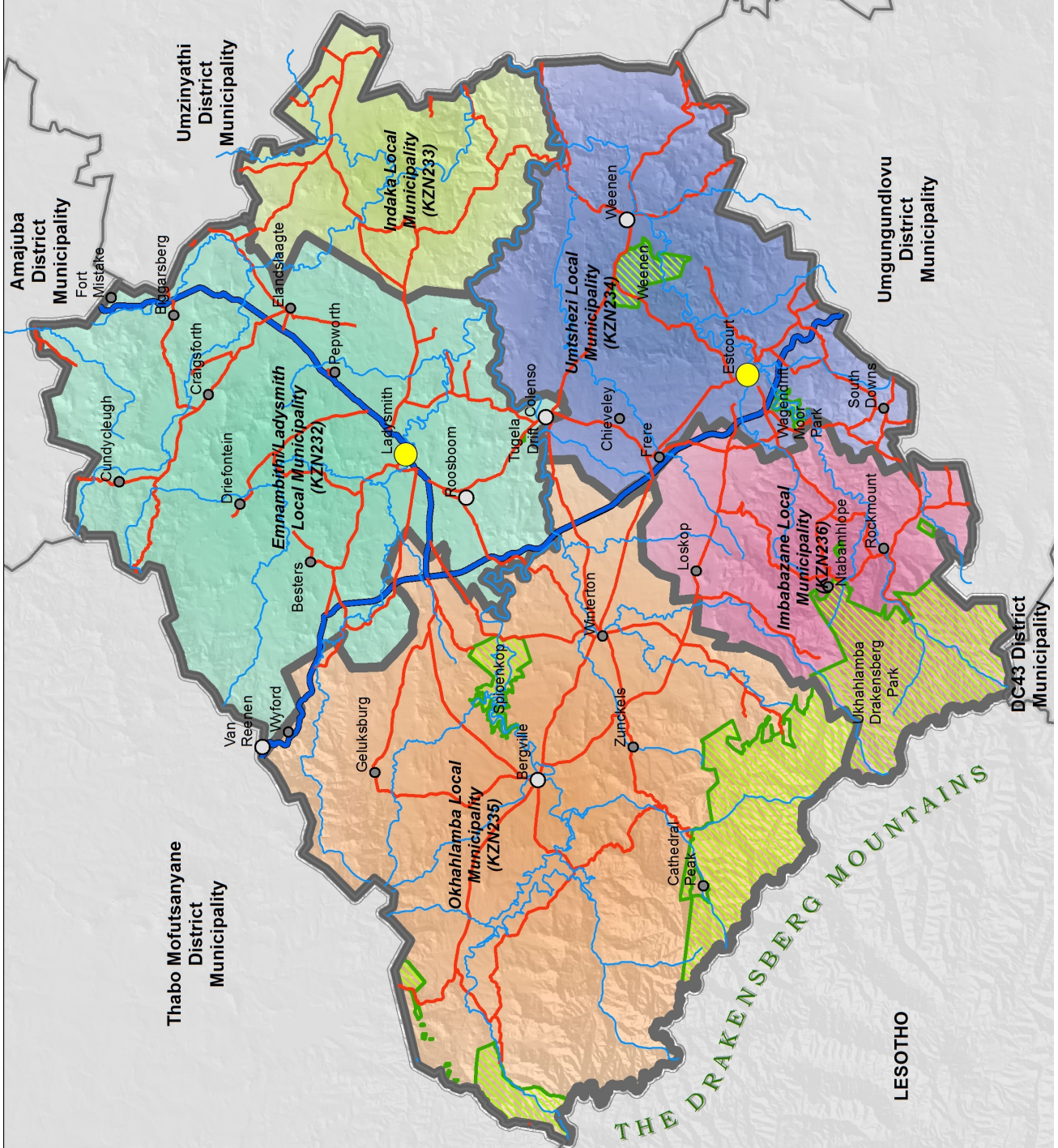


***UTHUKELA DISTRICT MUNICIPALITY***  
***ANNUAL REPORT***  
***2012/2013***



# uThukela District Municipality



# ***uThukela District Municipality***

## ***uThukela District Municipality Vision:***

***A stable, sustainable and prosperous District with caring leaders who serve with excellence in governance, service delivery and economic development.***

## ***uThukela District Municipality Mission Statement:***

***We promote a people-centred environment with emphasis on communication, integrity, economy, effectiveness and efficiency.***

## ***Core Values:***

- ***Solidarity***
- ***Honesty***
- ***Ownership***
- ***Professionalism***
- ***Self-reliance***



# INDEX

	Page
1. Introduction and Overview	5
2. Key Statistics	8
3. General Information	9
4. Water Services	11
5. Strategic Planning and Economic Development	15
6. Corporate Services	23
7. Performance Management System	43
8. Health and Environmental Services	51
9. Financial Services	53
10. Technical Department	62

## Annexure

- Annual Financial Statements
- Report of the Auditor-General
- Action Plan to address Auditor-General's findings 2011/2012 AFS
- Debtors Age Analysis for June 2013
- Infrastructure Plan
- Service Delivery Performance on Key Services Provided
- Report of the Audit and Performance Committee
- Long Term Contracts Report
- Contracts Performance Report



## ***Introduction and Overview***

The uThukela District Municipality is one of 10 district municipalities within KwaZulu-Natal, with an area of 11,329.065 km<sup>2</sup>. It is located along the western boundary of KwaZulu-Natal, wedged between the boundaries of the Kingdom of Lesotho and the Free State Province. The district consists of five local municipalities, namely:

- Emnambithi Local Municipality (KZ232)
- Indaka Local Municipality (KZ233)
- Umtshezi Local Municipality (KZ234)
- Okhahlamba Local Municipality (KZ235)
- Imbabazane Local Municipality (KZ236)

The uThukela District Municipality derives its name from one of the major rivers, namely the Tugela River that rises from the Drakensberg Mountains and supplies water to a large portion of KwaZulu-Natal and is also being used for electricity generation.

The uThukela District Municipality is predominantly rural, with approximately 75% of the population living on the rural landscape and two local municipalities, Indaka and Imbabazane, having no formal towns and mainly comprising of traditional areas. The District is bisected by the N3 National Road, offering limited benefit to the people of the District. The economic hub of the District is the town of Ladysmith with the industrial areas of Danskraal and the Ithala Industrial Estate, as well as to a lesser extent, the town of Estcourt.

Located within the uThukela District Municipality is the Ukhahlamba Drakensberg World Heritage Site, which comprises mostly of the previous District Management Area, stretching 93 958.22 hectares, or 8.3% of the area of the District. The main tourism hub is Cathkin Park, which falls within the Cathkin Park Development Node, with a second development node located near the Royal Natal National Park, called the Babangibone Development Node. The towns of Bergville and Winterton are located within the vicinity of the Drakensberg and derive some benefits from the tourism industry. The town of Ladysmith is a significant historical tourism destination and offers a number of museums and historical sites.

The uThukela District Municipality has a population of 668 848 people (Community Survey 2007 - Stats SA), which calculates to a density of 63 people per square kilometre. The population is predominantly female, with 389,415 females and 325,495 males. The average annual household income is R23,419 and the annual income per capita is R3,046. The majority of the population within the uThukela District Municipality is African (95.40%), followed by Indian (3.25%), White (1.05%) and Coloured (0.31%). From the 400,921 economically active population, 120,415 (30%) is employed, 68,564 (17%) is unemployed and 211,942 (53%) is not working.

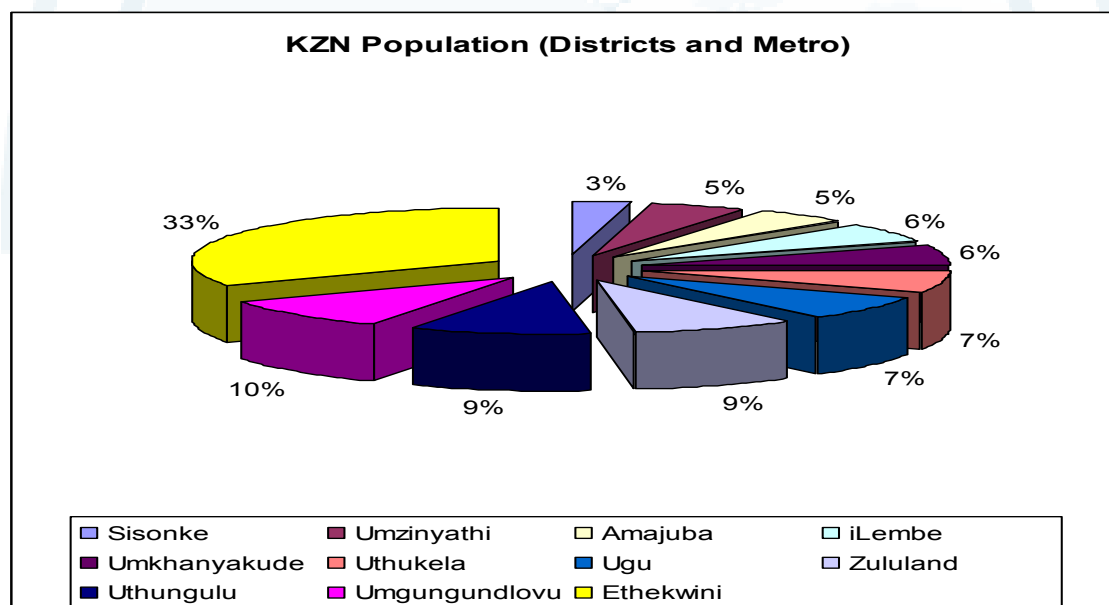


## Introduction and Overview

The following table compares the employment figures for the uThukela District Municipality with that of the KwaZulu-Natal Province.

1991/2007 EMPLOYMENT TABLE					
	Population Employed	Population Unemployed	Population Not Working	Absolute Employment Rate	Absolute Unemployment Rate
KwaZulu-Natal 1991	28%	26%	46%	51.26%	48.74%
uThukela DM 1991	20%	29%	51%	41.22%	58.78%
KwaZulu-Natal 2007	34%	21%	45%	58.91%	41.09%
uThukela DM 2007	30%	17%	53%	59.13%	40.87%

The uThukela District Municipality has 7% of the total population of KwaZulu-Natal, which is slightly above the provincial average of 6.7% and compares in population size to the Ugu District Municipality. The figure below indicates the comparative population of the districts and metro within the province of KwaZulu-Natal.



The uThukela District has an annual average rainfall of over 1,000mm over most of its area and a mean maximum temperature of between 13.5 °C and 25.9 °C and a mean minimum temperature that varies between 3.7 °C and 12 °C. The temperature in the Indaka and Umtshezi municipal areas are higher than the rest, mainly as a result of their distance from the Drakensberg, that in general has a lower temperature.



## ***Introduction and Overview***

Employment is mainly in the manufacturing industry, followed by community/social services and the wholesale/retail sectors. Most people are employed in elementary positions, followed by plant/machine operators and craft and trade. The manufacturing industry therefore plays a significant role in employing the people of the uThukela District.



# Key Statistics

## uThukela District Municipality

- **Area:** 11,329.065 km<sup>2</sup> (1,132,906.5ha)
- **Population:** 714,910 / 139,638 households
- **Density:** 63 people/km<sup>2</sup>
- **Unemployment rate:** 40.87%
- **Local Municipalities:** 5
- **Local Authority Grade:** Category 4
- **Urban Rural split:** 25% urban 75% rural
- **Municipal Councillors:** 31
- **Traditional Authorities:** 18





# General Information

## Water and Sanitation Backlogs

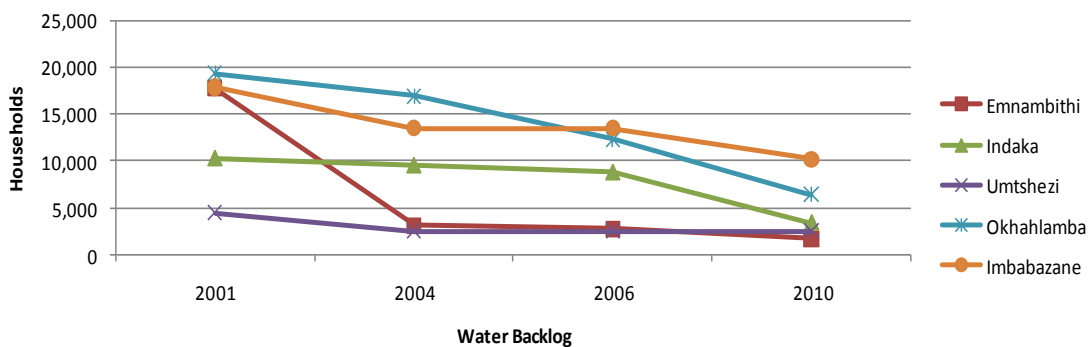
The core function of the uThukela District Municipality is the provision of water and sanitation services. The following tables and graphs indicate the progress made in addressing the water and sanitation backlogs up to mid 2010 (Source: AB Projects):

### Water Backlogs

The following two tables indicate the eradication of the water backlog since 2001 until 2010 in the uThukela District Municipality.

Local Municipality	Water Backlogs 2001		Water backlogs 2004		Water backlogs 2006		Water backlogs 2010	
	Households	%	Households	%	Households	%	Households	%
Emnambithi	17,718	13	3,104	2	2,750	2	1,713	1
Indaka	10,324	8	9,556	7	8,807	7	3,390	2
Umtshezi	4,469	4	2,520	2	2,520	2	2,520	2
Okhahlamba	19,339	14	16,889	13	12,289	9	6,413	5
Imbabazane	17,868	13	13,464	10	13,464	10	10,161	7
DMA	37	0	0	0	0	0	0	0
<b>Total DM</b>	<b>69,755</b>	<b>52</b>	<b>45,533</b>	<b>34</b>	<b>39,830</b>	<b>30</b>	<b>24,197</b>	<b>17</b>

Water Backlogs 2001 - 2010



### Sanitation Backlogs

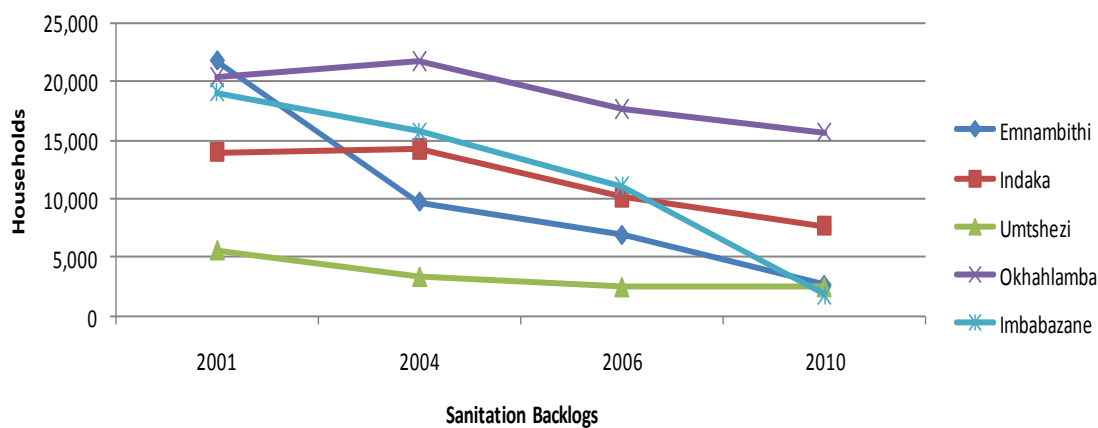
The following two tables indicate the eradication of the sanitation backlog since 2001 until 2010 in the uThukela District Municipality.



## General Information

Local Municipality	Sanitation Backlogs 2001		Sanitation backlogs 2004		Sanitation backlogs 2006		Sanitation backlogs 2010	
	Households	%	Households	%	Households	%	Households	%
Emnambithi	21,743	16	9,740	7	6,908	5	2,650	2
Indaka	13,958	10	14,228	11	10,137	8	7,683	5
Umtshezi	5,616	5	3,386	3	2,520	2	2,520	2
Okhahlamba	20,370	15	21,707	16	17,662	13	15,661	11
Imbabazane	19,050	14	15,714	12	11,096	8	1,783	1
DMA	10	0	0	0	0	0	0	0
<b>Total DM</b>	<b>80,747</b>	<b>60</b>	<b>63,999</b>	<b>47</b>	<b>48,323</b>	<b>36</b>	<b>30,297</b>	<b>21</b>

### Sanitation Backlogs 2001 - 2010



### 2007 Community Survey: Population per Local Municipality

Municipality	Wards	Population		Households	
		2001	2007	2001	2007
Emnambithi/Ladysmith 2,964.822km <sup>2</sup>	25	225,459	236,746	50,530	50,259
Indaka 991.528km <sup>2</sup>	10	113,644	101,555	21,372	21,081
Umtshezi 2,130.288km <sup>2</sup>	7	59,921	83,906	13,093	15,231
Imbabazane 827.349km <sup>2</sup>	12	119,925	140,747	23,030	24,559
Okhahlamba 3,475.496km <sup>2</sup>	13	137,525	151,446	26,677	28,508
KZDMA23 939.5852km <sup>2</sup>		465	515	143	158
<b>uThukela DM</b> <b>11,329.065km<sup>2</sup></b>	<b>Total 67</b>	<b>656,939</b>	<b>714,915</b>	<b>134,845</b>	<b>139,638</b>



# **DEPARTMENTAL REPORTS**

## **WATER SERVICES**

### **Introduction**

The period under review in respect of this report is from 01 July 2012 to 30 June 2013. The provision of safe drinking water and the treatment of effluent before discharge back into the rivers together with operation and maintenance of the infrastructure are our main areas of operation.

### **Bulk Services**

Funding was received for the refurbishment of six Wastewater Treatment Works. The plants which are being refurbished are Estcourt, Wembezi, Winterton, Ezakheni, Ekuvukeni and Colenso. Most of the work on these projects has been completed.

All of our Water Treatment Works as well as the other Waste Water Treatment Works and Pump Stations require major refurbishment work. To undertake refurbishment of these plants requires a large amount of financial support. It is anticipated that funding will be made available.

Areas of major concern and requiring urgent intervention are the upgrading of Eskom electricity to Ezakheni Water Treatment Works, Spioenkop Dam Raw Water Pump Station which supplies raw water to Ladysmith Water Treatment Works and Wagendrift Dam Raw Water Pump Station which supplies raw water to George Cross Water Treatment Works.

The contract for upgrading the raw water pumps and electrical panels at Wagendrift Dam Raw Water Pump Station is nearing completion.

Most of our Water Treatment Works are producing water in excess of their design

capacities. The reason for this is twofold; the demand for water has increased due to increases in consumers and there are huge losses in water due to bursts, leaks and unaccounted for water. The excessive demand for water compromises the quality of water produced because there is less retention time on the plants.

An area of major concern is the shortage of operators and general workers on most of the plants. We are spending large amounts of money to refurbish plants, but there is a lack of staff on the plants which results in the plants immediately starting to deteriorate again. Furthermore there is a lack of proper operations on these plants.

### **Reticulation**

This area of operations continues to be plagued with burst pipes due to the aged infrastructure in urban areas. Many of the pipes are in excess of 50 years old and major funding is required to replace these old pipes. Despite the numerous burst pipes we have managed to supply water to the communities without any excessive delays.

Loss of water through leaks remains a huge concern. A Water Conservation Water Demand Management (WCWDM) project was undertaken in Ezakheni. Pressure Reduction Valves (PRV's) were installed in various zones and the pressures are now controlled. This has resulted in all areas having sufficient water and reservoirs being full. It is hoped to expand this project to other areas when funding is received.

It is essential that the communities be made aware of the necessity to conserve the scarce resource of water. Every litre of water that is saved means less overload on the system, saving in costs and better quality water.

### **Rural Water Supply**

There are many boreholes supplying water to rural areas. The vast majority are hand operated pumps but there are also a large number of production boreholes. The

production boreholes are mostly electrically operated but there are some which are diesel operated.

A large number of these boreholes run dry during the winter months due to the water table being lowered. This is detrimental to the operation of our pumps as well as to the future water reserves.

Water is also supplied to rural areas through bulk water schemes. There are a large number of projects under construction with a few that are completed and ready to hand over to the water department. Operational staff and equipment will have to be provided to allow for proper operation and maintenance to take place.

A major area of concern on these bulk water supply schemes as well as production borehole schemes is the huge amount of illegal water connections that have taken place over the years. These schemes are designed to supply specific volumes of basic water supply to communities and as soon as illegal connections are made the system gets overloaded. The pumps are not able to pump larger volumes of water, water doesn't reach consumers towards the end of the pipelines resulting in additional maintenance costs and people complaining that they don't get water.

A large amount of water is supplied to rural areas by water tankers. This supply is to communities that do not have any alternative water supply. Water tankers also act as a back-up to other areas when there is an interruption due to burst pipes, no electricity for pumping as well as mechanical failures. Provision of water via tankers is a very expensive operation and it is hoped to achieve a saving on water tankers by implementing additional rural water supply schemes, drilling boreholes and by managing them more efficiently. We have also purchased four water tankers of our own with an additional two having been ordered recently. We are currently busy with a study to determine the most cost effective way of providing water to rural areas.

## **Conclusion**

We continue to have a huge challenge to combat vandalism at our Water and Waste Water Treatment Works. Offers of rewards for the arrest and successful prosecution of the culprits do not work and the South African Police Services response time to complaints is not acceptable in apprehending people in the act of vandalism.

Illegal yard connections also continue to be a problem. They have the effect of putting too much strain on the network resulting in lower pressure to other consumers as well as times when there is no water.

The payment for water consumed is however the biggest challenge which is faced. If all consumers were to pay something for water consumed there would be a huge reduction in the amount of water being wasted. If the wastage of water is not controlled and reduced we will continue to be faced with financial difficulties which will impact on our ability to provide an efficient and effective delivery of service. A system needs to be devised whereby every single consumer pays a flat rate per month for being supplied with clean drinking water; this would definitely help to improve operation and maintenance effectiveness.

## STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT

### The DPSS GIS PROJECTS – on going

- Development Application monitoring(SDF, LUMS/TPS) mapping
  - SDF mapping- inform determination of development(core component of IDP, hence it governs the implementation of IDP)
  - LUMS/TPS mapping – framework in which development should be based on-land use control.
- Arc-Reader Implementation of Base Maps
  - This project formed part of GIS awareness as it is customised as per the individual user’s needs and can be used to find places, measure area and distances, view and produce own mapping at different scales from their desktops.
- MPRA Valuation roll & rates revenue mapping (Local municipalities)
  - This is an interface of GIS and Finance system aiming to generate revenue- it answers questions i.e. who are the defaulters, analysis of how long have been defaulting, where are these defaulters, how much the Council has to recover.
- Unauthorized development mapping
  - Tracking of all developments in place without plans approved by the Council-hence measures of law enforcement be taken (working closely with Planning and Building control directorate).
- IDP projects mapping – identify and map all capital projects
- Technical Services Support – provided as required
- GIS Training – on going
  - Cadastral and property maintenance – consolidation and subdivision of land parcels (by D to roll out to LMs)
  - Super-cross based on Census 2011 Community profiles- statistical package with databases of all stats captured during survey-extract population figures and ward and sub-place level.

- Arc-Reader package-how to explore GIS and leverage the decision making processes.

#### Support – on going

##### Support in the District Municipality:

- IDP
- SDF
- LED
- Disaster Management
- WSDP

##### Support in the Local Municipalities'

- Development application support
- LED, LUMS, IDP, SDF
- Rates revenue mapping
- Unauthorized Development Mapping

#### **Achievements:**

- A GIS data structure has been designed to arrange data in a simple and sensible manner, which is also in line with COGTA
- Municipalities and all users of GIS are now able to know exactly what GIS data the municipality has through the creation of a data inventory which lists all the datasets and maps each municipality has. This can now be distributed to all stakeholders to share with colleagues in their departments so that they are aware how far we can assist.
- A policy framework now exists which governs the manner in which GIS data is acquired, manipulated, stored and disseminated. This ensures that certain people are accountable for municipality GIS data. The policy also ensures that the municipality data can never be received without somebody signing for it and it can never go missing without one being responsible for it.



- All municipalities have access to up-to-date, as accurate as can be good quality GIS data as compared to previous years.
- All municipalities in uThukela District now have access to a number of maps which are useful to their Planning and Development work. These maps are available in hard & soft copy formats and include:
  - Locality plans
  - Topographical maps
  - Infrastructure maps
  - Environmental Maps- covering issues such as agricultural potential areas, protected, wetlands etc.
- The developments , moving forward, will enable DPSS to provide support in all spheres of planning and development is concerned

## **LED Strategy Review**

### **Background**

In November 2011 the Department of Co-operative Government (COGTA) transferred an amount of R600 000 to the municipality, which was to assist in the review of the LED Strategy for the district. This in light of no internal budget being made available for the 2012/2013 financial year.

The scope of work included the formulation of an uThukela District Local Economic Development strategy and concurrently review the existing local economic development plans. The development of the LED strategy will trigger economic development opportunities within uThukela and will allow for alignment with local municipal strategies; develop a practical implementation plan, as well as facilitate institutional development. The LED Strategy will allow LED plans to be reviewed at local municipal level within the district and allow for the review of policies and legislation that are of relevance to economic intervention imperatives of government.

## **Milestones Achieved**

- The LED Strategies for both the District and encompassing Local Municipality were completed on 4 April 2013 and presented to structure for approval.
- The tourism plan was incorporated into the LED Strategy as per Standing Committee instruction.
- For the 2013/2014 financial year the following budgets were secured:
  - R1 000 000 - Tourism Projects
  - R2 000 000 - LED Programs

## **UThukela District Municipality LED Forum**

The uThukela LED Forum was revived as part of the LED Strategy Review with new Terms of Reference and with the assistance from Department of Economic Development and Tourism. Several meetings were held during the year to guide the formation of the LED Strategy Review document and numbers have been steadily increasing. The broad role of the Forum will be to guide and coordinate local economic development and to assist and monitor implementation of the actions developed during District Growth and Development Summits. The merging of the LED and Tourism Forums will be investigated in the months to follow.

## **Masibumbaneni Co-Operative Poultry Project**

### **Objectives of the Project**

The objective is to participate in table egg production. The ultimate aims of the project are to develop and provide local economic infrastructure as outlined in the rural development policy in order to create employment opportunities for rural members through participation in the project. It is further envisaged that beneficiaries participate and contribute to the economy as sizable poultry contract for abattoirs and to capacitate rural women in appropriate skills for development and income earning and to improve food security for the community and build the general confidence and pride of rural women in their ability

to pull themselves out of poverty.

### **Number and analysis of beneficiaries**

The project has 18 adult unemployed female members that will benefit directly. Indirect beneficiaries are the families of the co-operative members and the general public that buy live chickens from the project either for sale or for household consumption as a source of protein.

### **Current situation or status quo of the Project**

The project is located in a deep rural area 50 kilometres outside the town of Ladysmith. The Project was funded by the Department of Co-operative Governance and Traditional affairs to the extent of R1000 000. The project steering committee has a mandate to support the Masibumbaneni Co-operative in order to implement economic development in the area in line with the LED framework and business plan.

There have been delays in delivery due to some work being performed by the Indaka Local Municipality and delays in the procurement process. Project beneficiaries had been trained. Fencing has been done. Due to the delays in procurement the construction part of the project has not started. Tenders has been invited from competent and suitable contractors for the construction through advertisement.

### **IT Section**

The department is involved in the day-to-day management of the IT infrastructure of the uThukela District Municipality. During the 2012/13 financial year an intern IT Technician was appointed and a permanent IT Technician employed. This puts the full staff component on three. Several IT Policies were also combined to formulate one revised IT Policy, which was adopted by Council in June 2013. Most of the outdated computers have also been upgraded determined by the availability of funding.

## Tourism Section

### Review of the Tourism Sector Plan

Urban-Econ Development Economists were appointed by the Department of Economic Development and Tourism as the suitable service provider for the review of the Tourism Sector Plan. The plan was concluded and presented to the Tourism Standing Committee in September 2012.

The Tourism Plan identified the following priority projects and developed concept plans included in the plan:

- **Project 1.2.1.** Develop a district marketing and distribution strategy with a M&E system linked to tourist trends spurred by marketing initiatives , and campaigns, and seminars
- **Project 1.2.6.** Feasibility study and Business Plan for the establishment of a detailed tourism route for uThukela
- **Project 2.3.4** Develop a themed tourism information node/Hub including a district craft hub with shops and job opportunities along N3 and N11 (or main tourism routes) to include an entertainment area /Centre
- **Project 3.2.4** Facilitate the establishment of a hospitality and tourism training and development center in the district in partner with recognized tourism training centers with satellite offices
- **Project 5.2.6.** Develop a Regional Tourism Organization incorporating the District Tourism Forum
- **Project 2.1.12.** Investigate the development of a Cableway as an iconic signature project in line with the KZN Tourism Master Plan

## Gender Section

Various social and gender committees have been combined to form one District Gender

Forum. This Forum deals with various issues including:

- Gender issues
- Issues relating to the Physically challenged
- Issue relating to the Youth

District Gender Forum meetings were held on:

- 10 May 2012
- 12 July 2012
- 13 September 2012
- 08 November 2012
- 19 February 2013
- 13 May 2013
- 17 July 2013

All meetings were held at the uThukela District Municipality offices.

## **Sports and Youth Development**

### **Mayoral Cup**

The Mayoral Cup took place on 1 August 2012 at Settlers Park Stadium in Ladysmith. Amazulu, Maritzburg United and Jomo Cosmos participated in the tournament. The event was well supported except for a problem with the delivery of track suits as it was agreed that they will get them. The tournament was won by Amazulu and was broadcast by Ukhozi FM. The Ukhozi DJ'S were present to entertain the community.

### **SALGA Games**

The SALGA Games are Provincial games that takes place every year. This year, the

uThukela District Municipality played host to the event. Planning was divided between three committees namely:

- The Provincial Stakeholders Forum
- The Local Organizing Committee
- The uThukela District Team

The District team had three weeks of training and used training facilities around Ladysmith. Clothing arrived on 2 December 2012 and was distributed to all sporting codes. The team depart on 5 December 2012 to Durnacol where they were accommodated for the duration of the games.

During the preparation, the uThukela team had some friendly games with other districts municipality teams prior to the games. The opening ceremony was on 7 December at the A G Magubane Stadium in Steadville. Breakfast and Dinner was served at the place of accommodation and lunch, water and powerade at the respective fields. Meals were provided according to the menu recommended by team managers. The Games commenced on 8 December and no major injuries were experienced. Most of the uThukela teams qualified to proceed to the Semifinals after which the tennis, table tennis, male rugby and boxing proceeded to the finals. Tennis and table tennis got position one, boxing and male rugby got position two, Indigenous Games, female and male football and female basketball achieved position three. The overall standing of the District is position 4 with equal points to that of position three. The closing ceremony took place on the outer field of the Indoor Sports Centre on 10 December. Players were transported safely back to their homes on 11 December.

## **CORPORATE SERVICES**

### **Introduction**

The department is responsible for the provision, maintenance and development of support to all the departments within the council. This encapsulates the entire administration, secretariat, human resource, development facilitation, disaster management and customer care. The report covers all the areas mention above.

### **Administration**

The maintenance of the council premises is the core function of this section, however due to budget constraints that have been a problem over the years. Without the budget it has been difficult to ensure conducive environment for day to day basis activities of the council within and with the outside world. Besides the main office located in 36 Lyell Street and 33 Forbes Street, there are satellite offices located within the Local Municipalities (Ekuvukeni, Weenen, Colenso, Okhahlamba and Estcourt) to allow easy customer access throughout the region. It must however be taken into cognizance that the Weenen and Ekuvukeni offices have no income revenue and the sustainability of such offices rely solely on the income generated by the other offices. With the savings that are being made on telephone costs this section is endeavor to make use of routing system in all council premises since it has proven to be economical viable in the past years.

To try and minimize cost on the delivery of notices and agendas all councilors have been given lap tops, and sms's are sent as reminders. One can not dispute the fact that there are challenges in this effect whereby some agendas are delivered by (2) Messengers and ultimately result in costs being incurred in the case of overtime claim.

There are challenges that are experienced in this respect of archives, this has proven to be problematic, some sections are not utilizing the central filing as a result documents are misplaced and cannot be traceable. However, to address the same training on archives

and or registry will be rolled over in the 2013/ 14 financial year with the assistance from Archives from Provincial department.

## **Secretariat**

In terms of Section 79 a municipal council must establish one or more committees for the effect and efficient performance of its functions or the exercise of any of its powers. Section 80 of the municipal structures act states that if a municipal council has an executive committee it may appoint in terms of section 79, committees of councillors to assist the executive committee. Such committees may not exceed the number of members of the executive committee since the chairperson of each committee will be from the members of the Executive committee. The portfolio committees will report to the Executive Committee.

Based on the above council has Five (5) Portfolio committees i.e. Finance and Budgeting; Corporate, Disaster, Health & Environmental Services; Water, Sanitation and Infrastructure Services; Strategic, Planning, Economic Development and Tourism Services; Youth, Gender Sport and Recreation Services all committees are expected to seat once a month. Executive committee seats twice (2) a month and council meetings once (1) every month. Far and above MPAC and Audit / Performance Committees are also receiving secretariat support.

Following are the total number of meetings that took place as mentioned above:

<b>NAME OF THE COMMITTEE</b>	<b>NO. MEETINGS</b>
Council	19
Executive Committee	19
Finance And Budgeting	7
Corporate Disaster Health And Environment	10
Water, Sanitation And Infrastructure	9
Strategic Planning Economic Development & Tourism	4
Youth Gender Sport And Recreation	5

It is of the utmost importance to mention that this section co-ordinates all the meeting that are held within the council respectively.



Far and above meetings were all successful and contributed to the upliftment of the communities of this region.

## **Intergovernmental Relations**

In terms of section 24 of the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) the District is expected to comply with the act and ensure that all IGR structures are established. The District has successfully held two intensive workshops. Emanating from those workshops we have managed to sign the revised protocol agreement, workshoped the terms of reference with the approved forums in place. The present administration was one of the first municipalities to sign the implementation protocol after the local government of 2011. The municipalities that are part of the family are Emnambithi / Ladysmith, Indaka, Okhahlamba, Imbabazane and Emtshezi Local Municipalities.

In pursuing the above SigmaIT was appointed for a period of one (1) year effective July 2012 to July 2013. It is worth mentioning that skills transfer to the District was met by this service provider whereby they have employed one person within the district who is responsible for secretariat and is based within the municipality.

The following forums have since been established i.e. General and Social Services Forum, Planning Development Forum, Corporate Services Forum, Infrastructural Forum and Finance Forum.

In 2012 / 2013 financial year the abovementioned forums as expected are to meet once quarterly and as such meetings were held for the 3<sup>rd</sup> and 4<sup>th</sup> quarter respectively.

Challenges are there but as the project unfolds they will be addressed including inter alia the full cooperation from all forums (municipal employees and political representatives), implementation of resolutions taken. However, this was due to the fact that the District

had not Heads of Departments in the last financial year.

