

**DRAFT**

**UThukela  
District  
Municipality  
2013/2014  
Annual  
Report  
  
Volume 1**



# Contents:

<b>VOLUME 1 (ANNUAL REPORT)</b>	<b>1</b>
Contents	2
Revised Annual Report Template	4
<b>CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY</b>	<b>5</b>
Component A: Mayor’s Foreword	5
Component B: Municipal Manager’s Overview and Executive Summary	9
<b>CHAPTER 2 – GOVERNANCE</b>	<b>27</b>
Component A: Political and Administrative Governance	28
Component B: Intergovernmental Relations	37
Component C: Public Accountability and Participation	42
Component D: Corporate Governance	46
<b>CHAPTER 3 – SERVICE DELIVERY PERFORMANCE</b>	<b>52</b>
Component A: Basic Services	52
Component C: Planning and Development	66
Component D: Community and Social Services	74
Component E: Environmental Protection	77
Component H: Sport and Recreation	97
Component I: Corporate Policy Offices and Other Services	99

<b>Component K: Organizational Performance Scorecard</b>	<b>113</b>
<b>CHAPTER 4 – ORGANIZATIONAL DEVELOPMENT PERFORMANCE</b>	<b>124</b>
<b>Component A: Introduction to Municipal Personnel</b>	<b>124</b>
<b>Component B: Managing the Municipal Workforce</b>	<b>126</b>
<b>Component C: Capacitating the Municipal Workforce</b>	<b>129</b>
<b>Component D: Managing the Workforce Expenditure</b>	<b>134</b>
<b>CHAPTER 5 – FINANCIAL PERFORMANCE</b>	<b>136</b>
<b>Component A: Statements of Financial Performance</b>	<b>137</b>
<b>CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS</b>	<b>143</b>
<b>Component A: Auditor-General Opinion of Financial Statement (Year -1)</b>	<b>143</b>
<b>Component B: Auditor-General Opinion (Current Year)</b>	<b>144</b>
<b>GLOSSARY</b>	<b>147</b>
<b>APPENDICES</b>	<b>149</b>
<b>Appendix A: Councillors; Committee Allocation and Council Attendance</b>	<b>149</b>
<b>Appendix G: Recommendations of the Municipal Audit Committee</b>	<b>151</b>
<b>Appendix H: Long Term Contracts and Public Private Partnerships</b>	<b>153</b>
<b>VOLUME 11: ANNUAL FINANCIAL STATEMENTS</b>	<b>Attached as separate document</b>
<b>VOLUME III: ANNUAL PERFORMANCE REPORT</b>	<b>Attached as separate document</b>

## **Revised Annual Report Template**

The purpose of this revised Annual Report template, developed by National Treasury, is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

MFMA Implementation Unit, National Treasury, July 2012-template

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

Table 1.0.1

<b>MAYOR’S FOREWORD</b>	
<b>a. Vision:</b>	<p>The vision of the uThukela District Municipality is:</p> <p style="text-align: center;"><i>“A stable, sustainable and prosperous district with committed servants who serve with excellence in governance, service delivery and economic development.”</i></p> <p>Our vision speaks to creating a stable District where people can create a life that is flourishing and maintainable. It calls for municipal servants to do their part in creating a District of excellence, where service delivery and development is a priority in creating a health society.</p>
<b>b. Key Policy Developments:</b>	<p>Reviewed policies and By-laws:</p> <ul style="list-style-type: none"><li>• HR related policies</li><li>• Amendment to the Water Services Bylaws</li></ul>
<b>c. Key Service Delivery Improvements:</b>	

Twelve new 16 kilolitre water tankers were purchased during 2013/2014 financial year and 500 plastic water tanks (JoJo) tanks to supply water to isolated rural areas and reduce the cost of the outsourced water tanker service.

The following were achievements during the 2013/2014 financial year:

- Closing of pipe leaks on the Ezakheni main line
- Sixteen production boreholes repaired
- 226 Hand pump boreholes repaired
- Umhlumayo water scheme reinstated
- Two service providers was appointed on an annual contract
  - The first service provider was appointed to do test pumping, service, and repair production and hand pump boreholes
  - The second one was appointed to do maintenance of the water and wastewater systems

**d. Public Participation:**

The uThukela IDP and Budget was presented to the public through a series of public meetings. These were used to present the 2013/2014 IDP and Budget to communities as well as to gather inputs into the documents. Public meetings were held at the following venues:

<b>Date</b>	<b>Venue</b>	<b>Municipality</b>	<b>Activity</b>
25/04/2013	Agra Crescent – Civic Hall	All	Invited Stakeholder Forum
30/04/2013	Rookdale Community Hall	Okhahlamba	Community Meeting
02/05/2013	Indoor Sport Centre	Emnambithi	Cadre’s Forum Meeting (CWDs, Youth Ambassadors, Community Care Givers and Ward Committee)
07/05/2013	Fitty Park (tent)	Indaka	Community Meeting

07/05/2013	Agra Crescent – Civic Hall	Emnambithi	Community Meeting
08/05/2013	Wembezi Stadium	Umtshezi	Community Meeting
08/05/2013	Emhubheni Community Hall	Imbabazane	Community Meeting
12/05/2013	Ezakheni Sport Fields	All	Imbizo

**e. Future Actions:**

The future actions of the uThukela District Municipality includes the filling of the vacant positions, striving towards obtaining a clean audit and addressing the difficulties in delivering clean and sustainable water and sanitation services in a cost effective, efficient and sustainable manner to all people within the District.

**f. Agreements/Partnerships:**

Service delivery improvement agreements have been entered into between uThukela District Municipality and EThekweni Metro and Rand Water. The aim is to improve service delivery, transfer skills and build capacity of uThukela staff.

**g. Conclusion:**

The year 2013/2014 was a difficult year, but also the year where substantial progress was made in turning the situation of the uThukela District Municipality around. The highlight was the filling of all General Manager’s positions and the adoption of our reviewed organogram. During the next financial year we, as people of uThukela, will strive to improve service delivery and root out corruption. Together we can succeed in achieving the vision of the Municipality.

**Signature:**

**Mayor**



## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 Municipal Manager's Overview

Table 1.1.1

#### MUNICIPAL MANAGER'S OVERVIEW

In my brief period with uThukela, I have come to realize that uThukela is a place with many problems and challenges, but I earnestly feel that progress has been made towards creating a situation of normality. Highlights include the appointment of Heads of Departments and the review of the long awaited and much debated organogram. The lows were the suspension of a great number of staff and the continuing investigation into alleged fraudulent activities.

During the 2013/2014 financial year, two very important partnerships have been entered into, both of which relates to water and sanitation matters, the core function of the uThukela District Municipality. The one is with the EThekweni Metro and the other with Rand Water. The partnership with EThekweni Metro has resulted in assistance in other areas, such as the establishment of a call centre. The contract of the Development Planning Shared Services has come to an end and a new business plan was formulated and adopted, awaiting implementation.

The financial and employment ratios are well within acceptable norms. Financial Charges are below 1%, which indicates a low dependency on external loans and an improved cash flow situation. In terms of the Impairment norm, the uThukela ratio of -48.26% is far below the norm of 0%. Council appointed TransUnion to do a full analysis of the debtor's book and based on the report submitted, the status of a mayor part of the debtor's book changed, therefore increasing the possibility of recovery, which meant that the provision for Impairment had to be reduced.

Supplying clean water to all that live within the District will once again be one of our top priorities. This will be achieved with assistance from EThekweni, our mentor and partner in excellence, as well as continued support from the Department of Water Affairs and other role-players. Refurbishment of our plants and continued maintenance and capacity building will also be a priority as well as the 100% utilisation of all grants received.

As systems are improved and positions are filled on the newly adopted organogram, the officials of the uThukela District Municipality is sure to pick up the challenge to make uThukela a thriving area, where our vision could be realized. Much work still remains to be done and I call on officials to pick up the challenge and perform as best they can to normalise and improve the Municipality and District where we live in.

## 1.2 Municipal Foundations, population and environmental overview

**Table 1.2.1**

### INTRODUCTION TO BACKGROUND DATA

The uThukela District Municipality is characterised by high levels of unemployment and frequent disruptions in the water supply due to dilapidated infrastructure. The population of the District in terms of the 2011 Census is 668 848 people, down from the 2007 Community Survey of 714 909 people. UThukela is made up of 147 286 households, with an average household size of above 4 people. Africans make up over 95% of the population, with 36.8% of the population being below 15 years of age. The population growth is 0.17% per annum, with an unemployment rate of 39.6% and 14% of adults not having received any schooling. Services are delivered as follows:

- Flush Toilet Connected To Sewerage: 31.90%
- Weekly Refuse Removal: 33.10%

- Piped Water Inside Dwelling: 28.70%
- Electricity For Lighting: 74.50%

The main focus of the uThukela District Municipality is water and sanitation provision, which is challenging due to old infrastructure, a lack of skills and finances. The organogram has been reviewed during the 2013/2014 financial year and is awaiting implementation. This will hopefully see an improvement in service delivery supported by a mentoring agreement with EThekweni.

**Table 1.2.2**

<b>Population Details</b>			
<b>Population '000</b>			
<b>Age</b>	<b>STATS SA 2011</b>		
	<b>Male</b>	<b>Female</b>	<b>Total</b>
Age: 0 - 4	45179	44430	89609
Age: 5 - 9	39894	39495	79389
Age: 10 - 19	77670	76341	154011
Age: 20 - 29	55652	64125	119777
Age: 30 - 39	35202	41659	76861
Age: 40 - 49	23573	32679	56252
Age: 50 - 59	17603	26291	43894
Age: 60 - 69	10390	17953	28343
Age: 70+	6020	14691	20711
<b>Total</b>	<b>311183</b>	<b>357664</b>	<b>668847</b>
		<b>Households</b>	<b>147 286</b>
<i>Source: Statistics SA</i>			
<i>T 1.2.2</i>			

**Table 1.2.4**

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2011	Local Function	30.95%	22 150	23 782	36.7% - 2010	54 503
<i>Note: Low skilled Employment was calculated using figures from the informal sector, private household and "do no know"</i>						<i>T 1.2.4</i>

**Table 1.2.6**

Overview of Neighbourhoods within uThukela District Municipality		
Settlement Type	Households	Population
<b>Towns</b>		
Ladysmith	9787	39241
Colenso	1647	6388
Weenen	721	3126
Estcourt	6277	22071
Winterton	108	276
Sub-Total	18824	45629
<b>Townships</b>		
Steadville	8158	27519
Ezakheni	18222	70809
Ekuvkhani	2606	11018
Wembezi	5257	20815
Geluksburg	55	171
Khethwani	1,703	5754
Sub-Total	36101	109346
<b>Rural settlements</b>		
Glencoe	84	573
Mqedandaba	873	4,136
Maqabaqabeni	862	4,649

Mfolozi	273	1,426
Engonyameni	1,142	6,064
Etatane	887	4,944
Bhekuzulu	1,565	7,922
Empangweni	518	2,774
Imbabazane NU	549	2,275
Nkomokazini	244	1,183
Emoyeni	1,079	6,161
Mbelekwane	434	2,084
Emandabeni	846	4,174
Emnyangweni	520	2,933
Emakhekheni	607	3,324
Emadolobwe	481	2,669
Southworld	36	190
Zwelisha	989	5,085
Wembesi A	219	1,268
KwaSobabili	629	2,958
Lochsloy A	195	1,085
Engodini	276	1,645
Good Home	1,051	5,133
Edashi	747	3,477
Emhubeni	524	2,515
Emdwebu	742	3,672
Mhlungwini	178	799
Shayamoya	1,123	5,326
Boschi	307	1,484
Bekabhezayo	211	1,010
Mnungwini	172	908
EzInyosini	519	2,436
Manjokweni	270	1,155
KwaNdaba	337	1,582
Edodoci	191	834
Emawuza	410	1,959
Emahlutshini	378	1,913
Ezidongeni	262	1,186
KwaMkhize	562	2,670
Emhlabathini	668	3,277
Enyokeni	229	1,485

Ruins	55	354
Emahendeni	99	510
Eyosini	105	439
Wittekop	114	510
Howe	146	559
Okhahlamba NU	3,031	16,887
Nqula	77	254
Green Point	417	1,902
Malottas Kraal	199	943
Rooihoek	118	598
Drakensberg	110	247
Langkloof	362	1,437
Hambrook	367	2,152
Acton Homes	365	2,135
Grootgluk	283	1,378
Ekombe	151	529
Mkukwini	1,140	5,528
Zwelisha	786	3,369
Mazizini	645	2,792
Bethany	1,388	6,481
Woodford	863	3,631
The Downs	261	1,300
Oliviershoek	353	1,447
Bhalekisi	638	2,913
Moyeni	551	2,421
Rookdale	1,098	4,644
Indanyana	279	1,308
Kwamiya	305	1,326
Busingatha B	183	855
Bonjaneni	271	1,351
Nyusana	828	3,490
Busingatha A	401	1,765
Okhombe A	120	519
Olivia	114	509
Mfunzini	51	256
Ngubela	43	192
Qolweni	127	475
Seqomeni	281	1,218

Ogade	355	1,589
Dukuza	458	1,778
Esibomvu	373	1,732
Gangadweni	111	534
Emakhosaneni	380	1,938
Nkomanzana	329	1,720
KwaNkosana	166	813
Amanzana	43	770
Gosheni	182	927
Sibotsheni	98	504
Makhwelela A	172	840
Maswazini	138	743
Mabhulesini A	101	622
Mpontsheni	143	806
Kwanokopela	361	2,094
Enyonyane	255	1,098
Bukweni	434	2,428
Mangwaneni	156	879
Makhwelela B	114	691
Kokwane	215	1,320
Isandlwana	212	1,093
Oqhumo	144	755
Mabhulesini B	149	892
Ngoba	157	759
Emmaus	234	1,238
Malefetheni	997	5,232
Empimbe	266	1,511
Situlwane	439	2,620
Ethunzini	87	526
Makanda	246	1,410
Maganganguzi	454	2,510
uMhlwanzini	263	1,258
Siqalabeni	412	2,282
Amangwane	214	1,153
Mabaso	855	5,007
Doornkraal	151	948
Pearl	101	575
Ecancane	169	986

Kliprivier	340	1,514
Zondagsrivierspoort	198	1,205
Impembeni	131	754
Ezitendeni	726	3,704
uMtshezi NU	3,884	21,639
CornFields	693	3,757
Mbondwana	132	793
Thembalihle	205	996
Frere	239	1,215
Rensburgsdrift	769	3,164
Campsie Glen	212	1,102
Moor Park	6	17
Mhlwazi	251	1,415
Mjinti	354	1,864
Mhlumlayo	245	1,386
Vreemdeburg	110	601
Umhlumayo	23	157
Zamokuhle	79	395
Mziyanke	32	168
Gominakadani	61	306
Tenten's Kraal	34	159
Ndaka	125	650
Oqungweni	381	2,194
Nkangala	36	186
Niekerskraal	97	745
Uitvlugt	222	1,221
Mchunu	2,755	13,430
Madlala	271	1,375
Vaalkop	1,724	8,390
Entabeni	819	4,112
Sgweje	1,141	5,926
Ezihlabathini	320	1,471
Indaka NU	48	249
Dival	301	1,608
Namakazi	552	2,695
Imbangi	115	678
Nxumalo	26	146
Dalakosi	121	691



Mthembu	2,524	14,154
Waayhoek	331	1,623
Ingwe	986	5,511
Hwebede	301	1,633
Indaka	1,045	5,683
Ingedlengedle	101	465
Lusitania	145	535
Emnambithi/Ladysmith NU	1,644	10,451
Watershed	221	1,072
Driefontein	1,454	6,774
Randjieslaagte	196	958
Kleinfontein	707	3,595
Nkunzi	408	2,132
Doornhoek	878	4,456
Watersmeet	2,935	14,461
Kirkintulloch	602	3,554
PeaceTown	1,060	5,468
Burford	1,188	6,020
Hobsland	381	2,259
Matiwane	2,019	10,075
Klipfontein	114	729
Bester	64	369
Blue Bank	154	571
Doornkloof	615	3,895
Brakfontein	575	3,353
Graythorne	39	115
Roosboom	2,462	12,637
	Sub-Total	89975
	<b>Total</b>	<b>144900</b>
		<i>T 1.2.6</i>

**Table 1.2.7**

Natural Resources	
Major Natural Resource	Relevance to Community
UKhahlamba Drakensberg World Heritage Park	Tourism and conservation

Tugela River	Irrigation and consumption
Spioenkop Dam	Conservation Area, camping and fishing
Wagendrift Dam	Conservation Area, camping and fishing
High valued agricultural land	Commercial Agricultural
<i>T 1.2.7</i>	

**Table 1.2.8**

**COMMENT ON BACKGROUND DATA:**

The key challenges for uThukela is the provision of safe and sustainable water and safe sewage services to all the people of uThukela. The uThukela has a vast rural population with 35% of land classified as tribal or peri-urban, with 40% of land ownership being vested in tribal lands and land reform areas.

Natural Resources are exploited through tourism as in the case with the UKhahlamba Drakensberg World Heritage Park and uThukela played its role in the establishment of a buffer around the world heritage site. In terms of utilizing the agricultural resource for poverty alleviation and community development, the position of Rural Development Officer was created to facilitate the establishment of rural commercial and subsistence farmers in previously disadvantaged communities.

The water resource of uThukela will be protected for the exploitation of future generations by improving our green drop scoring, thereby ensuring the untreated waste water is not allowed back into the river system. The struggles of the vulnerable groups in the District population is taken up in the Department of Social and Economic Services in the form of participation in health structures, such as the HIV/AIDS Council and various District wide structures dealing with gender issues, the aged and people living with disability.

### 1.3 Service Delivery Overview

Table 1.3.1

#### SERVICE DELIVERY INTRODUCTION

Local Government has a mandate to provide access to basic infrastructure to all residents. Most municipalities have therefore established Project Management Units to full-fill this objective. In line with this, uThukela has established a fully functioning Project Management Unit to implement water and sanitation projects.

UThukela has been making steady progress towards addressing the backlogs created by the previous dispensation. According to the 2011 Census information 28.7% of the District have access to piped water inside their dwellings and 32.9% to flush toilets connected to a sewer system. The uThukela District Municipality has about 1 550 people on its indigent register.

Twelve new 16 kilolitre water tankers were purchased during 2013/2014 financial year and 500 plastic water tanks (JoJo) tanks to supply water to isolated rural areas and reduce the cost of the outsourced water tanker service.

The District is troubled by illegal water connections and this results in high water losses which is amplified by ageing and failing infrastructure. Most of the treatment works are under staffed and all 38 waste water treatment plants within the district are underperforming owing to the fact that it has outgrown its design capacity. The reticulation systems are old and in need of an upgrade from AC pipes to uPVC or plastic pipes. Most of our water treatment plants and waste water treatment plants have old equipment and machinery and needs to be replaced in order for the plants to operate effectively. Most of our plant are not meeting the water demand, and are operating above design capacity.

**Table 1.3.2**

**Water and Sanitation 2013/2014 Status Quo**

Municipality	No of households	Piped (tap) water inside dwelling unit or yard or on community standpipe			households unserved	Universal access cost @	Pit latrine or higher LoS (pit, flush or chemical)			households unserved	Universal access cost @
		households served	% served	% unserved		R 61 700	households served	% served	% unserved		R 10 290
						p.u.					p.u.
Emnambithi	58 058	53 116	91.5	8.5	4 942	304 921 400	55 237	95.1	4.9	2 821	29 028 090
Indaka	20 035	13 625	68.0	32.0	6 410	395 497 000	15 183	75.8	24.2	4 852	49 927 080
Umtshezi	19 252	15 371	79.8	20.2	3 881	239 457 700	14 937	77.6	22.4	4 315	44 401 350
Okhahlamba	27 576	18 510	67.1	32.9	9 066	559 372 200	24 504	88.9	11.1	3 072	31 610 880
Imbabazane	22 365	16 656	74.5	25.5	5 709	352 245 300	20 973	93.8	6.2	1 392	14 323 680
<b>UThukela</b>	<b>147 286</b>	<b>117 278</b>	<b>79.6</b>	<b>20.4%</b>	<b>30 008</b>	<b>1 851 493 600</b>	<b>130 834</b>	<b>88.8</b>	<b>11.2%</b>	<b>16 452</b>	<b>169 291 080</b>

**Table 1.3.3**

**COMMENT ON ACCESS TO BASIC SERVICES**

The overall water backlog was estimated to be 20.4% for water and 11.2% for sanitation as at June 2014. This is a huge drop from the 52% and 60% respectively experienced in 2001. We are however not resting until all households have received the basic standard of services and are committed to addressing backlogs across all areas of service delivery.

**1.4 Financial Health Overview**

**Table 1.4.1**

**FINANCIAL OVERVIEW**

Some of the achievements obtained in 2013/2014 are as follows:

- The CFO position was filled in January 2014, following a vacancy for the first half of the financial year
- Our cash flow has improved to such an extent that uThukela ended the year with a positive bank balance
- Investments to back up unspent grants received are kept in separate accounts

Continuing challenges experienced are as follows:

- Some of the audit queries still remain a challenge, but an action plan was developed and progress is reported to Council on a regular basis
- The asset register remains a challenge due to the lack of reticulation infrastructure data. Two consultants were appointed that were involved in the installation of the reticulation network and who provided uThukela with vital information.
- Bonakude Consultants were appointed to compile the asset register and their target was 30 June 2014 for completion. However at the time of reporting the asset register is still to be completed

**Table 1.4.2**

<b>Financial Overview: Year 0</b>			
<b>R' 000</b>			
<b>Details</b>	<b>Original budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
Income:			
Grants	471,591	609,626	601,798,983
Taxes, Levies and tariffs	138,888	139,040	132,770,897
Other	27,174	45,733	45,954,508
Sub Total	637,653	794,399	780,524,188
Less: Expenditure	379,042	449,042	225,583,774
Net Total*	258,611	345,357	554,940,414
<i>* Note: surplus/(defecit)</i>			<i>T 1.4.2</i>

**Table 1.4.3**

<b>Operating Ratios</b>	
<b>Detail</b>	<b>%</b>
Employee Cost	30.82%
Repairs & Maintenance	5.06%
Finance Charges	0.58%
Impairment	-48.26%
	<i>T 1.4.3</i>

**Table 1.4.3.1**

**COMMENT ON OPERATING RATIOS:**

The norms for Employee Costs is expected to be approximately 30% to total operating cost; Repairs and Maintenance 20% and Finance Charges and Impairment 10%. With the Employment Cost Ratio of 30.82%, uThukela is in line with the norm. The variances in terms of Repairs and Maintenance (5.06%) is due to a budget based upon previous year's expenditure, however Council has appointed an Asset and Maintenance Manager and is in the process of developing an Operational and Maintenance (O&M) Plan which will assist the Council to budget more realistically in the future.

Financial Charges are below 1%, which indicates a low dependency on external loans and an improved cash flow situation. In terms of the Impairment norm, the uThukela ratio of -48.26% is far below the norm of 0%. Council appointed TransUnion to do a full analysis of the debtor's book and based on the report submitted, the status of a mayor part of the debtor's book changed, therefore increasing the possibility of recovery, which meant that the provision for Impairment had to be reduced.

**Table 1.4.4**

<b>Total Capital Expenditure: Year -2 to Year 0</b>			
<b>R'000</b>			
<b>Detail</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>
Original Budget	171,697	210,208	196,037
Adjustment Budget	151,631	221,198	344,960
Actual	38,107	101,466	306,238
			<i>T 1.4.4</i>

**Table 1.4.5.1**

<b>COMMENT ON CAPITAL EXPENDITURE:</b>
<p>The variation between the original and adjustment budget was the result of the following:</p> <ul style="list-style-type: none"> <li>• The Capital Budget was increased to R344 960 000. This was due to the purchase of new water tankers as Council wanted to reduce the operating expenditure for the hiring of water tankers for service delivery. Management noted that purchasing water tankers would be more cost effective than outsourcing the service.</li> <li>• Included in the Capital Budget is R81.3 million, which is a rollover of the Municipal Infrastructure Grant (MIG)</li> <li>• An amount of R56 735 289 for Regional Bulk Infrastructure from the Department of Water Affairs was also included in the adjustment budget as reflected on the Division of Revenue Act (DORA) as an in-kind grant.</li> </ul>

## 1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

**Table 1.5.1**

### **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

Following the appointment of General Managers to head up various departments towards the latter part of 2013 and the review of the organogram, the development of an organizational performance was made top priority in 2013/2014. Unfortunately the process was started late as a result and with no performance management staff, some challenges remain. An SDBIP was developed and performance information derived and reported upon. A midyear report was prepared and tabled to the respective committees in January 2014.

## 1.6 Auditor General Report

**Table 1.6.1**

### **AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)**

#### **Awaiting AG Report**

*State the type of opinion given (disclaimer; adverse opinion; qualified opinion; unqualified opinion with 'other matters'; and an unqualified opinion) and briefly explain the issues leading to that opinion. In terms of a disclaimer you must state that 'the accounts of this municipality were too deficient in essential detail for the Auditor General to form an opinion as the financial viability or rectitude of this municipality'. If opinion is unqualified, briefly explain the key steps taken to accomplish and maintain (where appropriate) this important achievement. Note that the full audit report should be contained in chapter 6 of the Annual Report.*



## 1.7 Statutory Annual Report Process

Table 1.7.1

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

T 1.7.1

**Table 1.7.1.1**

**COMMENT ON THE ANNUAL REPORT PROCESS:**

Despite a lack of staff to deal with the 2013/2014 Annual Report, all effort has been made to meet the deadline set out in the table above. The annual report is an important document to reflect on the achievements made during the financial year and on the implementation of the IDP and performance in terms of the SDBIP and overall performance. Staff constraints are a serious challenge in meeting the deadlines required by this report, but a steady pace in turning the organization around is in progress and bearing fruit.

## CHAPTER 2 - GOVERNANCE

**Table 2.0.1**

### INTRODUCTION TO GOVERNANCE

The uThukela District Municipality is made up of five local municipalities, which are Emnambithi/Ladysmith Municipality, Umtshezi, Imbabazane, Okhahlamba and Indaka local municipalities. Directly elected councillors on the District Municipality are councillors who represent local municipalities. The establishment of the uThukela District Municipality is done in terms of the Constitution of South Africa, the Structures Act, the Municipal Systems Act and other related and relevant legislation. The breakdown of Council members in terms of the party representatives from 2011 to date is as follows:

<b>Party Members</b>	<b>Number of Councillors</b>	<b>Part Time Councillors</b>	<b>Full Time Councillors</b>	<b>Female Councillors</b>
	31	27	4	10
ANC	16	13	3	4
NFP	5	4	1	3
IFP	8	8	0	3
DA	2	2	0	0

It is common knowledge that a Municipal Council is made of a Political and Administrative wing. The Political wing is made of elected Councillors and the Administrative wing is made of the appointed staff or commonly known as technocrats. All these bodies mentioned above have respective terms of reference approved by Council. Political office bearers are responsible for taking political decision on matters put before them while the administration is responsible for implementing the decisions taken by the political office bearers within the framework of the law. In terms of political management of the institution, the following offices have been established in terms of the Structures Act, to direct the institution politically. The municipality has developed the following portfolios to ensure effective oversight:

1. Water Sanitation Infrastructure and Technical Committee
2. Strategic, Planning, Economic Development and Tourism Committee
3. Corporate, Disaster, Health and Environment Committee
4. Youth, Gender, Sport and Recreation Committee
5. Finance and Budgeting Committee
6. Municipal Public Accounts Committee (MPAC)

## **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

**Table 2.1.0**

### **INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

#### **POLITICAL GOVERNANCE**

The municipality has an unequal, highly politicized and economically divided society. Political idealism and power competition have to be constructively balanced by sound economic judgment and experience if the municipality is to prosper. The new political system led to the development of a number of portfolio committees to address the service delivery backlog created by the old political system. These committees play direct oversight roles over the administrative structure of the municipality.

The recommendations are made from these committees and sub-delegates, directed to the Executive Committee and thereafter to the Council. These committees of the municipality have, existed as a series of interlocking devices, pervasive throughout the municipality, and all aimed at achieving the national development and poverty alleviation policy.

The Mayor, Speaker and the Whip provides an oversight role to critical committees like MPAC and the Audit Committee. This augments commitment towards the achievement of a clean audit by the Municipality.

#### ADMINISTRATIVE ARRANGEMENTS

The institutional arrangements of the District is made of the five (5) departments which are headed by respective Heads of Departments (General Managers). All the managers have been appointed in terms of section 54 and 56 of the Local Government Municipal Systems Act. The sixth department is the office of the Municipal Manager with components that play a monitoring role over the operations and oversees the functioning of the Office of the Mayor. The other five departments are:

- Corporate Service
- Water Service Provision
- Technical and Infrastructure
- Finance
- Social Services and Economic Development.

#### SECTION 79 AND 80 COMMITTEES

Section 80 committees are usually headed by Executive Committee members to assist the Executive Mayor in executing his/her duties. UThukela District Municipality has five section 80 committees which are:

- Finance and Budgeting Committee
- Cooperate, Disaster, Health and Environment Committee
- Water Sanitation Infrastructure & Technical Committee

- Strategic Planning, Economic Development and Tourism Committee
- Youth, Gender, Sport and Recreation Committee

These committees meet regularly to consider items submitted to their portfolios and recommend to the Executive Committee and Council. It is imperative to note that all the work done by these committees feed into the duties performed by Council.

## 2.1 POLITICAL GOVERNANCE

**Table 2.1.1**

### INTRODUCTION TO POLITICAL GOVERNANCE

#### COMMITTEES OF COUNCIL

#### BACKGROUND

In term of Section 79 of the Municipal Structures Act, Act 117 of 1998, a municipality is required to establish one or more committees necessary for 'the effective and efficient performance of any of its functions or the exercise of any of its powers.' Council then appoints councillors to these committees. The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between council, the executive (Mayor and Executive Committee) and administration. Good governance, effective accountability and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the (Mayor). In other words, in exchange for the powers which Council have delegated to the Executive,

Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The council has developed the following committees for the purpose of effective operation:

- Finance and Budgeting Committee
- Cooperate, Disaster, Health and Environment Committee
- Water Sanitation Infrastructure & Technical Committee
- Strategic Planning, Economic Development and Tourism Committee
- Youth, Gender, Sport and Recreation Committee

These committees are established in terms of Municipal Structures Act , in terms of Section 80, Committees are established by Council and members are appointed by Council, but do not report to Council. Portfolio Committees report to the Executive Mayor or Executive Committee. Section 80 committees receives items from specific departments and make recommendations to the Executive Committee (EXCO) who deliberates on such matters and make recommendations to Council. The MPAC and Audit and Performance Committee play oversight roles. The Executive Committee receives reports from other committees, and then forward those with its recommendations to Council.

#### FUNCTIONS OF THE OVERSIGHT COMMITTEE

- Undertake a review and analysis of the Annual Report
- Invite, receive and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation Process.
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report

- Receive and consider the report of the Audit Committee and comments received on the annual financial statement and the performance report.
- Preparation of the draft Oversight Report, taking into consideration the views and inputs of the public, representative(s) of the Auditor General, organ of states, the audit committee and Councillors.

<b>No.</b>	<b>Committee</b>	<b>No. of meetings</b>
1.	Council	11
2.	Executive Committee	11
3.	Finance and Budget	12
4.	Corporate, Disaster, Health and Environment	12
5.	Water Sanitation Infrastructure & Technical Committee	12
6.	Strategic Planning, Economic Development and Tourism Committee	12
7.	Youth, Gender, Sport and Recreation Committee	12
8.	Municipal Public Accounts Committee	4
9.	Audit and Performance Committee	4
	<b>TOTAL</b>	<b>90</b>



**Table 2.1.1.1**

**POLITICAL STRUCTURE**

**MAYOR**



**Councillor DCP Mazibuko**

**SPEAKER**



**Councillor TJMB Jeebodh**

**EXECUTIVE COMMITTEE**

	<b>Councillor</b>	<b>Political Party</b>
1.	Cllr DCP Mazibuko	ANC
2.	Cllr AS Mazibuko	ANC
3.	Cllr N. Sibiya	ANC
4.	Cllr M.L. Shelember	NFP
5.	Cllr Ntshaba	IFP

**Table 2.1.2**

## COUNCILLORS

The total representation is 31 of which 13 are proportionally elected with 18 councillors being representatives from local municipalities, refer to the table below for details:

Proportional Elected	Representatives from Local Municipalities	
Mazibuko D C P (Ms.) Hlubi M G Sibiya N W(Ms) Mazibuko A S Mkhize M A Banda D (Deceased December' 13) Jeebodh T J M B Hadebe N M Sibisi S B Ntshaba M J Shelembe M L Mlotshwa V R Sibisi Z J Shabalala T P (Replaced D Banda On 28 /03/14)	Emnambithi L M	Hlomuka N M Mlotshwa M L Zwane M L Mazibuko B C Cele T M Madonsela B R (Ms.) Xaba T (Ms)
	Okhahlamba Lm	Mabizela B C Sikhakhane S G Hadebe M W
	Umtshezi L M	Magubane S D Vilakazi Ka
	Imbabazane Lm	Shelembe T (Ms.) Sithole S J Ngubuka Ty (Ms)
	Indaka L M	Mbatha M E Zikalala N L Ngubane M

**Table 2.1.3**

## POLITICAL DECISION-TAKING

Recommendation are initiated from Section 80 committees and recommended to EXCO which ultimately makes a recommendation to Council. All the resolutions (100%) taken by Council are implemented. The Council secretariat maintains a Resolution Register

and distribute it to all the departments for implementation. Reports from the relevant department are submitted indicating the implementation of resolutions.

## **2.2 ADMINISTRATIVE GOVERNANCE**

**Table 2.2.1**

### **INTRODUCTION TO ADMINISTRATIVE GOVERNANCE**

The year 2013/2014 was started with the majority of the positions for heads of departments being vacant. The situation was normalised towards the middle of the financial year, when appointments were made to all the vacant head of department positions. Following the appointments of heads of department, a process commences to adjust the organogram in line with the needs of the administration. This process was completed before the end of the 2013/2014 financial year and the process of placements and filling of vacant positions will commence in 2013/2014.

**Table 2.2.1.1**

### **TOP ADMINISTRATIVE STRUCTURE**

#### **MUNICIPAL MANAGER**

**Mr SN Kunene**

#### **GENERAL MANAGER: BUDGET AND TREASURY**

**Ms PHZ Kubheka**

#### **GENERAL MANAGER: CORPORATE SERVICES**

**Mr MF Hadebe**

**GENERAL MANAGER: TECHNICAL SERVICES**

**Mr MV Radebe**

**GENERAL MANAGER: SOCIAL AND ECONOMIC SERVICES**

**Mr NZ Khuzwayo**

**GENERAL MANAGER: WATER SERVICES**

**Mr S Shange**

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

**Table 2.3.0**

### **INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS**

The following Inter-Governmental relations structures were constituted to give effect to the Intergovernmental Relations Framework Act (Act 13 of 2005):

- District Area of Finance Forum
- Corporate Services and Communication Forum
- General and Social Service Forum
- Infrastructure Forum

- Planning and Development Forum
- Speakers Forum
- Technical Support Forum
- District Intergovernmental Forum

Meetings with the above forums took place in September/October 2013, February/March 2014 and June 2014.

## 2.3 INTERGOVERNMENTAL RELATIONS

**Table 2.3.1**

### NATIONAL INTERGOVERNMENTAL STRUCTURES

The South African Constitution (1996) states that ‘government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. The ‘distinctive’ element refers to the autonomy enjoyed by the spheres; that is, the degree to which each sphere is the final decision-maker on a particular matter that falls within its area of competence. The creation by the Constitution of this decentralized governance system, which comprised the three distinct but inter-related spheres of government, also gave rise to the need for a systematic system of IGR to give effect to the principles of cooperative government.

To realize these principles, the IGRF Act was promulgated on 15 August 2005. The Act provides for an institutional framework for the three spheres of government to facilitate coherent government, effective provision of service, monitoring implementation of policy and legislation, and realization of developmental goals of government as a whole. In spelling out the principles of cooperative government and IGR, the Constitution binds all spheres of government and organs of state in each sphere of government to three basic principles:

- A common loyalty to the Republic as a whole
- The distinctiveness of the spheres should be respected
- The spheres of government must take concrete steps to realize cooperative government

**Table 2.3.2**

**PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

It is imperative to note that the national government sphere is thinking to review and collapse the IGRFA with other legislation:

*“Whilst the IGFR Act lays out the formal consultative structures required at each sphere of government and provides a way for all three spheres to work together to interpret national priorities, it does not stipulate how intergovernmental planning specifically is to be managed. This is one of the reasons why the IGRF Act may need to be revised, or absorbed into a broader Act on Cooperative Governance, that provides the scope for a more regulatory environment for planning. Such a revision would support the regulated involvement of national and provincial sector departments in the implementation of the IDP.”*

The above introduction is derived from the IGR Report (2007). It is against this background that the Office of the Premier officially launched the Premier’s Intergovernmental Forum (PIF) in April 2005 at the KwaZulu-Natal Local Government Summit. One of the commitments made at the launch of the PIF was that the District Mayors would undertake to establish District Mayors Intergovernmental Forums (DIFs) before the legislated deadline of 31 August 2006. At the Provincial level, the uThukela District Municipality participate in the Premiers Coordinating Forum and Min-Mec Forum for Municipal Managers.

**Table 2.3.4**

**DISTRICT INTERGOVERNMENTAL STRUCTURES**

The UDM the uThukela family of municipalities have established IGR Structures particularly the District Intergovernmental Forum (DIF) or the Mayors Forum as it is commonly known and the District Technical Support Forum (DTSF) or the Municipal Manager's Forum. The present administration was one of the first municipalities to sign the implementation protocol after the local government of 2011. This means that the UDM and constituent municipalities have complied with requirements of section 24 of the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005). The following forums have been established and are in operation:

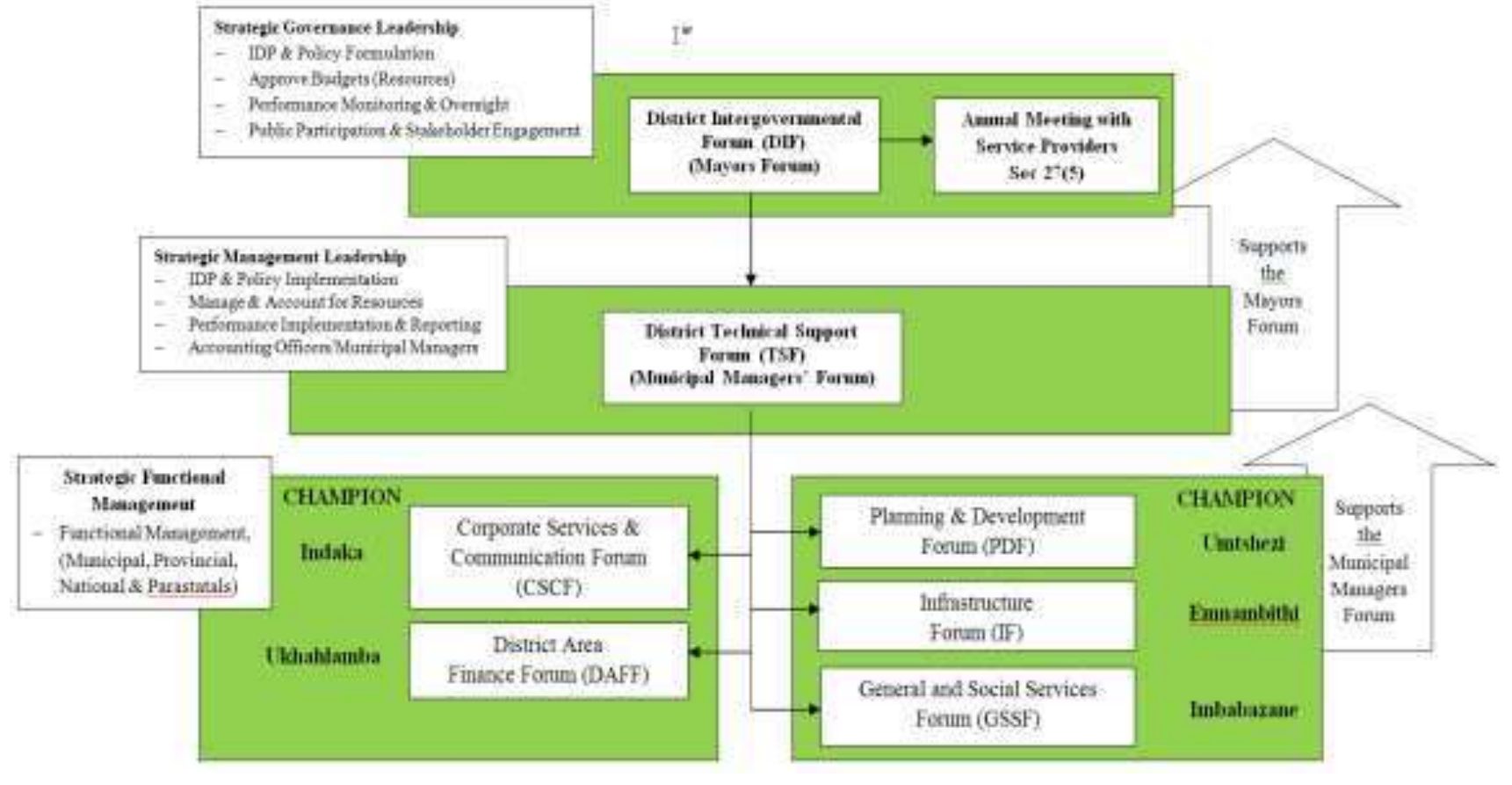
- District Area of Finance Forum
- Corporate Services and Communication Forum
- General and Social Service Forum
- Infrastructure Forum
- Planning and Development Forum
- Speakers Forum
- Technical Support Forum
- District Intergovernmental Forum

The uThukela District Municipality and its constituent municipalities established IGR structures particularly the District Intergovernmental Forum (DIF) or the Mayors Forum as it is commonly known and the District Technical Support Forum (DTSF) or the Municipal Manager's Forum. This means that uThukela and family of municipalities complied with requirements of Section 24 of the Intergovernmental Relations Act, 2005(Act 13 of 2005). All the Mayors in the family of municipalities have signed the IGR protocols to strengthen intergovernmental relations.

There are number of sub committees that were formed by the municipality in making sure that all the three spheres of government talk to each other e.g. District Area Finance, Infrastructure Forum, Planning & development Forum, Corporate Services & communication Forum and General & Social Services Forum. All the Forums have terms of references.



The following structure illustrates the context of uThukela IGR:



## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Table 2.4.0

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Local Government has moved away from an autonomous style of government to a more inclusive system, resulting a public participation being a main driver of decision making. The uThukela IDP and Budget was presented to the public though a serious of public meetings. The municipality doesn't deal directly with wards, which makes consultation across a broad spectrum very challenging, particularly in light of the municipality having 73 wards.

The uThukela District Municipality utilized the following mechanisms to consult and inform the public:

- IDP Representative Forum (IDP RF)
- Media
- Radio slot
- IDP/Budget Road Shows
- uThukela Website

## 2.4 Public Meetings

Table 2.4.1

### COMMUNICATION, PARTICIPATION AND FORUMS

These were used to present the 2013/2014 IDP and Budget to communities as well as to gather inputs into the documents. Public meetings were held at the following venues:

Date	Venue	Municipality	Activity
25/04/2013	Agra Crescent – Civic Hall	All	Invited Stakeholder Forum
30/04/2013	Rookdale Community Hall	Okhahlamba	Community Meeting
02/05/2013	Indoor Sport Centre	Emnambithi	Cadre's Forum Meeting (CWDs, Youth Ambassadors, Community Care Givers and Ward Committee)
07/05/2013	Fitty Park (tent)	Indaka	Community Meeting
07/05/2013	Agra Crescent – Civic Hall	Emnambithi	Community Meeting
08/05/2013	Wembezi Stadium	Umtshezi	Community Meeting
08/05/2013	Emhubheni Community Hall	Imbabazane	Community Meeting
12/05/2013	Ezakheni Sport Fields	All	Imbizo

Public participation is vital to determine the needs that exist within the communities in relation to the developmental priorities and this is communicated during the public meetings and information gathering process. The uThukela District Municipality was utilizing the following mechanisms for public participation when developing its IDP.

**IDP Representative Forum (IDP RF):** This forum represents all stakeholders and key interested and affected parties. This includes the Ward Committee members from the local municipalities, AmaKhosi, Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs) and Organized Business.

**Media:** Local newspapers was used to inform the community on the progress made with the uThukela IDP and further meetings included the IDP RF and community road shows.

**Radio slot:** The uKhozi radio station was utilized to make public announcements when the need arises.

**IDP/ Budget Road Shows:** The uThukela District Municipality held community road shows in the whole of the district to publicize the draft IDP and Budget during April and May 2014. The venues for these meetings was publicized at the IDP RF, public places and through the media.

**UThukela Website:** Copies of the uThukela District Municipality IDP and Budget was placed on the website for communities, stakeholders and service providers to view or download it.

**Table 2.4.2**

**WARD COMMITTEES**

Ward Committees are an exciting route of achieving one of the aims of the developmental local government mentioned in the Constitution of the Republic of South Africa. Ward Committees are where communities and community organizations are able to participate on issues of improving service delivery and strengthening local government. The uThukela District Municipality is relying on utilizing the local municipality’s ward committees that are functional within the district in dealing with the issues of service delivery, public participation, IDP and Budget.

The challenge is that some of the ward committees are not functional and that makes it difficult for the Ward Committee system to operate. Some wards are also large in size and that makes it expensive for members to attend Ward Committees meetings.

**Table 2.4.3**

**PUBLIC MEETINGS**

Public meetings were used to present the 2013/2014 IDP and Budget to communities as well as to gather inputs into the documents. Public meetings were held at the following venues:

Public Meetings			
Date	Venue	Municipality	Activity

25/04/2013	Agra Crescent – Civic Hall	All	Invited Stakeholder Forum
30/04/2013	Rookdale Community Hall	Okhahlamba	Community Meeting
02/05/2013	Indoor Sport Centre	Emnambithi	Cadre’s Forum Meeting (CWDs, Youth Ambassadors, Community Care Givers and Ward Committee)
07/05/2013	Fitty Park (tent)	Indaka	Community Meeting
07/05/2013	Agra Crescent – Civic Hall	Emnambithi	Community Meeting
08/05/2013	Wembezi Stadium	Umtshezi	Community Meeting
08/05/2013	Emhubheni Community Hall	Imbabazane	Community Meeting
12/05/2013	Ezakheni Sport Fields	All	Imbizo

**Table2.4.3.1**

**COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:**

The public meetings were very effective and contributed to publicising the Municipal IDP and Budget. Through the process a variety of stakeholders were engaged and the round of meetings were concluded with a Mayoral Imbizo held in May 2013.

**2.5 IDP PARTICIPATION AND ALIGNMENT**

**Table 2.5.1**

<b>IDP Participation and Alignment Criteria*</b>	<b>Yes/No</b>
Does the municipality have impact, outcome, input, output indicators?	No
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	No
Are the above aligned and can they calculate into a score?	Yes

Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	No - Finance Viability/CFO's don't align
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	No - Finance Viability/CFO's don't align
Were the indicators communicated to the public?	No
Were the four quarter aligned reports submitted within stipulated time frames?	2 <sup>nd</sup> & 3 <sup>rd</sup> Quarter reports compiled and submitted
<i>* Section 26 of Municipal Systems Act 2000</i>	
<i>T 2.5.1</i>	

## COMPONENT D: CORPORATE GOVERNANCE

**Table 2.6.0**

<b>OVERVIEW OF CORPORATE GOVERNANCE</b>
<p>Corporate governance at the uThukela District municipality included the following:</p> <ul style="list-style-type: none"> <li>• Administration</li> <li>• Human Resource Management</li> <li>• Risk Management</li> <li>• Fraud Prevention</li> <li>• Website development</li> <li>• Information and Communication Technology</li> <li>• Facilitation</li> </ul>

## 2.6 RISK MANAGEMENT

**Table 2.6.1**

<b>RISK MANAGEMENT</b>
<p>A Risk Management Committee was established in July 2014, made up of representatives of all Departments, who also act as Risk Champions within that Department. The first meeting was held on 8 October 2014, where that Risk Management Committee Charter and Risk Management Framework and Policy was presented. The first risk of each department are as follows:</p> <ul style="list-style-type: none"><li>• Failure to provide cost effective water and sanitation</li><li>• Inability to continue to operate as a going concern</li><li>• Abuse of Municipal vehicles</li><li>• Ineffective implementation of Performance Management System</li><li>• Ineffective Call Centre Management</li></ul>

## 2.7 ANTI-CORRUPTION AND FRAUD

**Table 2.7.1**

<b>FRAUD AND ANTI-CORRUPTION STRATEGY</b>
<p>A Risk Management Committee was established in July 2014, made up of representatives of all Departments. As the members were the same as the Fraud and Anti-corruption Committee, the two committees were combined. The first meeting was held on 8 October 2014, where that Risk Management Committee Charter and Risk Management Framework and Policy was presented. These two documents included the necessary Fraud and Anti-corruption aspects as well. The Fraud and Anti-corruption Strategy is outdated and needs to be revived as a matter of urgency.</p>

## 2.8 SUPPLY CHAIN MANAGEMENT

Table 2.8.1

### OVERVIEW SUPPLY CHAIN MANAGEMENT

The supply chain management policy has been review and changes made to meet the operating needs of the municipality and issues which may have delayed service delivery in the procurement process have been changed. The policy aims to guide the municipality in its procurement process in a way which provides appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. There are also other policies which go along with the supply chain management policy. These are procedure manuals and delegations which ensure that supply chain practitioners comply with supply chain regulations when conducting their duties and that end-user departments are familiar with supply chain processes and regulations.

#### **Challenges experienced to attain the standards set out in Section 112 of the MFMA (see SCM Implementation checklist MFMA Circular 40):**

The supply chain management section was faced with the issue of ensuring that suppliers which the municipality does business with are not blacklisted and that the information they provide is valid. This was corrected through inviting suppliers to be registered on our supplier database and developing a new and credible supplier database where suppliers are screened to ensure they have valid information and their affairs are in order with SARS.

Another challenge is that procurement that did not follow process was not reported, which resulted in irregular expenditure which is not properly accounted for. The supply chain policy has since been reviewed and the procurement process is as per the supply



chain management policy and all deviations are reported on a monthly basis. However the municipality does not have a Council approved procurement plan and end-user departments do not have monthly projections of what they will procure.

Another issue is that there is no competent bids section within supply chain management so there are gaps in the tender process. But our bid committees which are responsible for the municipality's tender process have received introductory training provided by a Provincial Treasury consultant and later in the year received bid committee training from Provincial Treasury. Contracts which the municipality enters into are supported by relevant paperwork and authorized by the accounting officer or delegated authority. Contracts awarded are made public via the municipal website and the value of the contract disclosed.

## 2.9 BY-LAWS

**Table 2.9.1**

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
No New By-laws Introduced	Water By-laws reviewed	Yes	9 April 2013	No	Pending
<i>*Note: See MSA section 13.</i>					<i>T 2.9.1</i>

**Table 2.9.1.1**

### COMMENT ON BY-LAWS

No new by-laws were introduced with only minor amendments being made to the Water By-laws, which has been in existence since the water function was transferred to uThukela. The amended Water By-laws were advertised on 9 April 2013 and is awaiting publication in the Government Gazette, due to some difficulties experienced in the printing process.

## 2.10 WEBSITES

**Table 2.10.1**

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
Current annual and adjustments budgets and all budget-related documents	YES	10-Jun-14
All current budget-related policies	YES	8-Jul-10
The previous annual report (Year -1)	YES	31-Jan-14
The annual report (Year 0) published/to be published	YES	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	PA Yes / SC NO	12-Apr-13
All service delivery agreements (Year 0)	YES	Continuous
All long-term borrowing contracts (Year 0)	NO	
All supply chain management contracts above a prescribed value (give value) for Year 0	YES	25-Feb-14
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	NO	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	NO	
Public-private partnership agreements referred to in section 120 made in Year 0	NO	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	1-Aug-14
<i>T 2.10.1</i>		

**Table 2.10.1.1**

<b>COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:</b>
<p>The uThukela District Municipality website is administered internally. It is available to the public and is updated as information is provided by sector departments to the website administrator. On average, the website is visited by over 400 000 people per year,</p>

which indicates the potential for using the web as a tool for information sharing, marketing and promotion of the District as a tourism destination. Greater effort will be placed on making the website legally compliant in the 2014/2015 financial year and more regularly information updates is envisaged.

## **2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

**Table 2.11.1**

### **PUBLIC SATISFCATION LEVELS**

No survey was conducted in 2013/2014, funding has been secured to perform a Public Satisfaction Survey on Municipal Services in the 2014/2015 financial year.

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (Performance Report Part I)

**Table 3.0.1**

### INTRODUCTION

The people of uThukela is reliant on the functionality of water and waste water plants for clean water. This means that these infrastructure are maintained on an ongoing basis. Pumps and motors are repaired when reported. In order to assist with maintenance, two service providers have been appointed on an annual contract. The first service provider was appointed to do test pumping, and to service and repair production and hand pump boreholes. The second was appointed to do the maintenance of the water and waste water systems in the region.

A service provider was also appointed for the supply and installation of bulk meters to all plants through Department of Water Affairs (DWA) funding. Archie Rodel Water Treatment Works in Estcourt was refurbished by a National Transfer (R6-million) grant from DWA. Five hundred plastic water tanks were purchased and were allocated to specific wards within uThukela District Municipality, but is only meant to be a short term solution of providing water to the communities. Twelve new 16 kilolitre water tankers were purchased during 2013/2014 financial year and sixteen production boreholes repaired. In addition 226 hand pump boreholes have been repaired.

### COMPONENT A: BASIC SERVICES

**This component includes: water; waste water (sanitation); and a summary of free basic services.**

**Table 3.1.0**

**INTRODUCTION TO BASIC SERVICES**

Free basic services are provided in the form of 6 kilolitre of free water and VIP latrines. Rural communities are provided water through standpipes and these are also provided free of charge.

**3.1 WATER PROVISION**

**Table 3.1.1**

**INTRODUCTION TO WATER PROVISION**

All the Water Treatment Works (WTW) and pump stations require major refurbishment work in order to remain operational. To undertake refurbishment of these plants requires a large amount of financial support.

Areas of major concern and requiring urgent intervention are the following:

- Upgrading of the Eskom electricity line to Ezakheni Water Treatment Works, Spioenkop Dam Raw Water Pump Station, which supplies raw water to the Ladysmith Water Treatment Works and Wagendrift Dam Raw Water Pump Station, which supplies raw water to George Cross Water Treatment Works.
- The Olifantskop Dam is very heavily silted and only holding about 20% of its capacity and this is having a serious impact on the quality of water and the ability to supply the community with water during dry periods.
- The Tugela Estate water treatment works is under performing and the storage is not sufficient.
- The abstraction points at Winterton, Loskop, Langkloof and Obanjaneni have had numerous blockages because of poor design.
- Archie Rodell water works has undergone major refurbishment because it has had water quality problems.

- George Cross water works is running at maximum capacity, but cannot keep up with the demand of Wembezi. Weneen WTW is not meeting its water demand.
- Zwelisha water treatment system is under performing due to the Eskom upgrade not been completed inside the works and on the pump stations

Most of our Water Treatment Works are producing water in excess of their design capacities. The reason for this is that the demand for water has increased due to increases in consumers and there are huge losses in water due to pipe bursts, leaks and unaccounted water losses. The excessive demand for water is compromising the quality of water produced because there is less retention time on the plants. The operation of the reticulation systems continue to be plagued with burst pipes due to the age of the infrastructure in urban areas. Many of the pipes are in excess of 50 years old and major funding is required to replace them.

The following solutions are suggested:

- Apply for funding for refurbishment. In this regards a business plan has been approved by DWA for refurbishment of Ezakheni raw water pump stations to the amount of R6-million.
- Implement a Preventative Maintenance Programme. A service provider was appointed on an annual contract to do the maintenance of the water systems in the region. R13-million budget was approved for relaying old pipes with new uPVC pipes.
- Implement a Water Conservation Water Demand Management Programme (WCWDM). Two water conservation awareness campaigns have been conducted, mainly targeting schools. A WCWDM project was undertaken in Ezakheni and Pressure Reduction Valves (PRV's) were installed in various zones, controlling the pressures of the water system. The service provider was appointed for the supply and installation of bulk water meters to all plants through DWA funding.
- Repair all leaking pipes. This initiative resulted in nine major leaks being repaired in Ezakheni.
- If plants are still operating in excess of design capacity, upgrading of the plants will be considered through the sourcing of funding from DWA and other sources.

- The business plan for refurbishment of the Ladysmith and Ezakheni water and waste water treatment works was approved by DWA to the amount of R10-million.

**Table 3.1.2**

<b>Total Use of Water by Sector (cubic meters)</b>			
	<b>Industrial</b>	<b>Domestic</b>	<b>Unaccountable water losses</b>
Year -1	No data available	No data available	No data available
Year 0	7 117 500	11 862 500	24 870 000
Note: Estimated daily demand = 130MI/day Assumed 15% Industrial, 25% Domestic and 60% Unaccountable losses			<i>T 3.1.2</i>

**Table 3.1.2.2**

**COMMENT ON WATER USE BY SECTOR:**

The unaccountable water losses of 60% is unacceptable and needs to be addressed. Water conservation awareness campaigns should be extended to cover all focus areas within uThukela. The focus to address unaccountable water losses is to target the water leaks located inside dwellings. UThukela intends to employ walking plumbers to go from houses to house and assess the extent of the problem and then repair them accordingly. The project to install bulk meters at all plants through DWA funding should be extended to include zonal meters on the reticulation network.

**Table 3.1.3**

Water Service Delivery Levels					Households	
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget	Adjusted Budget	
<b><u>Water: (above min level)</u></b>						
Piped water inside dwelling					42 221	
Piped water inside yard (but not in dwelling)	No data available	No data available	No data available		31 659	
Using public tap (within 200m from dwelling)					26 656	
Other water supply (within 200m)						
<i>Minimum Service Level and Above sub-total</i>					100 536	
<i>Minimum Service Level and Above Percentage</i>					68%	
<b><u>Water: (below min level)</u></b>						
Using public tap (more than 200m from dwelling)					16 965	
Other water supply (more than 200m from dwelling)						
No water supply					29 785	
<i>Below Minimum Service Level sub-total</i>					46 750	
<i>Below Minimum Service Level Percentage</i>					32%	
<b>Total number of households*</b>					<b>147 286</b>	
* - To include informal settlements					T 3.1.3	

**Table 3.1.4**

Households - Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual



	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						<b>59 001</b>
Total households						56 153
Households below minimum service level	No data available	No data available	No data available	No data available	No data available	2 848
Proportion of households below minimum service level						5%
<b>Informal Settlements</b>						<b>152 221</b>
Total households						91 133
Households below minimum service level						61 088
Proportion of households below minimum service level						67%
						<i>T 3.1.4</i>

**Table 3.1.6**

<b>Water Service Policy Objectives Taken From IDP</b>						
<b>Service Objectives</b>	<b>Outline Service Targets</b>	<b>Year 0</b>		<b>Year 1</b>		
		<b>Target</b>	<b>Actual</b>	<b>Objective</b>	<b>Strategy</b>	<b>Annual Target</b>
<b>Service Objective</b>						
To reduce water losses to 40% by June 2014 as per DWA regulation To develop a water and sanitation O&M plan by 31 Dec 2013	All schemes to be equipped with bulk meters by 30 June 2014	100%	Service Provider appointed and will commence in August 2014.	To provide cost effective water and sanitation	Review of WSDP	Reviewed and approved WSDP
	All schemes to have pressure zones	20%	Service Provider appointed and will commence in August 2014 for zonal pressure schemes		To provide for the Operations and Maintenance of water and sanitation projects	water and Sanitation O&M Plan 100% uptime at all plants
	All leaks repaired over one month old	100%	100%		Develop a district Master Plan	Reviewed and adopted Master Plan
	All communities	3		To reduce Water Loss	Implement Water Loss Strategy	23 schemes equipped with bulk meters

	reached by 30 June 2014		2 awareness campaigns conducted			15 pressure zones created per scheme	
						100% of reported leaks repaired	
						8 ageing water pipes replaced	
To develop a water and sanitation O&M plan by 31 Dec 2013	100% uptime at all plants	100%	100%	To improve on the quality of water delivered	Implement water quality strategy	Approved water quality strategy	
						Water Quality Monitoring	448 water samples taken
							100% of water samples analysed every quarter
						55% Blue Drop score and green drop	
Ongoing refurbishment of the existing water and sanitation infrastructure	Approved Infrastructure Refurbishment plan by end June 2014	Approved Infrastructure Refurbishment plan by end June 2014	Draft ops and maintenance plan compiled and circulated for comments	To effectively utilize grant allocation for water and sanitation	Effective Utilization of grant funding	100% of Infrastructure Grants spend	
						To align Capital Programme and IDP	Review and implement the current financial plan

T 3.1.6

**Table 3.1.7**

Employees: Water Services				
Job Level	Year 0			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
Water	509	293	216	42%

T3.1.7

**Table 3.1.8**

<b>Financial Performance Year 0: Water &amp; Sanitation Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year -1</b>	<b>Year 0</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	242,798	178,886	180,925	171,465	-4.33%
Expenditure:					
Employees (including S&T)	74,691	86,409	76,205	75,281	-14.78%
Repairs and Maintenance	15,322	13,492	15,978	20,957	35.62%
Other (including projects and bad debt)	380,723	161,847	253,168	-88,900	82.00%
<b>Total Operational Expenditure</b>	470,736	261,748	345,351	7,338	-3 467.02%
<b>Net Operational Expenditure</b>	(227,938)	(82,862)	(164,426)	164,127	150.49%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					<i>T 3.1.8</i>

**Table 3.1.9**

<b>Capital Expenditure Year 0: Water and Sanitation Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 0</b>				
	<b>Budget Original</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	14,525	14,525	6,528	-122.5%	/

Municipal Water Infrastructure Grant (MWIG)	14,525	14,525	6,528	-122.5%	14,525
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.1.9</i>

**Table 3.1.10**

**COMMENT ON WATER SERVICES PERFORMANCE OVERALL:**

The huge variance concerning the “Other” category is as a result of an amount of R210 428 160 adjustment in bad debt provision.

A R13-million budget was approved for relaying old pipes with new uPVC pipes. This amount is however not enough and there will therefore be a need to source more funding in future. The refurbishment of the Ladysmith and Ezakheni water and wastewater treatment works was approved by DWA to the extent of R10-million, but more funding is required to do the same activities on other plants. A business plan of R9-million was approved by DWA for the refurbishment of the Ezakheni raw water pump stations, however more funds are required to emulate this project.

The Archie Rodell WTW was refurbished with a National Transfer Grant of R6-million and has resulted in improved water quality. The uThukela District Municipality was offered support funding by Rand Water to identify and implement interim water supply projects in areas subserved in the Okhahlamba Local Municipality. The total funding made available by Rand Water for this initiative is up to R3-million. UThukela identified seven water projects to be initiated in the Okhahlamba Local Municipality.

### 3.2 WASTE WATER (SANITATION) PROVISION

**Table3.2.1**

<b>INTRODUCTION TO SANITATION PROVISION</b>
<p>All of the uThukela waste water treatment works and pump stations require major refurbishment work. To undertake refurbishment of these plants requires a large amount of financial support. Thirty-eight sewer pump stations are situated at low points, resulting in raw water sewage flowing into the river when a problem is experienced. Pumps, motors and electrical panels need to be upgraded and refurbished, requiring a great deal of money to be provided for the repair of pump stations.</p>

**Table 3.2.3**

<b>Sanitation Service Delivery Levels</b>				
<b>Description</b>	<b>Year -3</b>	<b>Year -2</b>	<b>Year -1</b>	<b>*Households Year 0</b>
	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Actual</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<b><u>Sanitation/sewerage: (above minimum level)</u></b>				
Flush toilet (connected to sewerage)				47 001
Flush toilet (with septic tank)	No data available	No data available	No data available	2 933
Chemical toilet				7 291
Pit toilet (ventilated)				33 514
Other toilet provisions (above min. service level)				39 002
<i>Minimum Service Level and Above sub-total</i>				129 741
<i>Minimum Service Level and Above Percentage</i>				88.1%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet				1 551

Other toilet provisions (below min. service level)				3 597
No toilet provisions				12 398
<i>Below Minimum Service Level sub-total</i>				17 546
<i>Below Minimum Service Level Percentage</i>				11.9%
<b>Total households</b>				<b>147 287</b>
<b>*Total number of households including informal settlements</b>				<i>T 3.2.3</i>

**Table 3.2.4**

<b>Households - Sanitation Service Delivery Levels below the minimum</b>				
<b>Description</b>	<b>Year -3</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Households</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<b>Formal Settlements</b>				
Total households				56 153
Households below minimum service level	No data available	No data available	No data available	2 313
Proportion of households below minimum service level				4%
<b>Informal Settlements</b>				
Total households				91 133
Households ts below minimum service level				15 231
Proportion of households ts below minimum service level				17%
				<i>T 3.2.4</i>

**Table 3.2.6**

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
<b>Service Objective</b>									
To develop a water and sanitation O&M plan by 31 Dec 2013	Effective Water and sanitation operation and maintenance				100% uptime at all plants	100%			
									<i>T 3.2.6</i>

**Table 3.2.7**

Employees: Sanitation Services				
Job Level	Year 0			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
Sanitation	283	71	212	75%
				<i>T 3.2.7</i>

**Table 3.2.10**

<b>COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:</b>
A business plan for the refurbishment of 38 waste water pump stations and bulk sewer line upgrades within the uThukela District Municipality at the cost of R138 078 146 was submitted to DWA but was not approved. The refurbishment of the Ladysmith and

Ezakheni water and waste water treatment works was approved by DWA to the amount of R10-million, but more funding is required to extend the initiative to other plants.