Overall the IGR in the District is amongst the best in the province.

### **MANAGEMENT MEETINGS FOR JULY 2012 – JUNE 2013**

Following are the dates of the meetings:

- 14 October 2012
- 22 October 2012
- 20 November 2012
- 14 January 2013
- 21 January 2013
- 23 April 2013
- 20 May 2013

## COUNCILLORS ATTENDANCE

CORP.DIS.HEALTH AND ENV.SERV (July 2012 – June 2013)

NAMES	15/08/12	18/09/12	01/10/12	19/10/12	01/11/12	06/02/13	13/03/13	20/03/13	07/05/13	10/07/13
BANDA D	√	√	√	√	√	√	√	√	√	A
HLUBI M G	√	×	√	×	√	A	√	√	√	√
MADONSELA B R	√	×	×	×	×	A	√	√	√	√
MKHIZE M A	√	√	√		√	√	√	√	√	√
SHELEMBE M L	√	√	√	×	√	√	√	√	√	A

LEGEND			
×	Absent	A	Absent with apology
√	Present	-	Not elected as a Councillor at date of meeting

## FINANCE AND BUDGETING (July 2012 – June 2013)

NAMES	13/08/12	10/09/12	24/10/12	12/11/12	11/03/13	16/04/13	21/05/13
HLUBI M G	A	A	A	×	√	√	×
MAGUBANE S D	√	√	√	×	A	√	A
MAZIBUKO D C P	A	A	√	√	√	√	√
MLOTSHWA M L	√	√	√	√	√	√	√
SIBISI SB	×	×	√	×	×	√	√

LEGEND			
×	Absent	A	Absent with apology
√	Present	-	Not elected as a Councillor at date of meeting

## COUNCILLORS ATTENDANCE

SRAT.PLANN. LOCAL ECO.DEV& TORISM (July 2012 – June 2013)

NAMES	24/08/12	25/09/12	22/04/13	24/05/13
MAZIBUKO B C	√	✗	√	√
NTSHABA M J	√	√	√	√
SIKHAKHANE S G	A	✗	√	√
ZIKALALA N L	√	✗	√	√
ZWANE M L	✗	√	√	√

LEGEND			
✗	Absent	A	Absent with apology
√	Present	-	Not elected as a Councillor at date of meeting

WATER, SANITATION, INFRA&TECH (July 2012 – June 2013)

NAMES	24/07/12	07/08/12	21/08/12	09/10/12	04/11/12	12/03/13	25/03/13	09/04/13	14/05/13
HLOMUKA N M	√	√	√	√	√	√	√	√	√
JIYANE S A	✗	√	✗	√	✗	Desist			
MABIZELA B C	✗	√	√	√	√	✗	✗	√	√
MAZIBUKO A S	√	√	✗	√	√	√	√	√	√
MLOTSHWA V R	✗	✗	√	✗	✗	✗	✗	✗	✗
SITHOLE S J	√	√	√	√	√	√	√	√	√

LEGEND			
✗	Absent	A	Absent with apology
√	Present	-	Not elected as a Councillor at date of meeting

**COUNCILLORS ATTENDANCE**  
**YOUTH, GENDER, SPORTS AND RECREATION (July 2012 – June 2013)**

NAMES	04/06/12	21/09/12	18/02/13	15/04/13	24/06/13
SIBIYA N W	√	√	√	√	√
SHELEMBE P T	A	√	√	×	×
MBATHA M E	√	√	√	×	√
NGUBANE M	A	√	×	×	√
MAGUBANE SD	A	A	√	√	×
XABA T	A	A	√	√	√

LEGEND			
×	Absent	A	Absent with apology
√	Present	-	Not elected as a Councillor at date of meeting

**EXCO Meetings (July-December 2012)**

NAMES	17/07/12	22/08/12	28/08/12	06/09/12	14/09/12	20/09/12	18/10/12	22/11/12	02/01/13	24/01/13	07/03/13	26/03/13	05/04/13	10/04/13	23/05/13	31/05/13	04/06/13	05/06/13	20/06/13
MAZIBUKO DCP	√	√	√	√	√	√	√	A	√	√	√	×	√	√	√	√	√	√	√
MAZIBUKO AS	√	√	√	√	√	√	×	√	√	√	√	√	√	√	√	√	√	√	√
NTSHABA MJ	√	√	√	√	√	√	√	√	√	√	A	√	√	√	√	A	√	√	√
SHELEMBE ML	×	√	√	√	√	√	√	√	√	√	√	√	×	√	√	×	A	√	A
SIBIYA NW	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

LEGEND			
×	Absent	A	Absent with apology
√	Present	-	Not elected as a Councillor at date of meeting

**COUNCILLORS ATTENDANCE**  
**COUNCIL MEETINGS (July 2012 -June 2013)**

NAMES	22/07/13	27/07/13	19/07/13	10/08/13	30/08/13	07/09/13	28/09/13	26/10/13	14/11/13	30/12/13	13/12/13	14/12/13	25/01/13	22/02/13	28/03/13	26/04/13	16/05/13	07/06/13	28/06/13
BANDA D	√	√	√	√	√	√	√	√	×	√	√	√	√	√	√	√	√	√	√
CELE T M	√	√	×	√	√	×	√	√	√	×	√	×	√	√	√	√	√	√	√
HADEBE M W	×	√	×	√	√	√	×	×	×	×	×	×	√	A	√	×	×	×	√
HADEBE N M	×	√	√	√	√	×	×	√	√	√	√	×	√	√	√	√	√	√	√
HLOMUKA N M	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
HLUBI M G	A	√	√	√	√	√	√	×	×	√	√	√	√	√	√	√	√	A	√
JEEBODH TJMB	√	×	√	√	√	×	√	√	√	√	√	√	√	√	√	√	√	√	√
JIYANE S A	×	√	√	√	√	√	√	√	×	√	×	×	A	×	×	Desist			
MABIZELA B C	√	√	√	√	√	√	√	√	√	√	√	√	A	√	A	√	×	√	×
MADONSELA BR	×	√	√	√	√	√	√	√	×	√	×	×	√	A	√	√	√	√	√
MAGUBANE S D	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
MASETI A M	√	√	√	√	√	×	×	√	√	√	√	×	√	×	×	Desist			
MAZIBUKO A S	√	√	A	√	√	×	√	√	√	√	√	√	√	A	√	√	√	√	√
MAZIBUKO B C	√	√	A	√	√	√	√	×	A	√	A	√	√	√	√	√	√	×	√
MAZIBUKO D C P	√	√	×	√	√	√	√	√	A	A	√	×	√	√	√	√	A	√	A
MBATHA M E	√	√	√	√	√	√	×	√	√	√	√	√	√	√	√	√	A	√	√
MKHIZE M A	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
MLOTSHWA M L	√	√	√	√	√	√	√	√	×	√	√	√	√	√	√	√	√	√	√
MLOTSHWA V R	√	√	√	√	√	×	×	√	×	√	×	×	√	√	A	√	A	×	√
NGUBANE M	×	√	√	×	√	√	×	√	×	√	×	×	×	×	×	√	×	√	√
NTSHABA M J	×	√	√	√	√	√	√	√	√	√	√	×	√	√	√	√	√	√	√
SHELEMBE M L	√	√	√	√	√	√	√	×	×	√	√	×	A	A	×	×	√	A	A
SHELEMBE T	√	√	√	√	A	√	×	×	×	√	×	×	A	A	A	√	√	×	√
SIBISI S B	×	√	√	√	√	√	√	×	√	√	√	×	√	√	√	√	√	√	√
SIBIYA N W	√	√	√	√	√	√	√	√	A	√	A	-	√	√	√	√	√	√	√
SIKHA KHANE SG	√	×	A	√	√	√	×	√	×	√	×	×	√	√	A	√	×	√	√

NAMES	22/07/13	27/07/13	19/07/13	10/08/13	30/08/13	07/09/13	28/09/13	26/10/13	14/11/13	30/12/13	13/12/13	14/12/13	25/01/13	22/02/13	28/03/13	26/04/13	16/05/13	07/06/13	28/06/13
SITHOLE S J	√	√	A	√	A	√	√	×	×		×	√	√	√	√	√	√	√	√
XABA T	√	×	√	√	√	√	√	√	×		√	√	√	√	√	√	√	√	√
ZIKALALA N L	√	√	√	√	√	√	√	√	√		√	√	×	√	√	√	√	√	√
ZWANE M L	√	√	√	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√
ZUMA N F	-	-	-	-	√	-	-	×	×		×	×	×	×	×	×	×	×	×
NQUBUKA T Y																√	×	A	√
SIBISI Z J																√	√	×	√

LEGEND			
×	Absent	A	Absent with apology
√	Present	-	Not elected as a Councillor at date of meeting

## HUMAN RESOURCES

### EMPLOYMENT EQUITY

The workforce representation at uThukela District Municipality is as follows:-

<b>Target Group</b>	<b>Levels of Representation</b>	<b>% total workforce</b>
African	527	95.29%
Coloured	2	0.0036%
Indian	18	3.254%
White	6	0.0108%
<b>TOTALS</b>	<b>553</b>	<b>100%</b>

The racial representation of the workforce is in line with the racial demographics in the District, although it leaves a lot to be desired in as far as gender balance is concerned. Only two out of seven senior management positions have not been filled yet, and all the currently filled positions have been filled by African males.

### SKILLS DEVELOPMENT AND TRAINING

Staff that received training in the year 12/13 equal to 37 with the total cost of R 268 410.00.

The Municipality also offers bursaries to the community for matriculated students.

#### Competency Training

Finance officials have had to be enrolled in the Municipal Finance Program, as part of the Minimum Competency Regulations by the National Treasury. Seven officials are enrolled in the Saica/Deloitte Program taking place in Newcastle, which is envisaged to finish in September /October. Four managers are enrolled in Pretoria University, and their program is supposed to finish in February 2014. The rest of the finance officials who are 41 in total, have been enrolled in another program which runs once a month for three days, which is scheduled to finish in July 2014.



## Other Training

The training interventions for 2013 have been focused on the lower levels of the hierarchy. In November 2012, 35 employees were enrolled in Ladysmith FET College, for Computer training. Another training program in Plumbing is underway with Emnambithi FET College which was completed in the week ending 21 June 2013.

## Pivot Training

This type of training refers to training interventions that lead to qualifications. This program is funded through a Conditional Bursary Scheme, and is voluntary. A number of 11 employees have benefited in the academic year 2013.

## STAFF STRUCTURE

MUNICIPAL MANAGER	02
FINANCIAL SERVICES	77
CORPORATE SERVICES	47
STRATEGIC PLANNING AND ECONOMIC SERVICES	13
HEALTH AND ENVIRONMENT SERVICES	14
WATER AND SANITATION SERVICES DEPARTMENT	393
INFRASTRUCTURAL DEVELOPMENT	7

## SKILLS LEVEL OF EDUCATION

NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF7	NQF8
68	91	91	31	26	16	0	0

## NUMBER OF EMPLOYEES BELONGING TO PENSION FUNDS

NATAL JOINT MUNICIPAL PENSION FUND	388
GOVERNMENT PENSION FUND	61
SALA	1

## NUMBER OF EMPLOYEES ON MEDICAL AID SCHEMES

KEYHEALTH	40
LA HEALTH	41
BONITAS	58

HOSMED	3
SAMWUMED	0

## **DEVELOPMENT FACILITATION**

### **Introduction**

This section focuses its attention on ensuring that communities and all other stakeholders in the Municipality's area of jurisdiction are participating and fully kept abreast of developmental activities conducted within the District.

In the project cycle they break the ground and ensure that Project Steering Committees are formed and trained.

Facilitation involvement starts from inception of the project up to project hand-over to communities. In programmes, they support various departments in ensuring that they are successful. This in turn gives assurance that all Council's implemented programmes and service delivery projects are received in an understandable manner by the beneficiaries.

During the 2012/2013 financial year water, sanitation projects and sportsfields were successfully implemented due to the facilitation role played by the Development Facilitation Section.

This section is also responsible for community awareness and liaison of the following Mayor's programmes:-

- Water Week
- Youth Day
- Women's Day
- Sanitation Week
- Mayoral Cup
- Salga Games
- HIV/Aids Day
- Heritage Day

Throughout the year the development facilitation section also ensures support during disaster and recovery within the District.

Community Participation, Awareness and Liaison, Training of SPCC's

### Household Sanitation

LOCAL MUNICIPALITY	PROJECT AREA
Indaka	Nsthela, Waayhoek Mbondwane Sondoda, Ncema Elenge, Mbangeni Hwebede, Dalikosi Ngedlengedle Mahlubi Mngwenya Madazane Sgodishola Machibini Mkhumbane Mziyonke Zwelisha Shuzi Fitty Park Obhukwini Mkhalandoda Hlonyane Gcinalishona Mjindini Mpameni Oqunweni Amahlabathi Mhlwazini
Emnambithi/Ladysmith	Peacetown Kirkintulloch Nkuthu Burford
Imbabazane	Phangweni
Umtshezi	Nkaseni Ganahoek Vumbu Area

## Community Awareness & Liaison

### Water Projects

LOCAL MUNICIPALITY	PROJECT AREA
Imbabazane	Zwelisha Ntabamhlophe Phases 4, 6, 7 & 8 Bhekuzulu Phangweni Phase 1 & 2
Okhahlamba	Betany Moyeni/Zwelisha Khethani Sewer
Emnambithi/Ladysmith	Driefontein Bulk Water Feeder Main (Ward 14) 5 Mega Litres Hobsland Reservoir Project Western Bulk Water Feeder Main Upgrade Water Project – Kirkintullock, Peacetown, Burford, Driefontein & Watersmeet
Indaka	Mhlumayo (Ward 9)
Umtshezi	Ezitende-Nobamba

## Community Awareness & Liaison

### Sports Field

LOCAL MUNICIPALITY	PROJECT AREA
Umtshezi	Lambard Park - revitalization of the sportsfield.

### Taxi Ranks

LOCAL MUNICIPALITY	PROJECT AREA
Indaka	Ekuvukeni Taxi Rank – revitalization and installation of ablution facilities (tender stage)

### Liaison & Awareness – Mayor’s IDP Budget Meetings

LOCAL MUNICIPALITY	DATE
Indaka	May 2012/2013
Imbabazane	May 2012/2013
Umtshezi	May 2012/2013
Emnambithi/Ladysmith	June 2012/2013
Okhahlamba	June 2012/2013

## **Community Awareness – Mayor’s Programs**

- Water Week
- Youth Day
- Women’s Day
- Sanitation Week
- Mayoral Cup
- Salga Games hosted by Uthukela District Municipality
- HIV/Aids Day
- Heritage Day

## **DISASTER MANAGEMENT**

### **Status of Disaster Management Centre**

The status of district disaster management centre is still at planning stage. The terms of reference for the appointment of a project manager has been compiled and submitted to PDMC for inputs. The tender for the appointment of a project manager was advertised on 14 December 2012. But no decision for the appointment because the price quoted were ridiculous between R1 million and R108 million. The PSC was formed and has met three times since it was constituted. The PSC meeting has also attended a presentation provided by the service provider at Amajuba District Municipality. The business plan has since been compiled to the PDMC for their inputs. The Ladysmith Municipality has donated land towards the construction of the disaster management centre. The re-advertisement was done on 26 May 2013 which closed on 05 June 2013.

### **Status of IGR Structures**

The status of the IGR structures is intact since the district has managed to revive the DDMAF forum.

### **The Head of Centre, Personnel structure, budget, etc**

The acting head disaster manager is performing disaster management functions. The

organogram has since been approved by the council meeting. The component of the disaster management was allocated posts of a head, disaster practitioners and administrative officer. The placement policy will be applicable.

### **Status of Disaster Management Plans / Framework**

The district disaster management plan is in place. But it is in the process of reviewing the plan. A service provider has been appointed for the review of the plan. Once the plan is completed it will be tabled to the Council for adoption.

### **Status of readiness to deal with a disaster including financial capabilities**

The district municipality has one disaster truck which caters for a firefighter, water tanker and flat bed. The disaster truck and bakkie have been fixed and are roadworthy. There is a need to procure more social material in the event of a disaster occurrence. In the next financial year, there will be a provision of more funds for the disaster activities. Since the disaster centre has not yet been established, water department call centre is only one operational.

### **Status and results of Disaster Risk Assessments undertaken**

The district municipality area of jurisdiction is vulnerable to different risk. Depending on the season at hand. But most areas are prone to some of the following risks:

- Snowfall,
- Wildfire,
- Hailstones,
- Lightning
- Thunderstorm
- Drought

The areas mostly affected by snowfall were N3, N11, R103, Oliviershoek pass and Drakensberg mountains. Other types of disaster related incidents affect almost all areas in the jurisdiction of the district.

## **Description and dates of disasters and disaster-related incidents that occurred**

During the period of 01 July 2012 and 30 June 2013 the District was affected by different types of disaster related incidents. The disasters ranges from thunderstorm, snowfall, hailstones, lightning etc. Some incidents were severe and of high magnitude. Snowfall led to the closure of N3 and traffic diverted to other alternative routes. The hailstones damaged roofs in most households, where furniture and vehicles were severely damaged. Infrastructure like roads, bridges and schools were affected by thunderstorms and hailstones. Households affected were displaced to nearby community halls and churches. Emnambithi municipality was mostly affected by hail damages. The NGOs like Red Cross, Al Imdaad Foundation and business people activated a soup kitchen.

The district, PDMC, local municipalities, line function departments and NGOs convened JOC meetings. The social relief material was activated from all stakeholders. The volunteers were activated and assessments were conducted. The preliminary report was compiled and submitted to the PDMC. The household beneficiary lists were also compiled and submitted at a later stage. Emnambithi and Okhahlamba LMs area of jurisdiction were classified and declared as disaster areas by the district and Provincial government. The applications and business plan for emergency funding were submitted to PDMC.

At Okhahlamba Local Municipality two lives were lost due to lightning. The following emergency material was provided to the victims by PDMC, district, NGOs, business people and line function departments:

- Plastic rolls
- Tents
- Blankets
- Food parcels/vouchers



The stakeholders that participated during the disaster related incidents were as follows:

- PDMC
- District
- Local municipalities
- Line function departments e.g Social development, SASSA, Dept Transport /RTI, Dept Education etc
- NGOs
- Business
- Volunteers





## Disaster Incidents 01 July 2012 and 30 June 2013

DATE	AREA/MUNICIPALITY	WARD	HOUSEHOLD S
06/07 08/08/2012	Uthukela, N3,R103,N11Van Reenen pass, Olievershoek pass snowfall		Roads closed, traffic diverted.
29/09/2012	Okhahlamba LM thunderstorm Indaka Imbabazane thunderstorm Umtshezi LM , kwa-Mswane, thunderstorm,	Ward 8,  Ward 4 & 8	40  38 & 28  25
26/10/2012	Umtshezi LM,thunderstorm Thembalihle, kwa-Vumbu		84
09/12/2012	Emnambthi/Ladysmith hailstone damage Steadville, Thsakane, Limithill, Moddelkloof, Accaciaville.		4151 Estimated cost = R98 654 400-00
31/12/2012	Okhahlamba LM Dukuza, thunderstorm and lightning	Wards 2, 5 & 12	400 R32 362 350-00
06/02/2013	Umtshezi LM,hailstorm damage Esigodweni, Parpercool, Fordaville		400

### Description of projects undertaken, public awareness programs and how communities were involved

The stakeholder's disaster awareness meeting was conducted at Agra Centre, Ladysmith on 25 June 2012. A community awareness campaign was conducted at Okhahlamba/Emamfemfetheni area on 26 June 2013. There is a proposed programme for the disaster awareness campaign. The proposed programmer will be confirmed with PDMC and other stakeholders. The programme is scheduled for the implementation in the current financial year 2012/2013. The disaster awareness campaign programme will on Councillors, communities and schools.

### Best Practice / Achievements / Successes

The district has managed to recruit and train volunteers. The following municipalities have been attended to date are Umtshezi LM, Okhahlamba LM and Imbabazane LM. The training workshops were successfully conducted by the PDMC and district officials. The

training were attended by majority of volunteers from each and every ward.

### **Problems experienced and concerns, etc.**

The challenge the district is facing is the establishment of the disaster management centre. The future of the head disaster centre/ manager is unclear. The support staff for the disaster management component has not yet been employed. The budget for implementation of disaster activities is not available. There are no equipments required to accomplish the disaster management functions.

### **Other disaster management initiatives**

Improvement of the disaster management budget in the 2013/2014 will play a major role. Benchmarking with successful district and PDMC will help our district to grow and achieve a better understanding of disaster management.

### **CUSTOMER CARE**

Customer care is the section responsible for management, implementation and monitoring of responses to community water related problem. The component has 12 staff members working different shifts in ensuring community access to service and support 24 hours a day.

Problems have already been identified which need further improvement, hence the engagement of the municipality to negotiate of an MOU with eThekweni municipality. The intention is to share best practices of service delivery and quick responses to community problems.

## PERFORMANCE MANAGEMENT SYSTEM

**Table 1: Implementation of PMS in the municipality - 2012/13**

Municipality	Does the municipality have a PMS Policy Framework developed /reviewed and adopted by Council (State date of adoption)	Did the municipality review /develop its IDP and engaged with the community in the processes	Is the municipality's adopted IDP linked to SDBIP ?	No of Section 56/7 Performance contracts signed?	No of Section 56/7 managers with signed Performance Agreements?	Is the municipality's PMS audited by an Internal Auditor for functionality and legal compliance?	Has the municipality Appointed Performance Audit Committee (PAC)	Did the municipality submit previous year's council oversight report and made public	No of quarterly performance reports submitted	Has the municipality cascaded PMS to lower levels	State reasons for non-compliance of any of these components
Y/N:	Yes	Yes	Yes	3	3	Yes	Yes	Yes	5	No	The full complement of senior managers were only appointed after the end of the financial year
Date:	January 2013		May 2012	July 2012	July 2012	Quarterly			June 2013		

**Table 2: Linkage between IDP and SDBIP**

Municipality	2010/11			2011/12			2012/13		
	IDP Framework/ Process Plan Approved	IDP adopted and Submitted	Is the IDP aligned to SDBIP	IDP Framework/ Process Plan Approved	IDP adopted and Submitted	Is the IDP aligned to SDBIP	IDP Framework/ Process Plan Approved	IDP adopted and Submitted	Is the IDP aligned to SDBIP
Y/N:	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date:									

**Table 3: Filling of Section 56/7 Managers posts**

Municipality	2010/11			2011/12			2012/13			Reasons for vacancies
	No of posts approved	No of posts filled	No of vacancies	No of posts approved	No of posts filled	No of vacancies	No of posts approved	No of posts filled	No of vacancies	
Municipal Manager	1	1	1	1	-	1	1	-	1	Employment processes in progress
Chief Financial Officer	1	1	1	1	1	0	1	1	-	
Technical	-	-	1	1	-	1	1	1	-	
Corporate Services	1	1	1	1	-	1	1	-	1	Employment processes in progress
Manager in Mayor's Office	-	-	-	1	1	0	1	1	-	
Environmental Health Services	1	1	1	1	1	0	-	-	-	
Strategic Planning & LED	1	-	1	1	-	1	1	-	1	Employment processes in progress
<b>TOTAL</b>	<b>5</b>	<b>4</b>		<b>7</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>3</b>	<b>3</b>	

**Table 4: Disciplinary processes against Section 56/7 Managers**

Municipality	2010/11			2011/12			2012/13		
	No of reported cases	No of pending cases	No of resolved cases	No of reported cases	No of pending cases	No of resolved cases	No of reported cases	No of pending cases	No of resolved cases
Number:	00	00	00	00	00	00	02	02	00

**Compliance with the EEA****Table 5: Women appointments – Section 56/7 Managers**

Municipality	2010/11			2011/12			2012/13		
	No. of Section 56/7 posts approved	Women appointed in Section 56/7 posts	No of vacancies for women Section 56/7 Managers	No. of Section 56/7 posts approved	Women appointed in Section 56/7 posts	No of vacancies for women Section 56/7 Managers	No. of Section 56/7 posts approved	Women appointed in Section 56/7 posts	No of vacancies for women Section 56/7 Managers
Number:	00	00	00	00	00	00	00	00	00

**Table 6: Employment of people with disabilities (The entire Organization)**

Municipality	2010/11			2011/12			2012/13		
	Total no. of people with disabilities	No. of Section 56/7 Managers with disabilities	No of vacancies for people with disabilities	Total no. of people with disabilities	No. of Section 56/7 Managers with disabilities	No of vacancies for people with disabilities	Total no. of people with disabilities	No. of Section 56/7 Managers with disabilities	No of vacancies for people with disabilities
Number:	00	00	00	00	00	00	00	00	00

**Table 7: Employment of employees that are aged 35 or younger (Whole Organization)**

Municipality	2010/11			2011/12			2012/13		
	Total approved posts	No of posts occupied by staff aged 35 or younger	% of posts occupied by staff aged 35 or younger	Total approved posts	No of posts occupied by staff aged 35 or younger	% of posts occupied by staff aged 35 or younger	Total approved posts	No of posts occupied by staff aged 35 or younger	% of posts occupied by staff aged 35 or younger
Number and percentage :				1130	21	1.85	746	22	2.949

**Table 8: Development and Implementation of specific HR policies and systems per municipality – 2012/13**

Municipality	Recruitment and selection policy			Skills Development Plan			EE Plan			HRM and HRD policies		
	Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented
Y/N	y	y	y	y	y	y	N	N	n	y	y	y
Date:	18 September 2007	18 September 2007	18 September 2007	28 June 2013	28 June 2013					18 September 2007	18 September 2007	18 September 2007

**Table 9: Workplace Skills Plans submitted by municipalities**

Management level	Municipality	2010/11		2011/12		2012/13	
		Total No of staff approved	No. of staff trained	Total No of staff approved	No. of staff trained	Total No of staff approved	No. of staff trained
Councillors				0	0	0	0
Senior Management level				4	4	5	5
lower level employees				6	6	49	49
Technicians and professional				3	3	2	2
Labourers				9	9	35	35
TOTAL							

**Section 139 interventions****Table 10: Has the municipality been put under section 139 interventions. If YES, which year(s)**

municipality	2010/11	2011/12	2012/13
Y/N:	No	No	No
Year:			

**Table 11: Access to basic services**

Municipality	2010/11						2011/12						2012/13								
	Housing		Water (on site)		Sanitation		Ref use removal		Electricity (in house)		Housing		Water (on site)		Sanitation		Ref use removal		Electricity (in house)		
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
N o. of h h																					

**Table 12: Blue Drop Water Certification per province (Applicable to Water Service Authorities)**

Municipality	2010/11		2011/12		2012/13	
	Did the municipality receive a blue drop certification?	If not, state the reason	Did the municipality receive a blue drop certification?	If not, state the reason	Did the municipality receive a blue drop certification?	If not, state the reason
Y/N and reason						

**Table 13: Total grants, donations and contributions received per municipality**

Municipality	2010/11			2011/12			2012/13		
	Allocations	Amount spent	% spent	Allocations	Amount spent	% spent	Allocations	Amount spent	% spent
Rands and percentages MIG Programme									

Municipality	2010/11			2011/12			2012/13		
	Allocations	Amount spent	% spent	Allocations	Amount spent	% spent	Allocations	Amount spent	% spent
Rands and percentages RBIG Programme									

Municipality	2010/11			2011/12			2012/13		
	Allocations	Amount spent	% spent	Allocations	Amount spent	% spent	Allocations	Amount spent	% spent
Rands and percentages- MASSIFICATION Programme									

**Indigent Policy implementation with regard to provision of free basic services**

**Table 14: Indigent Policies and Registers**

Municipality	2010/11			2011/12			2012/13		
	Reviewed /developed indigent policies	Indigent policy implemented	Indigent registers in place	Reviewed /developed indigent policies	Indigent policy implemented	Indigent registers in place	Reviewed /developed indigent policies	Indigent policy implemented	Indigent registers in place
Y/N:									
Date:									

**Table 15: Status on the provision of free basic services by municipalities**

Municipality	Electricity		Water		Sanitation		Refuse removal	
	No of indigent households receiving free service	Units per household (kwh)	No of indigent households receiving free service	Units per household (kl)	No of indigent households receiving free service	Units/ R value pm per household	No of indigent households receiving free service	Units/ R value pm per household
Number of H/holds and units	Function being performed by the LMs	Function being performed by the LMs		6kl	None	Rural Sanitation VIP Toilets	Function being performed by the LMs	Function being performed by the LMs

**Table 16: Municipalities with adopted and implemented LED strategies**

Municipality	2010/11			2011/12			2012/13			Reasons for no strategy in place
	LED strategy reviewed/developed	LED strategy approved	LED strategy implemented	LED strategy reviewed/developed	LED strategy approved	LED strategy implemented	LED strategy reviewed/developed	LED strategy approved	LED strategy implemented	
Y/N:	YES	YES	YES	Implementation plan reviewed YES	Yes	Yes	Yes	Yes	YES	
Date:	-	-	-	-	-	-	July 2012		-	

**Table 17: Capacity of municipalities to implement LED**

Municipality	2010/11		2011/12		2012/13	
	No of posts approved	No of filled posts	No of posts approved	No of filled posts	No of posts approved	No of filled posts
Number:	3	2	3	1	3	1

**Figure 18: Number of jobs created per Municipality**

Municipality	2010/11			2011/12			2012/13		
	No. of jobs created through EPWP	No. of jobs created through CWP	No. of jobs created for Co-operatives	No. of jobs created through EPWP	No. of jobs created through CWP	No. of jobs created for Co-operatives	No. of jobs created through EPWP	No. of jobs created through CWP	No. of jobs created for Co-operatives
Number:			-			-			-

**Table 19: EPWP implementation per Municipality (2012/13)**

Municipalities	Person-years of work including training	Person-Years of training	Gross number of work opportunities created	No of youth	No of women	No of people with disabilities
Number and percentage						

**Capital Expenditure by Municipality**

**Table 20: Performance against budget by municipalities**

Municipality	2010/11			2011/12			2012/13		
	Budget approved	Revenue	Expenditure	Budget approved	Revenue	Expenditure	Budget approved	Revenue	Expenditure
Rands:									



**Table 21: Total grants, donations and contributions received**

Municipality	2010/11			2011/12			2012/13		
	Total donations, grants and contributions available	Total spent	% expenditure	Total donations, grants and contributions available	Total spent	% expenditure	Total donations, grants and contributions available	Total spent	% expenditure
Rands and percentage									

**Table 22: A-G Opinion**

Municipality	Audit Opinion 2010/11				Audit Opinion 2011/12				Audit Opinion 2012/13			
	Unqualified	Qualified	Disclaimer	Adverse	Unqualified	Qualified	Disclaimer	Adverse	Unqualified	Qualified	Disclaimer	Adverse
X												

**Financial Viability**

**Table 23: Outstanding debt and debt management**

Municipality	2010/11				2011/12				2012/13			
	Water & Electricity	Sewerage & Refuse	Housing	Other	Water & Electricity	Sewerage & Refuse	Housing	Other	Water & Electricity	Sewerage & Refuse	Housing	Other
Rands:	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	

**Table 24: Development of Revenue Enhancement Strategy**

Municipalities	2010/11			2011/12			2012/13		
	Strategy Reviewed /developed	Strategy implemented	Has the municipality's Revenue improved ?	Strategy Reviewed /developed	Strategy implemented	Has the municipality's Revenue improved ?	Strategy Reviewed /developed	Strategy implemented	Has the municipality's Revenue improved ?
Y/N:	No	No	No	No	No	No	No	No	No
Date:									

**Table 25: Functionality of Ward Committees**

Municipality	2010/11		2011/12		2012/13	
	No. of functional Ward Committees	% of functional Ward Committees	No. of functional Ward Committees	% of functional Ward Committees	No. of functional Ward Committees	% of functional Ward Committees
Number and percentage:	N/A	N/A	N/A	N/A	N/A	N/A

**Table 26: Total number of deployed CDW's per municipality**

Municipality	2009/10		2010/11		2011/12	
	No of CDW posts approved	No of CDW's deployed to wards	No of CDW posts approved	No of CDW's deployed to wards	No of CDW posts approved	No of CDW's deployed to wards
Number:	N/A	N/A	N/A	N/A	N/A	N/A

**Table 27: Good governance indicators as at June 2013**

Municipality	All admin delegations adopted	S59 MSA Delegations adopted	Roles of Committees and Political Office Bearers	Meetings convened				Number of meetings where quorum was not achieved	Code of conduct adopted (Council & staff)	Code communicated to community	Interests of councillors and staff declared	Councillors and staff members in arrears with municipal
				Council	Executive mayoral committee	Portfolio Committee	Municipal Management					
Y/N												
Date - if applicable												

**Anti-corruption**

**Table 28: Progress on the implementation of anti-corruption strategies by municipalities**

Municipality	2010/11			2011/12			2012/13		
	Anti-corruption Plan compiled	Has Council adopted the Anti-corruption Plan	Anti-corruption Plan implemented	Anti-corruption Plan compiled	Has Council adopted the Anti-corruption Plan	Anti-corruption Plan implemented	Anti-corruption Plan compiled	Has Council adopted the Anti-corruption Plan	Anti-corruption Plan implemented
Y/N:									
Date:									

**Table 29: Mayoral Izimbizo (include any Presidential, Premier or Ministerial Izimbizo held in the municipal area over the past 3 years)**

Municipality	2010/11			2011/12			2012/13		
	No of Izimbizos	Challenges	Resolutions	No of Izimbizos	Challenges	Resolutions	No of Izimbizos	Challenges	Resolutions
Number:									

## HEALTH AND ENVIRONMENTAL SERVICES

MONTH OF	NUMBER OF SAMPLES	MICROBIOLOGICAL % Compliance (NIL cfu/100mL)	PHYSICAL TURBIDITY % Compliance (<1.0 NTU)	OPERATIONAL CHLORINE % Compliance (0.2-0.5mg/L)
July 2012	156	100.0	33.3	74.4
August 2012	187	96.8	31.6	59.4
September 2012	161	100.0	24.2	54.7
October 2012	186	98.9	22.0	47.8
November 2012	155	98.1	34.8	64.5
December 2012	107	100.0	50.5	50.5
January 2013	138	99.3	48.6	62.3
February 2013	167	100.0	24.0	56.9
March 2013	120	97.5	27.5	59.2
April 2013	173	98.3	16.2	47.4
May 2013	124	95.2	8.1	63.7
June 2013	142	100.0	8.5	63.4
<b>TOTAL</b>	<b>1 816</b>	<b>98.7</b>	<b>27.4</b>	<b>58.7</b>

There were 72 drinking water sampling points that were monitored in uThukela district. A total of 1816 water samples were taken from 13 water works, reservoirs and reticulation points by the Environmental Health Practitioners for water quality analysis. Microbiological, Chemical and Physical analysis were conducted over a 12 month period by the Laboratory Technicians in order to ensure that the water supplied to the public is fit for human consumption.