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

**Table 3.6.1**

#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

During the latter part of 2013/2014 financial year, the District obtained copies of the indigent register from the local municipalities and compiled a consolidated indigent register. This register however still needs to be verified before the free basic policy can be implemented and indigent consumers be fitted with water flow restrictors accordingly. Rural populations obtaining water from standpipes are not charged and are classified as receiving free basic services. Currently the indigent register reflex 1,551 indigent consumers.

**Table 3.6.4**

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	Variance to Budget
Water	24,638	19,289	23,901	23,873	19.20%
Waste Water (Sanitation)	-	-	-	-	-
Total	24,638	19,289	23,901	23,873	19.20%
					<i>T 3.6.4</i>



**Table 3.6.5**

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives  (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
To provide sustainable sanitation services to all residents	Number of households with sanitation provision				6500	2000			
	Number of households with sanitation provision in Emnambithi				2850	2043			
	Number of households with sanitation provision in uMtshezi				1700	450			
	Number of households with sanitation provision in Indaka				500	0			
	% of progress per quarter				70%	15%			
	Implementation of Capital projects				100%	83%			
<i>T 3.6.5</i>									

**Table 3.6.6**

<b>COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:</b>
The continued updating of the indigent register is a priority for the 2014/2015 financial year.

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

Table 3.10

### INTRODUCTION TO PLANNING AND DEVELOPMENT

#### Planning

This year saw the introduction of the new national Spatial Planning and Land Use Management Act (SPLUMA) (Act 16 of 2013), which will have consequences on the KwaZulu-Natal Planning and Development Act (PDA) (Act 6 of 2008). The Development Planning Shares Services (DPSS) have ceased to function for various reasons and during the review of the business plan, many local municipalities have indicated that capacitating internal staff is the preferred option for responding to the PDA. The local municipalities that are not in a position to capacitate internal staff will be assisted by uThukela in the interim.

Planning projects that have been initiated during the 2013/2014 financial year include the following:

- District Growth and Development Plan (DGDP), funded by COGTA, to support the Provincial Growth and Development Strategy
- Integrated Public Transport Network Plan, funded by Department of Transport
- Spatial Development Framework (SDF), funded internally, to be completed in December 2014.

#### Economic Development

The unit has been without a tourism person and only one Local Economic Development (LED) Officer, which has made implementation extremely difficult. A District Growth and Development Summit was held in September 2013 and the LED and Tourism Forum was revived and one meeting held in March 2014. After two failed tender attempts to appoint a service provider for the COGTA funded Masibumbaneni Poultry project, a service provider was appointed using Section 32 of the Supply Chain Management Regulations. Through COGTA funding the LED Strategy for the uThukela family of municipalities was developed and

concluded in June 2013. Extensive progress was made in the establishment of an uThukela Development Agency and a Feasibility Study was completed and presented to stakeholders in June 2013.

The opportunities in economic development include the establishment of the uThukela Development Agency and the hosting of an uThukela Carnival in partnership with the Okhahlamba Local Municipality. The appointment of staff will receive urgent attention and will result in the expenditure of the LED budget as contained in the IDP. It is also envisaged that the Masibumbaneni poultry project will be concluded and implemented during the upcoming year.

### 3.10 PLANNING

**Table 3.10.1**

<b>INTRODUCTION TO PLANNING</b>	
<p>Planning strategy include the revival of the Development Planning Shared Services (DPSS) to facilitate the rollout of SPLUMA and facilitate the requirements of the KZN PDA. The SDF and DGDP is to be completed by the end of 2014. Until such time as the DPSS is operational, support services will be rendered by the uThukela Town and Regional Planner and GIS Specialist.</p>	

**Table 3.10.2**

<b>Applications for Land Use Development</b>				
<b>Detail</b>	<b>Rezoning</b>		<b>Built Environment</b>	
	<b>Year -1</b>	<b>Year 0</b>	<b>Year -1</b>	<b>Year 0</b>
Planning application received	7	8	2	2
Applications withdrawn	0	0	0	0
				<i>T 3.10.2</i>

**Table 3.10.4**

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
	2	2	1	1	50%
					T 3.10.4

**Table 3.10.5**

Financial Performance Year 0: Planning Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>						
Expenditure:						
Employees	5,713	8,950	6,654	6,597	-35.67%	
Repairs and Maintenance						
Other	3,978	12,009	7,826	2,380	-404.58%	
<b>Total Operational Expenditure</b>	9,691	20,959	14,480	8,977	-133.47%	
<b>Net Operational Expenditure</b>	9,691	20,959	14,480	8,977	-133.47%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5.</i>						
<i>Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						
					T 3.10.5	

**Table 3.10.6**

Capital Expenditure Year 0: Planning Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Development Planning Shared Services	500 000	0	0	0%	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.10.6</i>	

**Table 3.10.7**

<b>COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:</b>
<p>The only planning related capital project was the Development Planning Shared Services (DPSS) initiative. It was anticipated that the DPSS will continue following the review of the business plan. However it was discovered that the partnering local municipalities had a mix response regarding this. Through the assistance from COGTA, the business plan was reviewed and discussions held with local municipalities. As most municipalities decided not to participate at this stage, it was resolved that support will be rendered through uThukela’s internal staff. This has resulted in the budget not being utilized and was removed during the mid-year review of the 2013/2014 budget.</p>

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

**Table 3.11.1**

<b>INTRODUCTION TO ECONOMIC DEVELOPMENT</b>

A grant of R1 000 000 was received from COGTA to benefit the best poultry performing co-operative in the Indaka Local Municipality. The implementation thereof has been very problematic as a responsive service provider could not be appointed following two tender processes. This resulted in a service provider being appointed through Section 32 of the Supply Chain Management Regulations.

Staff constraints played a huge part in the under expenditure of the uThukela LED budget, which has resulted in most of the LED budget not being utilized.

**Table 3.11.2**

<b>Economic Activity by Sector</b>			<b>R '000 000</b>
<b>Sector</b>	<b>2001</b>	<b>2006</b>	<b>2011</b>
Agriculture, forestry and fishing	425	619	946
Mining and quarrying	90	75	76
Manufacturing	1 917	2 389	2 857
Electricity, gas and water	333	378	402
Construction	184	249	394
Wholesale and retail trade, catering and accommodation	1 116	1 688	2 342
Transport, storage and communication	806	1 326	1 873
Finance, insurance, real estate and business services	833	1 433	2 069
Community, social and personal services	475	617	730
General Government	1 116	1 334	1 784
<b>Total</b>	<b>7 295</b>	<b>10 108</b>	<b>13 473</b>
			<i>T 3.11.2</i>

**Table 3.11.4**

<b>COMMENT ON LOCAL JOB OPPORTUNITIES:</b>
The uThukela District municipality is not always directly involved in job creation. As a district municipality we are involved in coordination and facilitation, however, some job opportunities are created through the Extended Public Works Programme and projects funded internally and externally.

**Table 3.11.5**

<b>Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created</b>	<b>Jobs lost/displaced by other initiatives</b>	<b>Net total jobs created in year</b>	<b>Method of validating jobs created/lost</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	
Masibumbaneni Poultry Project	18	0	18	Part of a Co-operation
				<i>T 3.11.5</i>

**Table 3.11.6**

<b>Job creation through EPWP* projects</b>		
<b>Details</b>	<b>EPWP Projects</b>	<b>Jobs created through EPWP projects</b>
	<b>No.</b>	<b>No.</b>
2011/2012	14	529
2012/2013	16	1 257
2013/2014	21	1 533
<i>* - Extended Public Works Programme</i>	<i>T 3.11.6</i>	

**Table 3.11.7**

Local Economic Development Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2
		Target	Actual	Target	Actual	Target	
<b>Service Objective</b>							
Develop LED Strategy	To develop and implement LED Strategy	Develop Strategy	Strategy Review underway	Complete reviewed Strategy	Strategy reviewed	Implement strategy	Implement strategy
Indaka Poultry Project	To complete the project	To complete project	Project Completed				
Masibumbaneni Poultry Project	To start implementation of the project	To appoint SP	Fencing Completed	To complete project	SP appointed	To complete project	
LED Forum	To revive the Forum	To guide Strategy review process	Meetings held with consultant	2 Forum meetings	1 Meeting held	4 meetings per year	4 meetings per year
<i>T 3.11.7</i>							

**Table 3.11.8**

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Deputy Director	1	1	1	0	0%
Assistant Director		1		1	33%
LED Officer	1	1	1	0	0%
<i>T 3.11.8</i>					



**Table 3.11.10**

<b>Capital Expenditure Year 0: Economic Development Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 0</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Masibumbaneni Poultry Project (COGTA Grant)	1 000	1 000	694	0%	1 000
					<i>T 3.11.10</i>

**Table 3.11.11**

<b>COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:</b>
<p>The only capital project that the uThukela LED Unit was involved in was the Masibumaneni poultry project, funded by COGTA to the amount of R1 000 000. The project had a troubled start as it was put out on tender twice and failed to make an appointment due to tenders not meeting the functionality criteria. In order to progress a Section 32 appointment was made. To date progress is slow and the scope of the project has been changed from layers to broilers.</p> <p>Many vacancies exists within the department, include a Manger Planning and LED and Tourism Officer. This has made implementation and involvement in local economic development very challenging. The expectation for the next financial year is to address the situation and to urgently appointment middle and junior staff. Projects for 2014/2015 include the development of an uThukela Manufacturing and Agricultural Sector Strategy, to host an uThukela Carnival, to host community workshops on LED awareness and training and to establish a District Development Agency.</p>

## **COMPONENT D: COMMUNITY AND SOCIAL SERVICES**

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

**Table 3.5.2**

<b>INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES</b>
<p>The uThukela District Municipality is involved with the following:</p> <ul style="list-style-type: none"><li>• Gender Issues</li><li>• The aged</li><li>• People with disabilities</li><li>• Youth</li></ul> <p>Committees are established to address the issues highlighted by the groups above and meet regularly. Several programmers are also completed during the year, but budget and staff constraints make it difficult to perform in all areas.</p>

### **3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES**

**Table 3.14.1**

<b>INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES</b>
<p>The social priorities are distributed across Gender Issues, the aged, people living with disabilities and youth. The following programs have been completed during the 2012/2013 financial year:</p> <ul style="list-style-type: none"><li>• Child protection week at Slokoza Primary School</li></ul>

- Dialogue between parents and learners at Imbabazane Local Municipality
- Closure of Women's day at Caravan Park Ladysmith
- Awareness on schools on Teenage Pregnancy
- Integrated School Health Program
- Awareness Campaign conducted on harmful cultural practices. Such as virginity testing, early marriage and female genital cutting
- Closure of Women celebration at Wimpy park (Umnambithi Local Municipality)
- Visits to children's home to educate adults about adoption and to experience the environment of the abandoned children
- Parental Responsibilities
- Counselling coverage for the prevention of HIV/AIDS
- Reclaiming the night event
- Program on women about savings plan
- Valentine day event for the Widows
- HPV – (Human Papilloma Virus) immunization on 9-year old children.
- Meeting with Women from Etholeni and street vendors to discuss savings tips
- Meeting all the chairperson of women's organizations across the district
- Baseline study on special school and develop an intervention plan
- Provision of learners assistive devices
- Awareness on Autism
- Rolling out of inclusive education in ECD officials and grade R teachers
- Conduct a program to identify learners with Autism at schools
- Community awareness for parents to come out with their disabled children
- Awareness campaign on grants

New section has been established under the directorate Social and Economic Services, named the Special Programs unit and will comprise officers for the following:

- Gender, Disabilities and Aged
- Sports
- HIV/AIDS Programs
- Youth Development

This will enhance the capacity of the two people currently involved in this unit.

**Table 3.14.4**

<b>Employees: Child Care; Aged Care; Social Programmes</b>					
<b>Job Level</b>	<b>Year -1</b>	<b>Year 0</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
Social Officer	1	5	1	4	80%
<i>T 3.14.4</i>					

**Table 3.14.7**

**COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:**

Given the fact that only one person is responsible for Gender Issues, the aged, people living with disabilities and youth, the section has performed exceptionally well given the amount of work that was achieved. The expansion of the section under the Special Programs unit will double the capacity of the unit and is expected to improve performance even further.

**COMPONENT E: ENVIRONMENTAL PROTECTION**

This component includes: pollution control; biodiversity and landscape; and costal protection.

**Table 3.15**

**INTRODUCTION TO ENVIRONMENTAL PROTECTION**

Environmental protection includes practices of protecting our natural environment on individual, organizational or governmental levels for both the natural environment and humans. This includes protection of water, wetlands, flora and fauna species, catchments, river streams as well as ecosystem services. In order to protect this the following measures should be taken into consideration:

- Prevention of pollution and environmental degradation
- Promotion of biodiversity conservation on environment through environmental best practices
- Securing ecologically sustainable development and better use of our natural resources while promoting justifiable economic and social development.

It should be indicated that during this financial year there was no budget allocated by the municipality on environmental protection programs as it was not prioritized. However funding was made available from Department of Environment Affairs to develop and

Environmental Management Framework (EMF) which has a major role in environmental protection. This framework incorporates the completed Natural Resources Management Plan (NRMP). The EMF project is currently at the final phase of its development.

**Environmental Protection and Infrastructure Projects:**

The following projects were funded by Department of Environmental Affairs through the Local Government Support official seconded by DEA at uThukela DM:

- Zithande Wimpy Park (Open Space Management focus area) completed allocation of R5.1 million (Ladysmith LM)
- Mazibuyele Emasisweni (Working for Land focus area) still under planning (EIA process) with an allocation of R 13 million (Imbabazane LM)

**Environmental Protection and Infrastructure Projects to be implemented 2014-2015:**

- Umtshezi Street Cleaning (Umtshezi LM) with allocation of R 5 million
- Rehabilitation of Existing Park (at Umtshezi LM) with an allocation of R 5.5 million
- Okhahlamba Landfill site (Okhahlamba LM) with an allocation of R17 million
- Basingatha Lodge (Okhahlamba LM) with an allocation of R15.5 million
- Mnambithi Goes Green (Emnambithi LM) with an allocation of R 6 million
- Youth Jobs on Waste project in all local municipalities within uThukela DM

The above mentioned projects funded by DEA are meant for the following:

- Poverty Eradication
- Skills Development
- Best Environmental Management Practices
- Development of SMMEs

Due to a lack of human and financial capacity the municipality failed to carry out all its planned and intended environmental programs in this financial year. Some outstanding projects include the intensifying of environmental management education and awareness campaigns and the development of environmental management tools.

### 3.15 POLLUTION CONTROL

**Table 3.15.1**

#### INTRODUCTION TO POLLUTION CONTROL

The main drive for pollution control is the sampling of waste water to ensure that the water that are reintroduced into the environment after being treated at our waste water treatment plants are no damaging to the environment and downstream users. To this end frequent water samples are taken from our waste water treatment plants and send to our laboratory for testing. Should a problem be identified, the matter is reported to the Water Services Provider, located in the Water Services Department.

**Table 3.15.2**

#### SERVICE STATISTICS FOR POLLUTION CONTROL

##### **Water Quality Monitoring:**

We have developed a sampling programme and staff have ensured adherence by monitoring all the plants within the District. We are in a process of opening an account with National Health Laboratory to be able to analyze Moore pads for monitoring cholera in rivers. Please find here attached with a sampling monitoring plan. All health failure results were referred to WSP for their intervention however health education was conducted with the affected communities. Training is required for staff in Water Plants and refurbishment of old structures is also recommended.

### Sampling Programme – Waste Water

Plant	Frequency
Ezakheni WWTP - Outflow - Upstream - Downstream	Twice a month
Ladysmith WWTP - Outflow - Upstream - Downstream	Twice a month
Winterton WWTP - Outflow - Upstream - Downstream	Once a month
Bergville WWTP - Outflow - Upstream - Downstream	Once a month
Ekuvukeni WWTP - Outflow - Upstream - Downstream	Twice a month
Wembezi Ponds - Outflow - Upstream - Downstream	Twice a month
Estcourt WWTP - Outflow - Upstream - Downstream	Twice a month
Colenso WWTP - Outflow - Upstream - Downstream	Once a month
Winterton WWTW - Outflow - Upstream - Downstream	Once a month
Weenen Ponds	Once a month



**Table 3.15.3**

Pollution Control Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
<b>Service Objective: To promote a safe and healthy environment for the communities of the district</b>									
Regular sampling of potable water	Routine Sampling - 1792 samples taken.	N/A	465		Routine Sampling - 1792 samples taken.				
Regular sampling of potable water	All water samples analysed	N/A	100		All water samples analysed				
Operational monitoring of the quality of water (blue drop)	55%	N/A	50.75		55%				
									<i>T 3.15.3</i>

**Table 3.15.4**

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Various		27	25	2	7.4%
Total		27	25	2	7.4%
<i>T 3.15.4</i>					

**Table 3.15.7**

**COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:**

The staff from the Provincial Government have been integrated into the Environment Health section of the uThukela District Municipality and the organogram reviewed to gear the section towards service delivery. We acknowledge that much more needs to be done to ensure a safe environment for all to enjoy now and for future generations, but the progress made during this financial year to establish a unit that can address the needs of the environment are encouraging.

**3.19 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION; ETC.**

**Table 3.19.1**

**INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC**

The components of Municipal Health Services are as follows and the 3 top priority indicators was on water quality monitoring, food safety and surveillance of premises as it cuts across all competencies through inspections.

- Water quality monitoring
- Food control
- Waste management
- Health surveillance of premises
- Surveillance and prevention of communicable diseases excluding immunisation
- Vector control
- Environmental pollution control
- Disposal of the dead

➤ Chemical safety

### Drinking Water Quality Monitoring Program

Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Emnambithi/Ladysmith Ladysmith Town</b>	Treatment works	final	1 x week	KZUTEM 001
	Cove Crescent Reservoir	storage	1 x week	KZUTEM 020
	Observation Hill Reservoir	storage	1 x week	KZUTEM 015
	Cannon Road Reticulation	point of use	1 x week	KZUTEM 004
	Lynwood Reticulation	point of use	1 x week	KZUTEM 011
	Modelkloof Reticulation	point of use	1 x week	KZUTEM 021
	NN Alarms Reticulation	point of use	1 x week	KZUTEM 014
	Provincial Hospital Reticulation	point of use	1 x week	KZUTEM 019
	St Chads (Linda's Tavern) Reticulation	point of use	1 x week	KZUTEM 022
	Steadville Clinic Reticulation	point of use	1 x week	KZUTEM 023
Van Riebeeck Park Reticulation	point of use	1 x week	KZUTEM 025	
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Emnambithi/Ladysmith Ezakeni</b>	Treatment Works	final	1 x week	KZUTEM 002
	Maidens Castle Reservoir	storage	1 x week	KZUTEM 012
	Rosehill Reservoir	storage	1 x week	KZUTEM 006
	Weltevrede Reservoir	storage	1 x week	KZUTEM 018
	E Section reticulation	point of use	1 x week	KZUTEM 007
	Ithala Dev Corporation reticulation	point of use	1 x week	KZUTEM 010
	Police Station reticulation	point of use	1 x week	KZUTEM 016
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Emnambithi/Ladysmith Colenso</b>	Treatment Works	final	2 x month	KZUTEM 005
	Berea Towers Reservoir	storage	2 x month	KZUTEM 003
	Extension 3 Reticulation	point of use	2 x month	KZUTEM 008
	Inkanyezi Reticulation	point of use	2 x month	KZUTEM 009
	Tugela Vale Reticulation	point of use	2 x month	KZUTEM 024
	UDM Office Reticulation	point of use	2 x month	KZUTEM 017
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Umtshezi Archie Rodel</b>	Treatment works	final	3 x month	KZUTUM 002
	Bacon Factory reservoir	storage	3 x month	KZUTRE 001
	Forderville reservoir	storage	3 x month	KZUTRE 002

	Papkuil reservoir	storage	3 x month	KZUTUM 005
	Forderville reticulation	point of use	3 x month	KZUTUM 003
	Municipal Buildings reticulation	point of use	3 x month	KZUTUM 013
	Papkuil reticulation	point of use	3 x month	KZUTUM 006
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Umtshezi George Cross</b>	Treatment works	final	3 x month	KZUTUM 001
	Wembezi reservoir	storage	3 x month	KZUTUM 010
	Drakensview Primary reticulation	point of use	3 x month	KZUTUM 027
	Gerrys Motors reticulation	point of use	3 x month	KZUTUM 004
	Wembezi Clinic reticulation	point of use	3 x month	KZUTUM 011
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Umtshezi Weenen Town</b>	Treatment works	final	1 x month	KZUTUM 009
	Municipal Building reticulation	point of use	1 x month	KZUTUM 017
	UDM Office reticulation	point of use	1 x month	KZUTUM 018
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Okhahlamba Bergville Town &amp; Surround</b>	Treatment works	final	2 x week	KZUTOK 003
	Hambrook	final	1 x week	KZUTOK 015
	Rookdale reservoir	storage	2 x week	KZUTRE 003
	Woodford reservoir	storage	2 x week	KZUTRE 008
	Hambrook reticulation	point of use	1 x week	KZUTOK 016
	Okhahlamba Mun Off reticulation	point of use	2 x week	
	Rookdale reticulation	point of use	2 x week	KZUTOK 011
	Woodford reticulation	point of use	2 x week	KZUTOK 014
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Okhahlamba Langkloof</b>	Treatment works	final	1 x month	KZUTOK 007
	General Dealer reticulation	point of use	1 x month	KZUTOK 005
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Okhahlamba Moyeni / Zwelisha</b>	Treatment works	final	2 x month	KZUTOK 009
	A reservoir	storage	2 x month	KZUTOK 001
	B reservoir	storage	2 x month	KZUTOK 002
	C reservoir	storage	2 x month	KZUTOK 018
	Car Wash reticulation	point of use	2 x month	KZUTOK 004

	Masizini Clinic reticulation	point of use	2 x month	KZUTOK 019
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Okhahlamba Winterton Town, Khetani</b>	Treatment works	final	2 x month	KZUTOK 013
	Khetani Bulk reservoir	storage	2 x month	KZUTOK 017
	Khetani reticulation	point of use	2 x month	KZUTOK 006
	Library reticulation	point of use	2 x month	KZUTOK 008
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Indaka Ekuvukeni Township</b>	Treatment works	final	2 x month	KZUTIN 005
	Limehill reservoir	storage	2 x month	KZUTRE 004
	Mbulwane reservoir	storage	2 x month	KZUTIN 003
	Petronella reservoir	storage	2 x month	KZUTIN 010
	Rockcliff reservoir	storage	2 x month	KZUTRE 005
	Zandbult reservoir	storage	2 x month	KZUTIN 008
	Limehill reticulation	point of use	2 x month	KZUTIN 002
	Mbulwane reticulation	point of use	2 x month	KZUTIN 004
	Rockcliff reticulation	point of use	2 x month	KZUTIN 006
Zandbult reticulation	point of use	2 x month	KZUTIN 009	
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Indaka Tugela Estate</b>	Treatment works	final	1 x month	KZUTUM 015
	Tugela Estate reservoir	storage	1 x month	KZUTUM 016
	Sahlumbe reticulation	point of use	1 x month	KZUTUM 014
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Imbabazane Loskop</b>	Treatment works 1	final	2 x month	KZUTIM 004
	Treatment works 2	final	2 x month	KZUTIM 009
	Ezakhiweni reservoir	storage	2 x month	KZUTIM 007
	Opposite Bata reservoir	storage	2 x month	KZUTIM 006
	Nkomazini reticulation	point of use	2 x month	KZUTIM 005
	Shoe Factory	point of use	2 x month	KZUTIM 001
	Thalimpilo Centre	point of use	2 x month	
Supply System	Sample Site	Type	Frequency	Sample Point ID
<b>Imbabazane Loskop Rural</b>	Emanjokweni 1 (abstraction)	point of use	quarterly	KZUTIM 019
	Emanjokweni 2 (abstraction)	point of use	quarterly	KZUTIM 020
	Emanjokweni 3 (abstraction)	point of use	quarterly	KZUTIM 021

	KwaMkhize (abstraction)	point of use	quarterly	KZUTIM 022
	Ntsonga 1 (abstraction)	point of use	quarterly	KZUTIM 023
	Ntsonga 2 (abstraction)	point of use	quarterly	KZUTIM 024
	Ntsonga 3 (abstraction)	point of use	quarterly	KZUTIM 025
	Engodini	point of use	1 x month	KZUTIM 001
	KwaVala	point of use	1 x month	KZUTIM 003

### Food Quality Monitoring:

As per statistical report 648 premises had been issued with a COA. Ongoing training and education of food safety were done and still to be conducted as per identified problem/s. We are half way in completing a database for all food premises within the District. We have forged partnership with the Emnambithi LED section as there is a greater linkage in functions around compliance. We are in a process of involving other local municipalities.

### Challenge:

One of the biggest obstacles is that all EHP's does not have peace officer's course and Environmental Management inspection course that will grant them more powers to prosecute. This will also help in revenue generation for the organization. These two courses are compulsory and should be done by an accredited service provider.

**Table 3.19.2**

<b>SERVICE STATISTICS FOR HEALTH INSPECTION, Et</b>	
<b>MUNICIPAL HEALTH SERVICES ANNUAL STATISTICAL REPORT</b>	
<b>TYPE OF MEETINGS</b>	<b>NO. OF MEETINGS</b>
Management meetings	35
Staff meetings	12
Community meetings	3
Provincial meetings	12

National meetings	0
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## MEETINGS

## SKILLS DEVELOPMENTS

TYPE OF TRAINING RECEIVED	NO.	NO. OF STAFF
Workshops	6	12
Conferences	0	
Courses	6	12

## COMPLAINTS

NATURE OF COMPLAINT	NO.	NO. INVESTIGATED	NO. SATIS	NO. UNS
Sewer overflow	84	84	64	20
Water Leakage	36	36	28	8
Littering	28	28	20	8
Vegetation overgrowth	32	32	20	12
Water pollution	24	24	20	4
Air pollution	8	8	8	0
Other				
<b>Total</b>	<b>212</b>	<b>212</b>	<b>160</b>	<b>52</b>

## FOOD PREMISES INSPECTION

DESCRIPTION	NO.OF INSPECTIONS	NO.SATIS	NO. UNSATIS
General dealer	176	152	24
Take away	100	84	16
Restaurant	168	140	28
Supermarket	64	48	16
Dairies	48	36	12
Butcheries	60	52	8
<b>INFORMAL</b>			
Spaza shops	32	16	16
Street vendors	144	120	24
<b>Total</b>	<b>792</b>	<b>648</b>	<b>184</b>
<b>FOOD CONDEMNATION</b>	<b>48</b>	<b>16 800KG</b>	

**COMMERCIAL PREMISES**

DESCRIPTION	NO	NO. SATIS	NO. UNSATIS
Funeral undertakers	56	40	16
Private general practitioners premises	104	96	8
Pharmacies	36	36	0
Hazardous substances premises	12	12	0
Crematoria	4	4	0
Dry cleaners/laundry	12	8	4
Scrapyard	12	8	4
Sand winning	12	12	0
Hotels/motels	28	20	8
Bed & breakfast	112	108	4
<b>Total</b>	<b>388</b>	<b>344</b>	<b>44</b>

**INDUSTRIAL PREMISES INSPECTION**

DESCRIPTION	NO.	NO. SATIS	NO. UNSATIS
Asphalt works	4	4	0
Gas works	8	8	0
Metal products	8	8	0
Paint or surface coating	4	4	0
Spray painting	24	20	4
Welding	8	8	0
Clothing manufacture	16	16	0
Footwear manufacture	8	8	0
Milling	12	8	4
Quarry	4	4	4
Rubber moulding	4	4	0
Timber manufacturing	8	8	0
Textile works	12	12	0
Waste collection	20	16	4
Petro chemical installation	16	16	4
<b>Total</b>	<b>156</b>	<b>144</b>	<b>12</b>

**INSTITUTIONAL PREMISES INSPECTION**

DESCRIPTION	NO.	NO. SATIS	NO. UNSATIS
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Clinics	48	44	4
Hospitals	16	12	4
Crèches	72	56	16
Schools	232	200	32
Children's homes	8	8	0
Place of safety	-	-	-
Rehabilitation centres	-	-	-
Old age homes	12	8	4
Police stations	16	16	0
Prisons	12	12	0
Magistrate courts	12	12	0
Churches	32	32	0
Town/community halls	24	24	0
<b>Total</b>	<b>484</b>	<b>424</b>	<b>60</b>

#### RESIDENTIAL PREMISES INSPECTION

DESCRIPTION	NO.	NO. SATIS	NO. UNSATIS
Formal dwelling units	376	356	20
Informal dwelling units	96	80	20
Other specify			
<b>Total</b>	<b>472</b>	<b>436</b>	<b>36</b>

#### OTHER PREMISES

DESCRIPTION	NO.	NO. SATIS	NO. UNSATIS
Abattoirs	4	4	0
Cemeteries	16	16	0
Kennels	4	4	0
Stables	4	4	0
Piggeries	-	-	-
Poultres	-	-	-
Swimming pools	20	20	0
Farms/small holdings	12	12	0
Other specify			
<b>Total</b>	<b>60</b>	<b>60</b>	<b>0</b>

## SURVEILLANCE AND CONTROL OF COMMUNICABLE DISEASES

DESCRIPTION	NO OF NOTIFICATIONS RECEIVED	NO. INVESTIGATED	NO. OF PERSONS AFFECTED
Cholera	-	-	-
Typhoid	-	-	-
Diarrhoea	-	-	-
Malaria	-	-	-
Paraffin poisoning	-	-	-
Chemical poisoning	-	-	-
Pesticide poisoning	-	-	-
Rabies/dog bite investigation	8	8	8
Tuberculosis	-	-	-
Other specify			
<b>Total</b>	<b>8</b>	<b>8</b>	<b>8</b>

## HEALTH EDUCATION/ PROMOTION ACTIVITIES/EVENTS

TOPIC/THEME/NAME OF EVENT	AREA/PLACE HELD	NO. OF AUDIENCE
World AIDS Day	Wembezi	±5000
National Water Week	Ezakheni	±3000

## OTHER ACTIVITIES

DESCRIPTION	NO.
Imported consignments	0
License applications comments	68
Scrutinising of Plans	248
Prosecutions	0
Development applications (PTB) HEALTH CERTIFICATES	20
<b>OTHER</b>	
<b>TOTAL</b>	<b>336</b>

## FOOD SAMPLING REPORT – JANUARY 2014 – MARCH 2014

FOOD SAMPLE	NUMBER	ANALYSIS	NO. COMPLETED	NO. DID NOT COMPLY
Milk	84	Bacto	52	32

**Comments:**

The 32 milk samples that did not comply are raw mild which will be further processed by the larger dairies and will then be sold for human consumption.

**Table 3.19.3**

Health Inspection and Etc Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
To promote a safe and healthy environment for the communities of the district	Number of premises inspected				600 premises inspected.	210			
	Number of food stuffs sampled (Milk Products)				40 food samples sampled.	10			
	Number of promotional events and community awareness events held				3 Promotional Events	No events held			
									T 3.19.3

**Table 3.19.4**

Employees: Health Inspection and Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	21	35	31	4	11.4%
					<i>T 3.19.4</i>

**Table 3.19.5**

Financial Performance Year 0: Health Inspection and Etc					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0%
Expenditure:					
Employees	4,987	9,461	9,104	8,990	-5.24%
Repairs and Maintenance	0	25	25	4	-525.0%
Other	272	1,236	1,329	2,276	45.69%
<b>Total Operational Expenditure</b>	5,259	10,722	10,458	11,270	4.86%
<b>Net Operational Expenditure</b>	5,259	10,722	10,458	11,270	4.86%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					<i>T 3.19.5</i>

**Table 3.19.6**

Capital Expenditure Year 0: Health Inspection and Etc						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	200	0	0			
Waste Disposal Site – Feasibility Study	100	0	0			
Implement Health & Safety Program	100	0	0			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.19.6

**Table 3.19.7**

<b>COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc OVERALL:</b>
<p>The staff from the Provincial Government was successfully integrated into uThukela and will go a long way to address the previous lack of staff. The work of this section is acknowledged will go a long way to meet the targets set out in the IDP and SDBIP. Target were met for each quarter as captured in the 2013/2014 SDBIP.</p>

### 3.22 OTHER (DISASTER MANAGEMENT)

**Table 3.22.1**

<b>INTRODUCTION TO DISASTER MANAGEMENT</b>
<p><b>Disaster Management</b></p> <p>The Disaster Management Section has been without staff for the majority of 2013/2014, which has made the response to disaster very problematic. COGTA has however stepped in and assisted and seconded of two personnel to assist. The newly approved organogram has made provision for 8 disaster management staff and the construction of a new disaster management centre is well underway.</p>

**Table 3.22.2**

<b>SERVICE STATISTICS FOR DISASTER MANAGEMENT</b>
<p><b>Disaster Management</b></p> <p>Types of incidents experienced:</p> <ul style="list-style-type: none"><li>• Heavy rains</li><li>• Lightning</li><li>• Strong winds</li><li>• Fires</li></ul> <p>Number of incidents experienced: 229</p> <p>Households affected: 856</p> <p>People affected: 5 247</p> <p>Fatalities: 6</p>

Injuries: 25

Workshops held: 7 and 8 November 2013

**Table 3.22.3**

Disaster Management Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
<b>Service Objective: To establish a functional Disaster Management Centre</b>									
Review of the disaster management plan	Reviewed Disaster management plan	Approved Disaster Management Plan	No progress – insufficient funds		Review and Implement the disaster management plan				
Establishment of the disaster management centre	Established disaster management centre	Disaster Management Centre Constructed	Construction in progress		Established disaster management centre				
	100% response to all reported incidents	100% responses to incidents	100% achieved		100 % response to all reported incidents				
Recruitment of staff	All staff recruited	All vacancies filled	Not achieved						
<i>T 3.22.3</i>									

**Table 3.22.4**

Employees: Disaster Management		
Job Level	Year -1	Year 0

	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Disaster	0	8	0	8	100%
<i>T 3.22.4</i>					

**Table 3.22.6**

Capital Expenditure Year 0: Disaster Management						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	3,000	1,400	352	-752.27%		
Emergency Disaster Provision Expenditure	3,000	1,400	352	-752.27%		
District Disaster Centre	6,400	6,400	1,485	-330.98%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						
<i>T 3.22.6</i>						

**Table 3.22.7**

<b>COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT:</b>
<b>Disaster Management</b>



The Disaster Management Section has been without staff for the majority of 2013/2014, which has made the response to disaster very problematic. COGTA has however stepped in and assisted and seconded of two personnel to assist. The newly approved organogram has made provision for 8 disaster management staff and the construction of a new disaster management centre is well underway.

## **COMPONENT H: SPORT AND RECREATION**

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

**Table 3.23**

### **INTRODUCTION TO SPORT AND RECREATION**

The uThukela Sport and Recreation section is manned by a Sport and Youth Officer. His duties include mostly sport promotion and development and as such is responsible for the Mayoral Cup and the SALGA Games, both annual events. Apart from the two mayor events, general promotion and organization of various sporting federation takes up a lot of this individual' time. Budgets not utilized for the main events, are used to support underprivileged sporting codes. In the upcoming financial year, an assistant director will head up Special Programs and this section will be reporting to this section head.

## **3.23 SPORT AND RECREATION**

**Table 3.23.1**

### **SERVICE STATISTICS FOR SPORT AND RECREATION**

In the 2013/2014 financial year R2 000 000 was budgeted for Sports Programs and R2 500 000 for the SALGA Games. In the adjustment budget, the Sports Programme budget was increased to R2 500 000.

**Table 3.23.2**

Sport and Recreation Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Target	Target
<b>Service Objective</b>						
SALGA Games	Hosting of event	1	1	1	1	1
Mayoral Cup	Hosting of event	1	1	1	1	1
						<i>T 3.23.2</i>

**Table 3.23.3**

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Sports Officer	1	1	1	0	0%
<i>T 3.23.3</i>					

**Table 3.23.6**

**COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:**

The Sports budget is used mainly on the SALGA Games and Mayoral Cup, two annual events, and none is allocated towards sports promotion and development. Please note that the funds set aside for Sports Programmers are used to host the Mayoral Cup and that the lack of budget to develop sports is largely due to budget constraints. This situation cannot be addressed unless more funding is made available to uplift struggling sporting federations.

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services and property services.

**Table 3.24.2**

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL							
Councillors, Committees Allocated and Council Attendance							
Council Members	Party Represented	Full Time / Part Time	Committees Allocated	Attendance	Apologies	Non-Attendance	No. of meetings called
Mazibuko DCP (Ms)	ANC	Full Time	Council; EXCO; Finance and Budgeting Committee	27	6	3	36
Hlubi MG	ANC	Part Time	Council; Fin and Budget, Corp Dis, Health & Environment. Committees	24	4	3	31
Sibiya NW	ANC	Part Time	Council; EXCO; Youth Gender Sport & Recreation; LLF	23	3	1	27
Mazibuko AS	ANC	Full Time	Council; EXCO; Water, Sanitation & Infrastructure; LLF	33	2	0	35
Mkhize MA	ANC	Part Time	Council; Corporate Dis, Health and Environmental Serv.	19	0	0	19
Banda D	ANC	Part Time	Council; Corporate Disaster Health and Env Serv.	2	0	13	15
Jeebodht JMB	ANC	Full Time	Council;	12	0	0	12
Hadebe NM	IFP	Part Time	Council; Water, Sanitation & Infrastructure	12	0	0	12
Sibisi SB	IFP	Part Time	Council; Finance & Budgeting; MPAC	13	2	6	21
Ntshaba MJ	IFP	Part Time	Council; EXCO; Strat, Plan, Econ Dev & Tourism	31	0	1	32
Shelembe ML	NFP	Full Time	Council; EXCO; Corp, Dis, Health & Env	7	14	6	27
Mlotshwa VR	NFP	Part Time	Council; Water, Sanitation & Infrastructure; LLF	4	0	14	18
Sibisi ZJ	DA	Part Time	Council	11	1	1	13

Shabalala TP	ANC	Part Time	Council	3	0	9	12
Hlomuka NM	ANC	Part Time	Council; Water, Sanitation & Infrastructure; MPAC	19	1	0	20
Mlotshwa ML	ANC	Part Time	Council; Finance & Budgeting	22	0	0	22
Zwane ML	ANC	Part Time	Council; Strategic, Plan, Econ. Dev. & Tourism	18	1	0	19
Mazibuko BC	ANC	Part Time	Council; Strategic, Plan, Econ. Dev. & Tourism; LLF	16	0	4	20
Cele TM	DA	Part Time	Council; MPAC	10	1	1	12
Madonsela BR	IFP	Part Time	Council; Corp. Dis. Health and Env. Services	16	1	2	19
Xaba T	NFP	Part Time	Council, Youth, Gender, Sport and Recreation	19	0	0	19
Mbatha ME	ANC	Part Time	Council, Youth, Gender, Sport and Recreation	14	4	2	20
Zikalala NL	ANC	Part Time	Council; Strategic, Plan, Econ. Dev. & Tourism; LLF	17	3	0	20
Ngubane M	IFP	Part Time	Council, Youth, Gender, Sport and Recreation	7	3	10	20
Magubane SD	ANC	Part Time	Council, Youth, Gender, Sport and Recreation; Finance & Budget	14	5	10	29
Vilakazi KV	IFP	Part Time	Council	5	1	6	12
Mabizela BC	ANC	Part Time	Council; Water, Sanitation & Infrastructure;	14	0	6	20
Sikhakhane SG	IFP	Part Time	Council; Strategic, Plan, Econ. Dev. & Tourism; LLF	9	3	7	19
Hadebe MW	NFP	Part Time	Council	8	1	3	12
Sithole SJ	ANC	Part Time	Council; Water, Sanitation & Infrastructure; MPAC	15	1	4	20
Nqubuka TY	IFP	Part Time	Council	4	3	2	9
Shelember T	NFP	Part Time	Council, Youth, Gender, Sport and Recreation	7	4	3	14
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>							

**Table 3.24.5**

Financial Performance Year 0: The Executive and Council					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	164,741	37,743	37,743	37,743	0.00%
Expenditure:					
Employees	4,520	5,094	5,011	4,354	-20.00%
Repairs and Maintenance	28	50	50	39	-28.21%
Other	3,845	26	44,817	45,586	9.94%
<b>Total Operational Expenditure</b>	8,393	5,170	49,878	49,979	89.66%
<b>Net Operational Expenditure</b>					
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.24.5					

**Table 3.24.6**

Capital Expenditure Year 0: The Executive and Council					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All (Mayoral Vehicle, office furniture and extended cab LDV)	800	611	339		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.24.6					

**3.25 FINANCIAL SERVICES**

**Table 3.25.1****INTRODUCTION FINANCIAL SERVICES**

The Financial Services Department operated without a CFO for the first half of the financial year. The Senior Manager for Finance was only appointed in March 2014. The following objectives were detailed in the 2013/2014 uThukela IDP:

- To ensure effective management of budgeting process (realistic & credible)
- Advance and maintain the financial viability of the municipality
- Improve the financial performance of the municipality
- Optimise budget implementation in the municipality

Measured introduced to increase performance is the introduction of Middle management performance agreements and performance scorecards, monthly reporting of activities and improved credit control strategies. An action plan was developed to address prior year Auditor-General queries. One of the main efficiencies achieved was a draft set of financial statements, which was produced by the end of April 2014. Another was the submission budget and adjustment budget within the prescribed period.

**Table 3.25.2**

Debt Recovery								R' 000
Details of the types of account raised and recovered	Year -1		Year 0			Year 1		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %	
Property Rates	-	-	-	-	-	-	-	
Electricity - B	-	-	-	-	-	-	-	
Electricity - C	-	-	-	-	-	-	-	

Water - B			171,717	68,561	39.93%		
Water - C	Included above	Included above	Included above	Included above	Included above	Included above	Included above
Sanitation	Included above	Included above	Included above	Included above	Included above	Included above	Included above
Refuse	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-

*B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.*

*T 3.25.2*

**Table 3.25.3**

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
				Previous Year	Current Year		Current Year	Current Year	Following Year
To ensure effective management of budgeting process (realistic & credible)	Compliance with MFMA circular 42	Full compliance	Full compliance						
Advance and maintain the financial viability of the municipality	Approved fully funded Operating & Capital Budget for 2014/2015 by deadline	Prepare 2014/2015 final budget & submit for approval	Annual Budget adopted by 28 May 2014						
	Amount of revenue collected	60%	36%						
	Percentage of annual collectors rate/debt coverage (Reg 10(g)(i))	45%	33.37%						
	Ratio of cash/cost coverage of monthly fixed operating commitments (Reg 10(g)(iii))	3	Still to Determine %						

	Amount value of invoices billed(Percentage of consumption billed )	100%	100%						
	Percentage of creditors paid on time	95%	98%						
Improve the financial performance of the municipality	Reduction in the amount of irregular, fruitless and wasteful expenditure	10%	10%						
	Approved fraud prevention plan	N/A	Submitted for approval but council required workshop						
	Approved SCM Policy	n/a	SCM Policy adopted in fourth quarter						
	Monthly SCM reports	3	3						
	Approved Investment Policy	n/a	Completed in Q1						
	Approved budget policy	n/a	Completed in Q1						
Optimise budget implementation in the municipality	Percentage of total municipal operating budget spent	25%	18%						
	Percentage of total municipal capital budget spent	25%	40%						
	Approved Indigent Policy	Approved Policy in place by 30 June 2014	Completed in Q1						
	Submission of quarterly Budget Implementation Reports	1	1						
T 3.25.3									



**Table 3.25.4**

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Various		91	52	39	43%
Total					
<i>T 3.25.4</i>					

**Table 3.25.5**

Financial Performance Year 0: Financial Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	649,229	241,407	242,554	233,322	-3.47%	
Expenditure:						
Employees	7,498	21,668	15,275	13,966	-55.15%	
Repairs and Maintenance						
Other	1,147	4,697	8,294	8,431	44.29%	
<b>Total Operational Expenditure</b>	8,645	26,365	23,569	22,397	-17.72%	
<b>Net Operational Expenditure</b>	8,645	(215,042)	(218,985)	(210,925)	-1.95%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						
<i>T 3.25.5</i>						

**Table 3.25.6**

Capital Expenditure Year 0: Financial Services
--

R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	160	75	58	-175.86%	
Laptop Interns	75	47	47	-59.57%	
Office Furniture	75	11	6	-1 150.00%	
Office Equipment	10	16	5	-100.00%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
<i>T 3.25.6</i>					

### 3.26 HUMAN RESOURCE SERVICES

Table 3.26.1

<b>INTRODUCTION TO HUMAN RESOURCE SERVICES</b>		
<b>Employment equity:</b>		
The workforce representation at uThukela District Municipality is as follows:-		
Target Group	Levels of Representation	% total workforce
Africans	576	94.58 %
Coloureds	2	0.328 %
Indians	17	2.791 %
Whites	14	2.298 %
<b>TOTALS</b>	<b>609</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.		
All senior management positions have been filled, and one of the newly appointed senior managers, the Chief Financial Officer, is a female.		

**Skills Development and Training:**

Staff that received training in the year 13/14 equal to 65 with a total cost of R 564 951.00.

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

The Municipality has trained 35 employees in plumbing using the local Emnambithi FET College; 58 employees in Senior Management and the Financial Services department have been enrolled for the Compliance Municipal Finance Management Programme. Sixteen have already completed, while 35 are still in pursuit of the qualification.

Eight municipal employees have enrolled in distance learning using the Municipality's Study Grant Scheme.

**Staff Structure:**

<b>Total Number of Staff Per Department</b>	
Municipal Manager	20
Financial Services	77
Corporate Services	30
Strategic Planning And Economic Services	51
Water And Sanitation Services Department	301
Infrastructural Development	7

**Skills Level of Education:**

<b>NQF1</b>	<b>NQF2</b>	<b>NQF3</b>	<b>NQF4</b>	<b>NQF5</b>	<b>NQF6</b>	<b>NQF7</b>	<b>NQF8</b>	<b>NQF9</b>	<b>NQF10</b>
58	72	57	242	65	57	12	1	2	10

**Number of Employees Belonging to Pension Funds:**

Natal Joint Municipal Pension Fund	463
Government Pension Fund	70
Sala	1

**Number of Employees on Medical Aid Schemes:**

Global Health	41
La Health	43
Bonitas	63
Hosmed	2
Samwumed	11

**Table 3.26.3**

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
<b>Service Objective</b>									
To improve service delivery and the image of the DM	7 vacant and budgeted positions filled				7	None			
	6 performance agreements signed for filled S54/56 posts				6	6			
	5 of critical posts filled				5	5			
To embark on skills development and capacity building	Adopted training program by 30 September 2013				Training Program	Implementation in pursuit			
	Adopted skills development plan by end of march 2014				Skills Development Plan	WSP submitted to the department of labour			
	100% of budget spent on implementation of WSP				100%	Budgeted employees trained			
Strengthen and improve employment equity in the municipality	10 people form employment equity target groups employed in the three highest levels of management in compliance with approved equity plan				10	5			
	1 women appointed in S54/56 posts				1	1			
<i>T 3.25.3</i>									

**Table 3.26.4**

<b>Employees: Human Resource Services</b>
---

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Various		7	3	4	57%
Managers	22	42	22	20	47%
Professionals	46	76	46	30	39%
Technicians	40	154	40	114	74%
Clerical and Admin Workers	71	141	71	70	61%
Machinery Operators/Drivers	43	71	43	28	39%
Elementary Workers	385	400	385	15	3%
					T3.26.4

**Table 3.26.5**

Financial Performance Year 0: Human Resource Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	–	–	–	–	0%	
Expenditure:						
Employees	20,800	15,292	17,917	17,336	11.79%	
Repairs and Maintenance	739	1,016	466	181	-461.33%	
Other	(24,135)	5,667	10,332	8,745	352.17%	
<b>Total Operational Expenditure</b>	(2,596)	21,975	28,715	26,262	16.32%	
<b>Net Operational Expenditure</b>	(2,596)	21,975	28,715	26,262	16.32%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.26.5	

**Table 3.26.6**

Capital Expenditure Year 0: Human Resource Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Furniture Board Room	150	150	0			
Office Furniture and Equipment	10	23	7	-42.86%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.26.6

### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

**Table 3.27.1**

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES
<p>The ITC section is responsible for the security of information, municipal communication, data storage and addressing end user needs such as desktop support, hardware maintenance and ensuring software functionality.</p> <p>During the 2013/2014 financial year, the section managed to identify key areas that needed attention and will be eliminating these threats and issues in the 2014/2015 financial year. We currently have a user base of over 200 users and are gearing towards the future growth of the municipality.</p>

We have identified key areas of concern and have corrected, or are in the progress of implementing corrective measures. Key issues include the Microsoft licensing, our outdated windows AD server that was not capable of handling the work load and the need for the installation of a firewall to ensure a secure environment safe from unwanted outside connections by unauthorized personnel and outside sources.

Backup of our AD server was not taking place due to hardware constraints, but has now been addressed together with our financial data backup on an offsite backup system. Our current staff capacity consists of 2 members and an IT intern.

**Table 3.27.2**

**SERVICE STATISTICS FOR ICT SERVICES**

- 1) 80% completion of current IT upgrades to the AD server and firewall
- 2) 30% reduction in login violations
- 3) The response time for IT support is between 2-4 hours depending on the urgency and severity of the issue at hand
- 4) Network down time has decreased from 3-4 hours to 30min – 1hour

**Table 3.27.4**

**Employees: ICT Services**

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	1	3	2	1	33%

T3.27.4

**Table 3.27.6**

**Capital Expenditure Year 0: ICT Services**

R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,000	3,000	264	-1,136.36%	
IT Maintenance Program (405 406 680)	3,000	3,000	264	-1,136.36%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.27.6</i>

**Table 3.27.7**

**COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:**

The ITC section's progress over the last year was not as fast as we have hoped but we are on a steady path to reach our desired goals. We have achieved tasks such as having our municipality's information backed up resulting in our information being secure in case of any disaster or should an unexpected incident take place.

We are in the process of setting up new file servers and equipment that will further enhance IT security and diminish our IT risk and will result in a more secure and streamlined IT environment in the future. We are planning to expand our network and virtualize our systems in the upcoming year with an additional floor being utilized for more office space.

We are also planning to widen our network ranges to accommodate for growth and to offer internet hotspots with in the municipality to the public and for visitor on its own secured network range separate from the municipal network.



## COMPONENT K: ORGANIZATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

**Table 3.30**

Objectives (municipal)	Strategies	Key Performance Indicators	Unit of Measure	Targets					Q1 Actual	Q2 Actual	Q3 Actuals	Q4 Actuals
				Annual	Q1	Q2	Q3	Q4				
<b>KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>												
1.1 To ensure effective integrated development planning and performance management	1.1.1 Develop/review PMS policy framework	PMS Framework/Policy reviewed and adopted	Date	adopted PMS policy framework	PMS Policy Reviewed and Adopted	n/a	n/a	n/a	Policy 100% complete	Policy 100% complete	Policy 100% complete	Reviewed and adopted in previous financial year
	1.1.2 Submit quarterly performance reports to Internal audit	Number of PMS reports submitted	Number of Reports	4	1	1	1	1	no reports submitted	no reports submitted	1	3rd Quarter submitted. In process of compiling 4th quarter report.
	1.1.3 Hold quarterly Performance Audit Committee meetings	Number of PAC meetings held	Number of meetings	4	1	1	1	1	2	2	1 meeting	1 meeting
	1.1.4 Submission of annual report to AG	Annual report submitted	Date	Annual Report submitted to AG	Annual Report submitted to AG	n/a	n/a	n/a	Annual Report submitted to AG	Annual Report submitted to AG	Annual Report submitted to AG	N/a
1.2 To ensure efficient and effective internal and external communication	1.2.1 Develop/review communication framework/strategy	Adopted communication framework/strategy	Date	Communication Strategy adopted			Communication Strategy adopted by end March 2014			draft compiled	Draft compile	Document still in draft format
1.3 To improve service delivery and the image of the DM	1.3.1 Filling of vacant positions as per the revised organogram	Number of vacant and budgeted positions filled	Number	7	4	1	0	2	4	1	12	No posts filled
	1.3.2 Filling of identified critical posts	No. of performance agreements signed for filled S54/56 posts	Number	6	6	n/a	n/a	n/a	4		6 Signed agreements	6 Signed agreements in Q3
		No. of critical posts filled	Number	5	4	1	n/a	n/a	4	1	all posts filled	N/a in this quarter
1.4 To embark on skills development	1.4.1 Development of a training program	Developed training	Date	Adopted Training	30 Sept 2013	Implementation of Plan	Implementation of Plan	Implementation of Plan	developed in June 2013	Implementation of Plan	Implementation in pursuit	Implementation in pursuit

and capacity building		program by deadline		programme								
	1.4.2 Skills development plan adopted	Adopted skills development plan by Deadline	Date	Adopted skills development Plan	Developed	reviewed	adopted	100% develop and submitted	developed in June 2013	Reviewed WSP	Submitted to committees	WSP submitted to the department of labour
	1.4.3 Implementation of Skills Development Plan	% of budget spent on implementation of WSP	Percentage	100%	0%	0%	50%	50%	0.37%	8.16%	21.17%	23.28%
1.5 Strengthen and improve employment equity in the municipality	1.5.1 Employment equity plan adopted and implementation	No. of people form employment equity target groups employed in the three highest levels of management in compliance with approved equity plan	Number	10	4	1	3	2	4	1	no appointments	No individuals employed
		Number of women appointed in S54/56 posts	Number	1	n/a	1	n/a	n/a		1	no appointments	n/a - no appointments
1.6 To improve Municipal processes and systems	1.6.1 Develop and adopt I.T. Governance Framework	Developed & adopted I.T. Security Policy by Deadline	Date	Adopted IT Security Policy	n/a	31-Dec-13	n/a	n/a		~90%	100% Completed, guidelines followed.	IT Framework implemented and monitored
	1.6.2 Administer council portfolio committee meetings	Number of portfolio committee meetings held	Number of Meetings	100	25	25	25	25	25	25	17	17 meetings held
<b>KPA 2: LOCAL ECONOMIC DEVELOPMENT</b>												
2.1 To establish Led and Tourism Forums	2.1.1 To ensure that Forums are established and properly constituted with Terms of reference	Quarterly LED Forum Meetings held	Minutes of Meeting	LED forum in place	Forum Meeting	Forum Meeting	Forum Meeting	Forum Meeting	Meeting held on 29 Aug 2013.	no meeting held	Combined LED and tourism meeting held on 25 March 2014	No meeting held
		Established Tourism Forum	TOR, Minutes of Meeting	Tourism forum in place	n/a	n/a	Combined TOR for LED and Tourism	Forum Meeting	n/a	n/a	Combined LED and tourism meeting held on 25 March 2014	No meeting held
2.2 To host an annual District Growth and	2.2.1 To host one DGDS per annum and compile	Hosted DGDS	Date	Hosted DGDS		2013/12/01	n/a	n/a	Summit held on 10th and	completed R200 000	n/a	Hosted in 2nd quarter. Currently

Development Summit with focus on LED and Tourism	strategies to be monitored by the LED and Tourism Forums								11th Sept 2013			monitoring implementation as per resolutions
	2.2.2 Implement the DGDS resolutions	Progress report on resolutions/projects implement	Number of progress reports submitted	DGGS implement	n/a	n/a	1	1	No resolutions	No resolutions	1 Report Submitted	1 Report Submitted. Three resolutions implemented
2.3 Coordination of local economic development and tourism	2.3.1 Develop/review LED Strategy	Adopted LED strategy	Date	Adopted LED strategy	30-Sep-13				100 % complete	Completed in Q1	Completed in Q1	Completed in Q1
	2.3.2 Implement LED Strategy	Number of projects implemented	Number	LED Project implemented				June 2014 - uThukela carnival R1 000 000	n/a	n/a	n/a	n/a in this quarter
	2.3.3 Implement Tourism Strategy	Number of projects	Number	Tourism Projects Implement				June 2014 - uThukela carnival R 1 000 000	n/a	n/a	n/a	n/a in this quarter
2.4 To support and develop businesses in the District	2.4.1 Establish a District Development Agency	Established agency and MOU compiled.	Date	District Development Agency compiled.	n/a	Meeting with Stakeholders. Appointment of Service Provider	Meeting with Okhahlamba Development Agency and COGTA legal support team	Consultations with Labour and Public held	none	Meeting with stakeholders conducted. Appointment of service provider to facilitate development	Meeting with Okhahlamba Agency and COGTA held	Consultations with Labour and Public held
<b>KPA 3: BASIC SERVICE DELIVERY</b>												
3.1 To provide free basic services to all indigent households	3.1.1 Update indigent register	Approved Indigent Register	Date	Register approved by 30 June 2014	n/a	n/a	n/a	Approved register	0%	0%	Indigent register is being updated and write off process has commenced for already identified indigent consumers	Indigent register is being updated and write off process has commenced for already identified indigent consumers

	3.1.2 Provide free basic services to all indigent households	Number of existing households with access to free basic services in terms of the indigent register	Number								At the moment 6kl is provided to all households, as soon as the indigent registration is finalised free basic services will only be provided to registered indigents.	At the moment 6kl is provided to only individuals identified as indigents.
3.2 To promote a safe and healthy environment for the communities of the district	3.2.1 Regular sampling of potable water	Number of water samples taken	Number	Routine Sampling - 1792 samples taken.	448	448	448	448	388	312	442	465
	3.2.2 Regular sampling of potable water	% of water samples analysed every quarter	Percentage	All water samples analysed	100	100	100	100	100	100	100	100
	3.2.3 Operational monitoring of the quality of water (blue drop)	Percentage Blue Drop score	Activities completed	55%	Revised Incident Management Report - R0	Revised Summary Water Quality Report - R0	Water Safety Planning - Business Planned compiled. Water Safety Task team in place R1 100 000	Water Treat logbook in Place. Process control compliance. - R1 400 000	Incident Management Report Revised - R0	Summary Water Quality Report Revised - R0	Consultant appointed for water safety plan. Process Audit done. Initiation of accreditation of the Lab - R1 100 000	50.75
3.3 To provide sustainable water services to all residents	3.3.1 To ensure provision of potable water to residents of district	Number of households with potable water provision	Number of households	15000	2500	5000	4000	4500	2500	5000	5000	4500
		% of progress per quarter - Emnambithi - Driefontein Burford	Percentage	100	20	35	25	100	45	50	100	100%
		% of progress per quarter - Imbabazane - Bekuzulu/Ephangiwini	Percentage	75	25	20	15	15	25	27,2	20	15%
		% of progress per quarter - Imbabazane - Ntabamhlophe	Percentage	100	30	25	20	25	30	45	20	25%
		% of progress per quarter	Percentage	100	10	25	40	30	0	25	25	20%
		% of progress per quarter	Percentage	100	15	25	30	30	18	15	30	35%

3.4 To provide sustainable sanitation services to all residents	3.4.1 to ensure effective expenditure of infrastructure grants (100%)	% of Infrastructure Grants spend	Percentage	100%	20%	40%	70%	100%			70%	83%
3.5 To provide sustainable sanitation services to all residents	3.5.1 Provide acceptable sanitation to residents of district	Number of households with sanitation provision	Number of households	6500	1620	1500	1500	1880	2100	1200	5500	2000
		Number of households with sanitation provision in Emnambithi	Number of households	2850	700	700	700	726	720	700	1289	2043
		Number of households with sanitation provision in uMtshezi	Number of households	1700	600	400	250	450	480	470	188	450
		Number of households with sanitation provision in Indaka	Number of households	500	220	280	0	0	220	280	0	0
		% of progress per quarter	Percentage	70%	15%	15%	25%	15%	15%	15%	15%	15%
	3.5.2 Effective expenditure of infrastructure grants (100%)	% of Infrastructure Grants spend	Percentage	100%	19%	41%	66%	100%	28	41	70	83%
3.6 Coordination of rural roads management system	3.6.1 Through monitoring of implementation of the RRAMS	Number of Km completed	Number of KMs	6700 km	1675	1675	1675	1675	1675	1750	1750 Kms	1700 Kms of road covered
3.7 To reduce water losses to 40% by June 2014 as per DWA regulation	3.7.1 To ensure water conservation and water demand management	Percentage of schemes equipped with bulk metres	Percentage of schemes	All schemes to be equipped with bulk metres by 30 June 2014	SCM processes to appoint Service Provider	25%	50%	100%	Contacted Autento to quote for supply and installation of bulk meters to all plants	Submitted quotation for bulk meters to all plants to management on 06 Nov 2013	The Bulk meters will be installed as part of the Ladysmith/Ezakheni Bulk water metering and Abattoir rising main refurbishment MIG Project Contract No. 142/2014	Service Provider appointed and will commence in August 2014.