The average microbiological compliance rate for the uThukela District Municipality was 98.7%. This means that the microbiological quality of water supplied by uThukela District Municipality to its consumers during 2012/13 financial year did comply with the provisions of SANS-241 drinking water quality standard (97% and above). The average chemical quality of water was 100%. This means that the chemical quality of water complied with SANS-241 water quality standard (90% and above). The average compliance rate for physical quality of water was 27.4%. This means that water supplied to the consumers had high turbidity (cloudiness). It also means that the physical quality of water did not comply with SANS 241 water quality standard (<1.0 NTU = 100%).

## **CHALLENGES**

- Insufficient funds to improve the rate of reduction of water and sanitation backlogs.
- High number of indigent consumers (59% unemployment rate) resulting in non-payment for services.
- Old and dilapidated water and sanitation infrastructure causing perpetual bursting of water and sewer pipes.
- Shortage of staff to monitor all water schemes including boreholes and raw water sources.

## **FINANCE DEPARTMENT**

### **Introduction**

Budget and Treasury office is a support department whose aim is to support and advise council and its functionaries in pursuance of achieving goals and objectives of the municipality.

In order to achieve the above the department aims at not only achieving but in excelling and going beyond issues of compliance. It is in this belief that the department aims at creating and enabling environment for the achievement of broader goals and mission. It is hoped that the above can be only be achieved through efficient, effective and cost effective practices in the administration of the Council's resources.

However there are various issues which impacts negatively in achieving the above e.g. repercussions from the demarcation process, transfer of powers and functions to mention just few. Staffing challenge remained the main prohibiting issue in the department, this saw some rolling effects to the morale as well as performance of the section, this emanated from the moratorium passed by new council to the appointment of staff.

It is my pleasure to present the following report which discusses some focal areas where the department made some contribution.

### **Departmental Focal Areas:**

- Financial management
- Development of policies
- Assets management
- Strategic support
- Risk management
- Supply Chain Management

## **Achievements and Challenges**

The scarcity of resources compared to prevailing needs is the main challenge, e.g. reforms in financial management calls for various transformation challenges which comes at a cost with little or minimal revenue sources.

The above mentioned reforms requires a certain degree of institutional change, that was evident with the Supply Chain reforms where the newly and fully equipped section had to be created, this area saw the implementation of the automated supply chain program. An effort has been made with success to appoint key finance staff that will be playing pivotal role in changing things around for the benefit of the entire organisation. The management has committed to have all finance critical positions filled by the end of the financial year ending 2013 June 30, should there be unforeseen delays means will be made to fill all vacant posts within reasonable period.

## **BUDGET PRINCIPLES**

The following budgetary principles have been used in compilation of the adjusted budget.

### **Projections**

The budget was compiled from a projected past performance, assuming future financial trend will be similar to the past except for issues detailed below.

### **Water Budget**

Water provision related costs have been ring-fenced as per National Treasury guidelines to the water function which inter-alia incorporates compliance costs issues e.g. customer care.

Estimates for the water budget expenditure for 2012/2013 has been reduced from R310 790 382 to R308 450 239 which represents about 0.75% decrease.

## Mayor and Council

Here below is the summary of changes per department, the below encompasses the changes between original approved budget and adjustment budget estimates against which final performance of both income and expenditure will be measured.

## Mayor and Council

<b>Mayor and Council</b>	<b>Budget</b>	<b>Amounts</b>	<b>2012/13</b>
Salaries and Allowances	Original	5 319 878	5 164 590
	Adjusted	5 615 500	5 164 590
General Expenses	Original	2 932 248	4 244 302
	Adjusted	5 197 900	4 044 302
Maintenance and Repairs	Original	227 000	120 000
	Adjusted	361 000	120 000
TOTALS	Original	9 110 509	9 528 892
	Adjusted	12 033 400	9 328 892

- **Explanation of variances**

The difference of R200 000 in the general expenses was a result of the audit fees being decreased from R810 000 to R 500 000, travelling allowance also decreased from R500 000 to R 300 000 there was an addition of R420000 for VIP security which was not budgeted in the original budget.

## Municipal Manager's Office

<b>Municipal Manager's Office</b>	<b>Budget</b>	<b>Amounts</b>	<b>2012/13</b>
Salaries and Allowances	Original	1923474	2 215 023
	Adjusted	2164311	2 207 504
General Expenses	Original	1308152	2 157 078
	Adjusted	3295100	2 665 114
TOTALS	Original	3231626	4372101
	Adjusted	5459411	4872618

### Explanation of variances

- **Salaries and allowances**

R7574 of group insurance was decreased to R0 in the adjustment

- **General Expenses**

Audit fees were decreased from 926119 to R 900 000, travel allowance was increased from 60 000 to 104155 and there was an addition of 500 000 for insurance which was not originally budgeted for.

### Corporate Services

<b>Corporate Services</b>	<b>Budget</b>	<b>Amounts</b>	<b>2012/13</b>
Salaries and Allowances	Original	12932827	13 391 552
	Adjusted	13710339	13 139 388
General Expenses	Original	3801392	5 644 839
	Adjusted	4124750	6 633 189
Maintenance and Repairs	Original	362000	310 000
	Adjusted	310000	190 000
TOTALS	Original	18289969	19 348 911
	Adjusted	18755809	19 962 577

### Explanation of variances

- **General expenses**

Rent was increased from R1300862 to R2601724, travelling allowance decreased from R200 000 to R 80 0000

### Budget and Treasury

<b>Budget and Treasury</b>	<b>Budget</b>	<b>Amounts</b>	<b>2012/13</b>
Salaries and Allowances	Original	8854754	9 099 455
	Adjusted	8856300	8 856 300
General Expenses	Original	1992034	4 697 676
	Adjusted	2410450	4 371 060
TOTALS	Original	15004789	13 797 131
	Adjusted	13230250	13 259 259



### Explanation of variances

- **Salaries and allowances**

Group insurance was cancelled during the year the original budget was 211256 was adjusted to R0

- **General expenses**

Travelling allowance was decreased from R600 000 to R500 000

### Technical Services

<b>technical Services</b>	<b>Budget</b>	<b>Amounts</b>	<b>2012/13</b>
Salaries and Allowances	Original	3780642	3 847 657
	Adjusted	3997460	3 796 776
General Expenses	Original	206587	2 413 582
	Adjusted	234800	2 379 900
TOTALS	Original	18012229	6 261 239
	Adjusted	16252260	6 176 676

### Explanation of variances

- Salaries and allowances

Group insurance was cancelled during the year the original budget was 51006 was adjusted to R0

- General Expenses

Advertisement was increased from R50 000 to R80 000 and travelling allowance was decreased from 110 000 to 80 000.

### Planning Economic Development and Tourism

<b>Planning Economic Development and Tourism</b>	<b>Budget</b>	<b>Amounts</b>	<b>2012/13</b>
Salaries and Allowances	Original	7100972	6 974 184
	Adjusted	499567	6 844 169
General Expenses	Original	697900	6 400 008
	Adjusted	9 570 000	8 210 752
TOTALS	Original	22 170 539	13 374 192
	Adjusted	16 095 611	15 054 921

## Explanation of variances

- **Salaries and allowances**

Group insurance was cancelled during the year the original budget was 130 344 was adjusted to R0.

- **General expenses**

Travelling allowance was decreased from 250 000 to 180 000 and there was an addition of 1883 258 for Kwanaloga Games that was not originally budgeted for.

## Municipal Health Services

<b>Municipal health services</b>	<b>Budget</b>	<b>Amounts</b>	<b>2012/13</b>
Salaries and Allowances	Original	7 293 886	7 133 391
	Adjusted	6177838	6 983 624
General Expenses	Original	462055	1 235 264
	Adjusted	588100	1 168 264
Maintenance and Repairs	Original	108000	35 000
	Adjusted	58000	35 000
TOTALS	Original	9913941	8 403 655
	Adjusted	8873938	8 186 888

## Explanation of variances

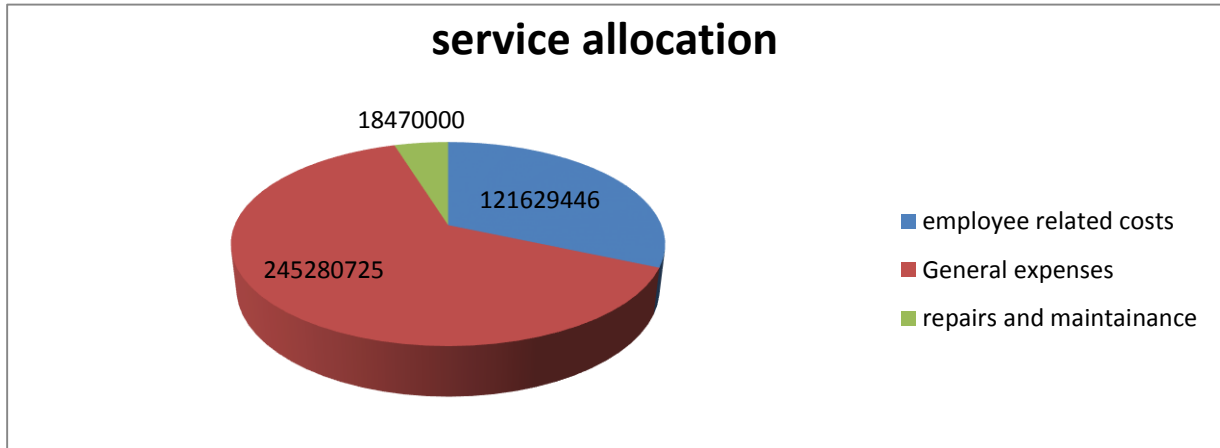
- **Salaries and allowances**

Group insurance was cancelled during the year the original budget was 149 767 was adjusted to R0

- **General expenses**

District AIDS Council was increased from 100 000 to 160 000

## Water and sanitation services



<b>water and sanitation services</b>	<b>Budget</b>	<b>Amounts</b>	<b>2012/13</b>
Salaries and Allowances	Original	67474382	75453414
	Adjusted	71013634	74 637 095
General Expenses	Original	121163049	208 491 968
	Adjusted	116267900	215 808 144
Maintenance and Repairs	Original	26899920	26 845 000
	Adjusted	21802000	18 005 000
TOTALS	Original	242322737	310790382
	Adjusted	241025534	308450239

### Explanation of variances

- **Salaries and allowances**

Group insurance was cancelled during the year the original budget was 816 319 was adjusted to R0

- **General expenses**

Fuel and oil was decreased from 3 500 000 to 3 000 000, plant and equipment hire was increased from 3 000 000 to 5537110 and water tankering was increased from 15 000 000 to 22 363 363

- **Repairs and maintenance**

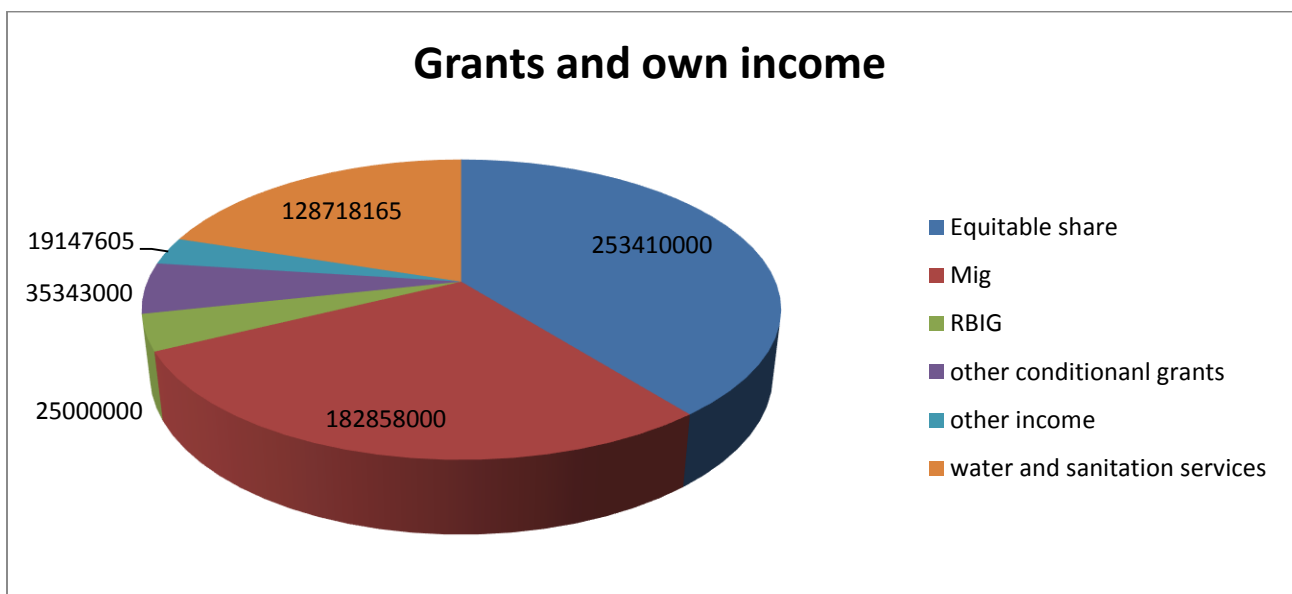
Refurbishment of existing schemes was decreased from 5 000 000 to 400 000, roads was decreased from 3 000 000 to 200 000

## INCOME

REVENUE SOURCE	Budget	Amounts	2012/13
Equitable Share RSS	Original	137 682 600	152 046 000
	Adjusted	137 682 600	152 046 000
Equitable Share (water)	Original	91 788 400	101 364 000
	Adjusted	91 788 400	101 364 000
MIG	Original	150 740 000	182 858 000
	Adjusted	150 740 000	182 858 000
Regional Bulk Infrastructure	Original	18 430 000	25 000 000
	Adjusted	18 000 000	25 000 000
Other Conditional Grants	Original	31 857 000	21 543 000
	Adjusted	37 857 000	35 343 000
Other Income RSS	Original	943 100	18 716 023
	Adjusted	1 493 900	19 147 605
Water Services and sanitation (Own income)	Original	103 737 773	128 718 165
	Adjusted	92 050 959	128 718 165
Totals	Original	537 218 873	493 403 788
	Adjusted	529 612 859	507 635 370

## INCOME

Income has been adjusted from 493403788 to 507635370 this was the result of increase of conditional grants such as Massification and Disaster management grant.



## MIG

Local Municipality	Project type	Budget
Imbabazane	Ntabamhlope Bulk Water	135 513.84
Okhahlamba	Bergville Bulk Water	439 748.00
Okhahlamba	Dukuza - Hoffental	494 699.54
Emnambithi	Driefontein - Bulk Water	28 510 716.76
Okhahlamba	Kn140 Moyeni/Zwelishwa	1 848 665.35
Okhahlamba	Kn446 Emmause Sanitation	1 490 445.00
Indaka	Umhlumayo Fitty Park	3 079 943.62
Imbabazane	Ntabamhlope Phase 4 & 5	22 029 860.79
Imbabazane	Bhekuzulu/Epangweni Water	44 336 433.30
Emnambithi	Ezakheni/Emnambithi Bulk	1 876 658.00
Imbabazane	Imbabazane Sanitation	4 856 505.33
Indaka	Indaka Sanitation	37 815 842.57
	Sanitation Ward 5 Exp	26 997 922.82
	Sanitation Ward 15 Exp	14 173 807.61
	Wagendrift Emergency Repair	327 144.96

### Annual Financial Statements:

For the past two years financial statements were timeously submitted and audited by the Office of the Auditor-General. For financial year 2011/2012, we got a disclaimer from Auditor-General, refer to the attached audit report for details. In the current financial year ended 30 June 2013 we have exerted our efforts to improve on audit outcome and issues that were raised previously.

# TECHNICAL DEPARTMENT-ANNUAL REPORT

## Municipal Infrastructure Grant

The District Municipality was allocated R182 858 000.00 for the previous financial year (2012/2013) financial year. The allocation was draw down or transferred to the district in three tranches in line with DORA, and based on the cash flow projections submitted regularly to Provincial COGTA. The District Municipality’s cash flows indicated that R26 975 000.00m was required for the first trimester, as such R 26 975 000.00m was transferred.

Expenditure although delayed due to a number of reasons ranging from critical vacancies within the department, supply chain processes; was 100% for the financial year ended (2012/2013). This achievement has seen completion of upgrading of three water supply schemes in the Driefontein block (Wards 14; 15 Emnambithi Local Municipality); 3 Phases of the Entabamhlophe Water Supply Scheme giving access to clean portable water to ±3000 household and 11922 households getting access to VIP toilet thereby having a healthy livelihood.

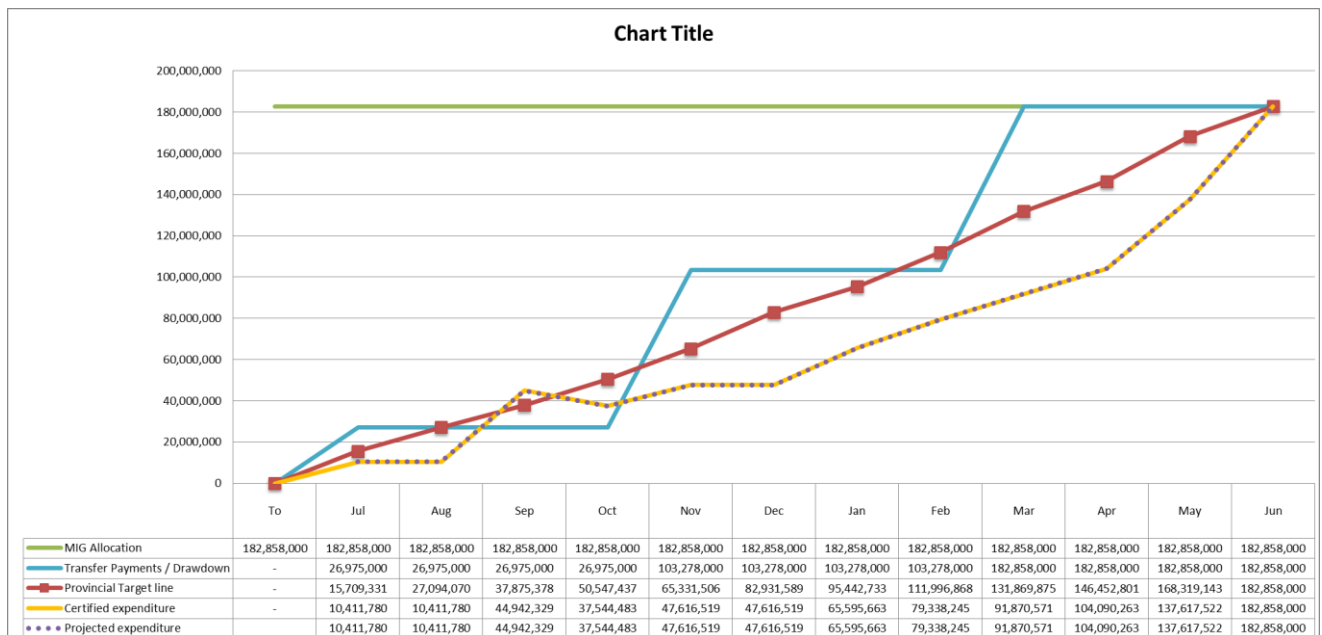


Fig.1 illustrates expenditure patterns.

Appended below is a list of projects undertaken in the period under review with photographic evidence:

<b>Local Municipality</b>	<b>Project &amp; Type</b>	<b>Budget</b>	<b>Status</b>
<b>Indaka</b>	Ward 6 Sanitation	R 21 911 806.08	89% Complete
<b>Indaka</b>	Ward 7 Sanitation	R 17 440 081.00	95% Complete
<b>Indaka</b>	Ward 8 Sanitation	R 19 508 483.00	85% Complete
<b>Indaka</b>	Ward 9 Sanitation	R 17 000 000.00	100% Complete
<b>Emnambithi/Ladysmith</b>	Burford Water Supply	R 3 698 543.79	100% Complete
<b>Emnambithi/Ladysmith</b>	Watersmeet Supply	R 7 835 820.45	100% Complete
<b>Emnambithi/Ladysmith</b>	Peacetown Upgrade	R 5 735 632.17	100% Complete
<b>Emnambithi/Ladysmith</b>	Eastern Bulk	R28 938 000.00	100% Complete
<b>Indaka</b>	Umhlumayo Scheme	R 17 057 022.00	100% Complete
<b>Imbabazane</b>	Bhekuzulu Designs	R 6 000 000.00	100% Complete
<b>Imbabazane</b>	Ntabamhlophe Phase5	R 16 155 608.79	100% Complete
<b>Imbabazane</b>	Ntabamhlophe Phase9	R 9 398 886.00	100% Complete
<b>Umsthezi</b>	Ward 5Sanitation	R 15 000 000.00	60% Complete
<b>Umsthezi</b>	Ward 7 Sanitation	R30 000 000.00	65% Complete
<b>Emnambithi/Ladysmith</b>	Ward 15	R 12 000 000.00	100% Complete
<b>Imbabazane</b>	Bhekuzulu/Ephangwini	R 106 000 000.00	40% Complete

**Ntabamhlophe Water Project:**





Driefontein Bulk Supply



Umhlumayo Water Scheme



**Bergville Bulk Water Supply**

**Storage Reservoir**



**Purification Plant**



Sanitation Projects



## **Regional Bulk Infrastructure Grant**

District Municipality received an allocation of R 16 308 355.00 for the year ended; the allocation was spent fully on the Driefontein Bulk Water Supply project. The scope of the project included a 1.5 mega litre reservoir, pipeline from the Ladysmith Water Treatment Works to the reservoir. The pipe material used on the project is uPVC which is the substitute for ductile iron pipes. The pioneering of a 630mm diameter uPVC pipe in the country i.e. utilizing a 630mm of uPVC pipe was informed by the route of the pipeline which is along the railway line.

## **Expanded Public Work Program**

The District Municipality through all the implemented projects by the Technical Department created 2500 Full Time Equivalents in line with EPWP requirements and all projects were/are registered with the program.

## **Conclusion**

The department has since registered new projects to the value of plus R600m for the next three years. To ensure effective implementation and timeous identification of new projects a PMU Manager was appointed and the council authorized an appointment of an external Project Manager to ensure that all funding attracted by our performance in the year ended is effectively utilized. Suffice to say that the targeted expenditure for next financial years MTEF is 100% for all grants.

Can't Show Uthukela logo.jpg

Uthukela District Municipality  
Annual Financial Statements  
for the year ended 30 June 2013

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## General Information

---

<b>Legal form of entity</b>	District Municipality
<b>Municipal Demarcation Code</b>	DC23
<b>Mayoral committee</b>	
Executive Mayor	Mrs DCP Mazibuko (Mayor) Mr ML Shelembe (Deputy Mayor) Mr TJMB Jeebodh (Speaker)
Councillors	MG Hlubi NW Sibiya AS Mazibuko M A Mkhize Z J Sibisi D Banda N M Hadebe S B Sibisi M J Ntshaba VR Mlotshwa N M Hlomuka M L Mlotshwa M L Zwane B C Mazibuko T M Cele B R Madonsela T Xaba M E Mbatha N L Zikalala M Ngubane S D Magubane K A Vilakazi B C Mabizela S G Sikhakhane M W Hadebe SJ Sithole T Y Nqubuka T Shelembe
<b>Grading of local authority</b>	4
<b>Accounting Officer</b>	Sifiso Kunene
<b>Acting Chief Finance Officer (ACFO)</b>	Sphamandla Dlamini
<b>Registered office</b>	33 Forbes Street Ladysmith Tel: 036-6385100 Fax: 036-6385126 municipalmanager@uthukeladm.co.za
<b>Postal address</b>	PO Box 116 Ladysmith Kwazulu Natal 3370

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## General Information

---

**Bankers**

FNB - Ladysmith

**Auditors**

Auditor General

**Attorneys**

Ramkhelawan Inc  
Attorney JH Slabbert

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Index

---

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

<b>Index</b>	<b>Page</b>
Statement of Municipal Manager's responsibility	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 13
Accounting Policies	14 - 29
Notes to the Annual Financial Statements	30 - 63
Appendixes:	
Appendix A: Schedule of External loans	64
Appendix B: Analysis of Property, Plant and Equipment	65
Appendix C: Segmental analysis of Property, Plant and Equipment	66
Appendix D: Segmental Statement of Financial Performance	67
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	68

### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant



# **Uthukela District Municipality**

Annual Financial Statements for the year ended 30 June 2013

## **Statement of Municipal Manager's responsibility**

---

I am responsible for the preparation of these annual financial statements, which are set out on pages s 5 to 63, in terms of Section 126(1) of the Municipal Finance Management Act(Act no 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as discussed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government determination in accordance with this Act.

---

**Accounting Officer**  
**Municipal Manager**

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Position as at 30 June 2013

	Note(s)	2013 R	2012 Restated R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	7	5 852 799	3 703 942
Consumer debtors from exchange transactions	10	35 478 433	180 646 836
Trade and other receivables from exchange transactions	8	6 181 426	3 242 409
Receivables from non-exchange transactions	9	506 957	9 644 789
Prepayments	6	594 000	113 399
Cash and cash equivalents	11	153 300 175	88 404 191
		<b>201 913 790</b>	<b>285 755 566</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	812 442 125	712 292 615
Intangible assets	4	47 209	49 042
		<b>812 489 334</b>	<b>712 341 657</b>
<b>Total Assets</b>		<b>1 014 403 124</b>	<b>998 097 223</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	13	2 548 206	1 548 035
Trade and other payables from exchange transactions	16	64 472 480	85 046 766
Other accruals	17	16 444 589	13 158 280
Consumer deposits	18	8 758 905	8 408 026
Retirement benefit obligation	5	167 237	148 225
Unspent conditional grants and receipts	14	133 389 894	126 350 884
Development Bank of South Africa - Current portion	12	2 627 608	2 317 251
VAT payable	15	19 682 275	28 089 247
Bank overdraft	11	4 527 234	-
		<b>252 618 428</b>	<b>265 066 714</b>
<b>Non-Current Liabilities</b>			
Development Bank of South Africa - Non-current portion	12	7 845 838	10 535 808
Finance lease obligation	13	1 691 905	1 921 781
Retirement benefit obligation	5	3 692 552	3 310 395
		<b>13 230 295</b>	<b>15 767 984</b>
<b>Total Liabilities</b>		<b>265 848 723</b>	<b>280 834 698</b>
Assets		1 014 403 124	998 097 223
Liabilities		<u>(265 848 723)</u>	<u>(280 834 698)</u>
<b>Net Assets</b>		<b>748 554 401</b>	<b>717 262 525</b>
<b>Net Assets</b>			
Accumulated surplus		748 554 401	717 262 525

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Performance

	Note(s)	2013 R	2012 Restated R
<b>Revenue</b>			
Government grants & subsidies	21	495 985 099	341 485 743
Service charges	20	117 286 385	93 550 967
Interest received	27	39 236 761	19 048 071
Other income		5 075 640	3 019 579
<b>Total revenue</b>		<b>657 583 885</b>	<b>457 104 360</b>
<b>Expenditure</b>			
Employee related costs	24	(119 882 034)	(101 423 717)
Remuneration of councillors	25	(4 791 780)	(5 502 364)
Depreciation and amortisation	28	(32 001 282)	(26 999 350)
Impairment loss	3	163 767	-
Finance costs	29	(2 431 826)	(10 887 368)
Impairment of debtors	26	(244 001 250)	(16 390 524)
Collection costs		-	(616 050)
Repairs and maintenance		(16 088 472)	(14 268 441)
Bulk purchases	32	(3 857 201)	(4 043 301)
Contracted services	31	(45 289 471)	(38 423 698)
General Expenses	23	(181 196 156)	(157 908 411)
<b>Total expenditure</b>		<b>(649 375 705)</b>	<b>(376 463 224)</b>
Total revenue		657 583 885	457 104 360
Total expenditure		<u>(649 375 705)</u>	<u>(376 463 224)</u>
<b>Operating surplus</b>		<b>8 208 180</b>	<b>80 641 136</b>
Loss on disposal of assets		(2 168 399)	(65 296)
Deemed cost adjustment in respect of property, plant and equipment	3	32 687 264	-
		<b>30 518 865</b>	<b>(65 296)</b>
<b>Surplus for the year</b>		<b>38 727 045</b>	<b>80 575 840</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance as at 01 July 2011 previously reported	641 728 469	641 728 469
Adjustments		
Prior year adjustments	(5 041 784)	(5 041 784)
<b>Balance at 01 July 2011 as restated</b>	<b>636 686 685</b>	<b>636 686 685</b>
Changes in net assets		
Restated surplus for the year	80 575 840	80 575 840
Total changes	80 575 840	80 575 840
Opening balance restated	717 262 525	717 262 525
Adjustments		
Prior year adjustments (note 36.2)	(7 435 169)	(7 435 169)
<b>Balance at 01 July 2012 restated</b>	<b>709 827 356</b>	<b>709 827 356</b>
Changes in net assets		
Surplus for the year	38 727 045	38 727 045
Total changes	38 727 045	38 727 045
<b>Balance at 30 June 2013</b>	<b>748 554 401</b>	<b>748 554 401</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Cash Flow Statement

		2013	2012
	Note(s)	R	Restated R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service charges		85 376 238	38 280 984
Grants		503 024 109	440 030 963
Interest income		39 236 761	19 048 071
Other receipts		3 153 045	3 019 579
		<u>630 790 153</u>	<u>500 379 597</u>
<b>Payments</b>			
Employee and councillor costs		(124 673 814)	(104 287 634)
Suppliers and others		(340 240 144)	(251 025 513)
Finance costs		(2 431 826)	(10 887 368)
		<u>(467 345 784)</u>	<u>(366 200 515)</u>
Total receipts		630 790 153	500 379 597
Total payments		<u>(467 345 784)</u>	<u>(366 200 515)</u>
<b>Net cash flows from operating activities</b>	33	<b><u>163 444 369</u></b>	<b><u>134 179 082</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	<u>(101 466 302)</u>	<u>(38 107 055)</u>
<b>Cash flows from financing activities</b>			
Decrease in long term loan		(2 379 613)	(2 155 562)
Increase in finance lease liability		770 296	2 449 599
		<u>(1 609 317)</u>	<u>294 037</u>
<b>Net cash flows from financing activities</b>		<b><u>(1 609 317)</u></b>	<b><u>294 037</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>60 368 750</b>	<b>96 366 064</b>
Cash and cash equivalents at the beginning of the year		88 404 191	(7 961 873)
<b>Cash and cash equivalents at the end of the year</b>	11	<b><u>148 772 941</u></b>	<b><u>88 404 191</u></b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variances greater than 10% analysed in note 43
	R	R	R	R	R	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	129 616 000	(1 016 000)	<b>128 600 000</b>	117 286 385	<b>(11 313 615)</b>	7.3%
Interest received	17 401 000	2 849 000	<b>20 250 000</b>	39 236 761	<b>18 986 761</b>	93.76%
Other income	424 000	14 000	<b>438 000</b>	5 075 640	<b>4 637 640</b>	619%
Government grants-Transfers recognised (operational)	275 308 000	2 800 000	<b>278 108 000</b>	279 411 839	<b>1 303 839</b>	0.4%
<b>Total revenue from exchange transactions</b>	<b>422 749 000</b>	<b>4 647 000</b>	<b>427 396 000</b>	<b>441 010 625</b>	<b>13 614 625</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Government grants-Transfers recognised (capital)	207 503 000	11 000 000	<b>218 503 000</b>	216 573 260	<b>(1 929 740)</b>	0.8%
'Total revenue from exchange transactions'	422 749 000	4 647 000	<b>427 396 000</b>	441 010 625	<b>13 614 625</b>	3%
'Total revenue from non-exchange transactions'	207 503 000	11 000 000	<b>218 503 000</b>	216 573 260	<b>(1 929 740)</b>	0.8%
<b>Total revenue</b>	<b>630 252 000</b>	<b>15 647 000</b>	<b>645 899 000</b>	<b>657 583 885</b>	<b>11 684 885</b>	
<b>Expenditure</b>						
Personnel	(118 117 000)	1 620 000	<b>(116 497 000)</b>	(119 882 034)	<b>(3 385 034)</b>	5%
Remuneration of councillors	(5 254 000)	-	<b>(5 254 000)</b>	(4 791 780)	<b>462 220</b>	8%
Depreciation and amortisation	(36 040 000)	-	<b>(36 040 000)</b>	(32 001 282)	<b>4 038 718</b>	11%
Reversal of impairments	-	-	-	163 767	<b>163 767</b>	100%
Finance costs	(3 841 000)	-	<b>(3 841 000)</b>	(2 431 826)	<b>1 409 174</b>	31%
Debt impairment	(73 232 000)	-	<b>(73 232 000)</b>	(244 001 250)	<b>(170 769 250)</b>	239%
Repairs and maintenance	(22 310 000)	4 360 000	<b>(17 950 000)</b>	(16 088 472)	<b>1 861 528</b>	10%
Bulk purchases	(40 013 000)	-	<b>(40 013 000)</b>	(3 857 201)	<b>36 155 799</b>	6%
Contracted Services	(37 614 000)	(7 060 000)	<b>(44 674 000)</b>	(45 289 471)	<b>(615 471)</b>	1%
General Expenses	(71 549 000)	(26 483 000)	<b>(98 032 000)</b>	(181 196 156)	<b>(83 164 156)</b>	133%
<b>Total expenditure</b>	<b>(407 970 000)</b>	<b>(27 563 000)</b>	<b>(435 533 000)</b>	<b>(649 375 705)</b>	<b>(213 842 705)</b>	
	630 252 000	15 647 000	<b>645 899 000</b>	657 583 885	<b>11 684 885</b>	
	(407 970 000)	(27 563 000)	<b>(435 533 000)</b>	(649 375 705)	<b>(213 842 705)</b>	
<b>Operating surplus</b>	<b>222 282 000</b>	<b>(11 916 000)</b>	<b>210 366 000</b>	<b>8 208 180</b>	<b>(202 157 820)</b>	
Loss on disposal of assets and liabilities	-	-	-	(2 168 399)	<b>(2 168 399)</b>	100%
Deemed cost adjustment in respect of property, plant and equipment	-	-	-	32 687 264	<b>32 687 264</b>	100%
	-	-	-	<b>30 518 865</b>	<b>30 518 865</b>	
	222 282 000	(11 916 000)	<b>210 366 000</b>	8 208 180	<b>(202 157 820)</b>	
	-	-	-	30 518 865	<b>30 518 865</b>	
<b>Surplus before taxation</b>	<b>222 282 000</b>	<b>(11 916 000)</b>	<b>210 366 000</b>	<b>38 727 045</b>	<b>(171 638 955)</b>	
Deficit before taxation	222 282 000	(11 916 000)	<b>210 366 000</b>	38 727 045	<b>(171 638 955)</b>	

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variances greater than 10 % analysed in note 43
	R	R	R	R	R	
Taxation	-	-	-	-	-	-
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>222 282 000</b>	<b>(11 916 000)</b>	<b>210 366 000</b>	<b>38 727 045</b>	<b>(171 638 955)</b>	
<b>Reconciliation</b>						