		Percentage of pressure zones created per scheme	Percentage of schemes	All schemes to have pressure zones	n/a	n/a	SCM processes to appoint Service Provider	20%	Nothing done yet	Nothing done yet	JOAT has been appointed to do pressure management assessment for Ezakheni	Service Provider appointed and will commence in August 2014 for zonal pressure schemes
		Percentage of reported leaks repaired	Percentage	All leaks repaired over one month old	100%	100%	100%	100%	The Call Centre is dysfunctional. The introduction of job cards for record keeping will assist the superintendents with compilation of weekly / monthly reports of bursts and blockages	The Call Centre is dysfunctional. The introduction of job cards for record keeping will assist the superintendents with compilation of weekly / monthly reports of bursts and blockages	The Call Centre is dysfunctional. The introduction of job cards for record keeping will assist the superintendents with compilation of weekly / monthly reports of bursts and blockages	100%
		Number of communities where awareness campaigns conducted	Number of Communities covered	All communities reached by 30 June 2014	N/A	N/A	2	3	None done yet	None done yet	None done yet	2 awareness campaigns conducted
3.8 To develop a water and sanitation O&M plan by 31 Dec 2013	3.8.1 Effective Water and sanitation operation and maintenance	Percentage of plants with 24/day uptime/operational	Percentage	100% uptime at all plants	100%	100%	100%	100%	Plants are maintained on an ongoing basis; pumps and motors are repaired when reported	Plants are maintained on an ongoing basis; pumps and motors are repaired when reported	Plants are maintained on an ongoing basis; pumps and motors are repaired when reported	100%
3.9 Ongoing refurbishment of the existing water and sanitation infrastructure	3.9.1 Through the development and implementation of an infrastructure refurbishment plan	Completed/approved infrastructure refurbishment plan	Date	Approved Infrastructure Refurbishment plan by end June 2014	n/a	n/a	n/a	Approved Infrastructure Refurbishment plan by end June 2014	Not done yet	Not done yet	Not done yet	Draft ops and maintenance plan compiled and circulated for comments

	3.9.2 Through the sourcing of funding to implement the infrastructure refurbishment	Developed business plan	Date	Business Plan developed by end March 2014	n/a	n/a	Business Plan developed by end March 2014	n/a	Archie Rodel WTW Refurbishment	Archie Rodel WTW Refurbishment	Archie Rodel WTW Refurbishment is going on as planned	Archie Rodel WTW Refurbishment completed in June 2014
		Amount of funding sourced	Amount of funding sourced	R10m by 30 June 2014	n/a	R6,0m	n/a	R10,0m	None	R6,0m	R6,0m	R6,0m
KPA 4: GOOD GOVERNANCE												
4.1 Enhance community participation in governance	4.1.1 Establishment of functional ward committees	Number of Sakume Sakhe war rooms established	Number						Unable to report due to lack of information from Local Municipalities	Unable to report due to lack of information from Local Municipalities	Unable to report due to lack of information from Local Municipalities	6 War Rooms in operation
4.2 Improve the Municipal Audit opinion and Accountability	4.2.1 Develop/review Audit Plan	Adopted Audit Plan	Date	Adopted Audit Plan	n/a	n/a	Audit Plan Adopted by end March 2014		n/a	N/a	Audit plan adopted 29 Jan 2014	Adopted in 3rd Quarter
	4.2.2 Hold quarterly Audit Committee meetings	Number of Audit Committee meetings held	Number of Meetings	4	1	1	1	1	1	1	1	1 meeting - 26 May 2014
4.3 Improved quality of live through the implementation of special programs	4.3.1 Participation of people living with Disabilities in municipal processes	No. of meetings held	Number of Meetings	4	1	1	1	1	1	2	2	1 meeting held
	4.3.2 Enable Participation and create awareness of council youth and gender programmes	No. Youth and Gender Council meetings held	Number of Meetings	8	2	2	2	2	2	2	2	2
	4.3.3 Develop and Implement a program aimed at assisting senior citizen in our Municipality	% Implementation of Senior Citizen Development program	Implemented senior citizen programme							No Information available to Report of Progress	No Information available to Report of Progress	No Information available to Report of Progress

													senior citizens
4.4 To promote a safe and healthy environment for the communities of the district	4.4.1 Inspection of food premises	Number of premises inspected	Number	600 premises inspected.	150	150	150	150	181	190	194	210	
	4.4.2 Regular sampling of food stuffs	Number of food stuffs sampled (Milk Products)	number	40 food samples sampled.	10	10	10	10	13	21	14	10	
	4.4.3 Surveillance and prevention of communicable diseases	Number of promotional events and community awareness events held	Number	3 Promotional Events	n/a	1- World Aids Day R 665 000	1- National Water week R 500 000	1-Man Indaba	n/a	1-world Aids days event	1- National Water week	No events held	
4.5 To participate in all district-wide structures	4.5.1 To participate in district-wide health structures	Number of reports to standing committee	Number	12 reports submitted	3	3	3	3	3	3	3	3	
	4.5.2 effective functioning of district HIV/AIDS council	Number of meetings held	Number	4 meetings held	1	1	1	1			1-Mar-14	1	
4.6 Improve intergovernmental relation with external stakeholders	4.6.1 Hold quarterly IGR forums	Number of Mayors Forum meetings	Number of meetings	4	1	1	1	1	1	1	1	1 meeting held	
4.7 Improve intergovernmental relation with external stakeholders	4.7.1 Develop and ensure signing of the MOU with EThekweni Municipality	Signed MOU and implemented MOU by deadline	Date	Signed and Implemented MOU	N/A	31-Dec-13	Implementation of the MOU	Implementation of the MOU		100%	Implementation of the MOU	Implementation of the MOU in progress	
4.8 Decrease municipal risks through risk management	4.8.1 Development/revision of risk management plan	Approved risk management plan	Date	Risk Management plan in Place	N/A	31-Dec-13	Implementation of Plan	Implementation of Plan		100% developed. To workshop to council	implementation of risk policy and reduction of risks	Risk management policy implemented	
<b>KPA 5: FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT</b>													
5.1 Minimise risk factors in the municipality	5.1.1 Risk assessment Framework development/revision	Adopted Risk Assessment Framework	Date	Adopted Risk assessment Framework	n/a	Risk assessment adopted by end Dec 2013	n/a	n/a	n/a	Adopted 31 OCT 2014	N/a	complete in 2nd Quarter - Oct 2013	
5.2 To ensure effective management of budgeting process (realistic & credible)	5.2.1 Credible budget with identifiable revenue sources	Compliance with MFMA circular 42	Compliance	Full compliance	Full compliance	Full compliance	Full compliance	Full compliance			Full compliance	Full compliance	



5.3 Advance and maintain the financial viability of the municipality	5.3.1 Ensure adequate financial management.	Approved fully funded Operating & Capital Budget for 2014/2015 by deadline	Date	30-Jun-13	Submit budget programme to the Mayor	Continue with Budget process	Prepare 2013/2014 adjustment budget.2014 /2015 draft budget	Prepare 2014/2015 final budget & submit for approval				Annual Budget adopted by 28 May 2014
	5.3.2 Through enhancing revenue collection	Amount of revenue collected	Percentage	% of amount billed -80%	60%	60%	60%	60%	40%	42%	42%	36%
	Improve debt management	Percentage of annual collectors rate/debt coverage (Reg 10(g)(i))	debt ratio	45%	45%	45%	45%	45%	44.93%	41.60%	43.18%	33.37%
	5.3.3 Maintain acceptable norm of municipal liquidity management	Ratio of cash/cost coverage of monthly fixed operating commitments (Reg 10(g)(iii))	cost ratio	3	3	3	3	3	3.6	2.4	3.0	
	5.3.4 Raise the amount of invoices billed to customers	Amount value of invoices billed(Percentage of consumption billed )	Percentage	100%	100%	100%	100%	100%	22.18%	28.86%	26.33%	26.24%
	5.3.5 Ensure payments of creditors on time in terms of Section 65 of MFMA	Percentage of creditors paid on time	Percentage	95%	95%	95%	95%	95%	92%	94%	96%	98%
5.4 Improve the financial performance of the municipality	5.4.1 To decrease wasteful expenditure	Reduction in the amount of irregular, fruitless and wasteful expenditure	Percentage reduction	10 % reduction	10%	10%	10%	10%			50%	10%
	5.4.2 Develop/update fraud prevention plan	Approved fraud prevention plan	Date	Approved Fraud prevention Plan	Review Fraud Prevention Plan	Submit for approval	Approved Fraud Prevention Plan	N/A	Plan Reviewed	No progress	Plan still needs to be submitted for approval	Submitted for approval but council required workshop
	5.4.3 Develop/update SCM Policy	Approved SCM Policy	Date	Approved SCM Policy	SCM Policy approved by end Sept 2013	n/a	n/a	n/a	100%	completed in Q1	completed in Q1	SCM Policy adopted in fourth quarter
	5.4.4 SCM reports in accordance with regulations, policy and procedures	Monthly SCM reports	Number of Reports	12 SCM reports	3	3	3	3	KPI introduced in Q3	KPI introduced in Q3	3	3

	5.4.5 Develop/update Investment Policy	Approved Investment Policy	Date	Approved Investment Policy	Approved Investment Policy end Sept 2013	n/a	n/a	n/a	100%	completed in Q1	completed in Q1	completed in Q1
	5.4.6 Develop/update Budget Policy	Approved budget policy	Date	Approved Budget Policy	Approved Budget Policy end Sept 2013	n/a	n/a	n/a	100%	completed in Q1	completed in Q1	completed in Q1
5.5 Optimise budget implementation in the municipality	5.5.1 Increase/maximise the budget amount spent in the municipality	Percentage of total municipal operating budget spent	Percentage	100 % spending	25%	25%	25%	25%	18%	25%	25%	18%
	5.5.2 Increase/maximise the capital budget amount spent in the municipality (asset management)	Percentage of total municipal capital budget spent	Percentage	100 % spending	25%	25%	25%	25%	30	1.6	15.80%	40%
	5.5.3 Develop/update Indigent Policy	Approved Indigent Policy	Date	Approved Indigent Policy	n/a	n/a	n/a	Approved Policy in place by 30 June 2014	100%	completed in Q1	completed in Q1	completed in Q1
	5.5.4 Regular Budget reporting	Submission of quarterly Budget Implementation Reports	Number of Reports	4	1	1	1	1	KPI introduced in Q3	KPI introduced in Q3	1	1
<b>KPA 6: CROSS-CUTTING INTERVENTIONS</b>												
6.1 To establish a functional Disaster Management Centre	6.1.1 Through the review of the disaster management plan	Reviewed Disaster management plan	Activities completed	Approved Disaster Management Plan	Appoint SP	Risk Assessment by SP - R150 000	Stakeholder engagement	Approved Management Plan	SP appointed - R0	SP terminate his contract. Re-start SCM process. Risk assessment done internally - R12 000	no progress - R0	no progress - R0
	6.1.2 Through the establishment of the disaster management centre	Established disaster management centre	Activities completed	Disaster Management Centre Constructed	Appoint Project Manager	Approval on building plans	Construction of Building	Final report	Project Manager Appointed	Plans Submitted for Approval	Finalised appointment of the service provider. Construction to commence	Construction in progress.

		% response to all reported incidents	Percentage	100% responses to incidents	100%	100%	100%	100%	100%	100%	100%	100%
	6.1.3 Through the Recruitment of staff	Number of staff recruited	Number	All vacancies filled	Ensure all vacancies filled	Conducted training for recruited staff	n/a	n/a	No achievement	No achievement	No achievement	No achievement
6.2 To improve supplier/Vendor management	6.2.1 Site visits to assess compliance on contract conditions.	Quarterly site assessment reports	number of visits	4	1		1	1	Site visits and Developed report	Site visits and Developed report	Site visited and reports compiled	Site visited and reports compiled
6.3 To improve supplier/Vendor management	6.3.1 Progress reports on projects from project managers.	Quarterly progress reports.	Number of Reports	12	4	4	4	4	4 reports compiled	4 reports compiled	4 reports compiled	4 reports compiled
6.4 Improve the conditions of municipal vehicles	6.4.1 Develop report on conditions of municipal vehicles.	Submit quarterly fleet report.	Number of Reports	4	1	1	1	1	Review report	Review report	Review report	Report submitted monthly

**CHAPTER 4 – ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)**

**COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL**

**4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES**

**Table 4.1.2**

<b>Vacancy Rate: Year 0</b>			
<b>Designations</b>	<b>*Total Approved Posts</b>	<b>*Vacancies (Total time that vacancies exist using fulltime equivalents)</b>	<b>*Vacancies (as a proportion of total posts in each category)</b>
	<b>No.</b>	<b>No.</b>	<b>%</b>
Municipal Manager	1	0	
CFO	1	0	
Other S57 Managers (excluding Finance Posts)	4	0	
Other S57 Managers (Finance posts)	0	0	
Police officers	0	0	
Fire fighters	0	0	
Senior management: Levels 13-15 (excluding Finance Posts)	4	0	
Senior management: Levels 13-15 (Finance posts)	5	1	
Highly skilled supervision: levels 9-12 (excluding Finance posts)	12	0	
Highly skilled supervision: levels 9-12 (Finance posts)	5	10	
<b>Total</b>			

*T 4.1.2*

Table 4.1.3

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	9	7	0.78
Year -1	15	48	3.2
Year 0	32	31	0.97
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

Table 4.1.4

<b>COMMENT ON VACANCIES AND TURNOVER:</b>
<p>The uThukela District Municipality has inherited a lot of staff from the previous water authorities and has had to incorporate them into its approved organisational structure. This has led to a lengthy process of reviewing the structure to cater for present employees as well as the short and long term objectives of the municipality.</p> <p>One of the challenges in filling vacant positions has been attracting suitably qualified candidates in our mainly rural municipality accompanied with desirable salary packages. Changes in the political leadership in the district has also contributed in the need to review the mission and vision of the municipality as a whole and subsequently the organisational structure.</p> <p>The organogram has been approved by the Council and all the Top Management positions have been filled. The Council has also reviewed its Scarce Skills Policy in an attempt to attract and retain scarce skills.</p>

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Table 4.2

<b>INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT</b>
<p>The municipality has a staff compliment of 385 current employees, including 303 job creation contracts. The uThukela District Municipality has five departments in line with its powers and functions according to the Municipal Structures Act. The Council has filled all the top management positions in the approved organisational structure, which has improved workforce management in many areas including work attendance, monitoring and supervision.</p>

### 4.2 POLICIES

Table 4.2.1

<b>HR Policies and Plans</b>				
	<b>Name of Policy</b>	<b>Completed</b>	<b>Reviewed</b>	<b>Date adopted by council or comment on failure to adopt</b>
		<b>%</b>	<b>%</b>	
1	Affirmative Action	100	100	
2	Attraction and Retention	100	100	
3	Code of Conduct for employees	100	100	
4	Delegations, Authorisation & Responsibility	100	100	
5	Disciplinary Code and Procedures	100	100	
6	Essential Services			
7	Employee Assistance / Wellness	100	100	
8	Employment Equity	100	100	
9	Exit Management	100	100	

10	Grievance Procedures	100	100
11	HIV/Aids	100	100
12	Human Resource and Development	100	100
13	Information Technology	100	100
14	Job Evaluation	100	100
15	Leave	100	100
16	Occupational Health and Safety	100	100
17	Official Housing	100	100
18	Official Journeys	100	100
19	Official transport to attend Funerals	100	100
20	Official Working Hours and Overtime	100	100
21	Organisational Rights	100	100
22	Payroll Deductions	100	100
23	Performance Management and Development	100	100
24	Recruitment, Selection and Appointments	100	100
25	Remuneration Scales and Allowances	100	100
26	Resettlement		
27	Sexual Harassment	100	100
28	Skills Development	100	100
29	Smoking	100	100
30	Special Skills	100	100
31	Work Organisation		
32	Uniforms and Protective Clothing	100	100
33	Other:		
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>			
<i>T 4.2.1</i>			

**Table 4.2.1.1**

**COMMENT ON WORKFORCE POLICY DEVELOPMENT:**

In terms of Section 67 of the Municipal Systems Act, municipalities must develop a Human Resource Policy Manual to ensure fair and efficient administration of the workforce. The Human Resource Policy have been developed, reviewed and updated to ensure compliance with all legislations that impact on Local Government, and to accommodate operational requirements. These policies

are meant to ensure that the employer gets maximum performance from the workforce in a healthy and professional environment, while the employer is achieving its strategic objectives

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

**Table 4.3.1**

<b>Number and Cost of Injuries on Duty</b>					
<b>Type of injury</b>	<b>Injury Leave Taken</b>	<b>Employees using injury leave</b>	<b>Proportion employees using sick leave</b>	<b>Average Injury Leave per employee</b>	<b>Total Estimated Cost</b>
	<b>Days</b>	<b>No.</b>	<b>%</b>	<b>Days</b>	<b>R'000</b>
Required basic medical attention only			4%	10	
Temporary total disablement					
Permanent disablement					
Fatal					
<b>Total</b>					
<i>T 4.3.1</i>					

**Table 4.3.4**

#### **COMMENT ON INJURY AND SICK LEAVE:**

A leger of staff getting injured at work has been maintained at a very minimal level. More efforts are being employed to ensure that injuries at work are being reduced to a minimal including plans to employ someone responsible for Occupational Health and Safety in the municipality.



**Table 4.3.6**

<b>Disciplinary Action Taken on Cases of Financial Misconduct</b>			
<b>Position</b>	<b>Nature of Alleged Misconduct and Rand value of any loss to the municipality</b>	<b>Disciplinary action taken</b>	<b>Date Finalised</b>
Clerical Level	Salary Overpayment R 4.4 M	Disciplinary Action in progress	In progress
			<i>T 4.3.6</i>

**Table 4.3.7**

<b>COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:</b>
<p>The uThukela District Municipality has had quite a substantive number of disciplinary hearings in the financial year 2013/2014. All of these cases are interrelated and are in progress. It was projected that they should have been finalised by the end of July 2014, but due to the some unforeseen circumstances, the case is still pending. Systems and control measures are being implemented to ensure that the same does not happen again.</p>

**4.4 PERFORMANCE REWARDS**

**No performance rewards were rewarded in 2013/2014**

**COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

Table 4.5.0

<b>INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT</b>

As a designated employer, the uThukela District Municipality is contributing towards the National Skills Development Fund, so as to ensure human resource capacity development. The Municipality engages in intensive organisational development planning annually in line with its long and short term objectives and in terms of the IDP. The same has been cascaded to the Workplace Development Plan which encompasses an annual training report as well as training plan for the current financial year.

The municipality as a district municipality in a rural area, is faced with a low income base which adversely affects the budget as a whole including the training budget. More efforts are being employed though to engage other stakeholders that can fund internal capacity development.

#### 4.5 Skills Development and Training

Table 4.5.1

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0
MM and s57	Female	4							4					
	Male													
Councillors, senior officials and managers	Female	5							5					
	Male													
	Female	25							25					

Technicians and associate professionals*	Male													
Professionals	Female	2						2						
	Male													
Sub total	Female													
	Male													
<b>Total</b>														

\*Registered with professional Associate Body e.g CA (SA) T  
4.5.1

**Table 4.5.2**

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

<i>Heads of supply chain management units</i>							0
<i>Supply chain management senior managers</i>							0
<b>TOTAL</b>							
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)							T 4.5.2

**Table 4.5.3**

Skills Development Expenditure										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female								80	
	Male								240	
Legislators, senior officials and managers	Female								200	
	Male									
Professionals	Female									
	Male									
Technicians and associate professionals	Female									
	Male									
Clerks	Female								1 900	
	Male									
Service and sales workers	Female									
	Male									

Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female							292		
	Male									
Sub total	Female									
	Male									
<b>Total</b>								<b>2,712</b>		
<i>*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.</i>									<b>%*</b>	<b>*R</b>
T4.5.3										

**Table 4.5.4**

**COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:**

The Municipality has progressed greatly in a pursuit to have its senior manager and finance employees compliant with National Treasury Minimum Competency Regulations. In total 58 employees in senior management and the Financial Services Department have been enrolled for the Compliance Municipal Finance Management Programme. Sixteen have already completed, while 35 are still in pursuit of the qualification.

**COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

**Table 4.6.0**

<b>INTRODUCTION TO WORKFORCE EXPENDITURE</b>
<p>Workforce or salary expenditure has been a big challenge to manage because the municipality had a lot of vacant positions, which resulted in the current staff having to work doubly hard in order to get work done. However with the implementation of the new organogram, the process to fill vacant positions have been started which should regularise workforce expenditure from excessive overtime and stand by expenditure.</p>

**4.6 EMPLOYEE EXPENDITURE**

**Table 4.6.4**

<b>Employees appointed to posts not approved</b>				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
				<i>T 4.6.4</i>

**Table 4.6.5**

**COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:**

Due to the devolution of staff from various government departments and certain local municipalities, the Municipality had to absorb staff with different salary structures. This has caused a lot of dissatisfaction and low morale of employees. Management has thus recently introduced a placement process which is meant to incorporate such employees into the Municipal salary structure.

**Table 4.6.6**

**DISCLOSURES OF FINANCIAL INTERESTS**

Both Councillors and staff have complied with the PMS Regulations by completing Declaration of Interest Forms. However this practice has to be repeated annually.

## CHAPTER 5 – FINANCIAL PERFORMANCE

Table 5.0.1

### INTRODUCTION

Council has implemented the following strategies to address inflationary pressures:

- Submission of Procurement plans by HODs
- Monthly reporting on expenditure patterns
- Monthly reporting on cash collections
- Payment of creditors on the 15<sup>th</sup> and 30<sup>th</sup> of each month
- Cash flow projects are submitted monthly
- Investing of surplus funds
- Replacing of the old and dilapidated fleet to minimise on repairs and maintenance and the rental of TLBs, water tankers and tipper trucks

The Financial Services Department engaged Bonakude Consultancy for the asset verification process. The bulk of the consultants appointed by Council is in respect of the implementation of water and sanitation services projects.



**COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE**

**Table 5.1.0**

**INTRODUCTION TO FINANCIAL STATEMENTS**

COGTA has appointed Qhubeka Business Solutions to perform a review of the preparation of the Annual Financial Statements, which are being performed in-house. Financial Statements for 2013/2014 to be submitted to the Auditor-General on 29 August 2014. The draft Financial Statements were submitted to the Performance Audit Committee and Internal Audit for review.

**Table 5.1.1**

Reconciliation of Table A1 Budget Summary											
Description	Year 0										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
R thousands	1	2	3	4	5	6	7	8	9	10	11
<b>Financial Performance</b>											
Property rates										0.00	0.00
Service charges	139	139	139			139	133			96.08	96.18
Investment revenue	27	44	44			44	44			96.55	159.38
Transfers recognized - operational							273,926				
Other own revenue	278	279	279			279	1,910			98.96	99.21

<b>Total Revenue (excluding capital transfers and contributions)</b>							452,651			93.63	0.00
Employee costs	158,358	131,693	131,693				131,693	129,667		93.63	77.86
Remuneration of councillors	5,612	5,612	5,612				5,612	4,703		77.59	77.59
Debt impairment	20,180	70,892	70,892				70,892	-210,428		0.00	0.00
Depreciation & asset impairment	35,936	35,928	35,928				35,928	40,933		0.00	0.00
Finance charges	3,339	1,816	1,816				1,816	2,549		75.22	40.92
Materials and bulk purchases	64,461	85,793	85,793				85,793	7,232		78.53	104.52
Transfers and grants	6,000	6,000	6,000				6,000			30.96	30.96
Other expenditure	85,156	111,628	111,628				111,628	228,846		84.43	110.67
<b>Total Expenditure</b>	<b>379,042</b>	<b>449,362</b>	<b>449,362</b>				<b>449,362</b>	<b>225,584</b>		<b>65.09</b>	<b>77.17</b>
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital	193,847	332,224	332,224				332,224	327,877		74.29	127.32
Contributions recognised - capital & contributed assets								-3,911			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>								556,029			
Share of surplus/ (deficit) of associate											
<b>Surplus/(Deficit) for the year</b>											
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>											
Transfers recognised - capital	193,847	332,224	332,224				332,224	310,084		58.94	159.96
National and Provincial Grants	193,847										
Borrowing	750		750				750			0.00	0.00
Internally generated funds	1,440	12,735	14,175				14,175	9,827		69.32	682.44
<b>Total sources of capital funds</b>											
<b>Cash flows</b>											
Net cash from (used) operating								151,538			
Net cash from (used) investing								-177,833			
Net cash from (used) financing								4,077			
<b>Cash/cash equivalents at the year end</b>								126,554			
Notes											

3 = sum of column 1 and 2

2 represents movements in original budget to get to final adjustments budget (including shifting of funds)

Virements must offset each other so that virements in Total Expenditure equals zero

6 = sum of column 3, 4 and 5

8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure

9 = 7 - 6

10 = (7/6)\*100

11 = (9/1)\*100

14 = 13 - 12

15 in revenue equals Audited Outcome plus funds actually recovered

15 in expenditure equals Audited Outcome less funds actually recovered

15 in Cash Flow equals Audited Outcome plus funds recovered

T 5.1.1

**Table 5.1.2**

Financial Performance of Operational Services							R '000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
<b>Operating Cost</b>							
Water	467,113	231,088	321,291	204,853	-12.81%	-56.84%	
Waste Water (Sanitation)		26,187	20,492	2,216	-1081.71%	-824.72%	
Electricity							
Waste Management							
Housing							
Component A: sub-total	467,113	257,275	341,783	207,069	-24.25%	-65.06%	
Waste Water (Storm water Drainage)							
Roads							
Transport							
Component B: sub-total		8,455	8,624	9,554	11.50%	9.73%	
Planning	9,812	20,514	15,845	7,592	-170.21%	-108.71%	
Local Economic Development							
Component B: sub-total	9,812	20,514	15,845	7,592	-170.21%	-108.71%	
Planning (Strategic & Regulatory)							

Local Economic Development						
Component C: sub-total						
Community & Social Services		3,698	4,337	8,977	58.81%	51.69%
Environmental Protection						
Health	5,343	17,722	10,237	11,271	-57.23%	9.17%
Security and Safety						
Sport and Recreation						
Corporate Policy Offices and Other	30,106	21,975	24,228	26,262	16.32%	7.75%
Component D: sub-total	35,450	43,395	38,802	39,968	-8.57%	2.92%
<b>Total Expenditure</b>	<b>512,375</b>	<b>329,639</b>	<b>405,054</b>	<b>264,183</b>	<b>-24.78%</b>	<b>-53.32%</b>

T 5.1.2

## 5.2 GRANTS

Table 5.2.1

Grant Performance							R' 000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>499,385</b>	<b>469,123</b>	<b>607,158</b>	<b>569,261</b>	<b>17.59%</b>	<b>-6.66%</b>	
Equitable share	253,183	269,199	269,199	254,610	-105.73	-5.73%	
Municipal Systems Improvement	1,007	890	890	890			
Department of Water Affairs	28,621	20,525	77,260	71,388	-101.50%	-8.23%	
Levy replacement							
Other transfers/grants [insert description]	216,573	178,509	259,809	242,373	26.35%	-7.19%	
<b>Provincial Government:</b>	<b>25,221</b>	<b>2,468</b>	<b>2,468</b>	<b>0</b>			
Health subsidy							
Other transfers/grants [insert description]	25,221	2,468	2,468	0			
<b>Total Operating Transfers and Grants</b>	<b>524,606</b>	<b>471,591</b>	<b>609,626</b>	<b>569,261</b>	<b>17.16%</b>	<b>-7.09%</b>	

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.*

*T 5.2.1*

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

**Table 5.8.1**

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The uThukela District Municipality is earnestly working towards addressing the backlogs left by the previous dispensation in an effort to bring a quality of life and sustainable service to all the people of uThukela.

**Table 5.8.2**

Service Backlogs as at 30 June Year 0				
				Households (HHs)
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	117 278	79.6%	30 008	20.4%
Sanitation	130 834	88.8%	16 452	11.2%
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i>				

*T 5.8.2*

**Table 5.8.3**

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						
					R'000	
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	

	104 556	153 336		60%	%	1) 60% of first trans (of 3) must be utilized before further transfers are possible 2) Must apply for a rollover of funds by 31 August
<b>Infrastructure - Water</b>						
<b>Infrastructure - Sanitation</b>	40 079	58 778		23%	%	
<b>Infrastructure – Rural Roads Assets Management System Grant (RRAMS)</b>	2 114	2 114		%	%	
<b>Infrastructure – Rural Households Infrastructure Grant</b>	4 000	4 000		%	%	
<b>Total</b>				%	%	
<i>T 5.8.3</i>						

**Table 5.8.4**

**COMMENT ON BACKLOGS:**

The Municipal Infrastructure Grant (MIG) has been utilized to eradicate both water and sanitation backlogs within the boundaries of the uThukela District Municipality. More than 12 000 households received Ventilated Improved Pit (VIP) latrines and more than 10 000 household were given access to clean potable water. A portion of the grant was also utilized to upgrade sanitation in the Bergville area; conservancy tank system converted to waterborne sewer system for more than 1500 lots in the urban part of the area. About R4m of the allocation was used to implement strategies to increase water capacity thereby ensuring future eradication of backlogs within Emnambithi/Ladysmith and Indaka Local Municipalities.

**CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS**

**Table 6.0.1**

<b>INTRODUCTION</b>
<p><b>Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.</b></p> <p><b>Delete Directive note once comment is completed - Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter. If this is the version of the annual report presented to Council in September then the Auditor-Generals statements on this year’s submissions will not be available for inclusion in this Chapter and this should be explained.</b></p>

**COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENT YEAR -1**

**6.1 AUDITOR-GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)**

**Table 6.1.1**

<b>Auditor-General Report on Financial Performance: Year -1</b>	
<b>Audit Report Status*:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>

<p>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</p>	
	T 6.1.1

**Table 6.1.2**

Auditor-General Report on Service Delivery Performance: Year -1	
<b>Audit Report Status:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
	T 6.1.2

**COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)**

**6.2 AUDITOR-GENERAL REPORT YEAR 0**

**Table 6.2.1**

Auditor-General Report on Financial Performance Year 0*	
<b>Status of audit report:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>



<p><i>Note:*</i> The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p>	
T 6.2.1	

**Table 6.2.2**

Auditor-General Report on Service Delivery Performance: Year 0*	
<b>Status of audit report**:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</p> <p>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</p>	
T 6.2.2	

**Table 6.2.3**

<b>AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0</b>
---

**Delete Directive note once comment is completed - Attach report.**

**Table 6.2.4**

**COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:**

**Delete Directive note once comment is completed - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context.**

**Table 6.2.5**

**COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:**

**Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.**

**Signed (Chief Financial Officer)..... Dated**

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	An Approved Budget means an annual budget- (a) approved by a municipal council, or (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> </ul>

	<ul style="list-style-type: none"> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## APPENDICES

### APPENDIX A – COUNCILORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Table TA

Councillors, Committees Allocated and Council Attendance						
Council Members	Party Represented	Full Time / Part Time	Committees Allocated	Attendance	Apologies	Non-Attendance
Mazibuko DCP (Ms)	ANC	Full Time	Council; Exco; Finance and Budgeting Committee	27	6	3
Hlubi MG	ANC	Part Time	Council; Fin and Budg, Corp Dis, Health & Env. Committees	24	4	3
Sibiya NW	ANC	Part Time	Council; Exco; Youth Gender Sport & Recreation; LLF	23	3	1
Mazibuko AS	ANC	Full Time	Council; Exco; Water, Sanitation & Infrastructure; LLF	33	2	0
Mkhize MA	ANC	Part Time	Council; Corporate Dis, Heath and Environmental Serv.	19	0	0
Banda D	ANC	Part Time	Council; Corporate Disaster Health and Env Serv.	2	0	13
Jeebodht JMB	ANC	Full Time	Council;	12	0	0
Hadebe NM	IFP	Part Time	Council; Water, Sanitation & Infrastructure	12	0	0
Sibisi SB	IFP	Part Time	Council; Finance & Budgeting; MPAC	13	2	6
Ntshaba MJ	IFP	Part Time	Council; Exco; Strat, Plan, Econ Dev & Tourism	31	0	1
Shelembe ML	NFP	Full Time	Council; Exco; Corp, Dis, Health & Envir	7	14	6
Mlotshwa VR	NFP	Part Time	Council; Water, Sanitation & Infrastructure; LLF	4	0	14
Sibisi ZJ	DA	Part Time	Council	11	1	1
Shabalala TP	ANC	Part Time	Council	3	0	9
Hlomuka NM	ANC	Part Time	Council; Water, Sanitation & Infrastructure.; MPAC	19	1	0
Mlotshwa ML	ANC	Part Time	Council; Finance & Budgeting	22	0	0
Zwane ML	ANC	Part Time	Council; Strategic, Plan, Econ. Dev. & Tourism	18	1	0
Mazibuko BC	ANC	Part Time	Council; Strategic, Plan, Econ. Dev. & Tourism; LLF	16	0	4
Cele TM	DA	Part Time	Council; MPAC	10	1	1
Madonsela BR	IFP	Part Time	Council; Corp. Dis. Health and Env. Services	16	1	2
Xaba T	NFP	Part Time	Council, Youth, Gender, Sport and Recreation	19	0	0
Mbatha ME	ANC	Part Time	Council, Youth, Gender, Sport and Recreation	14	4	2

Zikalala NL	ANC	Part Time	Council; Strategic, Plan, Econ. Dev. & Tourism; LLF	17	3	0
Ngubane M	IFP	Part Time	Council, Youth, Gender, Sport and Recreation	7	3	10
Magubane SD	ANC	Part Time	Council, Youth, Gender, Sport and Recreation; Finance & Budget	14	5	10
Vilakazi KV	IFP	Part Time	Council	5	1	6
Mabizela BC	ANC	Part Time	Council; Water, Sanitation & Infrastructure;	14	0	6
Sikhakhane SG	IFP	Part Time	Council; Strategic, Plan, Econ. Dev. & Tourism; LLF	9	3	7
Hadebe MW	NFP	Part Time	Council	8	1	3
Sithole SJ	ANC	Part Time	Council; Water, Sanitation & Infrastructure; MPAC	15	1	4
Nqubuka TY	IFP	Part Time	Council	4	3	2
Shelember T	NFP	Part Time	Council, Youth, Gender, Sport and Recreation	7	4	3
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>						

**APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0 (CURRENT YEAR)**

**Table TG**

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during Year 0</b>	<b>Recommendations adopted</b>
22 July 2014	<p><b>Performance Management System</b></p> <ol style="list-style-type: none"> <li>1. The Mayor to fast track the appointment of the Municipal Manager</li> <li>2. Annual performance report be submitted on 31 August 2014.</li> <li>3. PMS Manager to implement resolutions made by the committee.</li> </ol> <p><b>Draft Annual Report 12/13</b> The Acting LED and Strategic Planning Manager coordinate the process in compiling a Draft 2012/2013 Annual Report.</p>	YES
30 August 2013	<p><b>Draft Annual Financial Statements 12/13</b></p> <ol style="list-style-type: none"> <li>1. A timeframe for finalising the prior adjustments be set for 15 September 2013 to resolve this account.</li> <li>2. Mr. S Sibisi to champion the task of finalising the prior adjustments.</li> <li>3. Price Waterhouse Coopers to submit a closeout report.</li> </ol>	YES
17 October 2014	<p><b>Performance Management System</b></p> <ol style="list-style-type: none"> <li>1. The PMS be presented at MANCO to evaluate the progress</li> <li>2. PMS Quarter 1 to be tabled in the next meeting</li> </ol> <p><b>Risk Management</b></p> <ol style="list-style-type: none"> <li>1. Audit Committee Charter be aligned with the Risk Management Framework.</li> <li>2. Internal Audit to develop a Risk Action Plan.</li> </ol> <p><b>Audit Committee and Internal Audit Charter</b></p> <ol style="list-style-type: none"> <li>1. Audit and Performance Committee Charter be noted and forwarded to Council for approval</li> <li>1. Internal Audit Unit Charter be approved.</li> </ol> <p><b>Internal Audit Plan for the year 2013/2014</b></p> <ol style="list-style-type: none"> <li>1. The Internal Audit Plan for the year 2013/2014 not be approved, however the Audit Committee will approve certain projects.</li> </ol> <p><b>Assets Management</b></p> <ol style="list-style-type: none"> <li>1. KPMG be invited and table the Closeout Report at the next meeting.</li> <li>2. The Audit Committee notes the unsigned report pending the outcome of the dispute and that the report be tabled in the next meeting</li> </ol> <p><b>Section 71 reports</b></p>	YES

	<ol style="list-style-type: none"> <li>1. The Audit Committee notes that the recovery rate per Section 71 is very low and the Council should do something about the collections</li> <li>2. The Acting CFO provide a report detailing the root cause for the low recovery rate</li> </ol> <p><b>Internal Investigations and Disciplinary cases</b></p> <ol style="list-style-type: none"> <li>3. GM: Corporate Services to provide a detailed listing of disciplinary cases, investigations and procedures for the year 2012/2013 at the next meeting.</li> </ol>	
26 November 2013	<p><b>Internal Audit Unit</b></p> <ol style="list-style-type: none"> <li>1. The Internal Audit Unit to table progress report on the internal audit plan in all meetings.</li> <li>2. The Acting CFO to draft an Action Plan to address AG Findings and indicate responsibilities and timeframes.</li> </ol>	YES
20 January 2014	<p><b>Internal Audit Unit</b></p> <ol style="list-style-type: none"> <li>1. The Internal audit plan 2013/2014 be approved subject to confirmation of the additional resources, urgently needed to execute the full plan.</li> <li>2. The Internal Audit Reports with adequate management responses be forwarded to APC members by 15 February 2014, after being reviewed by the Internal Audit unit.</li> <li>3. Interim Financial Statements as at 31 December 2013 be forwarded with complete working papers to the committee for review by end of March 2014, after being subject to a comprehensive internal audit review.</li> <li>4. A report on action plan progress be tabled monthly at all committee meetings.</li> </ol>	YES
26 May 2014	<p><b>Dashboard report</b></p> <ol style="list-style-type: none"> <li>1. Dashboard Q3 Report be forwarded to APC members.</li> </ol> <p><b>Internal Audit Unit Reports</b></p> <ol style="list-style-type: none"> <li>1. Management responses be revised with relevant General Managers and forwarded to APC members.</li> </ol> <p><b>Draft Annual Budget for the year 2014/2015</b></p> <ol style="list-style-type: none"> <li>2. The committee comments be considered prior to submission to Council for approval.</li> <li>3. The Draft Annual Budget for the year 2014/2015 be noted for adoption.</li> </ol> <p><b>Assets Management</b></p> <p>Latest full progress report be forwarded to the committee members.</p>	YES
T G		



## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Table TH.1

Long Term Contracts (20 Largest Contracts Entered into during Year 0)					
					R' 000
Name of Service Provider	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Merlcon CC	Mhlumayo Fitty Park Community water supply scheme	03/10/2013	04/2015	Sivest	R 38 683
Eso Construction	Hobsland to Indaka – Bulk Water Feeder Main	22/07/2014	07/2015	Willcocks Reed & Kotze	R 52 888
Ukhasi Zenzulwazi JV	Bergville Sewage Scheme	10/2013	10/2014	Sika Engineers	R 11 982
Water Skills	Bhekuzulu – Epangweni Phase 6	05/2014	06/2016	Sukuma Consulting	R 15 197
Makhubu Civils	Kwanobamba Ezitendeni Water Supply Scheme 1C	08/05/2014	11/2014	ECA Consulting	R 8 991
Sizabonke Civils CC	Kwanobamba Ezitendeni Water Supply Scheme 1B	04/2014	03/2017	ECA Consulting	R 37 250
SBT Civils	Bergville Sewer Treatment Works	June/2014	04/2015	ECA Consulting	R 14 098
Sunset Beach Trading T/A SBT Civils	Ezakheni E Reticulation Network	02/04/2014	03/2015	Technical	R 12 957
Redspike Security Services	Provision of Security Services	01/08/2013	31/08/2015	Corporate Department	R 6 660
Sukuma Security Services	Provision of Security Services	01/08/2013	31/08/2015	Corporate Department	R 4 070
Born To Protect Security	Provision of Security	01/08/2013	31/08/2015	Corporate Department	R 3 700
Ilanga Security Services	Provision of Security	01/08/2013	31/08/2015	Corporate Department	R 4 625
Sebata Sebatana Business Enterprise	Construction of Disaster Centre	June 2013	03/ 2015	Ilifa Project Engineers	R 15 905
Mayibuye Earthworks Maswidi JV	Ezakheni E Water Reticulation Network	20/05/2014		Sukuma Consulting	R 7 330
ZG Training and Development	ISD Services	03/2014	03/2017	Technical	R 1 003
Bonakude Consultancy	Complying of GRAP Compliant Register	12/02/2014	28/02/2017	Finance Department	R 3 500
Khethwayo Construction	Water Reticulation within UThukela DM	03/2014	03/2017	ECA Consulting	R 15 000
Kulu Civils	Construction of DIA PVC Pipeline	01/04/2014		J & G Consulting	R 13 800

**APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0 (CURRENT YEAR)**

**Table TO**

<b>Capital Programme by Project by Ward: Year 0</b>		
<b>R' 000</b>		
<b>Capital Project</b>	<b>Ward(s) affected</b>	<b>Works completed (Yes/No)</b>
<b>Water</b>		
Blue Drop and Green Drop	N/A	5 000 000
Refurbishment Existing Scheme	N/A	2 500 000
Municipal Water Infrastructure	N/A	14 525 000
<b>Sanitation/Sewerage</b>		
Sanitation Project's	All	5 000 000
<b>Economic development</b>		
LED Programme	All	2 000 000
Tourism	All	1 000 000
<b>Sports, Arts &amp; Culture</b>		
Sport Programme	N/A	2 000 000
Infrastructure Sports	All	2 468 000
<b>Health</b>		
Lab Equipment	N/A	200 000
Health Equipment	N/A	10 000
<b>Safety and Security</b>		
Emergency disaster provision/relief	All	3 000 000
<b>ICT and Other</b>		
IT equipment, upgrade and maintenance	All	3 000 000
RRAMS	All	1 999 000
		<i>TO</i>



**UTHUKELA**  
UMKHANDLU WESIFUNDA  
DISTRIKSMUNISIPALITEIT  
DISTRICT MUNICIPALITY

Uthukela District Municipality  
Annual Financial Statements  
for the year ended June 30, 2014

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## General Information

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<b>Legal form of entity</b>	District Municipality
<b>Nature of business and principal activities</b>	The main business operations of the municipality is to engage in Local Government activities, which includes planning and promotion of integrated development planning, economic, social and environmental development and supplying of the following services to the community: the supply of water, sewerage and sanitation services, as well as infrastructure development. Water is obtained from the Department of Water Affairs and distributed to the consumers by the municipality.
<b>Municipal Demarcation Code</b>	DC23
<b>Executive Committee</b>	
Mayor	Cllr Ms. D.C.P Mazibuko Cllr N.W Sibiya Cllr A.S Mazibuko Cllr M.J Ntshaba Cllr B.C Mazibuko
Councillors	Vacant (Deputy Mayor) Cllr T.J. M Jeebodh (Speaker) Cllr M.G. Hlubi Cllr M.A Mkhize Cllr Z.J Sibisi Cllr T.P Shabalala Cllr N.M Hadebe Cllr S.B Sibisi Cllr V.R Mlotshwa Cllr N.M Hlomuka Cllr M.L Zwane Cllr T.M Cele Cllr Ms. B.R Madonsela Cllr T Xaba Cllr M.E Mbatha Cllr N.L Zikalala Cllr M Ngubane Cllr M.L Mlotshwa Cllr S.D Magubane Cllr K.V Vilakazi Cllr B.C Mabizela Cllr S.G Sikhakhane Cllr M.W Hadebe Cllr S.J Sithole Cllr Ms. T.Y Nqubuka Cllr Ms. T Shelembe
<b>Grading of local authority</b>	Grade 4 Medium Capacity
<b>Accounting Officer</b>	S.N Kunene
<b>Chief Finance Officer (CFO)</b>	Ms. P.H.Z Kubheka
<b>Registered office</b>	33 Forbes Street

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## General Information

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	Ladysmith Tel: 036-6385100 Fax: 036-6385126 municipalmanager@uthukeladm.co.za
<b>Postal address</b>	PO Box 116 Ladysmith Kwazulu Natal 3370
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General - South Africa

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Index

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

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	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
Appropriation Statement	14 - 15
Accounting Policies	16 - 30
Notes to the Annual Financial Statements	31 - 78
Appendixes:	
Appendix A: Schedule of External loans	79
Appendix B: Analysis of Property, Plant and Equipment	80

### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
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 (Previously CMIP)

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the 12 months to June 30, 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer has reviewed the municipality's cash flow forecast for the 12 months to June 30, 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on page 1 to 85, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2014 and were signed on its behalf by:

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**Accounting Officer**  
**S.N. kunene**

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Financial Position as at June 30, 2014

	Note(s)	2014	2013 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	7	4,588,990	5,852,799
Receivables from exchange transactions	8	5,600,191	6,181,426
Receivables from non-exchange transactions	9	5,221,158	506,957
Prepayments	6	-	594,000
Consumer debtors	10	126,138,226	35,478,433
Cash and cash equivalents	11	126,554,326	153,300,175
		<b>268,102,891</b>	<b>201,913,790</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	1,482,943,918	1,709,850,452
Intangible assets	4	108,870	47,209
		<b>1,483,052,788</b>	<b>1,709,897,661</b>
Non-Current Assets		1,483,052,788	1,709,897,661
Current Assets		268,102,891	201,913,790
Non-current assets held for sale (and) (assets of disposal groups)		-	-
<b>Total Assets</b>		<b>1,751,155,679</b>	<b>1,911,811,451</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	16	2,904,571	2,627,608
Finance lease obligation	14	2,069,400	2,548,206
Payables from exchange transactions	18	90,448,418	64,472,480
Other Accruals	19	14,990,376	16,444,589
Consumer deposits	20	9,390,119	8,758,905
Employee benefit obligation	5	937,667	167,237
Unspent conditional grants and receipts	15	41,560,078	133,389,894
VAT Payable	17	(6,662,374)	19,682,275
Bank overdraft	11	-	4,527,234
		<b>155,638,255</b>	<b>252,618,428</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	16	4,941,270	7,845,838
Finance lease obligation	14	104,826	1,691,905
Employee benefit obligation	5	10,266,293	10,434,800
		<b>15,312,389</b>	<b>19,972,543</b>
Non-Current Liabilities		15,312,389	19,972,543
Current Liabilities		155,638,255	252,618,428
<b>Total Liabilities</b>		<b>170,950,644</b>	<b>272,590,971</b>
Assets		1,751,155,679	1,911,811,451
Liabilities		(170,950,644)	(272,590,971)
<b>Net Assets</b>		<b>1,580,205,035</b>	<b>1,639,220,480</b>
Reserves			
Donations and public contributions	12	223,453	-
<b>Total Net Assets</b>		<b>1,580,205,035</b>	<b>1,639,220,480</b>



# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Financial Performance

	Note(s)	2014	2013 Restated*
<b>Revenue</b>			
Service charges	22	132,770,897	117,286,385
Interest received		44,044,579	39,236,762
Other income		1,909,929	5,075,640
Government grants & subsidies	23	618,381,641	495,985,099
<b>Total revenue</b>		<b>797,107,046</b>	<b>657,583,886</b>
<b>Expenditure</b>			
Employee related costs	26	(125,358,901)	(119,805,555)
Remuneration of councillors	27	(4,702,698)	(4,791,780)
Depreciation and amortisation	31	(38,999,385)	(32,001,282)
Impairment loss	32	-	163,767
Finance costs	33	(2,548,678)	(2,431,826)
Impairment of debtors	28	(16,027,558)	(244,001,250)
Repairs and maintenance		(22,082,294)	(13,476,535)
Bulk purchases	36	(7,232,242)	(3,857,201)
Contracted services	35	(46,771,843)	(45,289,471)
General Expenses	25	(97,886,798)	(75,092,704)
Government Grant Expenditure	25	(83,731,826)	(108,715,389)
<b>Total expenditure</b>		<b>(445,342,223)</b>	<b>(649,299,226)</b>
Total revenue		797,107,046	657,583,886
Total expenditure		(445,342,223)	(649,299,226)
<b>Operating surplus</b>		<b>351,764,823</b>	<b>8,284,660</b>
Loss on disposal of assets		(5,420,887)	(2,168,399)
Deemed cost adjustment in respect of property, plant and equipment	30	-	32,687,264
Gain (loss) on actuarial valuations		935,407	(76,479)
		<b>(4,485,480)</b>	<b>30,442,386</b>
Surplus before taxation		347,279,343	38,727,046
<b>Surplus for the year</b>		<b>347,279,343</b>	<b>38,727,046</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Changes in Net Assets

	Donations and public contributions	Accumulated surplus	Total net assets
<b>Balance at July 1, 2012</b>	-	<b>1,600,493,434</b>	<b>1,600,493,434</b>
Changes in net assets			
Restated surplus for the year	-	38,727,046	38,727,046
Total changes	-	38,727,046	38,727,046
<b>Restated* Balance at July 1, 2013</b>	-	<b>1,639,220,480</b>	<b>1,639,220,480</b>
Changes in net assets			
Donations received	223,453	-	223,453
Prior year adjustments	-	(406,518,241)	(406,518,241)
Net income (losses) recognised directly in net assets	223,453	(406,518,241)	(406,294,788)
Surplus for the year	-	347,279,343	347,279,343
Total recognised income and expenses for the year	223,453	(59,238,898)	(59,015,445)
Total changes	223,453	(59,238,898)	(59,015,445)
<b>Balance at 30 June 2014</b>	<b>223,453</b>	<b>1,579,981,582</b>	<b>1,580,205,035</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Cash Flow Statement

	Note(s)	2014	2013 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service charges		(106,687,351)	85,376,238
Grants		526,551,825	503,024,109
interest income		44,044,579	39,236,761
Other receipts		(95,617,639)	3,153,045
		<u>368,291,414</u>	<u>630,790,153</u>
<b>Payments</b>			
Employee and councillor costs		(130,061,599)	(124,673,814)
Suppliers and others		(22,243,605)	(340,240,143)
Finance costs		(2,548,678)	(2,431,826)
Other cash item		(186,644,822)	-
		<u>(341,498,704)</u>	<u>(467,345,783)</u>
Total receipts		368,291,414	630,790,153
Total payments		(341,498,704)	(467,345,783)
<b>Net cash flows from operating activities</b>	37	<b><u>26,792,710</u></b>	<b><u>163,444,370</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(222,576,727)	(998,632,871)
Sale of property, plant and equipment	3	(5,420,887)	-
Donated assets		(223,453)	-
		<u>(228,221,067)</u>	<u>(101,466,302)</u>
<b>Cash flows from financing activities</b>			
Decrease in long term loan		(2,627,605)	(2,379,613)
Nett increase in other liability (Consumer Deposits)		631,214	-
Increase / (decrease) in finance lease liability		(2,065,885)	770,295
Other cash item		183,272,018	-
		<u>179,209,742</u>	<u>(1,609,318)</u>
<b>Net cash flows from financing activities</b>		<b><u>179,209,742</u></b>	<b><u>(1,609,318)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b><u>(22,218,615)</u></b>	<b><u>60,368,750</u></b>
Cash and cash equivalents at the beginning of the year		148,772,941	88,404,191
<b>Cash and cash equivalents at the end of the year</b>	11	<b><u>126,554,326</u></b>	<b><u>148,772,941</u></b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	138,888,000	152,000	<b>139,040,000</b>	132,770,897	<b>(6,269,103)</b>	
Interest received	17,790,000	17,925,000	<b>35,715,000</b>	34,733,192	<b>(981,808)</b>	
Other income	275,000	1,055,000	<b>1,330,000</b>	1,909,929	<b>579,929</b>	
Government grants-Transfers recognised (operational)	277,744,000	(342,000)	<b>277,402,000</b>	257,902,233	<b>(19,499,767)</b>	
Interest received - investment	9,109,000	(420,000)	<b>8,689,000</b>	9,311,387	<b>622,387</b>	
<b>Total revenue from exchange transactions</b>	<b>443,806,000</b>	<b>18,370,000</b>	<b>462,176,000</b>	<b>436,627,638</b>	<b>(25,548,362)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Government grants-Transfers recognised (capital)	193,847,000	138,377,000	<b>332,224,000</b>	360,479,408	<b>28,255,408</b>	
'Total revenue from exchange transactions'	443,806,000	18,370,000	<b>462,176,000</b>	436,627,638	<b>(25,548,362)</b>	
'Total revenue from non-exchange transactions'	193,847,000	138,377,000	<b>332,224,000</b>	360,479,408	<b>28,255,408</b>	
<b>Total revenue</b>	<b>637,653,000</b>	<b>156,747,000</b>	<b>794,400,000</b>	<b>797,107,046</b>	<b>2,707,046</b>	
<b>Expenditure</b>						
Personnel	(158,358,000)	26,665,000	<b>(131,693,000)</b>	(125,358,901)	<b>6,334,099</b>	
Remuneration of councillors	(5,612,000)	-	<b>(5,612,000)</b>	(4,702,698)	<b>909,302</b>	
Depreciation and amortisation	(35,936,000)	8,000	<b>(35,928,000)</b>	(38,999,385)	<b>(3,071,385)</b>	
Finance costs	(3,339,000)	1,523,000	<b>(1,816,000)</b>	(2,548,678)	<b>(732,678)</b>	
Debt impairment	(20,180,000)	(50,712,000)	<b>(70,892,000)</b>	(16,027,558)	<b>54,864,442</b>	
Repairs and maintenance	(18,898,000)	275,000	<b>(18,623,000)</b>	(22,082,294)	<b>(3,459,294)</b>	
Bulk purchases	(45,563,000)	(21,607,000)	<b>(67,170,000)</b>	(7,232,242)	<b>59,937,758</b>	
Contracted Services	(40,103,000)	(10,641,000)	<b>(50,744,000)</b>	(46,771,843)	<b>3,972,157</b>	
General Expenses	(51,053,000)	(15,831,000)	<b>(66,884,000)</b>	(97,886,798)	<b>(31,002,798)</b>	
Government Grant Expenditure	-	-	-	(83,731,826)	<b>(83,731,826)</b>	
<b>Total expenditure</b>	<b>(379,042,000)</b>	<b>(70,320,000)</b>	<b>(449,362,000)</b>	<b>(445,342,223)</b>	<b>4,019,777</b>	
	637,653,000	156,747,000	<b>794,400,000</b>	797,107,046	<b>2,707,046</b>	
	(379,042,000)	(70,320,000)	<b>(449,362,000)</b>	(445,342,223)	<b>4,019,777</b>	
<b>Operating surplus</b>	<b>258,611,000</b>	<b>86,427,000</b>	<b>345,038,000</b>	<b>351,764,823</b>	<b>6,726,823</b>	
Loss on disposal of assets and liabilities	-	-	-	(5,420,887)	<b>(5,420,887)</b>	
Gain on non-current assets held for sale or disposal groups	-	-	-	935,407	<b>935,407</b>	
	-	-	-	<b>(4,485,480)</b>	<b>(4,485,480)</b>	
	258,611,000	86,427,000	<b>345,038,000</b>	351,764,823	<b>6,726,823</b>	
	-	-	-	(4,485,480)	<b>(4,485,480)</b>	
<b>Surplus before taxation</b>	<b>258,611,000</b>	<b>86,427,000</b>	<b>345,038,000</b>	<b>347,279,343</b>	<b>2,241,343</b>	
Deficit before taxation	258,611,000	86,427,000	<b>345,038,000</b>	347,279,343	<b>2,241,343</b>	

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Taxation	-	-	-	-	-	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>258,611,000</b>	<b>86,427,000</b>	<b>345,038,000</b>	<b>347,279,343</b>	<b>2,241,343</b>	
<b>Reconciliation</b>						

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	4,124,000	1,729,000	<b>5,853,000</b>	4,588,990	<b>(1,264,010)</b>	
Receivables from exchange transactions	4,335,000	(3,234,000)	<b>1,101,000</b>	5,600,191	<b>4,499,191</b>	
Receivables from non-exchange transactions	-	-	-	5,221,158	<b>5,221,158</b>	
Consumer debtors from exchange transactions	210,706,000	(175,228,000)	<b>35,478,000</b>	126,138,226	<b>90,660,226</b>	
Cash and cash equivalents	145,173,000	6,135,000	<b>151,308,000</b>	126,554,326	<b>(24,753,674)</b>	
	<b>364,338,000</b>	<b>(170,598,000)</b>	<b>193,740,000</b>	<b>268,102,891</b>	<b>74,362,891</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	1,063,422,000	93,980,000	<b>1,157,402,000</b>	1,482,943,918	<b>325,541,918</b>	
Intangible assets	47,000	-	<b>47,000</b>	108,870	<b>61,870</b>	
	<b>1,063,469,000</b>	<b>93,980,000</b>	<b>1,157,449,000</b>	<b>1,483,052,788</b>	<b>325,603,788</b>	
Non-Current Assets	364,338,000	(170,598,000)	<b>193,740,000</b>	268,102,891	<b>74,362,891</b>	
Current Assets	1,063,469,000	93,980,000	<b>1,157,449,000</b>	1,483,052,788	<b>325,603,788</b>	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
<b>Total Assets</b>	<b>1,427,807,000</b>	<b>(76,618,000)</b>	<b>1,351,189,000</b>	<b>1,751,155,679</b>	<b>399,966,679</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Borrowings ( DBSA loans)	5,341,000	(165,000)	<b>5,176,000</b>	2,904,571	<b>(2,271,429)</b>	
Finance lease obligation	-	-	-	2,069,400	<b>2,069,400</b>	
Payables from exchange transactions	132,449,000	105,900,000	<b>238,349,000</b>	90,448,418	<b>(147,900,582)</b>	
Other accruals	-	-	-	14,990,376	<b>14,990,376</b>	
Consumer deposits	8,879,000	-	<b>8,879,000</b>	9,390,119	<b>511,119</b>	
Employee benefit obligation	-	-	-	937,667	<b>937,667</b>	
Unspent conditional grants and receipts	-	-	-	41,560,078	<b>41,560,078</b>	
Provisions	42,023,000	(299,000)	<b>41,724,000</b>	-	<b>(41,724,000)</b>	
Bank Overdraft	-	-	-	(6,662,374)	<b>(6,662,374)</b>	
	<b>188,692,000</b>	<b>105,436,000</b>	<b>294,128,000</b>	<b>155,638,255</b>	<b>(138,489,745)</b>	
<b>Non-Current Liabilities</b>						
Borrowings ( DBSA loans)	15,107,000	(5,569,000)	<b>9,538,000</b>	4,941,270	<b>(4,596,730)</b>	
Finance lease obligation	-	-	-	104,826	<b>104,826</b>	104824
Provisions (Retirement benefit obligation)	-	-	-	10,266,293	<b>10,266,293</b>	
	<b>15,107,000</b>	<b>(5,569,000)</b>	<b>9,538,000</b>	<b>15,312,389</b>	<b>5,774,389</b>	
	188,692,000	105,436,000	<b>294,128,000</b>	155,638,255	<b>(138,489,745)</b>	
	15,107,000	(5,569,000)	<b>9,538,000</b>	15,312,389	<b>5,774,389</b>	
	-	-	-	-	-	
<b>Total Liabilities</b>	<b>203,799,000</b>	<b>99,867,000</b>	<b>303,666,000</b>	<b>170,950,644</b>	<b>(132,715,356)</b>	

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Assets</b>	1,427,807,000	(76,618,000)	<b>1,351,189,000</b>	1,751,155,679	<b>399,966,679</b>	
<b>Liabilities</b>	(203,799,000)	(99,867,000)	<b>(303,666,000)</b>	(170,950,644)	<b>132,715,356</b>	
<b>Net Assets</b>	<b>1,224,008,000</b>	<b>(176,485,000)</b>	<b>1,047,523,000</b>	<b>1,580,205,035</b>	<b>532,682,035</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
Donations and public contributions	-	-	-	223,453	<b>223,453</b>	
Accumulated surplus	1,224,008,000	(176,485,000)	<b>1,047,523,000</b>	1,579,981,582	<b>532,458,582</b>	
<b>Total Net Assets</b>	<b>1,224,008,000</b>	<b>(176,485,000)</b>	<b>1,047,523,000</b>	<b>1,580,205,035</b>	<b>532,682,035</b>	

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	83,498,000	(6,556,000)	<b>76,942,000</b>	132,770,897	<b>55,828,897</b>	
Government - operating	277,744,000	(342,000)	<b>277,402,000</b>	273,925,787	<b>(3,476,213)</b>	
Government - capital	193,847,000	138,377,000	<b>332,224,000</b>	347,483,724	<b>15,259,724</b>	
Other receipts	16,140,000	(7,451,000)	<b>8,689,000</b>	45,954,508	<b>37,265,508</b>	
	<b>571,229,000</b>	<b>124,028,000</b>	<b>695,257,000</b>	<b>800,134,916</b>	<b>104,877,916</b>	
<b>Payments</b>						
Employee costs	(163,970,000)	26,665,000	<b>(137,305,000)</b>	(130,061,599)	<b>7,243,401</b>	
Suppliers and other	205,733,000	98,508,000	<b>304,241,000</b>	(483,299,161)	<b>(787,540,161)</b>	
Finance costs	(3,339,000)	1,478,000	<b>(1,861,000)</b>	(2,548,678)	<b>(687,678)</b>	
Other payments	(6,000,000)	-	<b>(6,000,000)</b>	(32,687,254)	<b>(26,687,254)</b>	
	<b>32,424,000</b>	<b>126,651,000</b>	<b>159,075,000</b>	<b>(648,596,692)</b>	<b>(807,671,692)</b>	
Total receipts	571,229,000	124,028,000	<b>695,257,000</b>	800,134,916	<b>104,877,916</b>	
Total payments	32,424,000	126,651,000	<b>159,075,000</b>	(648,596,692)	<b>(807,671,692)</b>	
<b>Net cash flows from operating activities</b>	<b>603,653,000</b>	<b>250,679,000</b>	<b>854,332,000</b>	<b>151,538,224</b>	<b>(702,793,776)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(196,037,000)	(148,923,000)	<b>(344,960,000)</b>	(177,833,965)	<b>167,126,035</b>	
<b>Cash flows from financing activities</b>						
Repayment of other financial liabilities	(5,035,000)	(141,000)	<b>(5,176,000)</b>	4,077,126	<b>9,253,126</b>	
<b>Net cash flows from financing activities</b>	<b>(4,285,000)</b>	<b>(891,000)</b>	<b>(5,176,000)</b>	<b>4,077,126</b>	<b>9,253,126</b>	
Net increase/(decrease) in cash and cash equivalents	403,331,000	100,865,000	<b>504,196,000</b>	(22,218,615)	<b>(526,414,615)</b>	
Cash and cash equivalents at the beginning of the year	109,118,000	39,655,000	<b>148,773,000</b>	148,772,941	<b>(59)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>512,449,000</b>	<b>140,520,000</b>	<b>652,969,000</b>	<b>126,554,326</b>	<b>(526,414,674)</b>	



# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Appropriation Statement

2014

### Financial Performance

Service charges	138,888,000	152,000	139,040,000	-		139,040,000	132,770,897		(6,269,103)	95 %	96 %
Transfers recognised - operational	277,744,000	(342,000)	277,402,000	-		277,402,000	257,902,233		(19,499,767)	93 %	93 %
Other own revenue	27,174,000	18,560,000	45,734,000	-		45,734,000	45,954,508		220,508	100 %	169 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>443,806,000</b>	<b>18,370,000</b>	<b>462,176,000</b>	-		<b>462,176,000</b>	<b>436,627,638</b>		<b>(25,548,362)</b>	<b>94 %</b>	<b>98 %</b>
Employee costs	(158,358,000)	26,665,000	(131,693,000)	-		(131,693,000)	(125,358,901)		6,334,099	95 %	79 %
Remuneration of councillors	(5,612,000)	-	(5,612,000)	-		(5,612,000)	(4,702,698)		909,302	84 %	84 %
Debt impairment	(20,180,000)	(50,712,000)	(70,892,000)	-		(70,892,000)	(16,027,558)		54,864,442	23 %	79 %
Depreciation and asset impairment	(35,936,000)	8,000	(35,928,000)	-		(35,928,000)	(38,999,385)		(3,071,385)	109 %	109 %
Finance charges	(3,339,000)	1,523,000	(1,816,000)	-		(1,816,000)	(2,548,678)		(732,678)	140 %	76 %
Materials and bulk purchases	(45,563,000)	(21,607,000)	(67,170,000)	-		(67,170,000)	(7,232,242)		59,937,758	11 %	16 %
Transfers and grants	(6,000,000)	-	(6,000,000)	-		(6,000,000)	-		6,000,000	- %	- %
Other expenditure	(104,054,000)	(26,197,000)	(130,251,000)	-		(130,251,000)	(254,958,241)		(124,707,241)	196 %	245 %
<b>Total expenditure</b>	<b>(379,042,000)</b>	<b>(70,320,000)</b>	<b>(449,362,000)</b>	-		<b>(449,362,000)</b>	<b>(449,827,703)</b>		<b>(465,703)</b>	<b>100 %</b>	<b>119 %</b>
Total revenue (excluding capital transfers and contributions)	443,806,000	18,370,000	462,176,000	-		462,176,000	436,627,638		(25,548,362)	94 %	98 %
Total expenditure	(379,042,000)	(70,320,000)	(449,362,000)	-		(449,362,000)	(449,827,703)		(465,703)	100 %	119 %
<b>Surplus/(Deficit)</b>	<b>64,764,000</b>	<b>(51,950,000)</b>	<b>12,814,000</b>	-		<b>12,814,000</b>	<b>(13,200,065)</b>		<b>(26,014,065)</b>	<b>(103)%</b>	<b>(20)%</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	193,847,000	138,377,000	332,224,000	-		332,224,000	360,479,408		28,255,408	109 %	186 %
Surplus/(Deficit)	64,764,000	(51,950,000)	12,814,000	-	-	12,814,000	(13,200,065)	-	(26,014,065)	(103)%	(20)%
Capital transfers and contributions	193,847,000	138,377,000	332,224,000	-	-	332,224,000	360,479,408	-	28,255,408	109 %	186 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>258,611,000</b>	<b>86,427,000</b>	<b>345,038,000</b>	-		<b>345,038,000</b>	<b>347,279,343</b>		<b>2,241,343</b>	<b>101 %</b>	<b>134 %</b>
Surplus (Deficit) after capital transfers and contributions	258,611,000	86,427,000	345,038,000	-	-	345,038,000	347,279,343	-	2,241,343	101 %	134 %
<b>Surplus/(Deficit) for the year</b>	<b>258,611,000</b>	<b>86,427,000</b>	<b>345,038,000</b>	-		<b>345,038,000</b>	<b>347,279,343</b>		<b>2,241,343</b>	<b>101 %</b>	<b>134 %</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

### 1.2 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:

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

### 1.3 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

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

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

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

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 and 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 and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for assets acquired at no cost which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognised.