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variences greater than 10% analysed in note 43
	R	R	R	R	R	
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	3 955 000	-	<b>3 955 000</b>	5 852 799	<b>1 897 799</b>	11%
Trade and other receivables from exchange transactions	4 014 000	-	<b>4 014 000</b>	6 181 426	<b>2 167 426</b>	59%
Receivables from non-exchange transactions	-	-	-	506 957	<b>506 957</b>	100%
Prepayments	-	-	-	594 000	<b>594 000</b>	100%
Consumer debtors from exchange transactions	180 787 000	-	<b>180 787 000</b>	35 478 433	<b>(145 308 567)</b>	80%
Cash and cash equivalents	63 300 000	185 315 000	<b>248 615 000</b>	153 300 175	<b>(95 314 825)</b>	38%
	<b>252 056 000</b>	<b>185 315 000</b>	<b>437 371 000</b>	<b>201 913 790</b>	<b>(235 457 210)</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	1 001 518 000	-	<b>1 001 518 000</b>	812 442 125	<b>(189 075 875)</b>	19%
Intangible assets	51 000	-	<b>51 000</b>	47 209	<b>(3 791)</b>	7%
	<b>1 001 569 000</b>	-	<b>1 001 569 000</b>	<b>812 489 334</b>	<b>(189 079 666)</b>	
Non-Current Assets	252 056 000	185 315 000	<b>437 371 000</b>	201 913 790	<b>(235 457 210)</b>	
Current Assets	1 001 569 000	-	<b>1 001 569 000</b>	812 489 334	<b>(189 079 666)</b>	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
<b>Total Assets</b>	<b>1 253 625 000</b>	<b>185 315 000</b>	<b>1 438 940 000</b>	<b>1 014 403 124</b>	<b>(424 536 876)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Borrowings ( DBSA loans)	2 722 000	-	<b>2 722 000</b>	2 627 608	<b>(94 392)</b>	3%
Finance lease obligation	-	-	-	2 548 206	<b>2 548 206</b>	100%
Trade and other payables from exchange transactions	294 276 000	126 351 000	<b>420 627 000</b>	64 472 480	<b>(356 154 520)</b>	85%
Other accruals	-	-	-	16 444 589	<b>16 444 589</b>	100%
Consumer deposits	8 132 000	-	<b>8 132 000</b>	8 758 905	<b>626 905</b>	8%
Provisions (Retirement benefit obligation)	-	-	-	167 237	<b>167 237</b>	100%
Unspent conditional grants and receipts	-	-	-	133 389 894	<b>133 389 894</b>	100%
VAT payable	-	-	-	19 682 275	<b>19 682 275</b>	100%
Bank overdraft	231 161 000	-	<b>231 161 000</b>	4 527 234	<b>(226 633 766)</b>	98%
	<b>536 291 000</b>	<b>126 351 000</b>	<b>662 642 000</b>	<b>252 618 428</b>	<b>(410 023 572)</b>	
<b>Non-Current Liabilities</b>						
Borrowings ( DBSA loans)	14 267 000	-	<b>14 267 000</b>	7 845 838	<b>(6 421 162)</b>	81%
Finance lease obligation	-	-	-	1 691 905	<b>1 691 905</b>	100%
Provisions (Retirement benefit obligation)	4 180 000	-	<b>4 180 000</b>	3 692 552	<b>(487 448)</b>	12%
	<b>18 447 000</b>	-	<b>18 447 000</b>	<b>13 230 295</b>	<b>(5 216 705)</b>	
	536 291 000	126 351 000	<b>662 642 000</b>	252 618 428	<b>(410 023 572)</b>	
	18 447 000	-	<b>18 447 000</b>	13 230 295	<b>(5 216 705)</b>	



# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variances greater than 10 % analysed in note 43
	R	R	R	R	R	
<b>Total Liabilities</b>	<b>554 738 000</b>	<b>126 351 000</b>	<b>681 089 000</b>	<b>265 848 723</b>	<b>(415 240 277)</b>	
Assets	1 253 625 000	185 315 000	1 438 940 000	1 014 403 124	(424 536 876)	
Liabilities	(554 738 000)	(126 351 000)	(681 089 000)	(265 848 723)	415 240 277	
<b>Net Assets</b>	<b>698 887 000</b>	<b>58 964 000</b>	<b>757 851 000</b>	<b>748 554 401</b>	<b>(9 296 599)</b>	
<b>Net Assets</b>						
Accumulated surplus	698 887 000	58 964 000	757 851 000	748 554 401	(9 296 599)	

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variences greater than 10% analysed in note 43
	R	R	R	R	R	
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	130 968 000	1 847 000	<b>132 815 000</b>	24 900 908	<b>(107 914 092)</b>	81.25%
Government - operating	275 308 000	10 957 000	<b>286 265 000</b>	297 048 006	<b>10 783 006</b>	3.7%
Government - capital	207 503 000	43 000	<b>207 546 000</b>	205 976 103	<b>(1 569 897)</b>	7.56%
Interest income	16 473 000	-	<b>16 473 000</b>	39 236 761	<b>22 763 761</b>	138%
Other receipts	-	-	-	3 153 045	<b>3 153 045</b>	100%
	<b>630 252 000</b>	<b>12 847 000</b>	<b>643 099 000</b>	<b>570 314 823</b>	<b>(72 784 177)</b>	
<b>Payments</b>						
Suppliers and employees	(430 983 000)	1 949 000	<b>(429 034 000)</b>	(404 226 112)	<b>24 807 888</b>	29.46%
Finance costs	(3 841 000)	17 000	<b>(3 824 000)</b>	(2 644 342)	<b>1 179 658</b>	30%
	<b>(434 824 000)</b>	<b>1 966 000</b>	<b>(432 858 000)</b>	<b>(406 870 454)</b>	<b>25 987 546</b>	
Total receipts	630 252 000	12 847 000	<b>643 099 000</b>	570 314 823	<b>(72 784 177)</b>	
Total payments	(434 824 000)	1 966 000	<b>(432 858 000)</b>	(406 870 454)	<b>25 987 546</b>	
<b>Net cash flows from operating activities</b>	<b>195 428 000</b>	<b>14 813 000</b>	<b>210 241 000</b>	<b>163 444 369</b>	<b>(46 796 631)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(210 208 000)	(33 000)	<b>(210 241 000)</b>	(101 466 302)	<b>108 774 698</b>	3.41%
<b>Cash flows from financing activities</b>						
Repayment of borrowings ( dbsa loans and finance leases)	-	-	-	(2 379 613)	<b>(2 379 613)</b>	100%
Finance lease payments	-	-	-	770 296	<b>770 296</b>	100%
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 609 317)</b>	<b>(1 609 317)</b>	
Net increase/(decrease) in cash and cash equivalents	(14 780 000)	14 780 000	-	60 368 750	<b>60 368 750</b>	

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## 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.

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 are rounded off to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied to all years presented, except where otherwise indicated 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:

##### 1.1.1 Provisions

Management determined an estimate for provisions raised based on the information available.

##### 1.1.2 Useful lives of property, plant and equipment

As described in accounting policies 1.3 and 1.5 the municipality depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets become available for use. The useful lives and residual values of the assets are based on industry knowledge and reviewed annually.

##### 1.1.3 Defined benefit plan liabilities

As described in accounting policy 1.8, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are post retirement health benefit obligations. The estimated liabilities are recorded in accordance with the requirements of IAS 19.

Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 5 to the financial statements.

##### 1.1.4 Revenue recognition

Accounting policy 1.10 on Revenue from Exchange Transactions and accounting policy 1.11 on Revenue from Non - Exchange Transactions describes the conditions under which revenue is recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9; Revenue from Exchange Transactions and GRAP 23 Revenue from Non Exchange Transactions and in particular, when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

##### 1.1.5 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on management's educated judgement.

##### 1.1.6 Impairment of property plant and equipment

The impairment of property, plant and equipment is based on the input provided by the municipality's technical advisors, including those in management. This input includes the condition assessment of the assets after physical verification.

##### 1.1.7 Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

##### 1.1.8 Impairment allowance

Management currently determines an impairment allowance for accounts receivables based on collection trends. This basis is subject to review after the receivable data base has been updated.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.2 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 amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a contractual right to:
- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.2 Financial instruments (continued)

A financial asset is past due when a counter party has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities.

A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- combined instruments that are designated at fair value.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.2 Financial instruments (continued)

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial assets measured at amortised cost
Trade and other receivables from non-exchange transactions	Financial assets measured at amortised cost
Trade and other receivables from exchange transactions	Financial assets measured at amortised cost
Long term receivables	Financial assets measured at amortised cost
Prepayments	Financial assets measured at amortised cost
Consumer receivables from exchange transactions	Financial assets measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Borrowings and finance lease obligations	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

#### Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs are added to financial instruments carried at amortised cost or cost.

#### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following category:

- Financial instruments at amortised cost.

#### Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Additional text

#### Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured 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. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 directly or by adjusting the allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.3 Property, plant and equipment

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

#### Initial Recognition

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

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

Property, plant, equipment is initially recognised at cost on its acquisition date or in the case of assets acquired at nil or nominal consideration the deemed cost, being the fair value of the asset at acquisition date.

The cost of an item of property, plant, 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

When significant components of an item of property, plant, equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, equipment for purposes of depreciation. Costs include costs incurred initially to acquire or construct an item of property, plant, 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, equipment, the carrying amount of the replaced part is derecognised.

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

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

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

#### Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic fair value of the subsequent expenditure can be reliably measured.

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity for future economic benefits associated with the asset. Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent measurement of all property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. The municipality does not recognise in the carrying amount of an item of property, plant and equipment the cost of day to day servicing of the item.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

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

#### Depreciation

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

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

Land, is not depreciated as it is regarded as having an infinite life. If the cost of the land includes the cost of site dismantlement, removal and restoration, that portion of the land asset is depreciated over the period of benefits or service potential, obtained by incurring those costs. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the asset. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Item	Average useful life
Land	Infinite
Buildings	
• Office	30
•	
Plant and machinery	
• Graders	5
• Tractors	5
• Mechanical Horses	5
• Compressors	2
• Lawnmowers	5
• Laboratory equipment	5
• Radio equipment	5
• Telecommunication equipment	5
• Irrigation systems	10
• Lathes & Milling equipment	5
• Tippers	5
• Tools	5
• General	5
Water networks ( Infrastructure assets)	
• Meters	10
• Dams	80
• Supply / reticulation	20
• Reservoirs	30
• Water pumps	5
• Mains	30
• Rights	30
• Boreholes	15
Wastewater Networks ( Infrastructure assets)	
• Sewers	30
• Outfall sewers	40
• Purification works	30
• Sewerage pumps	5
• Sludge machines	15
Office equipment	
• Computer equipment	3
• Office machines	3-5
• Air conditioners	3
• Furniture & fittings	7
• Emergency equipment	5
• Security equipment	5



# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

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

Other equipment

- |                   |   |
|-------------------|---|
| • Motor vehicles  | 5 |
| • Truck / bakkies | 5 |

#### Infrastructure assets

Infrastructure assets are any assets that are part of a network of similar assets and are shown at cost less accumulated depreciation and accumulated impairment.

#### Assets under construction

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

#### Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition is included in surplus or deficit when the item is derecognised. Gains or losses, calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds, are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

### 1.4 Impairment of non-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.

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

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

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is the period of time over which an asset is expected to be used by the municipality.

#### Identification

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

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

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

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.5 Intangible assets

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

#### Initial recognition

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.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the 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; and
- there is an intention to complete and use or sell it; and
- there is an ability to use or sell it; and
- it will generate probable future economic benefits or service potential; and
- there are available technical, financial and other resources to complete the development and to use -or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent measurement, amortisation and impairment

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.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### Derecognition

Intangible assets 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 disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

Item	Useful life
Water rights	30 Years

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.6 Leases

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

#### **Finance leases - The municipality as a 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 future 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 future minimum lease payments is the interest rate implicit in the lease.

The 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 the remaining balance of the liability.

#### **Operating leases - The municipality as a lessee**

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance over the period of the lease

### 1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, 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 or current replacement cost.

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.

The cost of inventories comprises 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 first-in, first-out (FIFO) 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 in which the related revenue is recognised. 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.

### 1.8 Employee benefits

#### **Defined contribution plans**

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.8 Employee benefits (continued)

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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 amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual, included under current liabilities.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. Unpaid amounts are recognised as liabilities.

#### Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity.

The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those funds. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

#### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

#### Post-retirement health care benefits

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.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### Long-service allowance

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25 and 30 years of continued service. The rules of this obligation was applicable for the first six (6) months of the financial year and were amended to 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 liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

### Defined benefit plans

The municipality contributes to various defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds surpluses or deficits in which cannot be attributed to any one employer. As such the funds are dealt with in the same way as a defined contribution plan.

### 1.9 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.

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.

A provision is used only for expenditures for which the provision was originally recognised.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- (a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

### 1.10 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.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Measurement

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

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.10 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; and
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- 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.

Service charges from sanitation are raised on a monthly basis in accordance with the approved tariffs.

Interest is recognised on a time proportion basis.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items are brought into use.

### 1.11 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.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. Government grants are recognised as revenue when:

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

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

### 1.12 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred; and
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number and 1.8. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.14 Comparative figures

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

### 1.15 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (No. 56 of 2003). All unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.16 Fruitless and wasteful expenditure

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

All fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.17 Irregular expenditure

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

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.18 Presentation of currency

These annual financial statements are presented in South African Rands.

### 1.19 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

### 1.20 Purchase of service

The municipality provides post-retirement housing subsidies for qualifying staff members. The payment of these subsidies is reflected as expenditure in the statement of financial performance.

### 1.21 Conditional grants and receipts

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised as Accounts Receivable in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability and if it is the municipality's interest it is recognised as interest earned in the surplus of deficit for the year.

### 1.22 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013.

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

Changes between the approved and final budget are a consequence of reallocations within the budget.



# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.23 Related parties

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

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

The municipality applies IPSAS 20 for related parties except for remuneration for key management.

### 1.24 Going concern assumption

The financial statements have been prepared on a going concern basis.

### 1.25 Tax

#### **Tax Expense:**

The municipality is exempt from taxation in terms of section 10(1)(A) of the Income Tax Act.

#### **Value Added Tax**

The municipality accounts for VAT on the accrual basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality, permission has been given to remit or claim for value - added tax on the payments basis for debtors and creditors.

### 1.26 Risk management of financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date. Risks and exposure are disclosed as follows:

#### **Credit Risk**

- Each class of financial assets is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial assets covered by collateral are specified.

#### **Liquidity Risk**

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in the notes to the annual financial statements.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

---

### 1.26 Risk management of financial assets and liabilities (continued)

#### Interest Risk

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuate because of changes in market interest rates.

- Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.
- Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Management has assessed the impact of interest rate risk on the operations of the municipality and considers the risk to be negligible.

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### 1.27 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Events after the reporting date that have been classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the note 38.

### 1.28 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will result in the future outflow of resources. Capital commitments are not recognised in the statement of financial position as a liability and are disclosed in note 34 of the annual financial statements, for approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

---

	2013	2012
	R	Restated R

---

### 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:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>GRAP 23: Revenue from Non-exchange Transactions</li></ul>	01 April 2012	No significant impact on the financial statements as the accounting policies are in line with this standard.
<ul style="list-style-type: none"><li>GRAP 24: Presentation of Budget Information in the Financial Statements</li></ul>	01 April 2012	This standard is being applied prospectively according to directive 4. There will be no impact on the previous financial years.
<ul style="list-style-type: none"><li>GRAP 103: Heritage Assets</li></ul>	01 April 2012	This standard has no impact on the financial statements as the municipality has no assets classified as heritage assets.
<ul style="list-style-type: none"><li>GRAP 21: Impairment of non-cash-generating assets</li></ul>	01 April 2012	This standard is applicable to the municipality. The impairment considerations for non cash generating assets have included in determining impairment of the municipality's assets.
<ul style="list-style-type: none"><li>GRAP 26: Impairment of cash-generating assets</li></ul>	01 April 2012	This standard is not applicable to the municipality. The municipality does not have cash - generating assets.
<ul style="list-style-type: none"><li>GRAP 104: Financial Instruments</li></ul>	01 April 2012	No significant impact on financial statements as the accounting policies are in line with this standard.

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been issued but not yet effective for the current financial year:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>GRAP 18: Segment Reporting</li></ul>	01 April 2013	Unlikely to be significant as the effect is on presentation only.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

• GRAP 25: Employee benefits	01 April 2013	This standard prescribes similar requirements to those in terms of IAS 19: Employee Benefits. Since IAS 19 has been applied in developing the current accounting policy, no significant impact on the financial statements of the municipality is expected.
• GRAP 105: Transfers of functions between entities under common control	01 April 2014	Not applicable to the municipality as the municipality does not have entities under common control.
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014	Currently not relevant to the municipality as it is unlikely that the municipality will enter into any such transactions in the foreseeable future.
• GRAP 107: Mergers	01 April 2014	Currently not relevant to the municipality as this standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Municipality in the foreseeable future.
• GRAP 20: Related parties	01 April 2013	No significant impact is expected.
• IGRAP 11: Consolidation – Special purpose entities	01 April 2014	Currently not applicable to the municipality.
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014	Currently not applicable to the municipality.
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014	Currently not applicable to the municipality.
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2014	Currently not applicable to the municipality.
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014	Currently not applicable to the municipality.
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	No material impact expected.
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	No material impact expected.
• GRAP 7 (as revised 2012): Investments in Associates	01 April 2013	Currently not applicable to the municipality.
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	No material impact expected.
• GRAP 12 (as revised 2012): Inventories	01 April 2013	No material impact expected.
• GRAP 13 (as revised 2012): Leases	01 April 2013	No material impact expected.
• GRAP 16 (as revised 2012): Investment Property	01 April 2013	Currently not applicable to the municipality.
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013	No material impact expected.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

- |  |               |   |
|--|---------------|---|
| • GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)                               | 01 April 2013 | Currently not applicable to the municipality. |
| • GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)                         | 01 April 2013 | No material impact expected.                  |
| • IGRAP16: Intangible assets website costs   | 01 April 2013 | Currently not applicable to the municipality. |
| • IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue | 01 April 2013 | No material impact expected.                  |

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 037 872	-	1 037 872	1 037 872	-	1 037 872
Buildings	5 157 857	(498 418)	4 659 439	4 828 57	(256 662)	226 195
Infrastructure	1 021 251 360	(231 426 205)	789 825 155	906 185 101	(206 164 615)	700 020 486
Other property, plant and equipment	26 144 416	(14 921 760)	11 222 656	25 867 530	(18 414 658)	7 452 872
Leased assets	9 911 310	(4 214 307)	5 697 003	7 030 446	(3 475 256)	3 555 190
<b>Total</b>	<b>1 063 502 815</b>	<b>(251 060 690)</b>	<b>812 442 125</b>	<b>940 603 806</b>	<b>(228 311 191)</b>	<b>712 292 615</b>

### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Assets under construction	Disposals	Assets identified at deemed costs	Depreciation	Impairment loss	Total
Land	1 037 872	-	-	-	-	-	-	1 037 872
Buildings	226 195	-	-	-	4 675 000	(241 756)	-	4 659 439
Infrastructure	700 020 486	792 669	96 120 009	(106 451)	18 489 024	(25 490 695)	112	789 825 154
Other property, plant and equipment	7 452 872	748 984	-	(1 891 080)	8 993 649	(4 245 425)	163 658	11 222 658
Leased assets	3 555 190	3 804 640	-	(170 868)	529 613	(2 021 573)	-	5 697 002
	<b>712 292 615</b>	<b>5 346 293</b>	<b>96 120 009</b>	<b>(2 168 399)</b>	<b>32 687 286</b>	<b>(31 999 449)</b>	<b>163 770</b>	<b>812 442 125</b>

Assets identified during an asset verification exercise were brought into the fixed asset register in the financial year at a deemed cost as the Municipality was unable to obtain information on when these assets identified were purchased and the cost of the assets purchased. In determining the deemed cost of the assets identified, the cost of assets similar in nature already on the register were used after assessing the condition of the asset.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R

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

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Assets under construction	Disposals	Depreciation	Total
Land	1 037 872	-	-	-	-	1 037 872
Buildings	241 451	-	-	-	(15 256)	226 195
Infrastructure	690 183 569	3 699 331	30 251 407	-	(24 113 821)	700 020 486
Other property, plant and equipment	8 363 451	1 125 836	-	(21 938)	(2 014 477)	7 452 872
Leased assets	1 422 030	3 030 481	-	(43 358)	(853 963)	3 555 190
	<b>701 248 373</b>	<b>7 855 648</b>	<b>30 251 407</b>	<b>(65 296)</b>	<b>(26 997 517)</b>	<b>712 292 615</b>

#### Assets subject to finance lease (Net carrying amount)

Motor vehicles	5 697 002	3 555 190
----------------	-----------	-----------

#### Other information

#### Property, plant and equipment temporarily idle (Carrying amount)

Property, plant and equipment	-	3 186 841
-------------------------------	---	-----------

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.

### 4. Intangible assets

	2013			2012		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Water rights	55 000	(7 791)	47 209	55 000	(5 958)	49 042

#### Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Water rights	49 042	(1 833)	47 209

#### Reconciliation of intangible assets - 2012

	Opening balance	Amortisation	Total
Water rights	50 875	(1 833)	49 042

The intangible asset relates to a once off payment made for access rights to lay water pipes that runs through private residential property.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>5. Retirement benefit obligation</b>		
<b>Post retirement medical aid plan</b>		
The municipality has engaged Alexander Forbes Health (Pty) Ltd to conduct the 30 June 2013 actuarial valuation of the municipality's post retirement medical aid benefit. It is the policy of the municipality to provide retirement benefits to 18 employees. The results and assumptions of the valuation is noted below.		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	3 859 789	3 458 620
Non-current liabilities	3 692 552	3 310 395
Current liabilities	167 237	148 225
	<b>3 859 789</b>	<b>3 458 620</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	3 458 620	3 721 065
Net expense recognised in the statement of financial performance	401 169	(262 445)
<b>Closing balance</b>	<b>3 859 789</b>	<b>3 458 620</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	261 895	260 834
Interest cost	216 359	320 297
Actuarial (gains) / losses	76 479	(728 587)
Expected employer benefit payment	(153 564)	(114 989)
<b>Total included in employee related costs</b>	<b>401 169</b>	<b>(262 445)</b>
<b>Key assumptions used</b>		
Assumptions used at the reporting date:		
Expected retirement age	65	65
Discount rates used	9.00 %	7.75 %
Health care costs inflation	8.20 %	7.00 %
Salary inflation	7.20 %	6.00 %
Assumed a 7.2% increase in salaries and maximum subsidies with effect from 1 July 2013.		
The discount rate is based on current bond yields of appropriate terms gross of tax as required by IAS 19.		
The underlying future rate of customer price index (CPI inflation) is assumed to be 5.9% per annum.		
Health care cost inflation, it is assumed the current contribution table(s) of the medical aid scheme(s) would continue to apply in the future and exceed the CPI inflation by an average of 2.50% per annum.		
Assumed that 0% of current in-service members eligible for a retirement subsidy would discontinue medical scheme membership upon reaching retirement with uThukela District Municipality.		
Assumed that 100% of current in-service members would be married at retirement, unless the member is older than the expected retirement age and marital status have been provided at the valuation date.		



# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>5. Retirement benefit obligation (continued)</b>		
Assumed mortality rates:		
During employment	-	SA 85-90 (light) ultimate table
Post-employment	-	PA(90) ultimate table rated down two years plus 1% improvement per annum ( from a base of year 2006).
Assumed withdrawal are set out below:		
<b>AGE</b>	<b>Annual rate of withdrawal</b>	
15%	20	
10%	30	
7%	35	
4%	40	
2%	45+	
0%		
There is no allowance for early retirement.		
The municipality has opted to recognise actuarial gains / losses immediately to the statement of financial performance as and when incurred. The corridor approach has not been opted for.		
There has been no change in the way members benefits are valued as thus no past service cost entries are required.		
<b>6. Prepayments</b>		
Prepayment- IT maintenance assets	-	113 399
Prepayments- SAGLA paid in advance	594 000	-
	<b>594 000</b>	<b>113 399</b>
<b>7. Inventories</b>		
Plant materials ( plumbing)	2 611 937	-
Promotional Items	-	3 742
Chemicals	870 236	878 695
Purified water stock	489 322	300 708
Stores	1 881 304	2 520 797
	<b>5 852 799</b>	<b>3 703 942</b>
<b>8. Trade and other receivables from exchange transactions</b>		
Deposits- fuel, landlords and ERWS	1 446 206	1 446 206
Other debtors - unreconciled inventory	-	1 121 283
Sundry debtors	4 735 220	674 920
	<b>6 181 426</b>	<b>3 242 409</b>
<b>9. Other receivables</b>		
Other receivables from non-exchange transactions	506 957	9 644 789

The municipality expects to realise these debtors within 12 months.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>10. Consumer debtors from exchange transactions</b>		
<b>Gross balances</b>		
Water and sanitation	517 171 485	414 213 980
<b>Less: Allowance for impairment</b>		
Water and sanitation	(481 693 052)	(233 567 144)
<b>Net balance</b>		
Water and sanitation	35 478 433	180 646 836
<b>Water &amp; Sanitation</b>		
Current (0 -30 days)	13 761 289	10 323 366
31 - 60 days	7 953 091	6 560 578
61 - 90 days	5 093 738	4 642 398
91 - 120 days	3 133 678	4 137 606
150+ days	5 536 637	154 982 888
	<b>35 478 433</b>	<b>180 646 836</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumer (non commercial)</b>		
Current (0 -30 days)	12 414 725	16 113 397
31 - 60 days	16 369 015	10 960 211
61 - 90 days	14 951 091	9 365 538
91 - 120 days	20 466 552	8 522 969
150+ days	440 579 927	359 251 970
	504 781 310	404 214 085
Less: Allowance for impairment	(472 876 361)	(229 737 867)
	<b>31 904 949</b>	<b>174 476 218</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	782 227	501 218
31 - 60 days	376 806	185 892
61 - 90 days	127 739	145 494
91 - 120 days	404 180	117 336
150+ days	6 865 953	5 034 541
	8 556 905	5 984 481
Less: Allowance for impairment	(7 023 008)	(2 902 781)
	<b>1 533 897</b>	<b>3 081 700</b>
<b>National and provincial government</b>		
Current (0 -30 days)	564 337	496 669
31 - 60 days	626 071	497 152
61 - 90 days	257 763	170 238
91 - 120 days	318 199	142 773
150+ days	2 066 898	2 202 053
	3 833 268	3 508 885
Less: Allowance for impairment	(1 793 683)	(701 521)
	<b>2 039 585</b>	<b>2 807 364</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>10. Consumer debtors from exchange transactions (continued)</b>		
<b>Total</b>		
Current (0 -30 days)	13 761 289	17 111 284
31 - 60 days	17 371 892	11 643 256
61 - 90 days	15 336 593	9 681 269
91 - 120 days	21 188 932	8 783 078
150+ days	449 512 779	366 995 093
	<u>517 171 485</u>	<u>414 213 980</u>
Less: Allowance for impairment	(481 693 052)	(233 567 144)
	<b><u>35 478 433</u></b>	<b><u>180 646 836</u></b>
<b>Less: Provision for debt impairment</b>		
Current (0 -30 days)	(9 418 801)	(6 787 918)
31 - 60 days	(10 242 855)	(5 082 677)
61 - 90 days	(9 750 586)	(5 038 871)
91 - 120 days	(8 304 668)	(4 645 472)
121 - 365 days	(443 976 142)	212 012 206
> 365 days	-	(424 024 412)
	<u>(481 693 052)</u>	<u>(233 567 144)</u>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(233 342 168)	(218 949 588)
Current transfer	(248 350 884)	(14 617 556)
	<u>(481 693 052)</u>	<u>(233 567 144)</u>
<b>Consumer debtors at amortised cost</b>		
Consumer debtors from exchange transactions	<u>35 478 433</u>	<u>180 646 836</u>
<b>11. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	7 100	7 700
Bank balances	685 433	27 952 435
Short-term deposits	152 607 642	60 444 056
Bank overdraft	(4 527 234)	-
	<u>148 772 941</u>	<u>88 404 191</u>
Current assets	153 300 175	88 404 191
Current liabilities	(4 527 234)	-
	<u>148 772 941</u>	<u>88 404 191</u>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R

### 11. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA Bank(Ladysmith) Account No- 404880058	-	-	-	-	-	(456 429)
ABSA Bank(Ladysmith) Account No- 4062520058	-	-	-	-	-	(366 334)
FNB(Ladysmith) Account No- 62252306280	1 468 189	19 339 419	630 960	685 433	19 339 419	184 848
FNB(Ladysmith) Account No- 62253072385	-	8 154 202	(4 792 574)	(4 527 234)	8 613 016	(7 536 997)
FNB(Ladysmith) Account No- 62283176644	221 426	60 444 056	205 728	-	60 444 056	205 728
FNB - Call Account - Account number: 62402906484	1 013 835	-	-	-	-	-
FNB - Fixed deposit account Account number 74361109934	151 372 381	-	-	152 607 642	-	-
<b>Total</b>	<b>154 075 831</b>	<b>87 937 677</b>	<b>(3 955 886)</b>	<b>148 765 841</b>	<b>88 396 491</b>	<b>(7 969 184)</b>

### 12. Development Bank of South Africa

#### At amortised cost

Development Bank of South Africa	10 473 446	12 853 059
Loans bear an interest rate between 7.186% and 15.25% per annum and are repayable over twenty years. The balance comprises six loans approved by the Development Bank of South Africa.		

#### Non-current liabilities

At amortised cost	7 845 838	10 535 808
-------------------	-----------	------------

#### Current liabilities

At amortised cost	2 627 608	2 317 251
-------------------	-----------	-----------

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>13. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	2 832 443	1 780 897
- in second to fifth year inclusive	2 334 489	2 053 603
	<u>5 166 932</u>	<u>3 834 500</u>
less: future finance charges	(926 821)	(364 685)
<b>Present value of minimum lease payments</b>	<u><b>4 240 111</b></u>	<u><b>3 469 815</b></u>
<b>Present value of minimum lease payments due</b>		
- within one year	2 548 206	1 548 035
- in second to fifth year inclusive	1 691 905	1 921 780
	<u><b>4 240 111</b></u>	<u><b>3 469 815</b></u>
Non-current liabilities	1 691 905	1 921 780
Current liabilities	2 548 206	1 548 035
	<u><b>4 240 111</b></u>	<u><b>3 469 815</b></u>

It is the municipality's policy to lease motor vehicles under finance leases.

The average lease term was 3-5 years.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rentals.

### 14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises:

Municipal Infrastructure Grants (MIG)	81 318 448	86 412 810
Department of Water Affairs and Forestry Grant	7 045 301	5 355 096
KZN Projects	44 599 801	34 056 787
Sports and recreation grant	194 599	194 598
Municipal Systems Improvement Grant	324 109	331 593
Councillors training grant	200 000	-
Data cleansing project	(292 364)	-
	<u><b>133 389 894</b></u>	<u><b>126 350 884</b></u>

### Movement during the year

Balance at the beginning of the year	126 350 884	25 679 534
Additions during the year	249 841 109	214 350 964
Income recognised during the year	(242 802 099)	(113 679 614)
	<u><b>133 389 894</b></u>	<u><b>126 350 884</b></u>

See note 21 for reconciliation of grants.

### 15. VAT Payable

The Municipality is on a payment basis for VAT purposes. The Municipality's debtors have not paid for services which have been rendered which has resulted in the Municipality reporting a VAT payable at year end.

VAT payable	<u>19 682 275</u>	<u>28 089 247</u>
-------------	-------------------	-------------------

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>16. Trade and other payables from exchange transactions</b>		
Trade payables	17 104 957	39 542 831
Department of water affairs (DWAF) Accrual	27 149 624	22 885 602
DBSA accrued interest	291 138	356 850
Trust funds- late estates	2 969 179	3 019 571
Retentions	7 428 817	7 428 817
Other creditors	9 065 375	5 457 352
Sundry creditors	463 390	6 355 743
	<b>64 472 480</b>	<b>85 046 766</b>
<b>17. Other accruals</b>		
Bonus accrual	3 291 872	2 638 447
Leave pay accrual	13 152 717	10 519 833
	<b>16 444 589</b>	<b>13 158 280</b>
<b>18. Consumer deposits</b>		
Water	8 758 905	8 408 026
<b>19. Revenue</b>		
Service charges	117 286 385	93 550 967
Interest received	39 236 761	19 048 071
Government grants & subsidies	495 985 099	341 485 743
	<b>652 508 245</b>	<b>454 084 781</b>
<b>The amount included in revenue arising from exchange of transactions are as follows:</b>		
Service charges	117 286 385	93 550 967
Interest received	39 236 761	19 048 071
	<b>156 523 146</b>	<b>112 599 038</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
Government grants & subsidies	495 985 099	341 485 743
<b>20. Service charges</b>		
Sale of water	104 239 864	81 194 771
Sewerage and sanitation charges	13 046 521	12 356 196
	<b>117 286 385</b>	<b>93 550 967</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>21. Government grants and subsidies included in revenue</b>		
Equitable share	253 183 000	225 680 000
MIG Agency fee	-	2 126 130
Municipal Infrastructure Grants (MIG)	187 952 362	69 482 922
Department of Water Affairs and Forestry Grant	28 620 898	32 395 702
KZN projects	22 128 992	11 005 237
Sports and recreation grant	-	3 600
Municipal Systems Improvement Grant	1 007 483	792 152
Data cleansing project	3 092 364	-
	<b>495 985 099</b>	<b>341 485 743</b>

### Equitable Share

In terms of the Constitution and the Division of Revenue Act, this grant is used inter alia to subsidise the provision of free basic services and finance the administration costs of the Municipality.

### Municipal Infrastructure Grant

Balance unspent at beginning of year	86 412 810	5 155 732
Current-year receipts	182 858 000	150 740 000
Conditions met - transferred to revenue	(187 952 362)	(69 482 922)
	<b>81 318 448</b>	<b>86 412 810</b>

Conditions still to be met - remain liabilities (see note 14)

This grant is used for water and sewage infrastructure as part of the upgrading of informal settlement areas.

### Department of Water Affairs and Forestry Grant

Balance unspent at beginning of year	5 355 096	3 817 098
Current-year receipts	30 311 103	33 933 700
Conditions met - transferred to revenue	(28 620 898)	(32 395 702)
	<b>7 045 301</b>	<b>5 355 096</b>

Conditions still to be met - remain liabilities (see note 14)

This grant was provided to UThukela municipality for water and sanitation projects.

### KZN Projects grant

Balance unspent at beginning of year	34 056 786	16 174 760
Current-year receipts	32 672 006	28 887 263
Conditions met - transferred to revenue	(22 128 992)	(11 005 237)
	<b>44 599 800</b>	<b>34 056 786</b>

Conditions still to be met - remain liabilities (see note 14)

This grant has been provided to uThukela municipality mainly for water and sanitation projects, disaster management and Integrated Development Planning (IDP) support.