The revaluation surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Average useful life</b>
Land	Infinite
Buildings	
• Offices/Buildings	30 years
•	
Plant and machinery	
• Compressors	2 years
• Lawnmowers	5 years
• Radio equipment	5 years
• Telecommunication equipment	5 years
• Irrigation systems	10 years
• Latches and milling equipment	5 years
• Tools	5 years
• General	5 years
Motor vehicles	
• Motor vehicles	5 years
• Bakkies	5 years
• Trucks	5 years
• Tippers	5 years
Office equipment	
• Office machines	3-5 years
• Air conditioners	3 years
• Furniture and fittings	7 years
• Emergency equipment	5 years
• Security equipment	5 years
IT equipment	
• Computer equipment	3 years
Laboratory equipment	
• Laboratory equipment	5 years
Specialised vehicles	
• Graders	5 years
• Tractors	5 years
• Mechanical Horses	5 years

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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

#### Wastewater network

• Sewers	30 years
• Outfall sewers	40 years
• Purification works	30 years
• Sewerage pumps	5 years
• Sludge machines	15 years

#### Water network

• Meters	10 years
• Dams	80 years
• Supply / reticulation	20 years
• Reservoirs	30 years
• Water pumps	5 years
• Mains	30 years
• Water rights	30 years
• Boreholes	15 years

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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.

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

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

Property, plant and equipment which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.4 Intangible assets

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.4 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Water rights	30 years
Computer software, other	30 Years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The additions to intangible assets relates to computer software purchased for the intercom system in the Board room.

### 1.5 Financial instruments

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

Regular way purchases of financial assets are accounted for at .

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

#### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.



# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

### 1.6 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessee

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

### 1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.7 Inventories (continued)

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 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

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

Useful life is either:

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

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

#### Identification

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

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

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

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.8 Impairment of cash-generating assets (continued)

#### Value in use

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

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

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.8 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

### 1.9 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.

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

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

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

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

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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

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

Useful life is either:

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

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

### 1.10 Share capital / contributed capital

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

### 1.11 Employee benefits

#### 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 June 30, 2014

## Accounting Policies

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### 1.11 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.

### 1.12 Provisions and contingencies

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.12 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

### 1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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.

### 1.14 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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.

### 1.15 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 June 30, 2014

## Accounting Policies

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### 1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

### 1.17 Comparative figures

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

### 1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

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 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.

### 1.19 Fruitless and wasteful expenditure

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

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

### 1.20 Irregular expenditure

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

### 1.21 Budget information

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

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

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

The approved budget covers the fiscal period from 7/1/2013 to 6/30/2014.

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

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

### 1.22 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.



# **Uthukela District Municipality**

Annual Financial Statements for the year ended June 30, 2014

## **Accounting Policies**

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### **1.22 Related parties (continued)**

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### **1.23 Going concern assumption**

These financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

2014

2013

### 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:

##### GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
  - pool the assets contributed by various entities that are not under common control; and
  - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
  - an entity's decision to terminate an employee's employment before the normal retirement date; or
  - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
  - All short-term employee benefits;
  - Short-term compensated absences;
  - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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

- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
  - Actuarial valuation method;
  - Attributing benefits to periods of service;
  - Actuarial assumptions;
  - Actuarial assumptions: Discount rate;
  - Actuarial assumptions: Salaries, benefits and medical costs;
  - Actuarial gains and losses;
  - Past service cost.
- Plan assets:
  - Fair value of plan assets;
  - Reimbursements;
  - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after April 1, 2013.

The municipality has adopted the standard for the first time in the 2014 annual financial statements.

### **GRAP 1 (as revised 2012): Presentation of Financial Statements**

Paragraphs .108 and .109 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Statement of Financial Performance as well as the Statement of Changes in Net Assets.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

### **GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors**

Paragraphs .17 and .18 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Changes in Accounting Policies.

The effective date of the amendment is for years beginning on or after April 1, 2013

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

### **GRAP 9 (as revised 2012): Revenue from Exchange Transactions**

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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

Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Scope and Definitions.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

#### **GRAP 12 (as revised 2012): Inventories**

Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

#### **GRAP 13 (as revised 2012): Leases**

Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

#### **GRAP 17 (as revised 2012): Property, Plant and Equipment**

Paragraphs .44, .45, .72, .75, .79 and .85 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition, Derecognition and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

#### **GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)**

Numerous paragraphs were amended by the improvements to the Standards of GRAP issued previously:

Changes made comprise 3 areas that can be summarised as follows:

- Consequential amendments arising from the alignment of the accounting treatment and text of GRAP 102 with that in IPSAS 31,
- The deletion of guidance and examples from Interpretations issues by the IASB previously included in GRAP102,
- Changes to ensure consistency between the Standards, or to clarify existing principles.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

#### **IGRAP16: Intangible assets website costs**

An entity may incur internal expenditure on the development and operation of its own website for internal or external access. A website designed for external access may be used for various purposes such as to disseminate information, for example annual reports and budgets, create awareness of services, request comment on draft legislation, promote and advertise an entity's own services and products, for example the E-filing facility of SARS that enables taxpayers to complete their annual tax assessments, provide electronic services and list approved supplier details. A website designed for internal access may be used to store an entity's information, for example policies and operating procedures, and details of users of a service, and other relevant information.

The stages of a website's development can be described as follows:

- Planning – includes undertaking feasibility studies, defining objectives and specifications, evaluating alternatives and selecting preferences.
- Application and infrastructure development – includes obtaining a domain name, purchasing and developing hardware and operating software, installing developed applications and stress testing.
- Graphical design development – includes designing the appearance of web pages.
- Content development – includes creating, purchasing, preparing and uploading information, either text or graphic, on the website before the completion of the website's development. This information may either be stored in separate databases that are integrated into (or accessed from) the website or coded directly into the web pages.

Once development of a website has been completed, the operating stage begins. During this stage, an entity maintains and enhances the applications, infrastructure, graphical design and content of the website.

When accounting for internal expenditure on the development and operation of an entity's own website for internal or external access, the issues are:

- whether the website is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets; and
- the appropriate accounting treatment of such expenditure.

This Interpretation of Standards of GRAP does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and internet connections) of a website. Such expenditure is accounted for under the Standard of GRAP on Property, Plant and Equipment. Additionally, when an entity incurs expenditure on an internet service provider hosting the entity's website, the expenditure is recognised as an expense under the paragraph .93 in the Standard of GRAP on Presentation of Financial Statements and the Framework for the Preparation and Presentation of Financial Statements when the services are received.

The Standard of GRAP on Intangible Assets does not apply to intangible assets held by an entity for sale in the ordinary course of operations (see the Standards of GRAP on Construction Contracts and Inventories) or leases that fall within the scope of the Standard of GRAP on Leases. Accordingly, this Interpretation of Standards of GRAP does not apply to expenditure on the development or operation of a website (or website software) for sale to another entity. When a website is leased under an operating lease, the lessor applies this Interpretation of Standards of GRAP. When a website is leased under a finance lease, the lessee applies this Interpretation of Standards of GRAP after initial recognition of the leased asset.

The effective date of the amendment is for years beginning on or after April 1, 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

#### **GRAP 20: Related parties**

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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

- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after April 1, 2014.

The municipality has early adopted the standard for the first time in the 2014 annual financial statements.

### **IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue**

Paragraphs .03, .04, .05, .06, .08 and .10, were amended and paragraph .02 was added in the Interpretation of the Standards of GRAP.

This Interpretation of the Standards of GRAP now addresses the manner in which an entity applies the probability test on initial recognition of both:

(a) exchange revenue in accordance with the Standard of GRAP on Revenue from Exchange Transactions and

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# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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

(b) non-exchange revenue in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

This Interpretation of the Standards of GRAP supersedes the Interpretation of the Standards of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue issued in 2009.

The effective date of the amendment is for years beginning on or after April 1, 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,037,872	-	1,037,872	1,037,872	-	1,037,872
Buildings	1,932,857	(416,663)	1,516,194	5,157,857	(256,662)	4,901,195
Infrastructure	1,702,358,341	(240,271,070)	1,462,087,271	1,914,935,701	(227,944,865)	1,686,990,836
Other property, plant and equipment	25,321,047	(11,055,095)	14,265,952	28,077,438	(17,525,015)	10,552,423
Leased assets	9,337,089	(5,300,460)	4,036,629	10,032,874	(3,664,748)	6,368,126
<b>Total</b>	<b>1,739,987,206</b>	<b>(257,043,288)</b>	<b>1,482,943,918</b>	<b>1,959,241,742</b>	<b>(249,391,290)</b>	<b>1,709,850,452</b>



# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Write-Offs	Transfers	Other changes, movements	Depreciation and amortisation	Total
Land	1,037,872	-	-	-	-	-	1,037,872
Buildings	4,901,195	-	-	-	(1,616,633)	(1,768,368)	1,516,194
Infrastructure	1,686,990,836	184,115,253	-	-	(374,356,592)	(34,662,226)	1,462,087,271
Other property, plant and equipment	10,552,423	12,283,598	(12,524,764)	(2,242,399)	7,246,185	(1,049,091)	14,265,952
Leased assets	6,368,126	-	-	-	(811,797)	(1,519,700)	4,036,629
	<b>1,709,850,452</b>	<b>196,398,851</b>	<b>(12,524,764)</b>	<b>(2,242,399)</b>	<b>(369,538,837)</b>	<b>(38,999,385)</b>	<b>1,482,943,918</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Other movements	Write-Offs	Transfers	Depreciation and amortisation	Impairment loss	Total
Land	1,037,872	-	-	-	-	-	-	1,037,872
Buildings	226,195	-	-	-	4,916,756	(241,756)	-	4,901,195
Infrastructure	700,019,599	792,669	993,286,578	(106,451)	18,489,024	(25,490,695)	112	1,686,990,836
Other property, plant and equipment	7,410,402	748,984	-	(1,891,080)	8,365,884	(4,245,425)	163,658	10,552,423
Leased assets	3,598,547	3,804,640	-	(170,868)	1,157,380	(2,021,573)	-	6,368,126
	<b>712,292,615</b>	<b>5,346,293</b>	<b>993,286,578</b>	<b>(2,168,399)</b>	<b>32,929,044</b>	<b>(31,999,449)</b>	<b>163,770</b>	<b>1,709,850,452</b>

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

Ancillary fleet equipment and security	9,337,089	10,032,874
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#### Other information

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

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Water rights	120,122	(11,252)	108,870	55,000	(7,791)	47,209

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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Figures in Rand

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### 4. Intangible assets (continued)

#### Reconciliation of intangible assets - 2014

	Opening balance	Additions	Depreciation and amortisation	Total
Water rights	47,209	65,122	(3,462)	108,870

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# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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Figures in Rand

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### 4. Intangible assets (continued)

#### Reconciliation of intangible assets - 2013

	Opening balance	Depretiation and amortisation	Total
Water rights	49,042	(1,833)	47,209

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# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>5. Retirement benefit obligation</b>		
<b>Post retirement medical aid plan and long service awards</b>		
Independent valuers, Arch Actuarial Consulting, carried out the statutory valuation.		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Present value of the post retirement medical aid plan	(3,127,838)	(3,859,789)
Present Value of long service awards	(8,076,122)	(6,742,248)
	<b>(11,203,960)</b>	<b>(10,602,037)</b>
Non-current liabilities	(10,266,293)	(10,434,800)
Current liabilities	(937,667)	(167,237)
	<b>(11,203,960)</b>	<b>(10,602,037)</b>
<b>Changes in the present value of the post retirement medical aid plan obligation are as follows:</b>		
Opening balance	3,859,789	3,458,620
Net expense recognised in the statement of financial performance	(731,951)	401,169
	<b>3,127,838</b>	<b>3,859,789</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	188,894	261,895
Interest cost	339,127	216,359
Actuarial (gains) losses	(1,085,937)	76,479
Benefit payments	(174,035)	(153,564)
	<b>(731,951)</b>	<b>401,169</b>
<b>Calculation of actuarial gains and losses</b>		
Actuarial (gains) losses – Obligation	(1,085,937)	76,479
<b>Movement in the retirement medical aid obligation are as follows:</b>		
Balance at beginning of the year	3,859,789	3,458,620
Current service costs	188,894	216,359
Interest cost	339,127	261,895
benefits paid	(174,035)	(153,564)
Actuarial Loss / (Gain)	(1,085,937)	76,479
	<b>3,127,838</b>	<b>3,859,789</b>

The municipality expects to contribute 0.00 - to its defined benefit plans in the following financial year.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

2014                      2013

### 5. Retirement benefit obligation (continued)

#### Key assumptions used

The principal actuarial assumptions were as follows;

Discount rate per annum	8.83 %	9.00 %
Healthcare Cost Inflation	8.10 %	8.20 %
Net discount rate	0.67 %	0.74 %

Examples of mortality rates used were as follows;

<b>Retirement age and mortality</b>	<b>Age</b>	<b>Age</b>
Average retirement age	65 Years	65 Years
Mortality during employment	SA 85-90	SA 85-90

Members withdraw from service: (average for males and females)

<b>Average for males and females</b>	<b>Males</b>	<b>Females</b>
Age 20	15%	24%
Age 30	7%	7%
Age 40	2%	2%
Age 50+	0%	0%

#### Long service awards

independent valuers, ARCH Actuarial Consulting, Carried out a statutory valuation on an annual bases

#### Changes in present value of long service awards are as follows

Opening balance	6,742,248	5,566,030
Net expences recognised in the statement of financial performance	1,333,874	1,176,218
	<b><u>8,076,122</u></b>	<b><u>6,742,248</u></b>

The principal actuarial assumptions used were as follows

<b>Rates</b>	<b>2014</b>	<b>2013</b>
Discount rate per annum	8.31%	7.91%
General inflation	6.29%	5.80%
Salary Inflation	7.30%	6.30%
Real rate	1.12%	1.04%

#### Examples of mortality rates

	<b>2014</b>	<b>2013</b>
Average retirement age	65	65
Mortality during employment	SA 85-90	SA 85-90

Members withdrawn from services: (avarage for males and females).

<b>Heading</b>	<b>Males</b>	<b>Females</b>
Age 20	15%	24%
Age 30	7%	7%
Age 40	2%	2%
Age 50+	0%	0%

The amounts recognised in the statement of financial position were determined as follows;

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>5. Retirement benefit obligation (continued)</b>		
<b>Value</b>	<b>2014</b>	<b>2013</b>
Present value of funded obligation	8,076,122	6,742,248
Fair value of plan assets	-	-
<b>Liability in the statement of financial position</b>	<b>8,076,122</b>	<b>6,742,248</b>
<b>Movement in the long service obligation are as follows;</b>		
	<b>2014</b>	<b>2013</b>
Balance at beginning of year	6,742,248	5,566,030
Current service costs	872,737	766,934
Interest cost	513,865	405,076
Benefit payments	(203,258)	(215,949)
Actuarial loss / (gain)	150,530	220,157
<b>Balance at end of year</b>	<b>8,076,122</b>	<b>6,742,248</b>
The amounts recognized in the statement of financial performance were as follows;		
In conclusion		
<b>Statement of financial position obligation</b>	<b>2014</b>	<b>2013</b>
Long service award	8,076,122	6,742,248
<b>Statement of financial performance obligation</b>	<b>2014</b>	<b>2013</b>
Long service award loss / (gain)	150,530	220,157
<b>6. Prepayments</b>		
SALGA paid in advance	-	594,000
<b>7. Inventories</b>		
Plant materials ( plumbing)	1,258,087	2,611,937
Chemicals	1,076,028	870,236
Purified water stock	438,239	489,322
Stores	1,816,636	1,881,304
	<b>4,588,990</b>	<b>5,852,799</b>
<b>8. Receivables from exchange transactions</b>		
Deposits- fuel, landlords and ERWS	1,451,206	1,446,206
Sundry debtors	4,148,985	4,735,220
	<b>5,600,191</b>	<b>6,181,426</b>
<b>9. Receivables from non-exchange transactions</b>		
Promotional items	29,044	-
Trust fund	-	10,166
Receivables from non exchange transactions	5,110,032	296,462
Other receivables from non exchange transaction	82,082	200,329
	<b>5,221,158</b>	<b>506,957</b>

The municipality expects to realize these debtors within 12 months.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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2014

2013

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### 9. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions includes an amount of R4,592,424 in respect of salary fraud which are not included in the employee related cost disclosed in the statement of financial performance

Refer to note 44 "Fruitless and waistfull expenditure" for futher disclosure on salary fraud.



# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>10. Consumer debtors</b>		
<b>Gross balances</b>		
Water and sanitation	<u>567,238,845</u>	<u>517,171,485</u>
<b>Less: Allowance for impairment</b>		
Water and sanitation	<u>(441,100,619)</u>	<u>(481,693,052)</u>
<b>Net balance</b>		
Water and sanitation	<u>126,138,226</u>	<u>35,478,433</u>
<b>Water</b>		
Current (0 -30 days)	2,354,402	13,761,289
31 - 60 days	1,258,123	7,953,091
61 - 90 days	1,924,344	5,093,738
91 - 120 days	2,917,221	3,133,678
121 - 365 days	117,684,136	5,536,637
	<u>126,138,226</u>	<u>35,478,433</u>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>10. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	8,787,191	12,414,725
31 - 60 days	3,679,966	16,369,015
61 - 90 days	8,057,573	14,951,091
91 - 120 days	12,463,237	20,466,552
121 - 365 days	509,868,369	440,579,927
	<u>542,856,336</u>	<u>504,781,310</u>
Less: Allowance for impairment	(422,151,503)	(472,876,361)
	<u><b>120,704,833</b></u>	<u><b>31,904,949</b></u>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	740,777	782,227
31 - 60 days	1,164,498	376,806
61 - 90 days	337,989	127,739
91 - 120 days	421,810	404,180
121 - 365 days	16,194,949	6,865,953
	<u>18,860,023</u>	<u>8,556,905</u>
Less: Allowance for impairment	(14,657,260)	(7,023,008)
	<u><b>4,202,763</b></u>	<u><b>1,533,897</b></u>
<b>National and provincial government</b>		
Current (0 -30 days)	1,037,482	564,337
31 - 60 days	801,401	626,071
61 - 90 days	239,988	257,763
91 - 120 days	206,069	318,199
121 - 365 days	3,237,545	2,066,898
	<u>5,522,485</u>	<u>3,833,268</u>
Less: Allowance for impairment	(4,291,855)	(1,793,683)
	<u><b>1,230,630</b></u>	<u><b>2,039,585</b></u>
<b>Total</b>		
Current (0 -30 days)	10,565,451	13,761,289
31 - 60 days	5,645,865	17,371,892
61 - 90 days	8,635,550	15,336,593
91 - 120 days	13,091,116	21,188,932
121 - 365 days	529,300,863	449,512,779
	<u>567,238,845</u>	<u>517,171,485</u>
Less: Allowance for impairment	(441,100,619)	(481,693,052)
	<u><b>126,138,226</b></u>	<u><b>35,478,433</b></u>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(8,211,048)	(9,418,801)
31 - 60 days	(4,387,742)	(10,242,855)
61 - 90 days	(6,711,206)	(9,750,586)
91 - 120 days	(10,173,895)	(8,304,668)
121 - 365 days	(411,616,728)	(443,976,142)
	<u><b>(441,100,619)</b></u>	<u><b>(481,693,052)</b></u>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>10. Consumer debtors (continued)</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(481,693,052)	(233,342,168)
Contributions to allowance	40,592,433	(248,350,884)
	<b>(441,100,619)</b>	<b>(481,693,052)</b>
<b>Fair value of consumer debtors</b>		
Consumer debtors	126,138,226	35,478,433
<p>The municipality appointed TransUnion Credit Bureau to perform a full analysis, through their debtors ranking module, of the municipality' debtors data base to assist the municipality with the provision of doubtful debt.</p>		
<p>The municipality also performed its own exercise in terms of Grap 104 to establish;</p>		
<p>1. How much of the debt is recoverable</p>		
<p>2. When will this amount be recovered</p>		
<p>3. An the present value of the debt that is to be recovered</p>		
<p>By using the above measures the impairment provision calculated is R441, 100, 619 as at 30 june 2014.</p>		
<b>11. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	7,100	7,100
Cash Bank	24,218,881	685,433
Short-term deposits	102,328,345	152,607,642
Bank overdraft	-	(4,527,234)
	<b>126,554,326</b>	<b>148,772,941</b>
Current assets	126,554,326	153,300,175
Current liabilities	-	(4,527,234)
	<b>126,554,326</b>	<b>148,772,941</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

2014

2013

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

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2014	June 30, 2013	June 30, 2012
FNB Current account - 62252306280	25,071,495	1,468,189	19,339,419	25,052,921	685,433	19,339,419
FNB Current account - 62253072385	-	-	8,154,202	(834,040)	(4,527,234)	8,613,016
FNB Business money account - 62283176644	229,455	221,426	60,444,056	-	-	60,444,056
FNB Call account - 62402906484	22,090,980	1,013,835	-	-	-	-
FNB non standard fixed deposit account - 74361109934	-	151,372,381	-	-	152,607,642	-
FNB short term deposit account 74448698347	25,567,497	-	-	-	-	-
FNB short term deposit account 74448699204	4,559,571	-	-	-	-	-
FNB short term deposit account 74448700168	6,440,900	-	-	-	-	-
FNB short term deposit account 74448701124	5,874,018	-	-	-	-	-
Nedbank Call deposit account 7881108134	455,464	-	-	-	-	-
Nedbank Call deposit account 7881108142	31,753	-	-	-	-	-
Nedbank Call deposit account 7881108150	34,374	-	-	-	-	-
Nedbank Call deposit account 7881108185	162,132	-	-	-	-	-
Nedbank Call deposit account 7881108207	108,499	-	-	-	-	-
Nedbank Call deposit account 7881108215	10,845	-	-	-	-	-
Nedbank Call deposit account 7881108223	628	-	-	-	-	-
Nedbank Call deposit account 7881108258	13,978	-	-	-	-	-
Nedbank Call deposit account 7881108266	380,329	-	-	-	-	-
Nedbank Call Deposit account 7881108274	836	-	-	-	-	-
Nedbank Call Deposit account 7881108282	5,915	-	-	-	-	-
Investec Call Deposit account 50007868808	26,999,882	-	-	-	-	-
Investec Call Deposit account 50007609828	6,138,473	-	-	-	-	-
Investec Call Deposit account 50007621328	835,755	-	-	-	-	-
Investec Call deposit account 50007621342	24	-	-	-	-	-
Investec Call Deposit account 50007621374	110,797	-	-	-	-	-
ABSA Call deposit account 9290741801	39,709	-	-	-	-	-
ABSA Call Deposit account 9290742506	370,394	-	-	-	-	-

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>11. Cash and cash equivalents (continued)</b>		
ABSA Call Deposit account 9290743609	35,507	-
ABSA Call Deposit account 9290743895	269,549	-
Absa Call Deposit account 9290744299	61,528	-
ABSA Call Deposit account 9290744443	115,831	-
ABSA Call Deposit account 9290744655	69,826	-
ABSA Call Deposit account 9290745025	17,520	-
ABSA Call Deposit account 9290739945	11,094	-
ABSA Call DEposit account 9290740295	130,665	-
ABSA Call Deposit account 9290740902	40,569	-
ABSA Call Deposit account 9290749524	110,700	-
ABSA Call Deposit Account 9290740624	946,223	-
ABSA Call Deposit account 9290741186	3,569	-
ABSA Call Deposit account 9290744118	12,332	-
ABSA Call Deposit account 9290744809	41,224	-
<b>Total</b>	<b>127,399,840</b>	<b>154,075,831</b>
	<b>87,937,677</b>	<b>24,218,881</b>
	<b>148,765,841</b>	<b>88,396,491</b>

Investments were done in terms of section Chapter 3, Part 2 section 13 "Cash Managements and Investments"

Interest was earned at an average interest rate of **4.67%** for the period ending 30 June 2014.

### 12. Donations and public contributions

The donations disclosed refer to furniture and equipment which were donated to the Council during the 2013/2014 financial year by the Department of Health

Office furniture and equipment donated	223,453	-
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### 13. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - 2014

	Accumulated surplus	Total
Opening balance	1,639,220,480	1,639,220,480
Changes in nett assets	(406,518,241)	(406,518,241)
Operating surplus for the year	347,279,343	347,279,343
	<b>1,579,981,582</b>	<b>1,579,981,582</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>14. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	2,053,777	2,832,443
- in second to fifth year inclusive	221,152	2,334,489
	<u>2,274,929</u>	<u>5,166,932</u>
less: future finance charges	(100,703)	(926,821)
<b>Present value of minimum lease payments</b>	<u><b>2,174,226</b></u>	<u><b>4,240,111</b></u>
<b>Present value of minimum lease payments due</b>		
- within one year	2,069,400	2,548,206
- in second to fifth year inclusive	104,826	1,691,905
	<u><b>2,174,226</b></u>	<u><b>4,240,111</b></u>
Non-current liabilities	104,826	1,691,905
Current liabilities	2,069,400	2,548,206
	<u><b>2,174,226</b></u>	<u><b>4,240,111</b></u>

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

The average lease term was 3-5 year.

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

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>15. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Rural Household Infrastructure	4,000,000	-
Masibumbaneni Co-op	305,993	840,166
Municipal Infrastructure Grant (MIG)	21,769,868	81,318,448
Municipal Water Infrastructure (MWIG)	2,786,882	-
Regional Bulk Infrastructure Grant (RBIG)	-	5,905,360
KZN Infrastructure Sportsfields	33,964	194,599
LGSETA Training Grant	83,251	830,834
Water Services Optating Grant	1,552,055	-
IGR Grant	107,850	371,086
LED Strategic Review	10,734	10,734
Distric Disaster Centre	5,009,853	6,495,017
KZN Backlog Study	626	626
KZN District Development	13,921	13,921
KZN Integrated Transport Plan	378,755	381,755
KZN Secreterial MFC	820	7,659
KZN ST Chads Emergency	5,891	5,891
KZN Assessment Water	3,499	3,499
KZN Assessment Warer & Electricity	38,927	38,927
KZN Implement Technical & Cientific Support	251,231	465,581
KZN Water Services Delivery	35,359	35,359
KZN Capacity Building Water Staff	268,587	268,587
KZN Institutional Support	12,281	12,281
Local Government SETA Grant	61,272	61,272
KZN Social Pilot Project	6,860	856,860
KZN Social Emabhekazi	69,535	69,535
Waste Management Plan	41,053	41,053
KZN DPSS	2,651,524	2,651,524
DIMMS Grant Funding	30,120	130,120
Environmental Management Plan	800,874	942,280
Department Water Affairs & Forestry	1,140,252	1,139,941
KZN Councillors Training Grant	40,400	200,000
Municipal Governance And Administration	47,841	674,855
Rural Transport Services Plan	-	964
Finance management Grant	-	461,309
Municipal Systems Improvement Grant	-	324,109
EPWP Integrated Grant	-	5,037,815
DLA	-	1,237,080
New Pumps	-	1,232,751
KZN Grouth & Development	-	494,371
DMA Buffer Support	-	100,103
KZN Masification Grant	-	20,401,973
Tugela Estate Fish Project	-	406,566
KZN GIS	-	17,447
Data Cleansing	-	(292,364)
	<b>41,560,078</b>	<b>133,389,894</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	133,389,894	126,350,884
Additions during the year	267,544,602	249,841,109
Income recognition during the year	(359,374,418)	(242,802,099)
	<b>41,560,078</b>	<b>133,389,894</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>15. Unspent conditional grants and receipts (continued)</b>		
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and		
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.		
See note 2323 for reconciliation of grants from National/Provincial Government.		
These amounts are invested in a ring-fenced investment until utilised.		
<b>16. Development Bank of South Africa</b>		
<b>Designated at fair value</b>		
DBSA Loan - account 61000915	445,632	396,397
Loan 10346/202 - Period 20 years - redemption date 31/03/2018		
DBSA Loan - account 61003249	174,360	174,360
Loan 13674/101 - Period 20 years - redemption date 30/09/2020		
DBSA Loan - account 61004120	1,452,096	1,316,686
Loan 9631/101 - Period 20 years - redemption date 31/03/2015		
DBSA Loan - account 61004121	739,271	657,632
Loan 9631/201 - Period 20 years - redemption date 31/03/2017		
DBSA Loan - account 61004122	77,712	67,033
Loan 9631/401 - Period 20 years - redemption date 31/03/2019		
DBSA Loan - account 61004123	15,500	15,500
Loan 9631/502 - Period 20 years - redemption date 30/09/2019		
	<u>2,904,571</u>	<u>2,627,608</u>
Loan account 61003249 reflects no change from the 2012/2013 financial year as the repayments is fixed.		
<b>At amortised cost</b>		
Development Bank of South Africa	7,845,841	10,473,446
Terms and conditions		
	<u>7,845,841</u>	<u>10,473,446</u>
<b>Non-current liabilities</b>		
At amortised cost	4,941,270	7,845,838
	<u>4,941,270</u>	<u>7,845,838</u>
<b>Current liabilities</b>		
At amortised cost	2,904,571	2,627,608
	<u>2,904,571</u>	<u>2,627,608</u>
<b>17. Vat Payable</b>		
<b>Vat Payable</b>		
	<u>(6,662,374)</u>	<u>19,682,275</u>

The municipality is on a payment bases for VAT purposes. The vat payable at year end (2012/2013) is a result of the unpaid debt due by municipal consumers. The amount will only be payable to SARS on receipt of payments received from consumers.

Return have been submitted to SARS which is in favour of the municipality and has been included as part of the receivables at year end (2013/2014)



# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>18. Payables from exchange transactions</b>		
Trade payables	37,432,814	17,104,957
Department of water affairs (DWAF) Accrual	36,672,736	27,149,624
DBSA accrued interest	222,587	291,138
Trust funds- late estates	3,070,978	2,969,179
Retentions	12,550,670	7,428,817
Other creditors	-	9,065,375
Sundry creditors	498,633	463,390
	<b>90,448,418</b>	<b>64,472,480</b>
<b>19. Other accruals</b>		
Bonus accrual	3,275,964	3,291,872
Leave pay accrual	11,714,412	13,152,717
	<b>14,990,376</b>	<b>16,444,589</b>
<b>20. Consumer deposits</b>		
Water	9,390,119	8,758,905
<b>21. Revenue</b>		
Service charges	132,770,897	117,286,385
Interest received	44,044,579	39,236,762
Other income 1	1,909,929	5,075,640
Government grants & subsidies	618,381,641	495,985,099
	<b>797,107,046</b>	<b>657,583,886</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	132,770,897	117,286,385
Interest received	44,044,579	39,236,762
Other income 1	1,909,929	5,075,640
	<b>178,725,405</b>	<b>161,598,787</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
<b>Transfer revenue</b>		
Government grants & subsidies	618,381,641	495,985,099
<b>22. Service charges</b>		
Sale of water	118,571,642	104,239,864
Sewerage and sanitation charges	14,199,255	13,046,521
	<b>132,770,897</b>	<b>117,286,385</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>23. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	257,902,233	253,183,000
Finance Management Grant	1,581,000	-
EPWP Integrated Grant	3,200,000	385,953
KZN Projects	5,904,608	24,835,403
Department of Water Affairs and Forestry	-	21,427,898
Municipal Systems Improvement Grant	890,000	1,007,483
Water Services Operating Subsidy	4,447,946	7,193,000
	<u>273,925,787</u>	<u>308,032,737</u>
<b>Capital grants</b>		
Regional Bulk Infrastructure Grant	75,274,468	-
Municipal Infrastructure Grant	233,808,580	187,952,362
Municipal Water infrastructure Grant	11,738,118	-
Masification Grant	20,401,973	-
New Pumps	1,232,751	-
Rural Transport Services Plan	1,999,964	-
	<u>344,455,854</u>	<u>187,952,362</u>
	<b><u>618,381,641</u></b>	<b><u>495,985,099</u></b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grant expenditure (recognized as revenue)	360,479,408	242,802,099
Unconditional grant expenditure (recognized as revenue)	257,902,233	253,183,000
	<u>618,381,641</u>	<u>495,985,099</u>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
The indigent policy has been applied from April 2014 and indigent consumers received a subsidy of R396,734 as at 30 June 2014 which is funded by the grant.		
<b>Rural Household Infrastructure</b>		
Current-year receipts	<u>4,000,000</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>Masibumbaneni Co-op</b>		
Balance unspent at beginning of year	840,166	1,000,000
Conditions met - transferred to revenue	(534,173)	159,834
	<u>305,993</u>	<u>840,166</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	81,318,448	86,412,810
Current-year receipts	174,260,000	182,858,000
Conditions met - transferred to revenue	<u>(233,808,580)</u>	<u>(187,952,362)</u>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>23. Government grants and subsidies (continued)</b>		
	<b>21,769,868</b>	<b>81,318,448</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>Municipal Water Infrastructure</b>		
Current-year receipts	14,525,000	-
Conditions met - transferred to revenue	(11,738,118)	-
	<b>2,786,882</b>	-
Conditions still to be met - remain liabilities (see note 15).		
<b>Regional Bulk Infrastructure</b>		
Balance unspent at beginning of year	5,905,360	3,211,253
Current-year receipts	63,620,602	16,880,109
Conditions met - transferred to revenue	(69,525,962)	(14,186,002)
	-	<b>5,905,360</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>Infrastructure Sports Fields</b>		
Balance unspent at beginning of year	194,598	194,598
Conditions met - transferred to revenue	(160,635)	-
	<b>33,963</b>	<b>194,598</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>LGSETA Grant - Training</b>		
Balance unspent at beginning of year	830,834	1,246,265
Current-year receipts	-	38,005
Conditions met - transferred to revenue	(747,583)	(453,436)
	<b>83,251</b>	<b>830,834</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>Water Services Operating Subsidy</b>		
Current-year receipts	6,000,000	-
Conditions met - transferred to revenue	(4,447,945)	-
	<b>1,552,055</b>	-
Conditions still to be met - remain liabilities (see note 15).		
<b>IGR Grant</b>		
Balance unspent at beginning of year	371,086	917,000
Conditions met - transferred to revenue	(263,236)	(545,914)
	<b>107,850</b>	<b>371,086</b>
Conditions still to be met - remain liabilities (see note 15).		