### Sports and recreation grant

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>21. Government grants and subsidies included in revenue (continued)</b>		
Balance unspent at beginning of year	194 599	198 199
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(3 600)
	<u>194 599</u>	<u>194 599</u>
Conditions still to be met - remain liabilities (see note 14)		
This grant has been provided to UThukela municipality for the building of sports fields.		
<b>Municipal systems improvement grant</b>		
Balance unspent at beginning of year	331 584	333 736
Current-year receipts	1 000 000	790 000
Conditions met - transferred to revenue	(1 007 482)	(792 152)
	<u>324 102</u>	<u>331 584</u>
Conditions still to be met - remain liabilities (see note 14)		
This grant is used for infrastructure, capacity building and restructuring. The capacity building and restructuring grants were set up to assist the municipality in developing planning, budgeting, financial management and technical skills.		
<b>Data cleansing project</b>		
Current-year receipts	2 800 000	-
Conditions met - transferred to revenue	(3 092 364)	-
	<u>(292 364)</u>	<u>-</u>
<b>Councillors training grant</b>		
Current-year receipts	<u>200 000</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 14)		
The grant is to facilitate councillor training.		
<b>22. Other income</b>		
Other income	<u>5 075 640</u>	<u>3 019 578</u>



# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>23. General expenses</b>		
Advertising	312 743	215 348
Auditors remuneration	2 555 646	888 840
Bank charges	298 261	279 195
Cleaning	117 358	119 579
Commission paid	351 575	330 691
Computer expenses	1 504 911	2 207 273
Consulting and professional fees	5 873 816	2 199 511
Consumables	27 836	20 050
Entertainment	282 884	513 075
Fines and penalties	364 162	1 059 489
Conferences and seminars	26 043	35 215
Lease rentals on operating lease	3 239 351	2 933 871
Magazines, books and periodicals	2 647	7 968
Motor vehicle expenses	279 034	218 917
Fuel and oil	3 834 599	3 152 583
Postage and courier	7 347	10 981
Printing and stationery	1 060 341	1 063 186
Protective clothing	24 628	1 369
Subscriptions and membership fees	980 382	601 729
Telephone and fax	2 186 235	2 383 114
Training	27 606	60 585
Assets expensed	120 282	121 277
Electricity	38 393 382	34 645 318
Water	6 500 270	6 495 806
Audit committee	176 711	37 812
Government grant expenditure	108 715 389	80 207 289
Other expenses	3 932 717	18 098 340
	<b>181 196 156</b>	<b>157 908 411</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>24. Employee related costs</b>		
Basic	99 567 953	88 692 148
Bonus	3 291 872	2 638 447
Medical aid - employers contribution	3 087 738	2 785 762
UIF	650 319	636 864
SDL	972 156	883 500
Leave pay accrual	2 632 884	(4 283 277)
Post-employment benefits - Pension - Defined contribution plan	139 274	(262 445)
Travel, motor car, accommodation, subsistence and other allowances	381 249	3 655 837
Surcharge Pension Fund	9 158 589	6 676 881
	<b>119 882 034</b>	<b>101 423 717</b>

### Remuneration of Municipal Manager

Annual Remuneration	1 623 907	939 341
Car Allowance	-	260 175
Leave pay	-	304 946
Back pay normal	-	24 280
	<b>1 623 907</b>	<b>1 528 742</b>

The municipality had an Acting Municipal Manager during the financial year who was employed on a contract basis.

### Remuneration of Chief Finance Officer

Annual Remuneration	617 958	660 761
Car Allowance	113 740	121 620
Entertainment	59 378	63 491
Housing subsidy	27 852	29 779
Travel and subsistence	7 039	6 907
Back pay normal	-	17 725
Mileage	-	29 992
	<b>825 967</b>	<b>930 275</b>

The municipality had a Chief Financial Officer for 11 months of the financial year. At year end the position is unfilled, however there has been an appointment of an acting Chief Financial officer.

### Manager: Technical services

Annual Remuneration	736 428	306 845
Car Allowance	108 000	45 000
Travel and subsistence	2 758	5 168
	<b>847 186</b>	<b>357 013</b>

### Manager: Corporate services

Annual Remuneration	-	394 085
Car Allowance	-	109 487
Housing subsidy	-	4 205
Travel and subsistence	-	151 052
	<b>-</b>	<b>658 829</b>

This position was vacant during the current financial year.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>24. Employee related costs (continued)</b>		
<b>Manager: Health services, Environment services and WSA</b>		
Annual Remuneration	303 696	595 342
Car Allowance	114 420	224 300
Housing subsidy	4 098	8 031
Travel and subsistence	10 104	1 764
Back pay normal	-	16 755
Mileage	-	52 370
	<b>432 318</b>	<b>898 562</b>
<b>Manager: Water services</b>		
Annual Remuneration	-	208 504
Car Allowance	-	67 444
	<b>-</b>	<b>275 948</b>
The position was vacant during the current financial year.		
<b>25. Remuneration of councillors</b>		
Executive Mayor	668 959	692 784
Deputy Executive Mayor	580 848	581 982
Mayoral Committee Members	1 050 755	1 052 431
Speaker	531 338	560 852
Councillors	1 959 880	2 614 315
	<b>4 791 780</b>	<b>5 502 364</b>
<b>In-kind benefits</b>		
The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of a Council owned vehicle for official duties.		
The Mayor has 5 full-time bodyguards.		
<b>26. Impairment of debtors</b>		
Debt impairment- Lime hill water debtors	1 189 847	-
Debt impairment - Consumer debtors	247 350 669	14 842 532
Debt impairment/ (impairment reversal) - Sundry debtors	(4 540 602)	1 547 319
Debts impairment - Other	1 336	673
	<b>244 001 250</b>	<b>16 390 524</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>27. Interest received</b>		
Interest on investments - short term deposits	9 342 502	2 069 734
Interest charged on consumer debtors	29 447 330	16 978 337
Interest other	446 929	-
	<b>39 236 761</b>	<b>19 048 071</b>
Interest charged on consumer debtors accounts are charged at a rate of prime plus 1% on a monthly basis.		
<b>28. Depreciation and amortisation</b>		
Property, plant and equipment	31 999 449	26 997 517
Intangible assets	1 833	1 833
	<b>32 001 282</b>	<b>26 999 350</b>
<b>29. Finance costs</b>		
Bank	578 030	45 604
Development Bank of South Africa	1 339 223	356 850
Finance Leases	514 573	203 299
Other	-	10 281 615
	<b>2 431 826</b>	<b>10 887 368</b>
<b>30. Auditors' remuneration</b>		
Fees	2 555 646	888 840
<b>31. Contracted services</b>		
Water tankering	24 639 089	17 929 505
Hiring	5 287 059	4 256 578
Insurance	1 078 084	866 272
Chemicals	5 176 501	6 489 722
Security ( guarding municipal property)	222 044	361 984
uThukela civil defence	8 887 694	8 519 637
	<b>45 290 471</b>	<b>38 423 698</b>
<b>32. Bulk purchases</b>		
Water	3 857 201	4 043 301

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>33. Cash generated from operating activities</b>		
Surplus	38 727 045	80 575 840
<b>Adjustments for:</b>		
Depreciation and amortisation	32 001 282	26 999 350
Loss on sale of assets	2 168 399	65 296
Deemed cost adjustment	(32 687 264)	-
Impairment reversals	(163 767)	-
Debt impairment	244 001 250	16 390 524
Movements in retirement benefit assets and liabilities	401 169	(262 445)
Prior year adjustments	(7 435 167)	(9 374 956)
<b>Changes in working capital:</b>		
Increased/ (decrease) in inventories	(2 148 857)	(183 189)
Increase/ (decrease) Trade and other receivables from exchange transactions	(2 939 017)	(1 044 629)
Increase/ (decrease) other receivables from non-exchange transactions	9 137 832	(3 289 911)
Decrease in consumer debtors	(98 832 875)	(57 042 951)
Increase/ (decrease) prepayments	(480 601)	616 628
Decrease in payables from exchange transactions	(20 574 286)	(36 105 765)
Increase/ (decrease) in VAT	(8 406 972)	12 789 327
Increase/ (decrease) in other accruals	3 286 309	2 638 945
Increase unspent conditional grants and receipts	7 039 010	100 671 350
Increase in consumer deposits	350 879	735 668
	<b>163 444 369</b>	<b>134 179 082</b>

### 34. Commitments

#### Authorised capital expenditure

##### Already contracted for

• Property, plant and equipment	213 778 084	299 437 892
---------------------------------	-------------	-------------

##### Not yet contracted for and authorised by accounting officer

• Property, plant and equipment	196 037 000	-
---------------------------------	-------------	---

This committed expenditure relates to plant and equipment and will be financed by government grants, subsidy, internal funding's.

#### Other contract commitments

##### Minimum lease payments due

- within one year	405 899	-
-------------------	---------	---

The commitment represent rentals payable by the municipality for certain of its office properties and rental equipment and all the rental agreements are negotiated on a month to month with the exception of the agreement for the Weenen office that is currently a tenancy at will basis. An escalation clause is applicable for some of the agreements entered into.

No contingent rent is payable.

Equipment and office rental commitment is noted to be R 22 601.00 and R 383 298.00 respectively.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>35. Contingencies</b>		
D Kistad	15 240	15 240
AMJ Hlongwane	174 261	174 261
Aurecon	378 607	378 607
Jeffares & Green	575 484	576 484
IPTCO	-	600 000
J Potgieter	4 534	5 000
Telkom	23 694	23 694
Telkom	49 448	49 448
Jeffares and Green	576 484	-
DK & V property	-	756 000
Imbabazane Municipality	500 000	-
	<b>2 297 752</b>	<b>2 578 734</b>

### A M J HLONGWANE

ERADICATION OF BUCKET LATRINES IN EKUVUKENI CONTRACT 19/2005- CLAIM AMOUNT: R 174 261.20. The municipality's lawyers have defended this matter in the High Court and are awaiting for the Plaintiff to take the next step.

### D. KISTADU

CLAIM AMOUNT : R 15 240,00 This matter was set down for Trial and postponed. The municipality's lawyers are of the opinion that the plaintiff's claim should have been against the Emnambithi Ladysmith Municipality and not UThukela. This matter has not been resolved.

### AURECON

CLAIM AMOUNT- R 378 606.54. This matter has been defended and must proceed. Prospects of success are good considering our previous consultation with S. Mthethwa and B H Khoza. For now the matter is pended as the Plaintiff is negotiating settlement with the Municipality directly.

### J. POTGIETER

CLAIM AMOUNT –R 4 534.10. This matter has been defended and we are awaiting a trial date. Plaintiff's claim is against the Municipality for damages to his wall and paving when a water pipe was repaired.

### JEFFARES & GREEN

CLAIM AMOUNT –R 576 483.75. This matter has been defended and set down for trial in the High Court from the 16th - 18th October 2013

### TELKOM

CLAIM 1- CLAIM AMOUNT: R 23 693.59 ; CLAIM 2 – CLAIM AMOUNT: R 49 447.93 In both these matters our employees damaged the Telkom cables whilst repairing the water pipes. Unfortunately a similar matter was heard in the High Court and the ruling was against the Municipality of Pietermaritzburg in consequence of them failing to adhere to the way-leave agreement. We have from a very early stage of these matters suggested to Council to refer these claims to Council's insurers for settlement as we have little or no prospects of succeeding at trial.

### IMBABAZANE MUNICIPALITY

The municipality is currently in dispute with Imbabazane municipality for the amount of R 500 000.00 in respect of government grants. In prior prior years Imbabazane municipality grant allocations per the division of revenue act were paid to UThukela District Municipality who in turn transferred the grants due over to Imbabazane. The municipalities are currently trying to investigate the details of the noted difference of R 500 000.

### CONTINGENCIES ARISING FROM PENDING LITIGATION ON WAGE CURVE AGREEMENT

On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R

### 35. Contingencies (continued)

Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date this Labour Court of Appeal case has not been finalised.

The municipality completed jobs descriptions for all employees and submitted this information to the job evaluation committee (appointed by the Bargaining council) for evaluation. The municipality did not receive correspondence on the results of the evaluation. In effect, the municipality was not able to implement the terms of the wage curve agreement and in consequence is not able to quantify the amount due to or possibly even owed to the municipality by its employees.

### 36. Prior period adjustments and errors

The following amounts resulted in adjustments to accumulated surplus which has resulted in the restatement of the opening balance of net assets on 1 July 2012 and balances reported as at 30 June 2012 :

The correction results in adjustments as follows:

#### 36.1 Adjustment to 2011/12 surplus

Surplus for the year previously reported	-	91 476 133
Correction of 2011/12 finance costs for realisation of discounting of accounts payable	-	(9 090 987)
Litigation expense	-	829 142
Correction of error: bonus accrued for 2011/12	-	(2 638 448)
<b>2011/12 surplus restated</b>	<b>-</b>	<b>80 575 840</b>

#### 36.2 Adjustment to 2011/12 accumulated surplus

Accumulated surplus for the year previously reported as at 30 June 2011	-	641 728 469
2011/12 prior year adjustments	-	-
Correction of general operating expenditure relating to prior years	-	(5 041 784)
Restated 2011/12 surplus	-	(7 435 169)
<b>Accumulated surplus restated 1 July 2012</b>	<b>-</b>	<b>80 575 840</b>

#### 36.3 Adjustment to Trade and other payables from exchange transactions

Balance for the year previously reported as at 30 June 2012	-	52 982 112
Correction of error: Discounting on accounts payable	-	9 090 987
Reallocation of accrual balance: Department of water affairs	-	22 885 602
Reallocation: creditors with debit balances	-	88 065
<b>2011/12 Trade and other payables from exchange transactions restated</b>	<b>-</b>	<b>85 046 766</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>36. Prior period adjustments and errors (continued)</b>		
<b>36.4 Adjustment to the statement of cashflows</b>		
Cash generated from operating activities for the year previously reported as at 30 June 2012	-	134 179 082
Correction of error: trade and other payables from exchange transactions	-	(9 090 987)
Correction of error: finance cost	-	9 090 987
Correction of error: provision for litigation	-	829 142
Reallocation of movement in provisions	-	(1 665 316)
Error in cashflow calculation: consumer interest	-	19 048 071
Error in cashflow calculation: accumulated surplus non cash item	-	2 504 768
Error in cashflow calculation: additional prior year adjustments	-	(4 333 172)
Reallocation: Increase trade and other payables from exchange transactions	-	5 119 451
Error in cashflow calculation (trade receivables)	-	(16 390 525)
Error in cashflow calculation: other accrual	-	(4 283 277)
Error in cashflow: duplicated provision litigation	-	(829 142)
<b>2011/12 Cash generated from operating activities restated</b>	<b>-</b>	<b>134 179 082</b>
<b>36.5 Adjustment to irregular expenditure</b>		
Balance for the year previously reported as at 30 June 2012	-	15 183 436
Additional irregular expenditure recognised relating to 2011/12 financial year	-	3 474 756
<b>2011/12 Irregular expenditure restated</b>	<b>-</b>	<b>18 658 192</b>
<b>36.6 Adjustment to provisions</b>		
Balance for the year previously reported as at 30 June 2012	-	34 234 577
Reallocation of leave pay accrual to payables from non exchange transactions	-	(10 519 833)
Correction of error: provision for litigation incorrectly recognised	-	(829 142)
Reallocation of department of water affairs (DWAF) to payables from non exchange transactions	-	(22 885 602)
<b>2011/12 Provisions restated</b>	<b>-</b>	<b>-</b>
<b>36.7 Adjustment to other accruals</b>		
Balance for the year previously reported as at 30 June 2012	-	-
Reallocation of leave pay accrual from provisions	-	10 519 833
Correction of error: accrued bonus	-	2 638 447
<b>2011/12 Other accruals restated</b>	<b>-</b>	<b>13 158 280</b>
<b>36.8 Adjustment to general expenses</b>		
Balance for the year previously reported as at 30 June 2012	-	196 101 761
Correction of error: provision for litigation incorrectly recognised	-	(829 142)
Reallocation to contracted services: Water tankering services	-	(17 929 505)
Reallocation to contracted services: Hire	-	(4 256 578)
Reallocation to contracted services: Insurance	-	(866 272)
Reallocation to contracted services: Chemicals	-	(6 489 721)
Reallocation to contracted service: Security (Guarding of municipal property)	-	(361 984)
Reallocation to contracted services:uThukela civil defence security	-	(8 519 637)
Reallocation of fines and penalties previously disclosed as finance costs	-	1 059 489
<b>2011/12 General expenses restated</b>	<b>-</b>	<b>157 908 411</b>
<b>36.9 Adjustment to finance costs</b>		
Balance for the year previously reported as at 30 June 2012	-	2 855 870
Reallocation of fines and penalties previously disclosed as finance costs	-	(1 059 489)
Correction of error: Discounting on accounts payable	-	9 090 987



# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>36. Prior period adjustments and errors (continued)</b>		
<b>2011/12 Finance costs restated</b>	<b>-</b>	<b>10 887 368</b>
<b>36.10 Adjustment to consumer debtors from exchange transactions</b>		
Balance for the year previously reported as at 30 June 2012	-	180 646 836
Correction of error: rates consumer debtors	-	(506 530)
Correction of error: impairment of rates consumer debtors	-	224 976
Correction of error: consumer debtors water and sanitation disclosed as rates	-	506 530
Correction of error: impairment of consumer debtors disclosed as rates	-	(224 976)
<b>2011/12 Consumer debtors from exchange transaction restated</b>	<b>-</b>	<b>180 646 836</b>
<b>36.11 Adjustment to receivables from non exchange transactions</b>		
Balance for the year previously reported as at 30 June 2012	-	9 556 724
Reallocation of creditors with debit balances	-	88 065
<b>2011/12 Receivables from non exchange transactions restated</b>	<b>-</b>	<b>9 644 789</b>
<b>36.12 Adjustment to contracted services</b>		
Balance for the year previously reported as at 30 June 2012	-	-
Reallocation to contracted services: Water tankering services	-	17 929 505
Reallocation to contracted services: Hire	-	4 256 578
Reallocation to contracted services: Insurance	-	866 272
Reallocation to contracted services: Chemicals	-	6 489 722
Reallocation to contracted service: Security (Guarding of municipal property)	-	361 984
Reallocation to contracted services: uThukela civil defence security	-	8 519 637
<b>2011/12 Contracted services restated</b>	<b>-</b>	<b>38 423 698</b>
<b>36.13 Adjustment to additional disclosure in terms of Municipal Finance Management Act (Audit fees)</b>		
Balance for the year previously reported as at 30 June 2012	-	(1 238 702)
2011/12 audit fee not reflected in disclosure	-	888 840
2010/11 incorrect disclosure of amount paid relating to current period	-	1 374 931
2010/11 correct disclosure of amount paid relating to current period	-	(1 200 000)
2011/12 incorrect disclosure of amounts paid relating to previous years	-	174 931
	-	-

## 37. Risk management

### Liquidity risk

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

The table below analyses the municipality's 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.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R

### 37. Risk management (continued)

Financial instruments 2013	Within 1 year	Between 1 - 5 years	More than 5 years	Total
Trade and other payables from exchange transactions	64 232 768	-	-	64 232 768
Other accruals	16 444 589	-	-	16 444 589
Finance lease obligation	2 548 206	1 691 905	-	4 240 111
Development Bank of South Africa	2 627 608	7 379 524	466 316	10 473 448
	<u>85 853 171</u>	<u>9 071 429</u>	<u>466 316</u>	<u>95 390 916</u>
<b>Financial instruments 2012</b>	<b>Within 1 year</b>	<b>Between 1 - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Trade and other payables from exchange transactions	84 958 701	-	-	84 958 701
Other accruals	10 519 833	-	-	10 519 833
Finance lease obligation	1 548 035	1 921 781	-	3 469 816
Development Bank of South Africa	2 317 251	8 911 308	1 624 500	12 853 059
	<u>99 343 820</u>	<u>10 833 089</u>	<u>1 624 500</u>	<u>111 801 409</u>

### Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

#### Financial instrument

Bank balances and cash	148 772 941	88 404 191
Finance lease obligation	4 240 111	3 469 815
Development Bank of South Africa loans	10 473 446	12 853 059
	<u>163 486 498</u>	<u>104 727 065</u>

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents 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 evaluate credit risk relating to customers on an ongoing basis. The municipality has independently rated some of their customer. Others, 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.

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

Financial instrument	2013	2012
Bank balances and cash	148 772 941	88 404 191
Consumer debtors from exchange transactions	35 487 433	180 365 282
Other receivables from exchange transactions	1 640 824	3 242 409
Receivables from non exchange transactions	418 891	9 556 724

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

---

	2013	2012
	R	Restated R

---

### 38. Events after the reporting date

#### Outstanding Rental: Enambithi Ladysmith Construction cc

On 26 July 2013, the Council took a resolution to settle the matter with Enambithi Constructions CC by either paying the rental in full and final settlement, or alternatively, the municipality through its attorneys negotiate with representatives of Enambithi Construction CC for the payment of outstanding rental over an extended period of time and not exceeding four months as well as issues pertaining to the interest on the capital amount and legal costs.

The settlement amount is R 3 200 728.47, which has been accrued for as at 30 June 2013.

### 39. Unauthorised expenditure

#### Reconciliation of unauthorised expenditure

Opening balance	70 587 871	8 440 797
Unauthorised expenditure current year	200 303 264	62 147 074
	<u>270 891 135</u>	<u>70 587 871</u>

Unauthorised expenditure of R 200 303 264 was incurred during the financial period. The actual revenue and expenditure exceeded the approved budget by this amount.

Unauthorised expenditure has not been condoned or approved

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>39. Unauthorised expenditure (continued)</b>		
Council- employee cost	-	8 770
Council - depreciation	300 149	127 053
Council - fuel and oil	-	18 170
Council- transport official vehicle	-	11 203
Corporate services- subsistence travel	-	218 024
Corporate services- telephone	18 871	144 248
Corporate services- provision for litigation	-	756 000
Corporate services- training direct cost	-	9 890
Corporate services- employee costs	5 897 472	-
Corporate services - depreciation	309 278	-
Finance - depreciation	391 652	140 003
Finance - subsistence travel	-	255 458
Finance - bad debt reserve	-	1 547 319
Finance - employee costs	1 078 406	-
Finance - interest	234 915	-
Finance - stock impairment	1 150 327	-
Finance - debt impairment	1 189 847	-
Planning and economic services- depreciation	393 026	-
Health services- telephone	-	4 207
Health - subsistence travel	-	72 636
Water and sanitation- employee cost	633 034	263 702
Water and sanitation- pumps	404 255	-
Water and sanitation- bad debts written off	336	673
Water and sanitation- collection fees	-	129 691
Water and sanitation - water purchases	3 038 699	1 043 301
Water and sanitation cleansing materials	-	13 660
Water and sanitation - computer programs	-	127 716
Water and sanitation - department water accounts	-	700 643
Water and sanitation - electricity	1 733 928	1 324 351
Water and sanitation - bill printing	22 929	14 417
Water and sanitation - vehicle licenses	-	8 377
Water and sanitation - security	525 195	102 482
Water and sanitation -UThukela security services	-	119 637
Water and sanitation - drought relief	-	50 105
Water and sanitation - water conservation	-	489 715
Water and sanitation- subsistence	1 016	-
Water and sanitation - water research levy	177 373	-
Water and sanitation - water tankering	2 475 626	-
Actuarial valuation	-	262 445
Water and sanitation - impairment	174 320 312	-
Strategic planning and economic development - depreciation	-	258 963
Strategic planning and economic development - subsistence and travel	-	149 140
Strategic planning and economic development - telephone	-	955
Appendix E (1)	-	62 214 917
Municipal Manager- employee cost	2 759 554	-
Municipal manager - audit fees	27 622	-
Planning and Economic Services- employee costs	19 054	-
Municipal manager - legal costs	3 200 388	-
	<b>200 303 264</b>	<b>70 587 871</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>40. Fruitless and wasteful expenditure</b>		
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	2 296 616	146 757
Fruitless and wasteful expenditure	1 522 070	2 149 859
	<b>3 818 686</b>	<b>2 296 616</b>
Fruitless and wasteful expenditure has been incurred with the following suppliers		
South African Local Government Council ( SALGBC)	-	2 500
Umnotho Business Consulting	-	1 205 576
NS mchunu	-	5 565
BB Sithole	-	1 855
CI Narrandes	-	24 131
Eskom	86 345	105 077
SA Post office	-	7 997
uMtshezi Municipality	-	4 949
South African Revenue Services (SARS)	265 418	20 944
Emnambithi/ Lady Smith Municipality	9 785	17 679
Legal fees	-	288 961
Halstead Paolo Trust Account	-	611 382
Protea consulting	416 624	-
Telkom	4 606	-
DK&V Property Invest	654 456	-
J.N Madondo - refund	43 119	-
B M Mchunu	2 159	-
PKX	39 558	-
	<b>1 522 070</b>	<b>2 296 616</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>41. Irregular expenditure</b>		
Opening balance	18 658 192	577 566
Irregular expenditure current year - repairs and maintenance	-	76 789
Irregular expenditure current year (refer below-SCM deviations)	22 528 852	18 003 837
	<b>41 187 044</b>	<b>18 658 192</b>

### Details of irregular expenditure

Bid specifications for the following procurement were not compiled by a bid specifications committee in accordance with the SCM regulations, In the course of Implementing the SCM policy of the municipality, MFMA Sections 114, 36 and 32 deviations were recorded in the current financial year:

Section 114 deviations	Total value of awards	Payments in the current year
Amalgamated Pumping Services - Interruption of water services	2 641 765	2 641 765
Amalgamated Pumping Services - Emergency repair project	5 345 413	4 350 763
Zamahlabisa trading - Material for disaster	450 000	45 000
Fermtoserve (Pty) LTD - Material urgently required	2 131 652	773 551
Zamahlabisa Trading - Material for disaster	465 000	465 000
GR Solution - Ezakheni upgrade	2 026 139	1 318 864
Joat Sales and Services	166 045	166 045
	<b>13 226 014</b>	<b>9 760 988</b>

### Section 36 deviations

Implementation of Buffer Zone	150 104	60
Catering - Royal hotel	4 200	4 200
Catering - Ecstatic	19 000	19 000
Repair of vehicle	12 776	12 776
Hire of TLB - Blue sands trading 790cc	39 900	39 900
Hire of TLB - Laytam investment (Pty)	39 500	39 500
Hire of TLB - Ladysmith trading	40 470	40 470
Repair pump - Hydrolic and automotive supplies	49 465	49 465
Hire of TLB - Mgazi engineering	76 800	76 800
Hire of sewerjet machine - Indlovujozi Trading	35 112	35 112
Hire of TLB - Blue sands trading 790	77 520	77 520
Hire of TLB - Ubunzima trading	77 784	77 784
Pump repairs - Vivah Technologies	78 582	78 582
Pump repairs - Hydrolic and automotive	120 384	120 384
Van rental - Avis	182 371	56 219
Vivah Technologies	107 831	107 831
Hire of sewer jet machine - Indlovujozi Trading	35 112	35 112
Stationary - Nambithi office supplies	6 726	6 726
Escourt Satellite office - Rashed Suliman Trust ( 3 539 per month)	-	35 397
UThukela District offices - Emnambithi Construction ( 224 694 per month)	-	3 590 467
Colenso Satellite Office - Beukes JC T/A ABC Trust ( 1 224 per month)	-	11 774
Hire of video- Makhosonke construction	25 000	25 000
Repair pump - Hydrolic and automotive	2 109	2 109
Verification of assets- AB projects	125 422	125 422
Hire of sewerjet machine - Indlovujozi Trading	25 080	25 080
Hire of sewerjet machine - Indlovujozi Trading	10 032	10 032
Hiring of water tanker - Gerry's motors	12 540	12 549
Purchase of tools	28 000	28 000
Plumbing materials - Ladysmith trading	1 403	1 403
Camjet service	46 455	46 455

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>41. Irregular expenditure (continued)</b>		
Insakavukela Trading Enterprise	9 120	9 120
Hiring of tipper truck	24 000	24 000
Repairs and maintenance - Femtoserve (pty) ltd	498 843	498 843
SHK Investments cc- water tanker	-	549 658
	<b>1 961 641</b>	<b>5 872 750</b>
<b>Section 32 deviations</b>		
Road asset management - Moteko construction	1 670 000	2 734 350
National transfers- Ezakheni water treatment works	3 900 000	2 070 731
Data cleansing - sonke consulting	2 800 000	1 548 264
Caseware monthly management system	2 795 000	416 624
Municipal governances	800 000	125 145
	<b>11 965 000</b>	<b>6 895 114</b>
<b>42. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	630 816	19 086
Amount paid - current year	-	(19 086)
	<b>630 816</b>	<b>-</b>
Balance included in current liabilities.		
<b>Audit fees</b>		
Opening balance	-	174 931
Current year subscription / fee	2 775 605	888 840
Amount paid - current year	(2 775 605)	(888 840)
Amount paid - previous years	-	(174 931)
	<b>-</b>	<b>-</b>
<b>PAYE and UIF</b>		
Current year subscription / fee	15 467 367	13 156 796
Amount paid - current year	(15 466 268)	(13 156 796)
	<b>1 099</b>	<b>-</b>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	16 395 245	9 527 534
Amount paid - current year	(16 397 592)	(9 527 534)
	<b>(2 347)</b>	<b>-</b>
<b>VAT</b>		
VAT payable	19 682 275	28 089 247

All VAT returns have been submitted.

The Municipality is on a payment basis for VAT purposes. The Municipality's debtors have not paid for services which have been rendered which has resulted in the Municipality reporting a VAT payable at year end.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R

### 42. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MG Hlubi	1 249	56 228	57 477
DCP Mazibuko	579	9 316	9 895
NW Sibiya	583	9 721	10 304
AS Mazibuko	1 236	64 452	65 688
NM Hlomuka	1 175	63 496	64 671
SD Magubane	347	9 036	9 383
	<b>5 169</b>	<b>212 249</b>	<b>217 418</b>

30 June 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
TJMB Jeeboth Magubane	343	-	343
AS Mazibuko	786	7 206	7 992
MA & AM Mkhize	2 382	56 375	58 757
	46	-	46
	<b>3 557</b>	<b>63 581</b>	<b>67 138</b>

### 43. Commentary on Statement of comparison of Budget and Actual amounts

#### Material differences between budget and actual amounts

Explanations for variances greater than 10% noted in the Statement of Comparison of Budget and Actual as set out on pages 9 to 13 are noted as follows:

#### Commentary on Statement of Financial Performance

##### Revenue

##### Service charges

The variance is a result of customer accounts being closed in the current financial year as part of the data cleansing exercise which took place. Billings have decreased as a result.

##### Interest received

In the current year, investment bank accounts were opened for grant income received, this resulted increased interest income being realised. In addition to this, variance is attributed to in penalty fees on arrear accounts as the municipality currently has numerous customer accounts outstanding.

##### Other income

In the current year, the municipality managed to recover monies as a result of a forensic investigation. This recovery was not budgeted for.



# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

---

	2013	2012
	R	Restated R

---

### Expenditure

#### Employee related costs

The municipality did not budget for accruals raised for leave pay and bonuses. These accruals have resulted in a the variance.

#### Remuneration of Councillors

The variance is attributed to Councillor positions that became vacant during the year. Three council members died during the year, as thus their positions were vacant. New appointments were only made towards the end of the financial year.

#### Debt impairment

The municipality has a current average collection rate of 40%. A prudent approach has been taken in establishing the recoverability of the current debtors which has resulted in a significant increase in the bad debt impairment provision. These considerations were done at the end of the financial year and not when the budget was prepared.

#### Depreciation and asset impairment

The municipality has a number of infrastructure projects underway for which the stage of completion of completion is behind schedule. Depreciation has been calculated for all projects for which a completion certificate has been issued.

#### Impairment reversal

The municipality did not budget for an impairment reversal. An asset condition assessment before at year end has resulted in the impairment reversal.

#### Finance costs

Finance costs were over budgeted for in the financial year. The municipality had incurred high finance costs in previous years mainly caused by interest incurred from its creditors. The prior year balance was used a basis for preparing the budget which does not accurately portray the current finance cost trends of the municipality.

#### Repairs and maintenance

Not all planned repairs and maintenance for plant infrastructure were effected in the financial year.

#### General expenses

In the current year the municipality funded a number of sanitation projects using the municipal infrastructure grant received. These projects are not capital in nature and as thus have not been capitalised but expensed as part of government grant expenditure. This has caused the actual expenditure to exceed the budget. These sanitation projects were not taken into account during the budgeting process.

#### Deemed cost adjustment in respect of property plant and equipment

The municipality did not budget for a deemed cost adjustment. The deemed cost adjustment is a result of the municipality's service provider identifying assets during the physical verification which were not listed on the asset register. The condition of the assets were assessed and a deemed cost was determined for the assets brought into the asset register in the current year.

#### Loss on disposal of assets

The municipality did not budget for losses on sale of assets. In the current year a number of asset were written off and removed from the fixed asset register. These disposals have resulted in the loss on sale of assets.

### Commentary on Statement of Financial Position

#### Assets

##### Current assets

##### Cash and cash equivalents

The municipality's current collection rates are low caused by consumers not settling their accounts. This has resulted in the a lower than expected cash balance in comparison to the budget.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

---

	2013	2012
	R	Restated R

---

### Consumer debtors from exchange transactions

Consumer debtors were over budgeted for in the current year. The budget was based on the debtors balance reported in previous years. The municipality processed impairment of R 248 million as the probability of recovering the debts were unlikely. The impairment has resulted in the significant variance reported.

### Trade and other receivables from exchange transactions

The municipality processed an impairment for the unreconciled stock balance at year end as this balance is not considered recoverable. The recoverability of receivables was not considered when the budget was prepared.

### Receivables from non-exchange transactions

Receivables for non exchange transactions were not budgeted for in the financial year. The municipality has incurred debtors as a result of cashier shortages, reconciling items in the payroll suspense accounts and water shortages offices.

### Prepayments

Prepayments were not budgeted for in the financial year. The municipality had to make a prepayment for expense relating to SALGA in the financial year.

### Non current assets

#### Property plant and equipment

The municipality has a number of infrastructure projects underway for which the stage of completion of completion is behind schedule. This has resulted in the variance reported.

### Liabilities

#### Current liabilities

##### Borrowings - current

The borrowings budget is a summation of the current portion of the finance lease liability and the Development Bank of South Africa loan. In the current year, no new loans were entered into by the municipality. The municipality entered into finance lease relating to four water tankers in the previous year. These water tankers were delivered in the current financial year and as a result the municipality is obligated to make payments towards these finance leases. This liability, was not taken into account in determining the current portion of the municipality's borrowings as when the adjustment budget was finalised. This has caused the the actual expenditure to be more than the budget.

##### Trade and other payables from exchange transactions

Unspent grants, VAT payable and creditors have been taken into consideration in finalising the budget for current financial year. The amount specifically budgeted for is R 279 million municipality which is a 77% variance between budget and actual trade and other payables from exchange transactions. The municipality has reported high creditors balance in previous years due to cash flow issues experienced by the municipality. The high payables reported have been used as a basis for budget preparation. This budgeting technique has resulted in the variance noted. The municipality is currently settling its creditors in shorter time frames as thus the creditors balances reported at year end are lower.

##### Unspent conditional grants and receipts

Unspent grants have been budgeted for as part of trade and other payables from exchange transactions. The amount specifically budgeted for is unspent conditional grants and receipts is R 126 million. The municipality thus has a variance of 10% between the budget and actual unspent grants which reasonable.

##### Vat payable

Vat payable has been budgeted for as trade and other payables from exchange transactions. The amount budgeted for is R 14.8 million which is a 32% variance between budget and actual. The municipality is currently on payment basis for VAT purposes. The municipality has been unable to pay over output VAT because it is currently experiencing low collections of debts from its customers.

##### Bank overdraft

The bank overdraft budget was finalised based on expected procurement that was to occur during the financial year. Given that the municipality has not procured in line with the expected budget, this has also resulted in the variance of the bank overdraft.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

---

	2013	2012
	R	Restated R

---

### Non current liabilities

#### Borrowings - non current

The borrowing non current balance is a summation of the finance lease liability and the current portion Development Bank of South Africa loan. In the current year, no new loans were entered into by the municipality. The municipality entered into finance lease relating to four water tankers in the previous year. These water tankers were delivered in the current financial year and as a result the municipality is obligated to make payments towards these finance leases. This liability, was not taken into account in determining the current portion of the municipality's borrowings as when the adjustment budget was finalised. This has caused the the actual expenditure to be less than the budget.

#### Retirement benefit obligation

The retirement benefit obligation was not apportioned between the current and non current portion in the financial year. As a result the variance of 11% does not take into account the current portion of the retirement benefit obligation. The retirement benefit in total results in a variance of 7.6% which is acceptable.

### Commentary on Statement of Cashflow

#### Cash flows from operating activities

##### Receipts

##### Sale of goods and services

The municipality has low collection rates as thus cash flows from service revenue was lower than anticipated.

##### Interest income

In the current year, investment bank accounts were opened for grant income received, this resulted in increased interest income being realised. In addition to this, variance is attributed to in penalty fees on arrear accounts as the municipality currently has numerous debtors accounts outstanding.

##### Other income

The budget did not take into account cash flows from other income. In the current year, the municipality raised cash flows from sources including tender deposits, insurance claims, income recoveries as a result of fraud investigations and clearance certificates.

##### Payments

##### Suppliers and employees

Cashflows to suppliers and employees were not adequately budgeted for in the financial year. Expected cashflows were based on high creditors balance which had been experienced by the municipality in previous years.

##### Finance costs

Cash flows from finance costs were over budgeted for in the financial year. The municipality had incurred high finance costs in previous years mainly caused by interest incurred from its creditors. This prior year balance as a basis preparing the budget which not accurately portrays the current finance cost trends of the municipality.

#### Cash flows from investing activities

##### Purchase of property plant and equipment

The municipality has a number of infrastructure projects underway for which the stage of completion of completion is behind schedule. This has resulted in lower cash flows relating to the procurement of property plant and equipment.

#### Cash flows from financing activities

The municipality did not budget for cash flows from finance leases and repayment of Development Bank of South Africa loans. This has caused a variance because the municipality made payments towards these financial obligations.

# Uthukela District Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

	2013	2012
	R	Restated R
<b>44. Water losses estimated</b>		
Water losses - quantity (Kilo liters)	11 999 256	28 851 148
Water losses - cost (Rand)	19 497 991	20 340 059

The municipality is currently unable to accurately determine water losses for the year under review. Flow meters to record water volumes distributed are either not working or are not in use. Consequently the municipality has used estimated water production to determine the water loss value for the year.

UTHUKELA DISTRICT MUNICIPALITY  
APPENDIX A- SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

Development Bank of South Africa loans

DESCRIPTION	LOAN NUMBER	INTEREST RATE	MATURITY DATE	BALANCE 30.06.2012	RECORDED DURING THE YEAR	REDEEMED DURING THE PERIOD	BALANCE 30.06.2013
RURAL WATER AND SANITATION	10346/202	12%	31/03/2018	2 889 339.11	-	352 690.93	2 536 648.18
EKUVUKENI INFRASTRUCTURE PHASE1	13674/101	10%	30/09/2020	1 482 059.92	-	174 360.00	1 307 699.92
OLIPHANTSKOP WATER SUPPLY BULK	9631/101	12%	31/03/2015	3 962 860.60	-	1 194 078.98	2 768 781.62
OLIPHANTSKOP WATER SUPPLY DISTRIBUTION	9631/201	15.25%	31/03/2017	3 745 500.00	-	585 141.84	3 160 358.16
OLIPHANTSKOP WATER SUPPLY EXTENTIONS	9631/401	9.71%	31/03/2019	657 049.24	-	57 840.70	599 208.54
OLIPHANTSKOP WATER SUPPLY EXTENTIONS	9631/502	9.81%	30/09/2019	116 250.00	-	15 500.00	100 750.00
<b>TOTAL</b>				<b>12 853 058.87</b>		<b>2 379 612.45</b>	<b>10 473 446.42</b>

LEASES

Lease description	LEASE NUMBER	INTEREST RATE	DATE REPAYABLE	CAPITAL BALANCE AT 30/06/2012	RECEIVED DURING THE YEAR	CAPITAL REDEEMED/ WRITE OFF DURING THIS PERIOD	INTEREST REDEEMED THIS PERIOD	interest rate changes	capital BALANCE AT 30/06/2013
ABSA vehicle finance	81598024	8.00%	01/10/2014	295 734.35		120 001.70	19 529.28	1 695.82	175 732.65
ABSA vehicle finance	81856856	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81856929	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857143	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857410	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857593	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81858220	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857402	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857259	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857879	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857992	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857690	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81856872	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857089	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857550	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81857224	8.00%	01/01/2015	154 851.56		56 170.31	10 466.43	997.45	98 681.25
ABSA vehicle finance	81773381	8.00%	01/12/2014	297 099.84		111 745.90	19 937.44	1 843.00	185 353.94
ABSA vehicle finance	82607523	8.50%	07/07/2015		951 160.00	393 877.70	72 092.67	-	557 282.30
ABSA vehicle finance	82606616	8.50%	07/07/2015		951 160.00	393 877.70	72 092.67	-	557 282.30
ABSA vehicle finance	82607981	8.50%	07/07/2015		951 160.00	393 877.70	72 092.67	-	557 282.30
ABSA vehicle finance	82608317	8.50%	07/07/2015		951 160.00	300 585.78	77 183.91	-	650 574.22
ABSA vehicle finance	77451310	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77451426	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77451604	7.50%	06/08/2013	38 666.38		32 932.64	1 808.30	101.27	5 733.74
ABSA vehicle finance	77452961	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77450721	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77451205	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77452481	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77453070	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77451787	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77452767	7.50%	06/08/2013	38 651.26		32 919.78	1 807.60	101.22	5 731.48
ABSA vehicle finance	77579341	7.50%	06/08/2013	91 850.81		72 784.09	4 459.70	281.00	19 066.72
ABSA vehicle finance	76759320	6.50%	06/03/2013	75 829.58		75 829.34	2 112.06	123.64	0.24
				<b>3 834 499.55</b>	<b>4 901 268.32</b>	<b>3034345.22</b>	<b>514 573.55</b>	<b>19 917.46</b>	<b>4 240 110.48</b>

UTHUKELA DISTRICT MUNICIPALITY  
Appendix B - Analysis of Property, Plant and equipment as at 30 June 2013

	Cost / Valuation					Accumulated Depreciation and Impairment						
	Opening Balance	Additions	Adjustments	Disposals	Under Construction	Closing Cost	Opening Balance	Depreciation	Disposals	Reversal of impairment	Closing Balance	Carrying Value
Land	1 037 872	-	-	-	-	1 037 872	-	-	-	-	-	1 037 872
Buildings	482 857	-	4 675 000	-	-	5 157 857	256 662	241 756	-	-	498 418	4 659 439
<b>Land and Buildings</b>	<b>1 520 729</b>	<b>-</b>	<b>4 675 000</b>	<b>-</b>	<b>-</b>	<b>6 195 729</b>	<b>256 662</b>	<b>241 756</b>	<b>-</b>	<b>-</b>	<b>498 418</b>	<b>5 697 310</b>
Sewerage Mains & Purification	251 867 701	-	523 000	(192 067)	-	252 198 634	58 052 572	6 749 500	(151 262)	(109)	64 650 701	187 547 932
Water Mains & Purification	622 068 120	792 699	9 966 000	(143 381)	96 120 009	728 803 447	137 598 994	17 695 375	(77 735)	-	155 216 634	573 586 813
Reservoirs – Water	25 717 311	-	8 000 000	-	-	33 717 311	4 781 559	920 071	-	-	5 701 630	28 015 681
Water Meters	6 531 969	-	-	-	-	6 531 969	5 731 490	125 750	-	-	5 857 240	674 729
<b>Infrastructure</b>	<b>906 185 101</b>	<b>792 699</b>	<b>18 489 000</b>	<b>(335 448)</b>	<b>96 120 009</b>	<b>1 021 251 361</b>	<b>206 164 615</b>	<b>25 490 695</b>	<b>(228 997)</b>	<b>(109)</b>	<b>231 426 205</b>	<b>789 825 156</b>
Office Equipment	1 536 402	441 450	138 842	(951 023)	-	1 165 671	1 186 674	338 653	(871 805)	-	653 522	512 149
Furniture & Fittings	2 945 852	27 467	494 498	(1 254 462)	-	2 213 355	2 378 775	288 489	(1 078 304)	(1 557)	1 587 403	625 952
Emergency & Fire Equipment	4 192 343	-	4 822 342	(15 333)	-	8 999 352	3 051 355	1 236 159	(9 783)	-	4 277 731	4 721 622
Motor vehicles	5 765 170	-	1 623 657	(1 881 005)	-	5 507 823	4 608 834	1 014 428	(1 644 329)	-	3 978 932	1 528 890
Computer Equipment	5 825 733	280 067	459 352	(2 001 433)	-	4 563 719	2 933 414	965 582	(1 513 730)	-	2 385 266	2 178 453
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	5 602 029	-	1 454 957	(3 362 489)	-	3 694 497	4 255 606	402 114	(2 456 713)	(162 101)	2 038 906	1 655 591
<b>Other Assets</b>	<b>25 867 530</b>	<b>748 984</b>	<b>8 993 648</b>	<b>(9 465 745)</b>	<b>-</b>	<b>26 144 416</b>	<b>18 414 658</b>	<b>4 245 424</b>	<b>(7 574 665)</b>	<b>(163 658)</b>	<b>14 921 760</b>	<b>11 222 656</b>
Office Equipment	751 020	-	12 938	(729 457)	-	34 500	675 918	6 210	(656 512)	-	25 616	8 884
Motor Vehicles	6 279 426	-	516 676	(723 932)	-	6 072 170	2 799 338	1 387 597	(626 010)	-	3 560 925	2 511 245
Water Tankers	-	3 804 640	-	-	-	3 804 640	-	627 766	-	-	627 766	3 176 874
<b>Leased Assets</b>	<b>7 030 446</b>	<b>3 804 640</b>	<b>529 613</b>	<b>(1 453 389)</b>	<b>-</b>	<b>9 911 310</b>	<b>3 475 256</b>	<b>2 021 573</b>	<b>(1 282 522)</b>	<b>-</b>	<b>4 214 307</b>	<b>5 697 003</b>
<b>TOTAL</b>	<b>940 603 805</b>	<b>5 346 323</b>	<b>32 687 261</b>	<b>(11 254 582)</b>	<b>96 120 009</b>	<b>1 063 502 815</b>	<b>228 311 191</b>	<b>31 999 449</b>	<b>(9 086 183)</b>	<b>(163 767)</b>	<b>251 060 690</b>	<b>812 442 125</b>

Uthukela District Municipality  
Appendix C  
Segmental Analysis of Property, Plant and equipment as at 30 June 2013

	Cost / Valuation				Under Construction	Accumulated Depreciation and Impairment						
	Opening Balance	Additions	Disposals	Adjustments		Closing Balance	Opening Balance	Depreciation	Disposals	Reversal of impairment	Closing Balance	Carrying value
100 : COUNCIL	1 276 875	-	(161 959)	26 729		1 141 645	301 871	309 549	(108 057)	-	503 364	638 282
105 : OFFICE OF THE MUNICIPAL MANAGER	609 678	3 167	(99 037)	26 216		540 025	463 905	93 281	(88 071)	-	469 115	70 910
200 : CORPORATE SERVICES	3 664 844	9 450	(1 630 189)	1 098 419		3 142 524	3 025 349	520 663	(1 328 991)	-	2 217 021	925 502
201 : SATELLITE OFFICES	829 412	-	(288 276)	45 210		586 347	586 191	39 615	(259 271)	-	366 536	219 811
300 : FINANCE	2 508 796	736 367	(857 853)	335 014		2 722 324	1 634 036	537 881	(693 713)	-	1 478 204	1 244 120
350 : LEVY COLLECTION	154 216	-	(71 750)	30 015		112 481	131 946	17 771	(64 748)	-	84 968	27 513
400 : TECHNICAL REGIONAL	37 611	-	(21 854)	-		15 757	20 271	3 208	(19 812)	-	3 667	12 091
405 : TECHNICAL SERVICES AUTHORITY, PLANNING & I.T	2 972 659	-	(743 341)	243 326		2 472 644	1 505 057	433 801	(596 385)	-	1 342 472	1 130 172
407 : PLANNING AND ENVIRONMENTAL HEALTH	286	-	(286)	-		-	286	-	(286)	-	-	-
408 : HEALTH SERVICES	387 369	-	(73 882)	168 359		481 846	340 766	83 996	(66 511)	-	358 251	123 595
415 : TECHNICAL - PROJECT MANAGEMENT	702	-	(702)	-		-	632	-	(632)	-	-	-
431 : SOCIAL ECONOMIC SERVICES	149 643	-	(45 628)	45 737		149 752	131 454	23 322	(39 340)	-	115 436	34 316
700 :WATER SERVICES	675 016 950	4 244 288	(6 409 844)	28 649 223	96 120 009	797 620 626	161 999 493	22 638 955	(5 181 555)	(163 767)	179 293 126	618 327 500
701 :SANITATION SERVICES	252 264 894	353 051	(827 258)	2 019 012		253 809 699	58 128 131	7 010 705	(618 332)	-	64 520 504	189 289 195
798 : PIMMS PLANNING CENTRE	729 582	-	(22 438)	-		707 145	41 517	286 703	(20 194)	-	308 027	399 118
799 : DEVELOPMENT PLANNING PROJECTS	286	-	(286)	-		-	286	-	(286)	-	-	-
<b>TOTAL</b>	<b>940 603 805</b>	<b>5 346 323</b>	<b>(11 254 582)</b>	<b>32 687 261</b>	<b>96 120 009</b>	<b>1 063 502 815</b>	<b>228 311 191</b>	<b>31 999 449</b>	<b>(9 086 183)</b>	<b>(163 767)</b>	<b>251 060 690</b>	<b>812 442 125</b>

UTHUKELA DISTRICT MUNICIPALITY  
 APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012 Actual Revenue R	Restated 2012 Actual Expenditure R	Restated 2012 Surplus/ (Deficit) R		2013 Actual Revenue R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
0	10 412 405	( 10 412 405)	Council	-	8 701 881.43	( 8 701 881)
256 389 350	80 272 584	176 116 765	Income			-
0	3 149 141	( 3 149 141)	Municipal Manager	164 741 033.80	13 463 129.96	151 277 904
0	18 862 287	( 18 862 287)	Corporate Services	-	27 962 790	( 27 962 790)
0	20 504 362	( 20 504 362)	Finance & Treasury		11 285 397.47	( 11 285 397)
0	3 975 536	( 3 975 536)	Technical & Infrastructure	187 952 362	35 652 363	152 299 998
0	13 485 424	( 13 485 424)	Strategic Planning	1 007 483	13 750 399	( 12 742 916)
	6 070 973	( 6 070 973)	Health & Environmental	25 221 356	22 017 578	3 203 778
200 715 009	216 924 179	( 16 209 169)	Water Services	278 661 650	485 659 140	( 206 997 490)
0	2 689 629	( 2 689 629)	Suspense Account		364 162	( 364 162)
<b>457 104 359</b>	<b>376 346 519</b>	<b>80 757 840</b>		<b>657 583 885</b>	<b>618 856 840</b>	<b>38 727 045</b>

The inter-departmental charges have been allocated per segment for the current and prior years.



DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

No	Name of Grant	Name of organ of state or municipal entity	Unspent portion 2012/2013 financial statements	Quarterly Receipts					Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2012/2013 financial statements	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 non-compliance
				July to Sept	Oct to Dec	Jan to Mar	April to June	1		2	3	4							
1	Municipal Systems Infrastructure Grant (MSIG)	National Treasury	( 331 593)	( 1 000 000)	-	-	-	( 1 000 000)	492 480	-	326 317	188 686	1 007 483	( 324 109)	No	N/A	Yes	N/A	
2	Department of water affairs grant	Department of water affairs	( 5 355 096)	( 8 471 838)	( 10 498 806)	( 5 144 922)	( 6 195 538)	( 30 311 103)	3 343 232	7 730 532	5 341 285	12 205 848	28 620 896	( 7 045 301)	No	N/A	Yes	N/A	
3	Municipal Infrastructure Grant (MIG)	National Treasury	( 86 412 810)	( 26 975 000)	( 76 303 000)	( 79 580 000)	-	( 182 858 000)	19 650 415	26 979 359	48 509 058	92 813 529	187 952 362	( 81 318 448)	No	N/A	Yes	N/A	
4	Data clearing grant	COGTA	-	-	-	( 2 800 000)	-	( 2 800 000)	-	-	-	3 092 364	3 092 364	292 364	No	N/A	Yes	N/A	
5	councillors training grant	COGTA	-	-	-	-	( 200 000)	( 200 000)	-	-	-	-	-	( 200 000)	No	N/A	Yes	N/A	
6	Department of land affairs (DLA)	Department of Land Affairs	( 1 237 080)	-	-	-	-	-	-	-	-	-	-	( 1 237 080)	No	N/A	Yes	N/A	
7	Department of Sports and recreation grant	Department of Sports and recreation	( 194 599)	-	-	-	-	-	-	-	-	-	-	( 194 599)	No	N/A	Yes	N/A	
8	KZN finance management grant	National Treasury	( 602 872)	( 1 250 000)	-	-	-	( 1 250 000)	86 439	466 988	569 698	268 439	1 391 563	( 461 309)	No	N/A	Yes	N/A	
9	INCCORP Land reform plan		( 2 600)	-	-	-	-	-	-	-	-	-	-	( 2 600)	No	N/A	Yes	N/A	
10	KZN ST Chad's emergency		( 5 891)	-	-	-	-	-	-	-	-	-	-	( 5 891)	No	N/A	Yes	N/A	
11	KZN secretarial MFC		( 50 000)	-	-	-	-	-	-	-	-	42 341	42 341	( 7 659)	No	N/A	Yes	N/A	
12	KZN intergrated transport plan		( 381 755)	-	-	-	-	-	-	-	-	-	-	( 381 755)	No	N/A	Yes	N/A	
13	KZN performance management grant	COGTA	( 0)	-	-	-	-	-	-	-	-	-	-	( 0)	No	N/A	Yes	N/A	
14	KZN IDP support 2005/2006	COGTA	( 1)	-	-	-	-	-	-	-	-	-	-	( 1)	No	N/A	Yes	N/A	
15	Tugela estate fish project		( 406 567)	-	-	-	-	-	-	-	-	-	-	( 406 567)	No	N/A	Yes	N/A	
16	KZN regional economic development		( 4 088)	-	-	-	-	-	-	4 088	-	-	4 088	-	No	N/A	Yes	N/A	
17	KZN back log study		( 1 826)	-	-	-	-	-	-	-	-	1 200	1 200	( 626)	No	N/A	Yes	N/A	
18	KZN assessment water	Department of water affairs	( 3 499)	-	-	-	-	-	-	-	-	-	-	( 3 499)	No	N/A	Yes	N/A	
19	KZN assessment water	Department of water affairs	( 38 927)	-	-	-	-	-	-	-	-	-	-	( 38 927)	No	N/A	Yes	N/A	
20	KZN IMP tech and science		( 500 000)	-	-	-	-	-	-	-	-	34 419	34 419	( 465 581)	No	N/A	Yes	N/A	
21	KZN water service delivery		( 35 359)	-	-	-	-	-	-	-	-	-	-	( 35 359)	No	N/A	Yes	N/A	
22	KZN land reform GUJMA		( 14 454)	-	-	-	-	-	-	3 384	7 250	3 000	13 633	( 821)	No	N/A	Yes	N/A	
23	KZN LED GUJMA		( 1 849)	-	-	-	-	-	-	-	-	1 800	1 800	( 49)	No	N/A	Yes	N/A	
24	KZN municipal performance management	COGTA	( 19 182)	-	-	-	-	-	-	-	-	9 241	9 241	( 9 940)	No	N/A	Yes	N/A	
25	KZN IDP support	COGTA	( 160)	-	-	-	-	-	-	-	-	-	-	( 160)	No	N/A	Yes	N/A	
26	KZN capacity building staff		( 268 587)	-	-	-	-	-	-	-	-	-	-	( 268 587)	No	N/A	Yes	N/A	
27	KZN WSA institutional support		( 12 281)	-	-	-	-	-	-	-	-	-	-	( 12 281)	No	N/A	Yes	N/A	
28	Local government SETA grant	LQ SETA	( 61 272)	-	-	-	-	-	-	-	-	-	-	( 61 272)	No	N/A	Yes	N/A	
29	KZN Local government SETA grant training	LGSETA	( 1 246 266)	( 38 006)	-	-	-	( 38 006)	-	270 657	126 498	56 282	453 437	( 830 634)	No	N/A	Yes	N/A	
30	Social pilot projects		( 856 860)	-	-	-	-	-	-	-	-	-	-	( 856 860)	No	N/A	Yes	N/A	
31	KZN SOCIAL EMABHEKAZI	COGTA	( 69 535)	-	-	-	-	-	-	-	-	-	-	( 69 535)	No	N/A	Yes	N/A	
32	KZN growth and development summit	COGTA	( 100 000)	( 400 000)	-	-	-	( 400 000)	883	4 746	-	-	5 629	( 494 371)	No	N/A	Yes	N/A	
33	KZN arts culture and tourism	Department of Arts & culture	( 378)	-	-	-	-	-	-	28	-	-	28	( 350)	No	N/A	Yes	N/A	
34	Waste management plan	COGTA	( 41 053)	-	-	-	-	-	-	-	-	-	-	( 41 053)	No	N/A	Yes	N/A	
35	DMA buffer support	COGTA	( 150 104)	-	-	-	-	-	-	-	-	50 000	50 000	( 100 104)	No	N/A	Yes	N/A	
36	Public works incentive grant	Public works	( 2 618 300)	( 1 150 000)	( 862 000)	( 862 000)	-	( 2 874 000)	-	54 894	186 805	212 786	454 485	( 5 037 815)	No	N/A	Yes	N/A	
37	KZN GIS	COGTA	( 17 447)	-	-	-	-	-	-	-	-	-	-	( 17 447)	No	N/A	Yes	N/A	
38	KZN DPSS	COGTA	( 3 334 901)	-	-	-	-	-	56 133	( 14 573)	351 587	290 230	683 377	( 2 851 524)	No	N/A	Yes	N/A	
39	DIMS grant funding	COGTA	( 456 827)	-	-	-	-	-	101 033	140 790	84 884	326 707	628 683	( 130 120)	No	N/A	Yes	N/A	
40	IGR grant	COGTA	( 917 000)	-	-	-	-	-	-	122 329	156 895	266 690	545 914	( 371 086)	No	N/A	Yes	N/A	
41	KZN classification grant	Provincial treasury	( 12 031 673)	( 12 934 000)	( 8 400 000)	-	( 21 334 000)	( 21 334 000)	1 311 300	5 146 472	4 185 373	2 320 554	12 963 700	( 20 401 973)	No	N/A	Yes	N/A	
42	Environment management plan	COGTA	( 1 469 244)	-	-	-	-	-	( 3 820)	142 591	-	388 193	526 964	( 942 280)	No	N/A	Yes	N/A	
43	Rural transport services	Department of Transport	( 3 585 490,10)	( 1 776 000)	-	-	-	( 1 776 000)	182 989	843 509	805 271	1 528 757	3 360 526	( 964)	No	N/A	Yes	N/A	
44	LED strategy review	COGTA	( 594 759)	-	-	-	-	-	-	76 081	172 840	335 404	584 025	( 10 734)	No	N/A	Yes	N/A	
45	MASIBUBANENI CO-OP	COGTA	( 1 000 000)	-	-	-	-	-	-	-	154 850	4 983	159 834	( 840 166)	No	N/A	Yes	N/A	
46	district distaster centre	COGTA	( 1 500 000)	( 5 000 000)	-	-	-	( 5 000 000)	-	-	-	4 983	4 983	( 6 495 017)	No	N/A	Yes	N/A	
47	Municipal governance and administration	COGTA	( 800 000)	-	-	-	-	-	-	-	-	125 145	125 145	( 674 855)	No	N/A	Yes	N/A	
48	New pumps (CBPW/P)	Public works	( 1 618 704)	-	-	-	-	-	97 983	143 511	-	144 459	385 953	( 1 232 751)	No	N/A	Yes	N/A	
			( 126 350 884)	( 46 060 844)	( 100 597 806)	( 96 786 922)	( 6 395 538)	( 249 841 109)	25 218 035	42 075 629	61 034 517	114 474 218	242 802 099	( 133 389 894)					

Unspent Grants at 30 June 2012  
liability / income is noted as- ( )

Unspent Grants at 30 June 2013 ( 133 389 894)

# REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON UTHUKELA DISTRICT MUNICIPALITY

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I was engaged to audit the financial statements of the Uthukela District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statements of financial performance, changes in net assets and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraph, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### Basis for disclaimer of opinion

#### Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence regarding property, plant and equipment, as the assets were not numbered and individually identifiable. I was unable to confirm the verification by alternative means. Consequently, I was unable to determine whether any adjustment relating to property, plant and equipment stated at R812,44 million (2012: R712,29 million) in the financial statements was necessary.

#### Inventory

5. I was unable to obtain sufficient appropriate audit evidence regarding inventory totalling R5,85 million due to the status of the accounting records. I was unable to confirm inventory by alternative means. Consequently, I was unable to determine whether any adjustment to inventory stated at R5,85 million (2012: R3,70 million) in the financial statements was necessary.

### **Fruitless and wasteful expenditure**

6. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all fruitless and wasteful expenditure for the current and prior years as the supporting documents were not provided. I was unable to confirm the fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to fruitless and wasteful expenditure stated at R3,82 million (2012: R2,30 million) in the financial statements was necessary.

### **Irregular expenditure**

7. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all irregular expenditure for the current and prior years due to the supporting documents not being provided. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to irregular expenditure stated at R41,19 million (2012: R18,66 million) in the financial statements was necessary.

### **Service charges**

8. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all service charges for the current and prior years as there were consumers who were receiving the services from the municipality without being charged. I was unable to confirm the service charges by alternative means. Consequently, I was unable to determine whether any adjustment to service charges stated at R117,27 million (2012: R93,55 million) in the financial statements was necessary.

### **Interest received**

9. I was unable to obtain sufficient appropriate audit evidence to support journal adjustments totalling R2,41 million relating interest income for the prior year due to the supporting documents not being provided. I was unable to confirm the interest income by alternative means. Consequently, I was unable to determine whether any adjustment to interest income stated at (2012: R19,05 million) in the financial statements was necessary.

### **Trade and other receivables**

10. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all consumer debtors for the current and prior years, as there were consumers who were receiving the services from the municipality without being charged. I was unable to confirm the consumer debtors by alternative means. Consequently, I was unable to determine whether any adjustment to consumer debtors stated at R35,48 million (2012: R180,65 million) in the financial statements was necessary.
11. I was unable to obtain sufficient appropriate audit evidence to support the sundry debtors' suspense amounting to R4,12 million for the prior year due to supporting documents not being provided. I was unable to confirm the sundry debtor's suspense by alternative means. Consequently, I was unable to determine whether any adjustment to consumer debtors stated at (2012: R180,65 million) in the financial statements was necessary.

12. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all deposits and sundry debtors for the current and prior years due supporting documents not being provided. I was unable to confirm the deposits and sundry debtors by alternative means. Consequently, I was unable to determine whether any adjustment to deposits and sundry debtors stated at R6,18 million (2012: R3,24 million) in the financial statements was necessary.

13. I was unable to obtain sufficient appropriate audit evidence for debt impairments amounting to R244,01 million for the current and prior year due to the status of the accounting records. I was unable to confirm the debt impairments by alternative means. Consequently, I was unable to determine whether any adjustment to debt impairments stated at R244,01 million (2012: R16,39 million) in the financial statements was necessary.

### **Commitments**

14. I was unable to obtain sufficient appropriate audit evidence regarding commitments for the current and prior years due to the status of the accounting records. I was unable to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment to commitments stated at R213,78 million (2012: R299,44 million) in the financial statements was necessary.

### **Accruals**

15. I was unable to obtain sufficient appropriate audit evidence regarding leave pay accrual totalling R13,15 million in the current and prior year due to the status of the accounting records. I was unable to confirm the leave pay accrual by alternative means. Consequently, I was unable to determine whether any adjustment to leave pay stated at R13,15 million (2012: R10,52 million) in the financial statements was necessary.

### **General expenses**

16. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all general expenses for the current and prior year due to supporting documentation for expenditure amounting to R33,42 million (2012: R3,50 million) not being provided. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to expenditure stated at R181,20 million (2012: R157,91 million) in the financial statements was necessary.

### **Grant expenditure**

17. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all grants expenditure for the current year due to supporting documentation for expenditure amounting to R1,81 million not being provided. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether expenditure relating to grants is according to the conditions of the grant.

## **Employee costs**

18. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all employee cost for the current due to supporting documentation for journals amounting to R5,05 million. I was unable to confirm the employee cost by alternative means. Consequently, I was unable to determine whether any adjustment to expenditure stated at R119,88 million (2012: R101,42 million) in the financial statements was necessary.
19. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all overtime for the current due to supporting documentation for overtime amounting to R9,72 million. I was unable to confirm the employee cost by alternative means. Consequently, I was unable to determine whether any adjustment to expenditure stated at R119,88 million (2012: R101,42 million) in the financial statements was necessary.

## **Accumulated surplus**

20. I was unable to obtain sufficient appropriate audit evidence that to support the prior year adjustments amounting to the accumulated surplus amounting to R5,04 million due to the status of the accounting records. I was unable to confirm the effect on other transactions and account balances by alternative means. Consequently, I was unable to determine whether any adjustment to the accumulated surplus stated at (2012:R709,83) was necessary.

## **Suspense accounts**

21. I was unable to obtain sufficient appropriate audit evidence to support R54,62 million in the prior year due to supporting documentation not being provided. I was unable to confirm the effect on other transactions and account balances by alternative means. Consequently, I was unable to determine whether any adjustment to other account balances or classes of transactions as recorded in the financial statements was necessary.

## **Water losses**

22. I was unable to obtain sufficient appropriate audit evidence about water losses, as supporting documents were not provided. I was unable to confirm the effect on other transactions and account balances by alternative means. Consequently, I was unable to determine whether any adjustment to water losses stated at R19,50 million in the financial statements was necessary.

## **Accumulation of misstatements**

23. I was unable to obtain sufficient appropriate audit evidence to confirm or verify the adjustments made in the preparation of financial statements for the prior year amounting to R1,90 million. I was unable to confirm the effect on other transactions and account balances by alternative means. Consequently, I was unable to determine whether any adjustment to other account balances or classes of transactions as recorded in the financial statements was necessary.

## **Cash flow statement**

24. I was unable to obtain sufficient appropriate audit evidence to support the cash flow statement due to supporting documentation not being provided on the items above that are included in the cash flow statement. I was unable to confirm the effect of the other transactions and account balances by alternative means. Consequently, I was unable to determine whether any adjustment to the cash flow statement was necessary.

## **Opinion**

25. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

## **Additional matter**

26. I draw attention to the matter below.

## **Unaudited supplementary schedules**

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

28. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

## **Predetermined objectives**

29. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
30. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development objectives.

The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information (FMPPPI).

31. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
32. The material findings are as follows:

## **Usefulness of information**

### **Presentation**

#### **Measures to improve performance have not been reflected in reflected in annual performance report**

33. Measures to improve performance for a total of 100% of the planned targets not achieved were not reflected in the annual performance report as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). This was due to the lack of implementation of effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

### **Consistency**

#### **Reported objectives, indicators and targets are not consistent with those in the IDP**

34. A total of 100% of the reported objectives and indicators and 71% targets are not consistent with the objectives, indicators, targets as per the approved integrated development plan as required by section 41(c) of the MSA. This was due to the lack of implementation of effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

### **Measurability**

#### **Performance targets not specific**

35. A total of 94% of the targets were not specific in clearly identifying the nature and the required level of performance, as required by FMPPI. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

#### **Performance targets not measurable**

36. The required performance could not be measured for a total of 94% of the targets as required by FMPPI. This was due to the fact management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles

#### **Performance targets not time bound**

37. A total of 50% of the targets were not time bound in specifying a time period or deadline for delivery as required by FMPPI. This was due to the management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

#### **Performance measures not well defined**

38. A total of 100% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently as required by FMPPI. This was due to the management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles

### **Performance measures not verifiable**

39. A total of 100% of the indicators were not verifiable in that valid processes and systems that produce the information on actual performance did not exist as required by FMPPI. This was due to the lack of key controls in the relevant systems of collection and storage of actual performance.

### **Reliability of information**

#### **Water and sanitation**

40. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to water and sanitation development objective as required by FMPPI. This was due the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the development objective and the institution's records not permitting the application of alternative audit procedures.

#### **Infrastructure road, housing, electricity and social amenities**

41. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the validity, accuracy and completeness of information with respect to the infrastructure road, housing, electricity and social amenities as required by FMPPI. This was due to the fact that the municipality did not report on this planned development objective.

### **Compliance with laws and regulations**

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

#### **Budgets**

43. Expenditure was not incurred in terms of the approved budget, in contravention of section 15 of the MFMA.

#### **Annual financial statements and annual report**

44. 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 identified by the auditors in the submitted financial statements were not corrected in the underlying records and supporting documentary evidence could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.
45. The council's oversight report on the 2011/12 annual report was not made public within seven days of its adoption on 28 March 2013, as required by section 129(3) of MFMA.



## **Audit committee**

46. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA. This was as a result of the municipality not submitting financial statements timely to the audit committee to allow for a proper review.

## **Expenditure management**

47. Sufficient appropriate audit evidence could not be obtained that money owing by the municipality had always been paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.

## **Revenue management**

48. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.
49. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.

## **Asset management**

50. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
51. The municipality did not establish an investment policy that was adopted by council, as required by section 13(2) of the MFMA and Municipal Investment regulation 3(1)(a).

## **Liability management**

52. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of MFMA.

## **Procurement and contract management**

53. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as the requested documents were not submitted for audit on request.

## **Consequences management**

54. Unauthorised, irregular fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

## **Internal control**

55. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

## **Leadership**

56. Accounting officer has failed to adopt an appropriate tone at the top to ensure that supervision, review and monitoring of the municipality's processes were undertaken, so as to ensure that controls were implemented and functioning effectively and efficiently and consistently throughout the year under review.

## **Financial and performance management**

57. Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial and compliance reporting. The accounting officer did not ensure that regular, accurate and complete financial reports were prepared, which were supported and evidenced by reliable information. In addition, compliance with applicable laws and regulations was not monitored on a monthly basis, resulting in reportable non-compliance. In addition, material corrections to financial statements were required, as a result of errors identified by audit. The area of performance against predetermined objectives requires urgent attention and capacity building.

## **Governance**

58. The municipality's governance needs to be enhanced to enable the early identification and mitigation of risks as well as the timely recommendation of corrective action to be taken.

## **OTHER REPORT**

### **Investigation in progress**

59. A provincial government instituted section 106 of the MSA investigation at the district municipality which is currently in progress.

*Auditor-General*

Pietermaritzburg

29 November 2013



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

Uthukela District Municipality – Action Plan for 2012 - 2013 Auditor General Audit Report

Report paragraph	Response	Action plan	Responsible Official	Target date
<p><b>Basis for disclaimer of opinion</b></p> <p><b>Property, plant and equipment</b></p> <p>4. The municipality did not maintain a proper and GRAP compliant fixed asset register. Consequently I was unable to obtain sufficient appropriate evidence as to the completeness and valuation of the assets totalling R812 442 million as disclosed in note 3 to the financial statements. I was unable to confirm the asset completeness by alternative means.</p> <p>I was unable to obtain sufficient appropriate audit evidence regarding existence and valuation of property, plant and equipment of R410 789 million, as they were not numbered/ bar-coded. I was unable to confirm existence of assets by alternative means.</p> <p>I was unable to obtain sufficient appropriate evidence regarding existence and valuation of property, plant and equipment additions of R101 446 million. I was unable to confirm the additions by alternative means.</p>	<p>GRAP compliant fixed asset register will be compiled.</p>	<p>The service provider will be appointed to compile a GRAP compliant fixed asset register. Council will also dedicate two staff members to maintain and update fixed asset register on a monthly basis.</p> <p>Management will also ensure that all council assets are marked / bar – coded properly to safeguard them</p>	<p>CFO</p>	<p>31 May 2014</p>
<p><b>Inventory</b></p> <p>5. I was unable to obtain sufficient appropriate audit evidence regarding completeness and valuation of inventory totalling R5 853 million as disclosed in</p>	<p>Monthly processing and reconciling of all transactions will be done.</p>	<p>Inventory reconciliation will be performed on a monthly basis and be approved by senior official.</p>	<p>CFO</p>	<p>31 May 2014</p>

<p>note 7 to the financial statements. I was unable to confirm completeness and valuation of inventory by alternative means. Consequently, I was unable to determine whether any adjustment to inventory stated at R5 853 million (2012: R3 704 million) in the financial statements was necessary</p>				
<p><b>Fruitless and wasteful expenditure</b></p> <p>6. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all fruitless and wasteful expenditure for the prior year due to the supporting documents not being provided. I was unable to confirm the fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to fruitless and wasteful expenditure stated at 2012: R2 297 million in the financial statements was necessary.</p>	<p>This issue will be investigated.</p>	<p>Accounting records will be kept properly to support balances disclosed on annual financial statements.</p> <p>Internal controls will be implemented to avoid fruitless and wasteful expenditure being incurred.</p>	<p>CFO</p>	<p>Ongoing</p>

<p><b>Irregular Expenditure</b></p> <p>7. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all irregular expenditure for the current and prior year due to the supporting documents not being provided. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to irregular expenditure stated at R41 187 million (2012: R18 658 million) in the financial statements was necessary.</p>	<p>Supporting documents for amounts disclosed on annual financial statements will be made available in future.</p>	<p>Internal controls will be improved to minimize irregular expenditure incurred by council.</p> <p>Annual contracts system will also be introduced to avoid irregular expenditure.</p>	<p>MM/CFO S. Shange ( Senior Manager- Water Services)</p>	<p>Ongoing</p>
<p><b>Service charges</b></p> <p>8. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all service charges for the current and prior year as there were consumers who were receiving the services from the municipality without being charged. I was unable to confirm the completeness of service charges by alternative means. Consequently, I was unable to determine whether any adjustment to service charges stated at R117 286 million (2012: R93 550 million) in the financial statements was necessary.</p>	<p>Necessary steps will be taken by management to avoid this in future.</p>	<p>Management will carry on verifying what was done the consultant to ensure that :</p> <ul style="list-style-type: none"> <li>➤ Only consumers who receive services from the municipality are billed.</li> <li>➤ All consumers are billed correct amounts for services rendered.</li> <li>➤ Consumer accounts are not duplicated.</li> </ul>	<p>CFO</p>	<p>31 May 2014</p>
<p><b>Interest received</b></p> <p>9. I was unable to obtain sufficient appropriate audit evidence to accuracy</p>	<p>Council will improve filing system.</p>		<p>CFO</p>	<p>31 March 2014</p>

<p>and completeness if journal adjustments totalling R2 414 million relating interest income for the prior year due to the supporting documents not being provided. I was unable to confirm the interest income by alternative means. Consequently, I was unable to determine whether any adjustment to interest income stated at 2012: R2 414 million in the financial statements was necessary.</p>		<p>Internal controls will be improved to avoid misplacement of supporting documents.</p>		
<p><b>Trade and other receivables</b></p> <p><b>10.</b> I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all consumer debtors for the current and prior year as there were consumers who were receiving the services from the municipality without being charged. I was unable to confirm the consumer debtors by alternative means. Consequently, I was unable to determine whether any adjustment to consumer debtors stated at R26 413 million (2012: R180 647 million) in the financial statements was necessary.</p>	<p>Necessary steps will be taken by management to avoid this in future.</p>	<p>Management will carry on verifying what was done by the consultant to ensure that :</p> <ul style="list-style-type: none"> <li>➤ Only consumers who receive services from the municipality are billed.</li> <li>➤ All consumers are billed correct amounts for services rendered.</li> <li>➤ Consumer accounts are not duplicated.</li> </ul>	<p>CFO</p>	<p>31 May 2014</p>
<p>Unexplained and unsupported differences totalling R9 103 million regarding consumer deposits between the general ledger and financial statements. I was unable to confirm the consumer debtors by alternative means.</p>	<p>Annual financial statements will be reviewed for accuracy and completeness</p>	<p>Annual financial statements will be reviewed by Chief Financial Officer and Audit Committee before submission to Auditor General for auditing to avoid similar discrepancies in future</p>	<p>CFO</p>	<p>Ongoing</p>

<p>11. I was unable to obtain sufficient appropriate audit evidence to the completeness, valuation, cut-off and classification of sundry debtor's suspense amounting to R4 116 million for the prior year due to supporting documents not being provided. I was unable to confirm the sundry debtor's suspense by alternative means.</p>	<p>Suspense account will be cleared.</p>	<p>Suspense balance will be investigated and be cleared accordingly. All supporting documents will be made available for audit purposes.</p>	<p>CFO</p>	<p>30 April 2014</p>
<p>12. I was unable to obtain sufficient appropriate audit evidence to support existence and valuation of deposits and sundry debtors amounting to R6 181 million for the current and prior year due supporting documents not being provided. I was unable to confirm the deposits and sundry debtors by alternative means. Consequently, I was unable to determine whether any adjustment to deposits and sundry debtors stated at R6 181 million (2012: R3 242 million) in the financial statements was necessary.</p>	<p>Necessary steps will be taken by management to avoid this in future.</p>	<p>Management will carry on verifying what was done by the consultant to ensure that :</p> <ul style="list-style-type: none"> <li>➤ Only consumers who receive services from the municipality are billed.</li> <li>➤ All consumers are billed correct amounts for services rendered.</li> <li>➤ Consumer accounts are not duplicated.</li> </ul>	<p>CFO</p>	<p>31 May 2014</p>

<p>13. I was unable to obtain sufficient appropriate audit evidence for debt impairments amounting to R248 767 million for the current and prior year due to the status of the accounting records. I was unable to confirm the debt impairments by alternative means. Consequently, I was unable to determine whether any adjustment to debt impairments stated at R248 767 million (2012: R16 391 million) in the financial statements was necessary.</p>	<p>Filing system will be improved.</p>	<p>Accounting records will be kept properly in a secure environment to support balances disclosed on annual financial statements.</p>	<p>CFO</p>	<p>Ongoing</p>
<p><b>Commitments</b></p> <p>14 I was unable to obtain sufficient appropriate audit evidence regarding validity, accuracy and completeness for all commitments for the current and prior year due to the status of the accounting records. I was unable to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment to commitments stated at R213 778 million (2012: R299 438 million) in the financial statements was necessary</p>	<p>Filing system will be improved.</p>	<p>Accounting records will be kept properly in a secure environment to support balances disclosed on annual financial statements.</p>	<p>CFO</p>	<p>Ongoing</p>
<p><b>Accruals</b></p> <p>15 I was unable to obtain sufficient appropriate audit evidence to confirm existence and valuation of the leave pay</p>		<p>A dedicated team will be set up by the municipality to handle all auditors'</p>	<p>CFO</p>	<p>30 June 2014</p>



<p>accrual totalling R13 153 million in the current and prior year due to the status of the accounting records. I was unable to confirm the leave pay accrual by alternative means. Consequently, I was unable to determine whether any adjustment to leave pay stated at R13 152 million (2012: R10 519 million) in the financial statements was necessary.</p>	<p>Communication channels between council and auditors will be improved.</p>	<p>requests for information to avoid delays and misunderstanding.</p> <p>Accounting records will be kept properly in a secure environment to support balances disclosed on annual financial statements.</p>		
<p><b>Expenditure</b></p> <p>16. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all expenditure for the current and prior year due to supporting documentation for expenditure amounting to R33 454 million (2012: R3503 million) not being provided. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to expenditure stated at R649 601 million (2012: R376 238 million) in the financial statements was necessary.</p>	<p>Filing system will be improved.</p>	<p>Accounting records will be kept properly in a secure environment to support balances disclosed on annual financial statements.</p>	<p>CFO</p>	<p>Ongoing</p>
<p><b>Grant expenditure</b></p> <p>17. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all grants expenditure for the current year due to supporting documentation for expenditure</p>	<p>Filing system will be improved</p>	<p>Grant register will be kept updated on a monthly basis.</p> <p>Payment vouchers relating to grant funding will also be kept in grant files to</p>	<p>CFO</p>	<p>30 April 2014</p>

amounting to R1 806 not being provided. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether expenditure relating to grants is according to the conditions of the grant		enable auditors to determine whether grant expenditure is in accordance with conditions of the grant.		
<b>Employee costs</b>				
18. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all employee cost for the current due to supporting documentation for journals amounting to R5 630 million. I was unable to confirm the employee cost by alternative means.	Filing system will be improved	Accounting records will be kept properly in a secure environment to support balances disclosed on annual financial statements.	CFO	Ongoing
19. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all overtime for the current year due to supporting documentation for overtime amounting to R9 719 million. I was unable to confirm the employee cost by alternative means.	Filing system will be improved	Accounting records will be kept properly in a secure environment to support balances disclosed on annual financial statements.	CFO	Ongoing
<b>Accumulated surplus</b>				
20. I was unable to obtain sufficient appropriate audit evidence to support			CFO	Ongoing

<p>the prior year adjustments amounting to the accumulated surplus amounting to R5 042 due to the status of the accounting records. Consequently, I was unable to determine whether any adjustment to the accumulated surplus were necessary.</p>	<p>Filing system will be improved</p>	<p>Accounting records will be kept properly in a secure environment to support balances disclosed on annual financial statements.</p>		
<p><b>Suspense accounts</b></p> <p>21. I was unable to obtain sufficient appropriate audit evidence to support R54 620 million in the prior year due to supporting documentation not being provided. I was unable to confirm the effect on other transactions and account balances by alternative means.</p>	<p>This matter will be investigated.</p>	<p>Suspense account will be investigated and if there is no way forward recommendation to write off and clear the account will be made to council.</p>	<p>CFO/ MM</p>	<p>31 May 2014</p>
<p><b>Water losses</b></p> <p>22. I was unable to obtain sufficient appropriate audit evidence about water losses, as internal controls were not established over the measurement of water losses. Consequently I was unable to determine whether any adjustments to water losses stated at R Nil in the financial statements were necessary</p>	<p>Internal controls will be established.</p>	<p>Water losses will be calculated and disclosed in 2013 - 2014 annual financial statements.</p>	<p>CFO</p>	<p>30 June 2014</p>
<p><b>Accumulation of misstatements</b></p> <p>23. I was unable to obtain sufficient appropriate audit evidence to confirm or</p>			<p>CFO</p>	<p>Ongoing</p>

<p>verify the adjustments made in the preparation of financial statements for the prior year amounting to R1 908 million. I was unable to confirm the effect on other transactions and account balances by alternative means.</p>	<p>Annual financial statements will be reviewed for accuracy and completeness</p>	<p>Annual financial statements will be reviewed by Chief Financial Officer and Audit Committee before submission to Auditor General for auditing to avoid similar discrepancies in future</p>		
<p><b>Performance Presentation</b> 33. Section 46 of the Municipal Systems Act requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 100% of the planned targets not achieved were not reflected in the annual performance report. This was due to the lack of implementation of effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.</p>	<p>The council will appoint a PMS manager and staff.</p> <p>The PMS Policy framework will be reviewed</p> <p>Quarterly reviews will be conducted for all section 56 managers</p>	<p>Management will appoint a PMS manager and staff.</p> <p>The PMS Policy framework will be reviewed</p> <p>Quarterly reviews will be conducted for all section 56 managers</p>	<p>MM</p>	<p>28 February 2014</p>
<p><b>Consistency</b> 34. Municipal Systems Act, section 41(c) requires that integrated development plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 100% of the reported objectives and indicators and 71% targets are not consistent with the objectives, indicators, targets as per the approved integrated development plan. This was due to the lack of implementation of effective human resource management to ensure that adequate and sufficiently skilled</p>	<p>The consistency between the IDP ,Budget and PMS will be reviewed</p>	<p>Alignment of IDP , Budget and PMS Appointment of staff as indicated above</p>	<p>MM</p>	<p>28 February 2014</p>

resources are in place and that performance is monitored.				
35. The National Treasury <i>Framework for managing programme performance information (FMPPi)</i> requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 94% of the targets were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the <i>FMPPi</i> but did not receive the necessary training to enable application of the principles.	The targets will be reviewed to be in line with the FMPPi requirements	Service provider has been appointed to assist the municipality with PMS related issues.	MM	31 March 2014
<b><u>Performance targets not measurable</u></b> 36. The National Treasury <i>Framework for managing programme performance information (FMPPi)</i> requires that performance targets be measurable. The required performance could not be measured for a total of 94% of the targets. This was due to the fact management was aware of the requirements of the <i>FMPPi</i> but did not receive the necessary training to enable application of the principles	The targets will be reviewed to be in line with the FMPPi requirements	Service provider has been appointed to assist the council with PMS related issues.	MM	31 March 2014
<b><u>Performance targets not time bound</u></b> 37. The National Treasury <i>Framework for managing programme performance information (FMPPi)</i> requires that the time period or deadline for delivery be	The targets will be reviewed to be in line with the FMPPi requirements	Service provider has been appointed to assist the municipality with PMS related issues	MM	31 March 2014

<p>specified. A total of 50% of the targets were not time bound in specifying a time period or deadline for delivery. This was due to the management was aware of the requirements of the <i>FMPPI</i> but did not receive the necessary training to enable application of the principles.</p>				
<p><b><u>Performance measures not well defined</u></b></p> <p>38. The National Treasury <i>Framework for managing programme performance information (FMPPI)</i> requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the management was aware of the requirements of the <i>FMPPI</i> but did not receive the necessary training to enable application of the principles</p>	<p>The indicators will be reviewed to be in line with the FMPPI requirements</p>	<p>Service provider has been appointed to assist the municipality with PMS related issues</p>	<p>MM</p>	<p>31 March 2014</p>
<p><b><u>Performance measures not verifiable</u></b></p> <p>39. The National Treasury <i>Framework for managing programme performance information (FMPPI)</i> requires that it must be possible to validate the processes and systems that produce the indicator. A total of 100% of the indicators were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the lack of key controls in the</p>	<p>System to provide measures to verify achievement or none achievement of performance will be developed</p>	<p>Service provider has been appointed to assist the municipality with PMS related issues</p>	<p>MM</p>	<p>31 March 2014</p>

relevant systems of collection/collation/ verification/ storage of actual performance.				
<p><b>Reliability of information</b></p> <p><b>Infrastructure road, housing, electricity and social amenities</b></p> <p>40. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the validity, accuracy and completeness of information with respect to the infrastructure road, housing, electricity and social amenities.</p> <p>This was due to the fact that the municipality did not report on the planned development objective</p>	Quarterly reports on the planned development will be compiled	Quarterly reports on the planned development will be compiled	MM	Ongoing
<p><b>Water and Sanitation</b></p> <p>41. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to water and sanitation development objective.</p> <p>This was due the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the development objective and the institution's records not permitting the application of alternative audit procedures.</p>	Quarterly reports regarding the development objectives in Water and Sanitation will be compiled	Quarterly reports regarding the development objectives in Water and Sanitation will be compiled	MM	Ongoing
<p><b>Compliance with laws and regulations</b></p> <p>42. Expenditure was incurred not in terms of the approved budget, in contravention of</p>	Budget controls will be implemented.	Realistic and credible budget will be prepared and adopted by council.	MM & General Managers	Ongoing

<p>section 15 of the Municipal Finance Management Act.</p>		<p>Budget controls will be implemented by management.</p>		
<p><b>Annual Report and Financial Statements</b>  44. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently], which resulted in the financial statements receiving a disclaimer audit opinion</p>	<p>Annual financial statements will be reviewed for accuracy and completeness</p>	<p>Annual financial statements will be reviewed by Chief Financial Officer and Audit Committee before submission to Auditor General for auditing to avoid similar discrepancies in future</p>	<p>CFO</p>	<p>Ongoing</p>
<p>45. The council's oversight report on the 2012/13 annual report was not made public within seven days of its adoption, as required by section 129(3) of the Municipal Finance Management Act.</p>	<p>Council's oversight report will be made public in terms of section 129(3) of the Municipal Finance Management Act.</p>	<p>Control measures will be put in place to ensure compliance with legislation.</p>	<p>MM</p>	
<p>The annual report for the year under review does not include the accounting officer's assessment of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each budget vote, particulars of any corrective action taken or to be taken in response to issues raised in the audit report, the report of the audit committee, as required by section 121(3) (f), (g) and (j) of the Municipal Finance Management Act.</p>	<p>Action plan detailing measures to be taken to address issues raised in the audit report will be included.</p>	<p>Control measures will be put in place to ensure compliance with legislation.</p>	<p>CFO/ General Manager: Social and Economic Services</p>	



<p><b>Audit Committee</b></p> <p>46. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the Municipal Finance Management Act.</p>	<p>Annual financial statements will be submitted to audit committee for review</p>	<p>Annual financial statements will be prepared timeously to allow audit committee enough time to review them.</p>	<p>CFO</p>	<p>30 June 2014</p>
<p><b>Expenditure Management</b></p> <p>47. Sufficient appropriate audit evidence could not be obtained that money owing by the municipality had always been paid within 30 days or an agreed period, as required by section 65(2)(e) of the Municipal Finance Management Act.</p>	<p>Measures will be put in place to ensure that we are compliant with legislation</p>	<p>Payments will be done twice a month to ensure compliance, on the 15<sup>th</sup> and 30<sup>th</sup> ( or as close to as possible)</p>	<p>CFO</p>	<p>Ongoing</p>
<p><b>Revenue Management</b></p> <p>48. A credit control and debt collection policy was not implemented], as required by section 96(b) of the Municipal Systems Act and section 62(1) (f) (iii) of Municipal Finance Management Act.</p>	<p>The credit control policy will be implemented.</p>	<p>The credit control and debt collection policy will be implemented in line with section 96(b) of the Municipal Systems Act and section 62(1) (f) (iii) of Municipal Finance Management Act.</p>	<p>MM</p>	<p>30 April 2014</p>
<p>49. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2) (e) of the Municipal Finance Management Act.</p>	<p>Corrective measures will be put in place.</p>	<p>Accounting and information system which accounts for revenue and debtors is in place; however onsite training for the users will be arranged.</p>	<p>CFO</p>	<p>30 April 2014</p>
<p><b>Leadership</b></p> <p>54. Management has failed to adopt an appropriate tone at the top to ensure that supervision, review and monitoring of</p>	<p>Management will ensure that supervision, review and monitoring are undertaken.</p>		<p>MM &amp; Senior Management</p>	<p>Ongoing</p>

<p>the municipality's processes were undertaken, so as to ensure that controls were implemented and functioning effectively and efficiently and consistently throughout the year under review.</p>				
<p>55. The municipality did not establish an investment policy that was adopted by council, as required by section 13(2) of the Municipal Finance Management Act and Municipal investment regulation 3(1) (a).</p>	<p>Investment policy will be implemented.</p>	<p>Investment policy will be implemented as per section 13(2) of the Municipal Finance Management Act and Municipal investment regulation 3(1) (a).</p>	<p>CFO</p>	<p>01 February 2014</p>

**DEBTORS AGE ANALYSIS FOR JUNE 2013**

	JULY 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012	TOTAL
Consumer Debtors	16,581,172	13,919,045	0	0	207,646	13,216,747	<b>0-30</b>
	11,422,045	9,842,872	15,363,346	16,910,715	13,497,874	10,938,832	<b>31-60</b>
	9,490,931	11,429,518	11,206,516	11,261,541	12,388,831	11,933,071	<b>61-90</b>
	8,597,415	9,432,804	9,094,378	10,525,339	9,673,742	9,484,612	<b>91-120</b>
	8,254,268	9,074,359	11,204,162	9,354,560	10,474,421	10,464,254	<b>121-150</b>
	354,784,440	368,285,062	383,306,645	390,836,510	396,244,856	394,678,171	<b>151 &gt;</b>
	409,130,271	421,983,661	430,175,047	438,888,665	442,487,370	450,715,688	<b>Total</b>

	JANUARY 2013	February 2013	MARCH 2013	APRIL 2013	MAY 2013	JUNE 2013	TOTAL
Consumer Debtors	7,477	13,406,711	17,892,989	982,241	0	13,306,415	<b>0-30</b>
	15,505,528	10,922,271	10,767,171	14,105,313	19,501,620	15,698,001	<b>31-60</b>
	11,270,676	10,318,288	9,965,817	8,759,644	19,257,090	14,632,650	<b>61-90</b>
	10,522,897	9,914,832	11,124,310	9,516,868	12,915,236	12,188,232	<b>91-120</b>
	11,208,477	10,956,859	9,506,758	10,829,186	8,419,570	8,304,668	<b>121-150</b>
	414,824,458	413,665,026	422,372,022	429,845,165	444,893,811	442,786,295	<b>151 &gt;</b>
	463,339,513	469,183,989	481,629,066	474,038,419	504,987,327	506,916,262	<b>Total</b>

	JULY 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012	TOTAL
Sundry Debtors	0	6,876,643	0	2,500,276	0	456,523	<b>0-30</b>
	498,458	-15,606	2,232,642	569,408	2,603,249	2,617,139	<b>31-60</b>
	6,146	476,396	3,450,060	2,215,823	561,683	561,683	<b>61-90</b>
	-1,469,135	4,187	-27,719	3,444,642	2,215,823	2,215,823	<b>91-120</b>
	0	-1,479,386	472,766	-28,760	3,442,583	3,442,583	<b>121-150</b>
	11,165,494	11,151,613	9,662,734	10,102,699	10,060,494	10,060,494	<b>151 &gt;</b>
	10,200,963	17,013,847	15,790,483	18,804,088	18,883,832	19,354,245	<b>Total</b>
	<b>JANUARY 2013</b>	<b>February 2013</b>	<b>MARCH 2013</b>	<b>APRIL 2013</b>	<b>MAY 2013</b>	<b>JUNE 2013</b>	

	JANUARY 2013	February 2013	MARCH 2013	APRIL 2013	MAY 2013	JUNE 2013	TOTAL
Sundry Debtors	0	0	0	17,240	0	0	<b>0-30</b>
	1,291,357	75,937	1,714,890	1,918	2,590	1,968,818	<b>31-60</b>
	451,160	1,310,242	68,839	1,713,693	5	1,561	<b>61-90</b>
	2,617,549	451,160	1,310,240	59,070	1,713,693	72	<b>91-120</b>
	561,355	2,617,822	451,084	1,309,977	54,914	1,713,693	<b>121-150</b>
	15,674,610	16,235,975	18,853,771	19,294,281	20,598,087	20,640,476	<b>151 &gt;</b>
	20,596,032	20,691,135	22,398,825	22,396,179	22,369,289	24,324,620	<b>Total</b>

	JULY 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012	TOTAL
Limehill Water Debtors	1,189,847	1,189,847	1,189,847	1,189,847	1,189,847	1,189,847	<b>151 &gt;</b>
	1,189,847	1,189,847	1,189,847	1,189,847	1,189,847	1,189,847	<b>Total</b>

	JANUARY 2013	February 2013	MARCH 2013	APRIL 2013	MAY 2013	JUNE 2013	Column1
	1,189,847	1,189,847	1,189,847	1,189,847	1,189,847	1,189,847	<b>151 &gt;</b>

	1,189,847	1,189,847	1,189,847	1,189,847	1,189,847	1,189,847	<b>Total</b>
	<b>JULY 2012</b>	<b>AUGUST 2012</b>	<b>SEPTEMBER 2012</b>	<b>OCTOBER 2012</b>	<b>NOVEMBER 2012</b>	<b>DECEMBER 2012</b>	<b>Column1</b>
<b>Total All Debtors</b>	<b>420,521,081</b>	<b>440,187,355</b>	<b>447,155,377</b>	<b>458,882,600</b>	<b>462,561,049</b>	<b>471,259,781</b>	<b>Grand Total</b>
	<b>JANUARY 2012</b>	<b>February 2013</b>	<b>MARCH 2013</b>	<b>APRIL 2013</b>	<b>MAY 2013</b>	<b>JUNE 2013</b>	<b>Column1</b>
<b>Total All Debtors</b>	<b>485,125,392</b>	<b>491,064,970</b>	<b>505,217,738</b>	<b>497,624,445</b>	<b>528,546,463</b>	<b>532,430,728</b>	<b>Grand Total</b>

**CONSUMER DEBTORS - PAYMENTS VS BILLING AS AT 30 JUNE 2013**

<b>MONTH</b>	<b>BILLING</b>	<b>MONTH</b>	<b>PAYMENTS</b>	<b>RECOVERY RATE %</b>
JULY 2009	9,709,239.00	AUGUST 2009	5,573,124.87	57.40%
AUGUST 2009	11,493,216.55	SEPTEMBER 2009	5,406,247.77	47.04%
SEPTEMBER 2009	8,879,866.28	OCTOBER 2009	4,389,522.32	49.43%
OCTOBER 2009	8,731,927.35	NOVEMBER 2009	6,306,023.94	72.22%
NOVEMBER 2009	9,491,493.27	DECEMBER 2009	4,916,603.48	51.80%
DECEMBER 2009	15,422,246.48	JANUARY 2010	4,084,015.96	26.48%
JANUARY 2010	8,489,903.97	FEBRUARY 2010	4,890,768.51	57.61%
FEBRUARY 2010	9,976,783.46	MARCH 2010	5,854,163.47	58.68%
MARCH 2010	10,559,422.57	APRIL 2010	4,156,254.01	39.36%
APRIL 2010	9,028,905.86	MAY 2010	5,878,433.91	65.11%
MAY 2010	8,621,066.98	JUNE 2010	5,055,907.89	58.65%
JUNE 2010	7,802,201.27	JULY 2010	3,725,709.79	47.75%
JULY 2010	10,473,717.01	AUGUST 2010	6,233,811.59	59.52%
AUGUST 2010	11,729,975.14	SEPTEMBER 2010	5,393,729.48	45.98%
SEPTEMBER 2010	13,293,723.08	OCTOBER 2010	4,842,160.21	36.42%
OCTOBER 2010	9,746,584.58	NOVEMBER 2010	6,404,345.53	65.71%
NOVEMBER 2010	11,468,054.74	DECEMBER 2010	4,509,790.96	39.32%
DECEMBER 2010	11,609,742.26	JANUARY 2011	5,871,757.57	50.58%
JANUARY 2011	9,612,904.27	FEBRUARY 2011	5,235,623.51	54.46%
FEBRUARY 2011	12,021,462.93	MARCH 2011	3,853,453.18	32.05%
MARCH 2011	8,354,142.59	APRIL 2011	4,617,733.09	55.27%
APRIL 2011	12,661,672.64	MAY 2011	8,002,969.80	63.21%
MAY 2011	10,582,906.54	JUNE 2011	5,782,944.48	54.64%
JUNE 2011	4,725,739.88	JULY 2011	4,832,552.60	102.26%
JULY 2011	12,111,318.57	AUGUST 2011	6,313,870.23	52.13%
AUGUST 2011	13,486,834.88	SEPTEMBER 2011	6,261,881.06	46.43%
SEPTEMBER 2011	12,122,438.39	OCTOBER 2011	5,655,841.72	46.66%
OCTOBER 2011	13,756,926.27	NOVEMBER 2011	5,714,314.44	41.54%
NOVEMBER 2011	13,848,145.99	DECEMBER 2011	5,591,819.42	40.38%
DECEMBER 2011	15,022,424.11	JANUARY 2012	5,463,554.50	36.37%
JANUARY 2012	12,130,795.45	FEBRUARY 2012	5,737,887.80	47.30%
FEBRUARY 2012	12,118,191.96	MARCH 2012	5,760,749.62	47.54%
MARCH	15,243,987.24	APRIL 2012	6,423,726.61	42.14%

ÁPRIL 2012	14,930,152.33	MAY 2012	5,698,373.24	38.17%
MAY 2012	14,704,291.48	JUNE 2012	7,065,179.80	48.05%
JUNE 2012	15,684,784.40	JULY 2012	5,878,896.23	37.48%
JULY 2012	13,675,949.51	ÁUGUST 2012	5,252,151.21	38.40%
ÁUGUST 2012	13,460,499.12	SEPTEMBER 2012	5,898,822.25	43.82%
SEPTEMBER 2012	14,089,515.93	ÓCTOBER 2012	6,819,532.61	48.40%
ÓCTOBER 2012	15,533,244.75	NOVEMBER 2012	5,215,529.77	33.58%
NOVEMBER 2012	12,757,437.72	DECEMBER 2012	5,531,791.63	43.36%
DECEMBER 2012	11,006,659.74	JANUARY 2013	4,443,073.83	40.37%
JANUARY 2013	16,637,887.17	FEBRUARY 2013	5,815,459.82	34.95%
FEBRUARY 2013	13,509,790.82	MARCH 2013	5,167,423.18	38.25%
MARCH 2013	17,562,294.74	APRIL 2013	6,711,840.43	38.22%
APRIL 2013	48,234,471.71	MAY 2013	7,269,544.86	15.07%
MAY 2013	10,844,618.90	JUNE 2013	5,062,694.45	46.68%
JUNE 2013	6,991,628.60		260,571,606.63	
	603,951,188.48		255,508,912.18	42.31%

**TOTALS**

BILLING - JULY 2009 TO April 2013	603,951,188.48	
PAYMENTS - AUG 2009 TO April 2013	<u>255,508,912.18</u>	
DIFFERENCE	348,442,276.30	42.31%

INFRASTRUCTURE PLAN					
NO.	PROJECT DESCRIPTION	PROJECT BUDGET	AMOUNT AVAILABLE FOR 2013/2014 FINANCIAL YEAR	AMOUNT AVAILABLE FOR 2014/2015	AMOUNT AVAILABLE FOR 2015/2016
<b>Municipal Infrastructure Grant (MIG)</b>					
1	Driefontein Complex Bulk Water Supply	R 5,281,552.63	R 5,281,552.63		
2	Bergville Water Supply	R 4,213,405.13	R 4,213,405.13		
3	Moyeni Zwelisha Community Water Scheme			R 1,556,622.55	
4	Ntabamhlophe Water Supply	R 212,031,939.40	R 17,754,890.64	R 25,000,000.00	R 20,000,000.00
5	Fitty Park/ Umhlumayo Extension	R 7,326,657.06	R 7,326,657.06		
6	Indaka Ward 7 Sanitation	R 17,440,081.00	R 2,106,464.30		
7	Ezakheni/Emnambithi Bulk water Infrastructure Upgrade Project	R 40,699,214.58	R 5,000,000.00	R 15,000,000.00	R 15,000,000.00
8	Umtshezi Sanitation Project Ward 5	R 30,517,148.40	R 4,910,773.57		
9	Umnambithi Ladysmith Ward 19	R 18,432,015.00	R 9,113,810.44		
10	Bhekuzulu/Ephangwini Community Water Supply	R 239,235,494.74	R 63,345,434.41	R 73,100,000.00	R 68,500,000.00
11	Umtshezi LM Ward 7 Sanitation	R 19,501,784.65	R 8,218,875.43		
12	Sanitation Project Ward 15 Umnambithi Ladysmith LM	R 15,258,937.74	R 2,008,152.96		
13	Sanitation Project Ward 14 Umnambithi/Ladysmith LM	R 22,950,565.95	R 19,880,998.21		
14	KwaNobamba/Ezitendeni Water Supply Project	R 207,769,329.35	R 10,848,698.02	R 31,700,000.00	R 45,000,000.00
15	Mathondwane Ward 17 Sanitation Project	R 28,109,402.76	R 5,577,472.09	R 15,650,000.00	
16	Okhahlamba Ward 12 Sanitation Project	R 15,740,608.40		R 7,690,000.00	R 5,000,000.00
17	Indaka Ward 3 Sanitation	R 30,910,242.00	R 3,000,000.00	R 8,400,000.00	R 6,500,000.00
18	Umtshezi Ward 4 Sanitation	R 15,715,105.00	R 4,164,140.00	R 5,440,000.00	R 4,800,000.00
19	Bergville Sewer	R 45,000,000.00		R 12,650,000.00	R 13,100,000.00
<b>Regional Infrastructure Grant (RBIG)</b>					
1	Driefontein Complex Bulk Water Supply	R 112,000,000.00	R 44,200,000.00		
<b>Municipal Water Infrastructure Grant (MWIG)</b>					
1	Ezakheni/Emnambithi WCDM	R 200,000,000.00	R 3,861,383.00	R 3,861,383.00	
2	Mhlumayo Phase 2	R 11,856,138.00		R 7,026,406.00	
3	Indaka&Ukhahlamba Boreholes	R 5,000,000.00		R 5,000,000.00	
4	Roosboom Reticulation	R 3,500,000.00		R 3,500,000.00	
5	Water Supply Ezakheni E Section	R 16,031,886.00		R 10,802,233.00	

## **SERVICE DELIVERY PERFORMANCE ON KEY SERVICES PROVIDED**

### **1. OPERATION AND MAINTENANCE OF 13 WTW's**

Plants are operated and maintained on a continuous basis; pumps and motors are repaired as and when reported. Treated water is supplied to the communities via the reticulation system. The volume of water treated at the plants is as follows:

	Design Capacity (Ml/day)	Estimated Daily Production (Ml/day)
Ladysmith WTW	18,0	30,0
Ezakheni WTW	32,0	45,0
Colenso WTW	2,7	2,7
Oliphantskop WTW	10,0	7,0
Tugela Estates WTW	1,2	1,2
George Cross WTW	21,0	18,0
Archie Rodel WTW	12,0	12,0
Weenen WTW	1,5	1,5
Loskop WTW	1,2	1,2
Winterton WTW	1,2	0,9
Bergville WTW	2,6	3,0
Langkloof WTW	0,01	0,01
Zwelisha/Moyeni WTW	5,0	3,0

### **2. OPERATION AND MAINTENANCE OF 9 WWTW's**

Plants are operated and maintained on a continuous basis; pumps and motors are repaired as and when reported. Effluent is pumped or gravitated to the plants through the sewer reticulation network where it is treated and then discharged back into the rivers. The volume of sewerage treated at the plants as follows:

	Design Capacity (Ml/day)	Estimated Daily Production (Ml/day)
Ladysmith WWTW	21,0	19,0
Ezakheni WWTW	12,0	10,0
Colenso WWTW	3,2	3,0
Ekuvukeni WWTW	2,4	1,8
Estcourt WWTW	12,0	10,0
Wembezi WWTW	7,0	5,0

Weenen WWTW	0,2	0,1
Winterton WWTW	2,0	1,9
Bergville WWTW	0,4	0,3

### **3. OPERATIONAL MONITORING**

The quality of water is monitored from the raw water received state up to and including the final water received at point of use. The determinants that are tested are as follows; pH, turbidity and residual chlorine. The test results are uploaded onto the Blue Drop System.

The quality of treated sewerage is also monitored by sampling the final effluent before discharge back into the river, as well as 500m upstream and downstream of the discharge point. These results are also uploaded onto the Green Drop System.

### **4. REPAIRS TO WATER AND SEWER PIPES**

There are numerous reports received of leaking pipes and burst pipes. The cause of this is mostly due to aged infrastructure as well as ground movement (expansion of soils due to summer rainfall and shrinkage of soils in winter). The reticulation teams respond immediately to reports of burst pipes and dependant on their workload at the time of the report; if they are busy with other leaks/bursts the superintendent will assess the situation and react accordingly. Most burst pipes are repaired on the same day with a relatively small number being completed the following day. Reinstatement of the roads is undertaken by the Local Municipalities.

Sewer blockages are also reported frequently and are dealt with immediately or as soon as the plumber completes his current list of complaints. The causes of blockages are generally growth of tree roots into the sewer lines, as well as due to the communities throwing foreign objects into the manholes. Manhole covers are also stolen to sell as scrap and this allows sand and stone etc. to fall into manholes and cause blockages.



## **5. WATER AND SEWER CONNECTIONS**

Service connections are undertaken according to public demand. The consumer will approach the customer care offices and request for a water or sewer connection. The superintendent will work out the cost, the consumer then pays and then the plumbers will install the water or sewer connection dependant on whether they are busy with burst pipes or sewer blockages.

## **6. WATER TANKERING SERVICES**

Rural communities receive potable water delivered by water tankers on a roster system. Hired water tankers have been used in the past at a very high cost. These hired tankers are being phased out through purchase of our own water tankers. This will hopefully reduce the costs as well as provide a better service to the rural communities.

Water tankers are also utilised in residential areas when there are severe disruptions to the water supplies due to major pipe bursts or break downs at the water treatment works.

## **7. BOREHOLES**

There are thousands of hand pump operated boreholes throughout the district requiring continuous maintenance. The maintenance teams work permanently on repairing the hand pumps. Boreholes also run dry due to lack of rain or ground water and this necessitates drilling of new boreholes. In some cases summer rains replenish the ground water, but the shortages require re-routing of water tankers.

Production boreholes are also scattered throughout the district and supply water to communities through water schemes. The ground water is pumped by the production borehole to reservoirs and then reticulated to communities via standpipes. Unfortunately these water schemes are undermined by community

members who make illegal connections to the pipes, thereby consuming more water than the system was designed to supply.

## **Report of the Audit and Performance Committee to the Council of Uthukela District Municipality for the 2012/2013 financial year limited to the period 20 December 2012 to 30 June 2013**

### **1. INTRODUCTION**

The Uthukela Audit and Performance Committee presents its 2012/2013 report to Council covering the above period. The legal responsibility of the Committee is set out in terms of the LG Municipal Finance Management Act, no 56 of 2003 [section 166] and section 14 [2][c] of the LG Municipal Planning and Performance Regulations, 2001 and in terms of the Charter approved by Council.

### **2. Audit Committee Members and Attendance**

*The Committee was appointed in December 2012 (mid 2012/2013 year) and is comprised of three independent external members, as at 30 November 2013, eight meetings took place relating to matters affecting 2012/2013.*

#### **Audit Committee Meetings - attendance of members**

	<b>Member of Committee</b>	<b>Position</b>	<b>Number of scheduled Meetings</b>	<b>Number of Meetings Attended</b>
	LB van der Merwe - SAIGA, (RGA) AIMFO	Chairperson	8	8
	Z Zulu - MBA	Member	8	6
	C Rautenbach AIMFO	Member	8	7

The chairperson of the audit committee has also liaised with various other stakeholders, including the Mayor, Speaker, Council, MPAC chairperson, Municipal Manager, Internal Audit Unit, and representative and staff of the Auditor-General.

### **3. Audit Committee's Responsibilities**

The Audit Committee's responsibilities are set out in paragraph 1 above. The Audit Committee reviewed and formally adopted an Audit Committee Charter and has regulated its affairs in compliance with this Charter and has discharged all its responsibilities in terms thereof.

### **4. Internal Controls and Internal Audit**

It is desirable that a system of control is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit must provide the Audit Committee and management with assurance that the internal controls are appropriate and effective. The various reports of the Internal Audit Unit, prior and current year Audit Reports and Management Letters of the Auditor-General indicated that there were a number of significant and/or material findings and non-compliance with prescribed policies and procedures reported on. The Dash Board report of the Auditor-General also indicated a decline in ratings of the 13 generic key internal control objectives during the period under review.

Accordingly, the Committee reports that the system of internal control for the period under review was not effective. In addition, the Committee is not satisfied that management and Council effectively dealt with our recommendations made in the interim report dated 28 August 2013 and tabled in Council on 30 August 2013.

The Audit Committee is not satisfied with the adequacy of internal controls in place and overall adherence to controls and prescripts.

Managements' action plans to address the identified weaknesses have been reviewed. Proper and timeous implementation and monthly monitoring at a senior level by management will assist in minimising weaknesses in internal controls and procedures. In order to enhance accountability, Council should direct MPAC to ensure that the said action plan is enforced.

Internal Audit Reports on work carried out by the Internal Audit Unit were tabled at meetings of the Committee during the period under review.

In the interim report to Council on 30 August 2013 it was suggested that the said plan indicating progress made also be tabled by the Management at the next Audit Committee meeting for committee oversight and monitoring during 2013/14 financial year.

#### **5. Reports submitted in terms of the MFMA**

Management assisted by Internal Audit must review all such reports before being tabled at any meeting to confirm the credibility of the content.

Accordingly, accountability and credibility will be enhanced relating to documentation and submissions to the various stakeholders.

#### **6. Risk assessment and Fraud prevention**

The municipality participated in a risk assessment workshop led by Provincial Treasury together with the Internal Audit Team during the period. The outcomes of the session were presented to the Audit Committee and were incorporated in the Internal Audit plan. Notwithstanding the recommendations made on 30 August 2013, the Committee has still not been provided with an approved Fraud Prevention Plan or details of its implementation and effectiveness. Furthermore, a Departmental risk committee had not been instituted to monitor progress in minimising the risks by departments.

#### **7. Timeous Submission and High Level Review of Annual Financial Statements 2012/13.**

*As at August 2013, there were outstanding challenges being experienced by the external consultants in compiling a credible set of financial statements in time for submission to the Audit Committee, Council and the Auditor-General. The most significant and material outstanding matter was an incomplete GRAP compliant fixed asset register.*

*The chair was regularly kept informed by the consultants in this regard and the firm presented their report to the Audit Committee meeting and the Council meeting on Friday 30 August 2013. The Committee resolved on 30 August that the financial statements were not credible and advised management accordingly.*

*The prescripts and timelines included in National Treasury circular number 65 dated 23 November 2012 should be strictly adhered to by management in future.*

## **8. High level review of Quarterly Performance Reports.**

*In this regard the Internal Audit Unit has carried out their statutory reviews and as indicated in their reports this area still requires urgent intervention by Management and Council.*

*Urgent steps must be taken to fill the vacancy with a suitable qualified candidate to manage Council's Performance Management System.*

## **9 .Special and Forensic Assignments-Interim and Final Reports.**

*At date of this report, the Audit Committee has not been provided with a list of any assignments past and current together with the status and actions taken where required. As a consequence, the Committee's ability to understand the risks pertinent to such occurrences is impaired.*

*The MM should ensure that a complete list of all such occurrences with timeframes be compiled as previously requested and tabled at the next Audit Committee meeting for review and monitoring of risk and any action required.*

## **10. Further urgent recommendations**

10.1 The Municipal Manager and Council ensure that a set of 6 monthly financial statements as at 31 December 2013 is compiled and subjected to a comprehensive Internal Audit review and report supported by a comprehensive Working Paper file before 31 March 2014. Thereafter a special audit committee meeting be scheduled to review and further tabling at portfolio, EXCO and Council.

10.2 The council's draft asset register which was still not completed by the external consultants at 30 August 2013 must then also be agreed to the financials as at 31 December 2013. The working papers in support thereof should also be subjected to a quality internal audit process .The interim financials and balanced asset register will improve upon the yearend financial statements.

10.3 The Municipal Manager should ensure that the new contract register is continuously updated and a report compiled for tabling each month at MANCO, finance portfolio and Audit Committee meetings as from January 2014. The register should indicate the monitoring of all contracts and all service providers in compliance with section 116 of MFMA. A file of Portfolio of Evidence should also be maintained for Internal and External Audit purposes in this regard.

10.4 Proactive planning should be in place to prepare for the year end 30 June 2014 financial statements, PMS report and draft annual report are credible and completed more timely, submitted to Internal Audit and thereafter tabled at an Audit Committee meeting before 15 August 2014 and then tabled at Council for approval.

*10.5 It is imperative that senior management and Council commit to monitor and evaluate on a continuous basis, as is legislated, the performance of officials so as to be in a position to perhaps reward good performance and effectively deal with below par or weak performance.*

*10.6 The Internal Audit Unit needs to be capacitated with additional skilled independent resources in order to ensure that its mandated responsibilities are timeously carried out and reports are made to management and tabled at Audit Committee meetings for approval.*

*10.7 Council should ensure that an updated Fraud and Corruption strategy, framework and policy as well as whistleblower's policy are compiled, tabled and approved as a matter of urgency in order to*

*comply with the MFMA. In addition, consideration should be given to the implementation of a fraud and corruption hotline to further support initiatives.*

*10.8 Council's MPAC (Municipal Public Accounts Committee) should meet on a more regular basis to inter alia investigate monitor and make recommendations to Council on matters of Irregular, Fruitless and Wasteful expenditure as well guidance on matters referred to it by Council and the resolution of all external audit findings which will impact on negative audit outcomes. The Audit Committee is available to provide guidance to the MPAC in any such matters.*

*10.9 A skills audit should be budgeted for and carried out in all departments in order to highlight probable gaps which would need to be addressed and training provided where necessary. The training costs may be recoverable from SETA.*

*10.10 It is desirable that a stakeholder satisfaction survey and a backlog study be implemented to provide support for performance measurement and improve on service delivery*

*10.11 Greater emphasis and urgent mergers should be instituted over the filing and maintenance of all documents within the municipality.*

## **11. CONCLUSION**

*The Committee acknowledges that Council and officials experienced numerous challenges during the period under review, for example having an Acting Municipal Manager, the untimely resignation of the previous Chief Financial Officer, and the late appointment of the Audit Committee midyear 2013.*

*Legislation requires the Audit Committee to provide advice and guidance as detailed in section 166 of the MFMA.*

*The municipal manager, as the Accounting Officer is accountable and the management team is responsible the proper fulfilment and adherence to all requirements per the MFMA and other applicable legislation.*

The Audit committee expresses its appreciation to all stakeholders for their attendance at and contributions to the business of our committee meetings.

***Chairperson: Uthukela District Municipality Audit and Performance Committee***

***LB van der Merwe***

***30 November 2013***

**UTHUKELA DISTRICT MUNICIPALITY  
UTHUKELA-UMKHANDLU WESIFUNDA  
UTHUKELA DISTRIKSMUNISIPALITEIT**



**PROJECTS REPORT - CONTRACTS/BIDS AWARDED 2012/13 FINANCIAL YEAR**

(As per Section 6 (3) (4) of the Municipal SCM Regulations)

UTHUKELA DISTRICT MUNICIPALITY



PROJECTS REPORT - CONTRACTS/BIDS AWARDED 2012/13 FINANCIAL YEAR

No	Project Description	Contract No	Date of award	Awarded to	Contract Amount	Expenditure Amount	Balance	Duration
1	Uthukela Destination Brochure	77/2012	9-Jul-12	Creative Episode	(148,000.00)	-	(148,000.00)	3 months
2	Formulation of uThukela LED strategy & concurrent review of Local LED plans	81/2012	9-Jul-12	Granth Thornton	(490,200.00)	490,200.00	-	6 months
3	Implementation of Municipal governance & administration processes, systems, plans, frameworks & procedures	89/2012	18-Jul-12	Phindile Development Consultants cc	(960,000.00)	125,145.00	(834,855.00)	15 months
4	Provision of ISD- Institutional & Social Development to the Bhekuzulu- Ephangweni Bulk water supply scheme	62/2011	18-Jul-12	Lwazi Community Facilitators	(4,334,081.20)	901,180.51	(3,432,900.69)	5 years
5	Bhekuzulu- Ephangweni Community water supply scheme phase 2	65/2012	5-Sep-12	SBT Civils Construction	(13,614,572.76)	6,506,075.99	(7,108,496.77)	15 Months



UTHUKELA DISTRICT MUNICIPALITY

PROJECTS REPORT - CONTRACTS/BIDS AWARDED 2012/13 FINANCIAL YEAR



No	Project Description	Contract No	Date of award	Awarded to	Contract Amount	Expenditure Amount	Balance	Duration
6	Bhekuzulu- Ephangweni Community water supply scheme phase 3	66/2012	5-Sep-12	Abajabuli Project Services	(15,190,397.97)	1,000,916.41	(14,189,481.56)	15 Months
7	Ntabamhlophe community water supply scheme phase 7	82/2012	5-Sep-12	Kulu Civils & project Managers cc	(13,949,300.58)	8,599,177.85	(5,350,122.73)	11 months
8	Ntabamhlophe community water supply scheme phase 8	83/2012	5-Sep-12	F & A Civils	(23,580,420.90)	13,441,107.61	(10,139,313.29)	14 months
9	Proposal for Skills Audit exercise	85/2012	5-Sep-12	Uzuko Development	(319,200.00)	319,200.00	-	3 months
10	Disaster management material	94/2012	15-Nov-12	Hlenama Trading	(67,500.00)	67,500.00	-	once off

UTHUKELA DISTRICT MUNICIPALITY

PROJECTS REPORT - CONTRACTS/BIDS AWARDED 2012/13 FINANCIAL YEAR



No	Project Description	Contract No	Date of award	Awarded to	Contract Amount	Expenditure Amount	Balance	Duration
11	Disaster management material	94/2012	15-Nov-12	Zamahlabisa Trading	(30,450.00)	30,400.00	(50.00)	once off
12	BhekuzuluPangweni Community Water Supply Scheme Phase 1	86/2012	7-Feb-13	Hidrotech Infra (Pty) Ltd	(14,568,706.15)	3,104,929.34	(11,463,776.81)	15 months
13	Bhekuzulu Epangweni Community Water Supply Scheme Phase 4	92/2012	7-Feb-13	Hidrotech Infra (Pty) Ltd	(14,449,562.36)	3,822,205.67	(10,627,356.69)	1 year
14	Growth and Development Summit for Uthukela District Municipality	95/2012	7-Feb-13	Udidi Environmental Planning and Development consultant	(199,500.00)	-	(199,500.00)	3 Months
15	Driefontein Complex - Hopesland Reservoir for Uthukela District Municipality	96/2012	13-Mar-13	Afrostructures (Pty) Ltd	(10,028,498.28)	3,857,190.14	(6,171,308.14)	8 months

UTHUKELA DISTRICT MUNICIPALITY

PROJECTS REPORT - CONTRACTS/BIDS AWARDED 2012/13 FINANCIAL YEAR



No	Project Description	Contract No	Date of award	Awarded to	Contract Amount	Expenditure Amount	Balance	Duration
16	Driefontein Complex Bulk Water Feeder Main	97/2012	7-Feb-13	Icon Construction (Pty) Ltd	(44,568,706.15)	15,208,940.52	(29,359,765.63)	10 months
17	Ntabamhlophe community water supply scheme phase 4	84/2012	13/03/2013	SBT Sinotho JV	(9,153,827.38)	3,449,874.16	(5,703,953.22)	1 year
18	Protective Clothing	99/2012	28/03/2013	Ekaya Promotions	(393,940.96)	393,940.97	0.01	once off
19	Bhekuzulu Epangweni Community Water Supply Scheme Phase 5	101/2012	28/03/2013	Namandla Roads and Civils	(77,709,814.46)	12,144,455.12	(65,565,359.34)	18 months
20	KwaNobamba / Ezitendeni Community Water Supply Scheme Phase 1A	103/2012	13/03/2013	Sizabonke Civils T/A Pilcon Projects	(19,953,660.54)	3,199,201.28	(16,754,459.26)	1 year

UTHUKELA DISTRICT MUNICIPALITY

PROJECTS REPORT - CONTRACTS/BIDS AWARDED 2012/13 FINANCIAL YEAR



No	Project Description	Contract No	Date of award	Awarded to	Contract Amount	Expenditure Amount	Balance	Duration
21	Driefontein Complex Indaka Matiwane Bulk Water Feeder Main - Pipe Supply	106/2013	13/06/2013	Sizabantu Piping System	(24,109,478.40)	15,395,965.40	(8,713,513.00)	Once of
22	Construction of VIP Toilets within Uthukela District Municipality	107/2013	15/07/2013	Sikoti Investment cc	R 6 200 per unit	-		5 months
23	Construction of VIP Toilets within Uthukela District Municipality	107/2013	15/07/2013	Umtoto weSizwe Trading Enterprise	R 6 200 per unit	-		5 months
24	Supply of Municipal Heavy Duty vehicles	108/2013	15/07/2013	Mortimer Toyota	(360,379.92)	360,379.92	-	once off
25	Supply of Municipal Heavy Duty vehicles	108/2013	15/07/2013	Vuza Fleet Management Solutions	(2,257,884.00)	-	(2,257,884.00)	once off

UTHUKELA DISTRICT MUNICIPALITY

PROJECTS REPORT - CONTRACTS/BIDS AWARDED 2012/13 FINANCIAL YEAR



No	Project Description	Contract No	Date of award	Awarded to	Contract Amount	Expenditure Amount	Balance	Duration
26	Appointment of a Project manager for Uthukela District Disaster Centre	111/2013	15/07/2013	Ilifa Africa Engineers	(725,500.00)	-	(725,500.00)	15 months
27	Provision of Security services within Uthukela District Municipality	113/2013	15/07/2013	Redspike Security Services	(6,660,000.00)	3,466,419.84	(3,193,580.16)	2 years
28	Provision of Security services within Uthukela District Municipality	113/2013	15/07/2013	Sukuma Security Services	(4,070,000.00)	185,592.00	(3,884,408.00)	2 years
29	Provision of Security services within Uthukela District Municipality	113/2013	15/07/2013	Born to Protect Security services	(3,700,000.00)	159,600.00	(3,540,400.00)	2 years
30	Provision of Security services within Uthukela District Municipality	113/2013	15/07/2013	Ilanga Security Services	(4,625,000.00)	210,900.00	(4,414,100.00)	2 years





COMPLETED PROJECTS	WORK IN PROGRESS	BIRD STAGES	RENTALS AND LEASE
--------------------	------------------	-------------	-------------------



NO	Contract Number	Award Date	Project Name	Department	Consultant	Contractor	Contract	Duration	Progress Report	Comments	
NO	Contract Number	Award Date	Project Name	Department	Consultant	Contractor Name	Contract amount	Duration Start	End	Progress Report	Comments
	01/2010	17-May-10	sanitation (VIP Latrines) Obonjaneni	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(6,515,790.00)	1-Aug-09	30-Aug-12	Completed	Completed 30-Aug-12
	01/2010	17-May-10	sanitation (VIP Latrines) Nyezane	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(4,267,856.00)	14-Jun-10	30-Mar-13	Completed	Completed 30-Mar-13
	63/2011	17-Nov-11	Supply of Sport gear	Planning	N/A	NRD Construction, Galip Enterprises Golden Millenium Trd	(729,699.24)	End Nov 2011	Once off	Completed	Once off delivery
1	67/2011	20-Nov-11	Chlorination of 6 waste water Treatment	PMU	AB Projects		(1,420,023.33)	17-May-10	30-Jul-12	Completed	completed 30 August 2012
2	68/2011	24-Nov-11	Telemetry for Ezakheni	PMU	AB Projects	Remote monitoring & Control	2,106,654.00	28-Nov-11	30-Jul-12	Completed	Completed 30-August-2012
	69/2011	16-Jan-11	Supply and Delivery of hand pump equipment / material	Water Department	Femtoserve Pty LTD	Femtoserve Pty LTD	(1,266,250.00)			Completed	Once off delivery
3	71/2011	10-Feb-12	Civil, mechanical & electrical refurbishment for Ezakheni	Water Department	AB Projects	Kusasa Commodities	(2,028,388.32)	1-Feb-12	30-Jul-12	Completed	Completed 30-July -2012
	72/2011	23-Jan-12	Okhahlamba Security Services	Corporate	N/A	Ngomfo Security Services	(1,000,000.00)				
	73/2011		Supply of Municipal heavy duty Vehicles	Finance	N/A	Estcourt Farmers Equipmet	(4,337,289.60) (1,409,355.14)				Water tankers were delivered TLB's was cancelled
4	79/2012	3-Aug-12	Verification of movable and immovable assets	Finance	KPMG Services (Pty) Ltd	KPMG Services (Pty) Ltd	(1,266,250.00)	1-Feb-12	Once off	Completed	Completed
5	94/2012	15-Nov-12	Disaster management Material	Corporate	Hlenama Trading Zamahlabisa Trading Enterprise	Hlenama Trading Zamahlabisa Trading Enterprise	(67,500.00)	15-Nov-12		Completed	Once off delivery
	99/2012	28-Mar-13	Protective Clothing	Water Department	UTDM	Ekaya Promotions	(393,940.96)		Once off	Completed	Once off delivery
1	01/2010	17-May-10	sanitation (Emnambiti/ Ladysmith Ward 7	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(18,036,858.00)	1-Jun-09	28-Feb-13	In progress	
8	01/2010	17-May-10	sanitation (Emnambiti/ Ladysmith Ward 19	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(15,258,937.74)	1-Oct-2012	15-Jun-14	In progress	Finish date -6/15/2014
9	01/2010	17-May-10	sanitation (Emnambiti/ Ladysmith Ward 15	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(15,258,937.74)	1-Sep-12	30-Jun-14	In progress	
10	01/2010	17-May-10	sanitation (VIP Latrines) Indaka - Ward 6	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(21,911,806.00)	1-Mar-11	6-Oct-14	In progress	
11	01/2010	17-May-10	sanitation (VIP Latrines) Indaka - Ward 7	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(17,440,081.00)	1-Mar-11	6-Oct-14	In progress	
12	01/2010	17-May-10	sanitation (VIP Latrines) Indaka - Ward 8	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(19,508,483.00)	1-Mar-11	6-Oct-14	In progress	
13	01/2010	17-May-10	sanitation (VIP Latrines) Indaka - Ward 9	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(19,894,580.00)	1-Mar-11	6-Oct-14	In progress	
	01/2010	17-May-10	sanitation (VIP Latrines) Umtshezi -	PMU	Nhloso Development	Nhloso Development	(17,440,081.00)	1-Jul-12	30-Jun-14	In progress	

14			Ward 5		Consultant	Consultant					
	01/2010	17-May-10	sanitation (VIP Latrines) Umtshezi - Ward 7	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(19,501,784.65)	1-Jul-12	30-Jun-14	In progress	
15	01/2010	17-May-10	sanitation (VIP Latrines) Obonjaneni	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(6,515,790.00)	1-Aug-09	30-Aug-12	In progress	
16	01/2010	17-May-10	sanitation (VIP Latrines) Nyezane	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(4,267,856.00)	14-Jun-10	30-Mar-13	In progress	
17	01/2010	17-May-10	sanitation (VIP Latrines) Imbabazane-ward 12	PMU	Nhloso Development Consultant	Nhloso Development Consultant	(22,150,856.00)	1-Nov-11	30-Mar-13	In progress	
18	15/2010	1-Aug-10	46 Water Tankers@ R 1 395.00 P/day	Water Department	N/A	N/A	1 395.00 P/day	1-Sep-10	30-Sep-13	In progress	Contract extended with 3 months
19	15/2010	1-Aug-10	8 Sewer Tankers@ R 1 550.00 P/day	Water Department	N/A	N/A	1 550.00 P/day	1-Sep-10	30-Sep-13	In progress	Contract extended with 3 months
20	15/2010	1-Aug-10	7 TLB's@R 1 725.00 P/day	Water Department	N/A	N/A	1 725.00 P/day	1-Sep-10	30-Sep-13	In progress	Contract extended with 3 months
21	15/2010	1-Aug-10	1 Excavator @ R 2 050.00 P/day	Water Department	N/A	N/A	R 2 050.00 P/day	1-Sep-10	30-Sep-13	In progress	Contract extended with 3 months
22	24/2010	18-Apr-11	Water Supply Scheme	PMU	Jeffares & Green	Nhloso JV Amampongo construction	(9,398,886.00)	1-Feb-11	1-Nov-11	In progress	slow progress
23	08/2010	28-Mar-11	Water Suppl Scheme	PMU	Jeffares & Green	Vulindlela/Nhloso	(5,540,730.22)	2-Sep-11	30-Aug-12	In progress	ongoing process
24	34/2011	6-Sep-11	Driefontein complex Western bulk	PMU	Willcock, Reed & Kotze	Namandla Roads & Civils	(16,531,330.74)	18-Jan-12	25-Sep-12	In progress	ongoing progress
25	54/2011	6-Oct-11	Refurbishment of water works	Water Department	AB Project,Makhaotse & GIBB	AB Project,Makhaotse & GIBB	(10,000,000.00)	1-Oct-11	30-Nov-13	In progress	ongoing progress
26	55/2011	19-Apr-12	Watersmeet & Driefontein Water Supply Scheme	PMU	Willcock, Reed & Kotze cc	Zufi Projects	(7,835,820.45)	14-Jun-12	14-Dec-12	In progress	ongoing progress
27	57/2011	19-Apr-12	Burford Community Water Supply Scheme	PMU	Willcock, Reed & Kotze cc	Pule Civils Engineering	(4,216,339.92)	14-Jun-12	28-Sep-12	In progress	ongoing progress
28	58/2011	10-Feb-12	Development of Environmental management	Heath Department	Nemai Consulting	Nemai Consulting	(973,332.00)	16-Feb-12	30-Nov-12	In progress	ongoing progress
29	62/2011	18-Jul-12	Provision of ISD - bhekuzulu ephangweni water supply schem	PMU	Sukuma Consulting	Lwazi Community Facilitators	(4,334,081.20)	19-Sep-12	30-Sep-17	In progress	
31	65/2012	5-Sep-12	Bhekuzulu -Epagweni CWS Scheme Phase 2	PMU	Sukuma Consulting	SBT Civils Construction	(13,614,572.76)	9-Nov-12	21-Mar-14	In progress	40,57% Completed
32	66/2012	5-Sep-12	Bhekuzulu -Epagweni CWS Scheme Phase 3	PMU	Sukuma Consulting	Abajabuli Project Services	(15,190,397.97)	9-Nov-12	21-Mar-14	In progress	34,59% Completed
33	74/2011	10-Feb-12	Refurbishment & upgrade of WTW & WWT in Winterton	Water Department	Makhaotse Narasimulu & Associates	R AND D Contractors	(6,000,891.60)	14-Feb-12	30-Nov-12	In progress	
34	75/2011	10-Feb-12	Refurbishment & upgrade of WTW & WWT in Khethani	Water Department	Makhaotse Narasimulu & Associates	Ubunzima Trading Enterprise cc	(2,292,437.40)	14-Feb-12	30-Nov-12	In progress	
35	76/2012	10-Feb-12	Refurbishment of 6 waste water treatment plants	Water Department	AB Projects	Amalgamated pumping Supplies SA	(9,787,373.38)	14-Feb-12	28-Feb-13	In progress	
36	78/2012	3-Apr-12	Implementation of Intergovernmental relations	Coporate		Sigma IT	(809,149.20)	17-May-12	30-Nov-12	In progress	Its on the implementation stage initial workshop has been done
37	82/2012	5-Sep-12	Ntabamlophe Community Water supply scheme phase 7	PMU	Jeffares & Green	Kulu Civils & Project managers cc	(13,949,300.58)	1-Nov-12	30-Sep-13	In progress	
38	83/2012	5-Sep-12	Ntabamlophe Community Water supply scheme phase 8	PMU	Jeffares & Green	F & A Civils	(23,580,420.90)	1-Nov-12	31-Dec-13	In progress	61.38% In progress
39	84/2012	20-Mar-13	Ntabamlophe Community Water supply scheme phase 4	PMU	Jeffares & Green	SBT Sinotho JV	(9,153,827.38)	1-May-13	1-Mar-14	In progress	20% Complete progress
40	85/2012	5-Sep-12	Skills Audit Exercise	Corporate	Uzuko Development	Uzuko Development	(319,200.00)	1-Oct-12	30-Dec-12	In progress	



41	86/2012	7-Feb-13	Bhekuzulu -Epagweni CWS Scheme Phase 1	PMU	Sukuma Consulting	Hydrotech Infra (Pty) Ltd	(14,568,706.15)	12-Mar-13	11-Jul-14	In progress	26,67% completed
42	90/2012	24-May-12	Road System Asset Management	PMU	Moteko Construction	Moteko Construction	(1,670,000.00)	1-Jun-12	30-Jun-15	In progress	
43	92/2012	7-Feb-13	Bhekuzulu -Epagweni CWS Scheme Phase 4	PMU	Sukuma Consulting	Hydrotech Infra (Pty) Ltd	(14,449,562.36)	12-Mar-13	11-Apr-14	In progress	
44	95/2012	7-Feb-13	Growth And Development Summit	Planning		Udidi Project Development Consultant	(199,500.00)			In progress	
45	96/2012	14-Mar-13	Driefontein Complex Hobsland SMI Reservoir	PMU	Willcock, Reed & Kotze cc	Afro Structures	(10,028,498.28)			In progress	
46	97/2012	7-Feb-13	Drefortein Complex Bulk Water Feeder main	PMU	Icon Construction	Icon Construction	(44,568,706.15)	3-Dec-12		In progress	
47	100/2012		Armed Security services for UDM	Corporate	UTDM Project	Redspiker /Langa SS Sukuma/ Born to protect SS					
48	101/2012	3-Apr-13	Bhekuzulu -Epagweni CWS Scheme Phase 5	PMU	Sukuma Consulting	Namandla Roads & civils	(77,709,814.46)	21-May-13	19-Dec-14		
	103/2013										
	113/2013										
1	98/2012		Lease Of Photocopy Machine	Corporate							Awaiting Award
2	100/2012		Umhlumayo Fitty Park	PMU							Awaiting Award
3	106/2013		Drifontein Complex /Matiwane Feeder main PIPE Supply	PMU							Awaiting Award
4	107/2013		Construction of VIP Toilets Within Uthukela DM	PMU							Awaiting Award
4	108/2013		Supply of Municipal heavy duty Vehicles	Finance							
54	109/2013		Drifontein Complex /Matiwane Feeder main stage 1 implementation	PMU							Awaiting Award
55	110/2013		Construction of 1000 bird layer unit shed & pit latrine	Planning							Awaiting Award
56	111/2013		Appointment of a Project manager for establishment of UDM Disaster centre	Coporate							Awaiting Award
58	114/2013		Bergville sewage scheme	PMU							Awaiting Award
59	115/2013		Appointment of Event Coordinator and fundraising for Uthukela DM	Coporate							Awaiting Award
60	116/2013		Provision for ISD support services 2013/2015 for KwaNobamba	PMU							Awaiting Award
1	N/A	N/A	Estcourt Satelite Office Lease and Agreement Rental	Coporate	Rashed Suliman Trust KEE Est Trust		3,539.65				
2	N/A	N/A	Weenen Satelite Office Lease and Agreement Rental	Coporate			3,953.00				
3	N/A	N/A	Colenso Satelite Office Lease and Agreement Rental	Coporate	Beukes JC T/A ABC Trust		1,024.00				
4	N/A	N/A	Uthukela District Office	Coporate	Nambithi Construction		224,694.33				

			Lease and Agreement Rental								
5	N/A	N/A	Photocopy Machines Lease and Agreement Rental	Coporate	Xerox		33,630.00				
1	118/2013		Kwanobamaba ezitendeni water supply scheme								Waiting for evaluation
2	119/2013		Okhombe water supply scheme								Waiting for evaluation
3	120/2013		Ekuvukeni Ablution facility								Waiting for evaluation
4	121/2013		500X2 Bird Layers (Masibumbane)								Waiting for evaluation
5	122/2013		Kwanobamba Ezitendeni water supply schem								Waiting for evaluation
6	123/2013		Bhekuzulu ephangwini water supply schem								Waiting for evaluation



This Annual Report for the 2012/2013 financial year was produced by the uThukela District Municipality, Department Social and Economic Services.

Municipal Manager  
Mr. SN Kunene  
Tel: 036—638 5100  
Fax: 036—637 5608  
33 Forbes Street  
PO Box 116  
Ladysmith  
3370

Email: [municipalmanager@uthukeladm.co.za](mailto:municipalmanager@uthukeladm.co.za)

Website: [www.uthukeladm.co.za](http://www.uthukeladm.co.za)