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>23. Government grants and subsidies (continued)</b>		
<b>LED Strategic Review</b>		
Balance unspent at beginning of year	10,734	594,759
Conditions met - transferred to revenue	-	(584,025)
	<u>10,734</u>	<u>10,734</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>District Disaster Centre</b>		
Balance unspent at beginning of year	6,495,017	1,500,000
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	(1,485,164)	(4,983)
	<u>5,009,853</u>	<u>6,495,017</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Backlog Study</b>		
Balance unspent at beginning of year	626	1,826
Conditions met - transferred to revenue	-	(1,200)
	<u>626</u>	<u>626</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>District Development</b>		
Balance unspent at beginning of year	13,921	13,921
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Integrated Transport Plan</b>		
Balance unspent at beginning of year	381,755	381,755
Conditions met - transferred to revenue	(3,000)	-
	<u>378,755</u>	<u>381,755</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Secreterial MFC</b>		
Balance unspent at beginning of year	7,660	50,000
Conditions met - transferred to revenue	(6,840)	(42,340)
	<u>820</u>	<u>7,660</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN St Chads Emergency</b>		
Balance unspent at beginning of year	5,891	5,891
Conditions still to be met - remain liabilities (see note 15).		

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>23. Government grants and subsidies (continued)</b>		
<b>KZN Assessment Water Services Delivery Plan</b>		
Balance unspent at beginning of year	3,499	3,499
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Assessment Water</b>		
Balance unspent at beginning of year	38,927	38,927
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Implement Technical &amp; Scientific Support</b>		
Balance unspent at beginning of year	465,581	500,000
Conditions met - transferred to revenue	(214,350)	(34,419)
	<b>251,231</b>	<b>465,581</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Water Services Delivery Plan</b>		
Balance unspent at beginning of year	35,359	35,359
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Capacity Building Water Staff</b>		
Balance unspent at beginning of year	268,587	268,587
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN WSA Institutional Support</b>		
Balance unspent at beginning of year	12,281	12,281
Conditions still to be met - remain liabilities (see note 15).		
<b>Local Government SETA Grant</b>		
Balance unspent at beginning of year	61,272	61,272
Conditions still to be met - remain liabilities (see note 15).		
<b>Social Pilot Projects</b>		
Balance unspent at beginning of year	856,860	856,860
Conditions met - transferred to revenue	(850,000)	-
	<b>6,860</b>	<b>856,860</b>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Social Emabhekazi</b>		

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>23. Government grants and subsidies (continued)</b>		
Balance unspent at beginning of year	<u>69,535</u>	<u>69,535</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Waste Management Plan</b>		
Balance unspent at beginning of year	<u>41,053</u>	<u>41,053</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN DPSS Shared Services</b>		
Balance unspent at beginning of year	2,651,524	3,334,901
Conditions met - transferred to revenue	-	(683,377)
	<u>2,651,524</u>	<u>2,651,524</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>DIMMS Grant Funding</b>		
Balance unspent at beginning of year	130,120	456,827
Conditions met - transferred to revenue	(100,000)	(326,707)
	<u>30,120</u>	<u>130,120</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Environment Management</b>		
Balance unspent at beginning of year	942,280	1,469,244
Conditions met - transferred to revenue	(141,406)	(526,964)
	<u>800,874</u>	<u>942,280</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>Department Water Affairs</b>		
Balance unspent at beginning of year	1,139,941	2,143,842
Current-year receipts	-	6,237,994
Conditions met - transferred to revenue	-	(7,241,895)
Other	311	-
	<u>1,140,252</u>	<u>1,139,941</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Councillors Training</b>		
Balance unspent at beginning of year	200,000	-
Current-year receipts	-	200,000
Conditions met - transferred to revenue	(159,600)	-
	<u>40,400</u>	<u>200,000</u>
Conditions still to be met - remain liabilities (see note 15).		

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>23. Government grants and subsidies (continued)</b>		
<b>KZN Municipal Governance &amp; Admin</b>		
Balance unspent at beginning of year	674,855	800,000
Conditions met - transferred to revenue	(627,014)	(125,145)
	<u>47,841</u>	<u>674,855</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Growth and Development</b>		
Balance unspent at beginning of year	494,371	100,000
Current-year receipts	-	400,000
Conditions met - transferred to revenue	(494,371)	(5,629)
	<u>-</u>	<u>494,371</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>DMA Buffer Support</b>		
Balance unspent at beginning of year	100,104	150,104
Conditions met - transferred to revenue	(100,104)	(50,000)
	<u>-</u>	<u>100,104</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN Masification Grant</b>		
Balance unspent at beginning of year	20,401,973	12,031,673
Current-year receipts	-	21,334,000
Conditions met - transferred to revenue	(20,401,973)	(12,963,700)
	<u>-</u>	<u>20,401,973</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>Tugela Estate Fish Project</b>		
Balance unspent at beginning of year	406,567	406,567
The grant was spent in full in the 2012/2013 financial year, however it was not recognized as revenue. This has been rectified as prior year adjustments in the 2013/2014 financial year.	(406,567)	-
	<u>-</u>	<u>406,567</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>KZN GIS</b>		
Balance unspent at beginning of year	17,447	17,447
Conditions met - transferred to revenue	(17,447)	-
	<u>-</u>	<u>17,447</u>
Conditions still to be met - remain liabilities (see note 15).		
<b>Rural Transport Services Plan</b>		

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>23. Government grants and subsidies (continued)</b>		
Balance unspent at beginning of year	963	1,585,490
Current year receipts	1,999,000	1,776,000
Conditions met transferred to revenue	(1,999,963)	(3,360,527)
	<u>-</u>	<u>963</u>
Conditions still to be met remains liabilities (see note 15)		
<b>Finance Management Grant</b>		
Balance unspent at beginning of year	461,308	602,872
Current year receipts	1,250,000	1,250,000
Conditions met transferred to revenue	(1,581,000)	(1,391,564)
Roll over disallowed - recognized under equity share revenue in 2013/2014	(130,308)	-
	<u>-</u>	<u>461,308</u>
<b>Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	324,109	324,109
Current year receipts	890,000	-
Conditions met transferred to revenue	(890,000)	-
Roll over disallowed - recognized under equity share revenue in 2013/2014	(324,109)	-
	<u>-</u>	<u>324,109</u>
Conditions still to be met remains liabilities		
<b>EPWP Integrated Grant</b>		
Balance unspent at beginning of year	5,037,815	2,618,300
Current year receipts	1,000,000	2,874,000
Conditions met transferred to revenue	(3,200,000)	(454,485)
Roll over disallowed - recognized under equity share revenue in 2013/2014	(2,837,815)	-
	<u>-</u>	<u>5,037,815</u>
Conditions still to be met remains liabilities.		
<b>Department of Land Affairs (DLA)</b>		
Balance unspent at beginning of year	1,237,080	1,237,080
The grant was spent in full in the 2012/2013 financial year, however it was not recognized as revenue. This has been rectified as prior year adjustments in 2013/2014	(1,237,080)	-
	<u>-</u>	<u>1,237,080</u>
Conditions still to be met remains liability.		
<b>New Pumps</b>		
Balance unspent at beginning of year	1,232,751	1,618,704
Conditions met transferred to revenue	(1,232,751)	(385,953)
	<u>-</u>	<u>1,232,751</u>
Conditions still to be met remains liabilities.		



# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>23. Government grants and subsidies (continued)</b>		
<b>Data Cleansing</b>		
Balance unspent at beginning of year	(292,364)	-
Current year receipts	-	2,800,000
Conditions met transferred to revenue	-	(3,092,364)
Grant was overspent - funded by operational revenue	292,364	-
	<u>-</u>	<u>(292,364)</u>
Conditions still to be met remains liabilities.		
<b>24. Other revenue</b>		
Other income	<u>1,909,929</u>	<u>5,075,640</u>
<b>25. General expenses</b>		
Advertising	217,747	312,743
Auditors remuneration	2,936,816	2,555,646
Bank charges	387,894	298,261
Cleaning	124,066	117,358
Commission paid	348,686	351,575
Computer expenses	1,384,765	1,504,911
Consulting and professional fees	4,257,731	5,873,816
Consumables	4,071	27,836
Entertainment	126,983	282,884
Fines and penalties	-	364,162
Insurance	184,980	-
Conferences and seminars	75,909	26,043
Lease rentals on operating lease	6,331,063	3,239,351
Magazines, books and periodicals	101,949	2,647
Motor vehicle expenses	533,793	279,034
Fuel and oil	7,228,035	3,834,599
Postage and courier	5,421	7,347
Printing and stationery	1,365,954	1,060,341
Protective clothing	381,447	24,628
Security (Guarding of municipal property)	402,578	-
Subscriptions and membership fees	3,626,277	980,382
Telephone and fax	2,270,318	2,186,235
Training	360,487	27,606
Assets expensed	181,644	120,282
Electricity	45,213,949	38,393,382
Water	3,058,538	6,500,270
Audit committee	214,617	176,711
Government grant expenditure	83,731,826	108,715,389
Other expenses	16,561,080	6,544,654
	<u><b>181,618,624</b></u>	<u><b>183,808,093</b></u>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>26. Employee related costs</b>		
Basic	76,437,698	99,567,953
Bonus	5,504,610	3,291,872
Medical aid - employers contribution	3,340,973	3,087,738
UIF	741,458	650,319
SDL	1,131,593	972,156
Leave pay accrual	(1,438,305)	2,632,884
Leave pay	1,104,451	-
Other short term costs	31,190	-
Defined contribution plans	684,338	62,795
Travel, motor car, accommodation, subsistence and other allowances	4,831,701	381,249
Overtime payments	15,997,121	-
Car allowance	5,653,648	-
Housing benefits and allowances	571,513	-
Pension contributions	110,626	-
Surcharge Pension Fund	10,656,286	9,158,589
	<b>125,358,901</b>	<b>119,805,555</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	780,173	1,623,907
Car Allowance	450,000	-
Contributions to UIF, Medical and Pension Funds	12,506	-
Travelling and Subsistence	9,811	-
	<b>1,252,490</b>	<b>1,623,907</b>
The Municipal Manager was appointed as from 14 August 2013		
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration	202,868	617,958
Car Allowance	177,509	113,740
Contributions to UIF, Medical and Pension Funds	5,609	-
Entertainment	-	59,378
Housing Subsidy	126,792	27,852
Travelling and Subsistence	10,723	7,039
	<b>523,501</b>	<b>825,967</b>
The Chief Financial Officer was appointed as from 6 January 2014		
<b>Remuneration of Manager Technical Services</b>		
Annual Remuneration	761,355	736,428
Car Allowance	111,656	108,000
Contributions to UIF, Medical and Pension Funds	12,523	-
Back Pay	45,274	-
Housing Subsidy	-	2,758
Travelling and Subsistence	5,742	-
	<b>936,550</b>	<b>847,186</b>

### Remuneration of non executive directors

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

2014 2013

### 26. Employee related costs (continued)

#### Remuneration of Manager Social and Economic Services

Annual Remuneration	909,934	303,696
Car Allowance	7,756	114,420
Contributions to UIF, Medical and Pension Funds	17,844	-
Annual Bonus	18,123	-
Housing Subsidy	478	4,098
Leave Paid Out	49,841	-
Travelling and Subsistence	21,746	10,104
	<b>1,025,722</b>	<b>432,318</b>

The Manager Social and Economic services was promoted as from August 2013

#### Remuneration of Manager Corporate Services

Annual Remuneration	928,722	-
Contributions to UIF, Medical and Pension Funds	11,072	-
	<b>939,794</b>	<b>-</b>

The Manager Corporate Services has been appointed as from 1 July 2013

#### Remuneration of Manager Water Services

Annual Remuneration	713,248	-
Contributions to UIF, Medical and Pension Funds	8,976	-
Travelling and Subsistence	7,992	-
Backpay	20,702	-
	<b>750,918</b>	<b>-</b>

The Manager Water Services was appointed as from 1 August 2013

### 27. Remuneration of councillors

Executive Mayor	476,508	668,959
Deputy Executive Mayor	330,993	580,848
Mayoral Committee Members	752,012	1,050,755
Speaker	381,206	531,338
Councillors	2,760,903	1,959,880
Councillors' pension contribution	1,076	-
	<b>4,702,698</b>	<b>4,791,780</b>

#### In-kind benefits

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 and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and speaker has two full-time bodyguards.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>28. Debt impairment</b>		
Debt impairment - Consumer debtors	(40,592,433)	243,999,914
Debts impairment - Other	56,619,991	1,336
	<b>16,027,558</b>	<b>244,001,250</b>
<b>29. Investment revenue</b>		
<b>30. Fair value adjustments</b>		
Deemed cost adjustment "property plant and equipment"	-	32,687,264
<b>31. Depreciation and amortisation</b>		
Property, plant and equipment	38,999,385	31,999,449
Intangible assets	-	1,833
	<b>38,999,385</b>	<b>32,001,282</b>
<b>32. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment	-	(163,767)
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]	-	(163,767)
	-	-
<b>33. Finance costs</b>		
Bank	2,548,678	578,030
Non-current borrowings	-	1,853,796
	<b>2,548,678</b>	<b>2,431,826</b>
<b>34. Auditors' remuneration</b>		
Fees	2,936,816	2,555,646
<b>35. Contracted services</b>		
Water tankering	23,872,546	24,639,089
Hiring	6,368,218	5,287,059
Insurance	1,073,807	1,078,084
Chemicals	5,627,301	5,176,501
Security (Gaurding municipal property)	962,905	222,044
uThukela civil defence	8,877,709	8,887,694
	<b>46,782,486</b>	<b>45,290,471</b>
<b>36. Bulk purchases</b>		
Water	7,232,242	3,857,201

The Department of Water Affairs bills the municipality for raw water extracted from rivers and dams which is then purified and distributed to the community "consumers"

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>36. Bulk purchases (continued)</b>		
The Municipality is in the process of installing it's own bulk meters which will assist the Municipality to monitor the volume of raw water extracted and verify the accounts received from the department.		
<b>37. Cash generated from operating activities</b>		
Surplus	347,279,343	38,727,046
<b>Adjustments for:</b>		
Depreciation and amortisation	38,999,385	32,001,282
Loss on sale of assets	-	2,168,399
(Loss) gain on actuarial valuations	(935,407)	-
Deemed cost adjustment	-	(32,687,264)
Impairment reversals	-	(163,767)
Debt impairment	16,027,558	244,001,250
Movements in retirement benefit assets and liabilities	601,923	7,143,417
Prior Year Adjustments	40,800,588	(14,177,415)
Movement in leave pay accrual	11,714,412	-
Other non-cash items	4,848,691	-
<b>Changes in working capital:</b>		
Increased/ (decrease) in inventories	(1,161,878)	(2,148,857)
Increase/ (decrease) Trade and other receivables from exchange transactions	581,235	(2,939,017)
Decrease in consumer debtors	(317,115,512)	(98,832,875)
Increase/ (decrease) other receivables from non-exchange transactions	(5,160,537)	9,137,832
Increase/ (decrease) prepayments	594,000	(480,601)
Decrease in payables from exchange transactions	25,975,938	(20,574,286)
Increase/ (decrease) in VAT	(26,298,543)	(8,406,972)
Increase/ (decrease) in other accruals	(1,454,213)	3,286,309
Increase unspent conditional grants and receipts	(105,133,426)	7,039,010
Increase/(decrease) in retirement benefit obligation	(186,250)	350,879
Other financial liabilities	276,963	-
Consumer deposits	631,214	-
Other financial liabilities	(4,092,774)	-
	<b>26,792,710</b>	<b>163,444,370</b>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>38. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	<u>481,115,548</u>	<u>213,778,084</u>
<b>Municipal Infrastructure Grant (MIG)</b>		
Okhahlamba Ward 12 - duration 8 months	15,740,608	-
Umtshezi Ward 3 - duration 8 months	15,715,105	-
Indaka ward 3 - duration 8 months	30,910,242	-
Bergville sewerage schemem - duration 11 months	11,982,822	-
Kwanobamba/Ezitendeni water supply phase 1A - duration 10 months	19,953,661	-
Bhekuzulu/Ephangweni phase 1 - duration 15 months	14,568,706	-
Bhekuzulu/Ephangweni phase 2 - duration 15 months	13,614,573	-
Bhekuzulu/Ephangweni phase 4 - duration 12 months	14,449,562	-
Bhekuzulu/Ephangweni phase 5- duration 18 months	77,709,814	-
Bhekuzulu/Ephangweni phase 6 - duration 9 months	9,138,378	-
Fiity Park Community water supply- duration 19 months	38,683,362	-
Kwanobamba/Ezitendeni phase 1B - duration 18 months	37,250,000	-
Kwanobamba/Ezitendeni phase 1C - duration 10 months	8,991,357	-
Kwanobamba/Ezitendeni phase 1D - duration 10 months	15,000,000	-
Ntabamhlope water scheme phase 10 - duration 10 months	13,800,000	-
Ntabamhlope water scheme phase 11- duration 10 months	12,957,291	-
Upgrading waste water treatment works - duration 14 months	14,098,364	-
	<u><b>364,563,845</b></u>	<u>-</u>
<b>Municipal Water Infrastructure Grant (MWIG)</b>		
Ezakheni/Ladysmith Bulk Meters - duration 6 months	4,454,217	-
Ezakheni E (642 houses) - duration 6 months	7,330,652	-
Indaka/Okhahlamba boreholes - duration 12 months	6,500,000	-
	<u><b>18,284,869</b></u>	<u>-</u>
<b>Regional Bulk Infrastructure Grant (RBIG)</b>		
Driefontein bulk feedere main water supply - duration 6 months	44,336,810	-
Okhombe water supply - duration 4 months	1,041,317	-
Hopesland to Indaka water supply - duration 15 months	52,888,707	-
	<u><b>98,266,834</b></u>	<u>-</u>
The committed expenditure of R481, 115, 548 relates to plant and equipment and will be financed by Government Grants.		
<b>Not yet contracted for and authorised by accounting officer</b>		
• Property, plant and equipment	<u>68,249,642</u>	<u>196,037,000</u>
<b>Heading</b>		
Infrastructure development	3,500,000	-
TLB's	5,712,000	-
Tipper trucks	2,250,000	-
Vacuum tankers	5,600,000	-
Sewer jet	1,500,000	-
Office furniture	660,000	-
Office equipment	450,000	-
Water tankers	8,000,000	-
Bakkies	5,740,000	-
Sedans	860,000	-
Pipelines - potable water replacement	13,248,642	-

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>38. Commitments (continued)</b>		
Renewal - pumps	3,500,000	-
Land and buildings	10,000,000	-
Fire fighting equipment	300,000	-
Disaster building	5,000,000	-
Environmental health services equipment	459,000	-
IT equipment	300,000	-
Replace lab equipment	200,000	-
Mayoral car replacement.	800,000	-
Tools of trade	170,000	-
	<b>68,249,642</b>	<b>-</b>

This committed expenditure of R68, 2459, 642 relates to plant and equipment and will be financed by internal funding.

Capital committed expenditure is approved with the adoption of the annual budget.

### Operating leases - as lessee (expense)

<b>Minimum lease payments due</b>		
- within one year	4,322,904	405,899
- in second to fifth year inclusive	8,645,807	-
	<b>12,968,711</b>	<b>405,899</b>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years. No contingent rent is payable.

The municipality is not responsible for maintaining the buildings.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>39. Contingencies</b>		
<b>Contingent liabilities</b>		
D Kistado	15,240	15,240
AMJ Hlongwane	174,261	174,261
Aurecon	378,607	378,607
Jeffares & Green	-	575,484
J Potgieter	4,534	4,534
Telkom	23,694	23,694
Telkom	49,448	49,448
Jeffares & Green	576,484	576,484
Imbabazane Municipality	-	500,000
Nambithi Pumps	2,795,972	-
Andile Thwala	100,000	-
Shepstone & Wylie - Abajabuli Project Services CC	15,190,398	-
Shepstone & Wylie - RASP Consultants CC	187,170	-
Shepstone & Wylie - A Sewpersad	3,000,000	-
	<b>22,495,808</b>	<b>2,297,752</b>

The following Contingent Liabilities are being attended to by Councils Legal representative - Ramkhelewan Inc.

**D. Kistado - Collison** - Claim amount R15, 240.00 - The matter was set down for trial and postponed, There is a very good prospect of succeeding with the defence and Council's legal representative believe that the plaintiff's claim should have been against the Emnambithi/Ladysmith Municipality and not Uthukela.

**A.M.J. Hlongwane - Eradication of Bucket Latrines in Ekuwukeni "Contract 19/2005"** - Claim amount R174, 261.20 The matter is in the High Court and are awaiting for the plaintiff to take the next step. The prospect of success hererin is good and Council's Legal representative suggest that they continue defending the matter.

**Aurecon** - Claim amount R378, 606.54 The matter has been defended and must proceed. Prospects of success are good considering previous consultations Councils Legal representative had with S. Mthethwa and B.H. khoza. for now the matter is pending as the plaintiff is negotiating settlement with the Municipality directly

**J. Potgieter** - Claim amount R4, 534.10 The matter has been defended and Council's Legal representative is awaiting a trial date. Plaintiff's claim is against the Municipality for damages to his wall and pawing when a water pipe was repaired. Prospects of success are good.

**Telkom** - Claim 1 amount R23, 693.59 and claim amount 2 amount R49, 447.93 In both these matters Council's employees damaged the Telkom cables whilst repairing the water pipes. Unfortunately a similar matter was heard in Court and the ruling was against the Municipality of Pietermaritzburg in consequence of them failing to adhere to the way-leave agreement. Council's Legal representative has from a very early stage of these matters suggested to Council to refer these matters to Councils Insurance for settlement as he has little or no prospect of succeeding at trial.

**Jeffares And Green** - Claim amount R576, 483.75 The matter was setdown for trial but removed from the roll as the plaintiff intends amendingits papers. Council's Legal representative will inform Council once a new trial date has been set.

**Imbabazane Municipality** - Claim amount R500, 000.00 The dispute between the two Municipalities has been resolved.

**Nambithi Pumps** - Claim amount R2, 795, 972.00 The plaintiff issued summons based on a breach of contract. The matter is being defended and will proceed to trial.

**Andile Thwala** - Claim amount R100,000.00 The claim arised from injuries suffered by her child by falling into an exposed manhole. The matter is being defended and the Municipality's Insurers has contacted Councils Legal representative in this regard.



# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

2014

2013

### 39. Contingencies (continued)

**Contingencies arising from pending litigations 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 the evaluation of employees jobs per the TASK job evaluation system. 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 the ruling on 22 June 2012 that employees receive a salary increase backdated with effect 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 the Labour Court of appeal case has not been finalized.

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 or possibly even owed to the Municipality by it's employees.

**Abajabuli Project Services CC** - Claim amount R15, 190, 397.97 plus interest at 15.5% - In this matter the municipality has been sued for alleged breach of contract. The action is defended by the municipality.

**RASP Consultants CC** - Original claim amount was R3, 563, 790.88 - In this matter the municipality has been sued for contractual debt. The municipality has paid a substantial portion however is left with R187, 169.51 plus legal cost.

**A Sewepersad** - Claim amount R3, 000, 000.00 - In this matter the municipality is sued for medical expences, funeral expences and general damages arising from a motor vehicle accident in which the claimant and his deceased wife drove into an open ditch which was allegedly left open by municipal employees. The municipality submitted a claim to its insurers for consideration.

### 40. Prior period errors

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

#### Statement of financial position

Property, plant and equipment	(410,945,086)	-
Opening Accumulated Surplus or Deficit	4,426,845	-
Total prior year adjustments	(406,518,241)	-

#### Statement of Financial Performance

Chemicals	(342,855)	-
Grants - Recognition of Revenue	(1,643,647)	-
Grant - Expenditure	292,364	-
Professional Fees	(4,976)	-
Legal Costs	(3,229,303)	-
Repairs and Maintenance	(241,667)	-
Telephone	132,924	-
Credit Card Expences	(33,910)	-
Raw Water Purchases - DWA	2,246,416	-
Subsistance & Travelling	(390)	-
Cashier shortages	47,461	-
Security Services	(4,160)	-
Trust Funds	10,166	-
Salaries and Allowances	(65,369)	-
Other General Expences	324,552	-
Retentions	481,203	-
Long Service Awards	6,742,248	-
Restatement of assets prior years	(410,945,086)	-
Sraff debt - payroll fraude	(284,213)	-
	(406,518,241)	-

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

2014

2013

### 41. Risk management

#### Financial risk management

The municipality has adopted and implemented a risk management policy to minimise potential adverse effects on the municipalities financial performance.

#### Liquidity risk

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

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

Financial instrument	2014	2013
Bank balances and cash	126,554,326	148,772,941
Consumer debtors from exchange transactions	352,593,945	35,487,433
Other receivables from exchange transactions	5,600,191	1,640,824
Receivables from non exchange transactions	5,221,158	418,891

### 42. Going concern

We draw attention to the fact that at June 30, 2014, the municipality had accumulated surplus of 0.00 1,579,981,582 and that the municipality's total liabilities exceed its assets by 0.00 1,580,205,035.

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

### 43. Unauthorised expenditure

#### Reconciliation of unauthorized expenditure

Opening balance	270,891,135	70,587,871
Unauthorized expenditure current year	9,983,109	200,303,264
Less: Amounts condoned - A2/02/14 Council Resolution 26 February 2014	(270,891,135)	-
	<u>9,983,109</u>	<u>270,891,135</u>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>43. Unauthorised expenditure (continued)</b>		
Council - depreciation	-	300,149
Council - unemployment insurance	12	-
Council - VIP security	2,578	-
Council - pension contributions	1,076	-
Council - advertising	4,522	-
Council - telephone	26,968	-
Municipal Manager - Gender, aged & disability programs	29,424	-
Municipal Manager - sports programs	1,962	-
Corporate Services - subsistence & travelling	4,997	-
Corporate Services - staff study bursaries	7,928	-
Corporate services - telephone	-	18,871
Corporate services - employee costs	-	5,897,472
Corporate services - depreciation	-	309,278
Finance - depreciation	-	391,652
Finance - employee costs	-	1,078,406
Finance - interest	1,155,259	234,915
Finance - stock impairment	-	1,150,327
Finance - debt impairment	-	1,189,847
Finance - computer programs	65,590	-
Finance - rebates	246,517	-
Finance - staff service costs	684,338	-
Finance - training direct expenses	5,446	-
Planning and economic services - depreciation	-	393,026
Planning and economic services - subsistence & travelling	17,271	-
Planning and economic services - training	2,948	-
Municipal Health - membership fees	1,721,402	-
Technical Infrastructure - Salga BC	4	-
Water and sanitation - employee costs	-	633,034
Water and sanitation - collection fees	74,142	-
Water and sanitation - pipelines- potable water	2,218,214	-
Water and sanitation - pumps	418,116	404,255
Water and sanitation - bad debt written off	-	336
Water and sanitation - water purchases	-	3,038,699
Water and sanitation - electricity	2,084,351	1,733,928
Water and sanitation - bank charges	25,089	-
Water and sanitation - fuel & oil	55,116	-
Water and sanitation - insurance claim expenses	184,980	-
Water and sanitation - inventory / loose tools	48,583	-
Water and sanitation - telephone	3,673	-
Water and sanitation - bill printing	-	22,929
Water and sanitation - security	-	525,195
Water and sanitation - subsistence and travelling	-	1,016
Water and sanitation - water research levy	892,603	177,373
Water and sanitation - water tankering	-	2,475,626
Water and sanitation - impairment	-	174,320,312
Municipal manager - employee costs	-	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>9,983,109</b>	<b>200,303,264</b>

Unauthorised expenditure is the total expenditure incurred against any budget line items where the annual expenditure exceeds the annual budget allocated to that line item.

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>44. Fruitless and wasteful expenditure</b>		
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	3,447,062	2,296,616
Fruiteless and wasteful expenditure current year	830,816	1,150,446
	<b>4,277,878</b>	<b>3,447,062</b>
Eskom	120,325	86,345
South African Revenue Services (SARS)	679,823	265,418
Emnambithi/Ladysmith Municipality	17,733	9,785
Umtshezi Municipality	8,370	-
Telkom	3,827	4,606
DK & V Properties	-	654,456
JN Madondo - Refund	-	43,119
BM Mchunu	-	2,159
PKX	-	39,558
Auditor General	738	-
	<b>830,816</b>	<b>1,105,446</b>

Council has identified fraudulent transactions on the payroll which took place over the period March 2012 to February 2014. The staff members whom has been implicated by this has been suspended and a dicuiplinary hearing is in progress.

Internal audit has verified the fraudulent transactions which amounts to R4,592,424. Once the diciplinary proceeding has been finalized Council will take the nessassary steps in an effort to recover the money.

### Fraudulant activities

Payroll fraud	4,592,424	-
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# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

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	2014	2013
<hr/>		
<b>45. Irregular expenditure</b>		
Opening balance	40,830,229	18,658,192
Add: Irregular Expenditure - current year	42,802,342	22,172,037
	<u><b>83,632,571</b></u>	<u><b>40,830,229</b></u>

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>45. Irregular expenditure (continued)</b>		
<b>Analysis of expenditure awaiting condonation per age classification</b>		
<b>Section 114 deviations</b>		
Amalgamated Pumping Services - Interruption of water services	-	2,641,765
Amalgamated Pumping Services - Emergency repair project	-	4,350,763
Zamahlabisa Trading - Material for disaster	-	45,000
Femtoserve(Pty) Ltd - Material urgent required	-	773,551
Zamahlabisa Trading - Material for disaster	-	465,000
GR Solutions - Ezakheni upgrade	-	1,318,864
Joat Sales and Services	-	166,045
Nokunotha	69,000	-
Amukelwe	71,000	-
Sunay Trading	114,998	-
Iziko Trading	42,000	-
Brignoly Investments	59,000	-
Inkihlinkihli Trading	133,875	-
Qina Umsibindi	80,000	-
Zulu NC	20,000	-
Lanzy	33,750	-
Break Through Investments	37,200	-
Fundakahle	61,000	-
Nambithi Pumps & Equipment	2,659	-
Nambithi Pumps & Equipment	117,216	-
Nambithi Pumps & Equipment	18,594	-
Nambithi Pumps & Equipment	25,308	-
Merlcon CC	5,892,745	-
Zufi	544,981	-
	<b>7,323,326</b>	<b>9,760,988</b>
<b>Section 36 deviations</b>		
Implementation of buffer zone	-	150,104
Catering - Royal Hotel	-	4,200
Catering - Ecstatic	-	19,000
Repair of vehicle - Sentracor	-	12,776
Hire of TLB - Blue Sands Trading	199,500	194,340
Hire of TLB - Laytam Investments	-	39,500
Hire of TLB - Mgazi Engineering	-	76,800
Hire of TLB - Ubunzima Trading	-	77,784
Pump repairs - Vivah Technologies	6,821,587	186,413
Pump repairs - Hydrolic and Automotive Repairs	168,517	171,958
Van rental - Avis	-	56,219
Stationery - Nambithi Office Supplies	-	6,726
Hirre of video - Nakhosonke Construction	-	25,000
Verification of assets - AB Projects	-	126,422
Hire of sewer jet machine - Indlovujozi Trading	400,130	70,224
Hire of water tanker - Gerrys Motors	-	12,540
Purchase of tools - Zetvo Trading	-	28,000
Plumbing material - Ladysmith Trading	295,915	41,873
Camjet services	-	46,455
Insakavukela Trading Enterprise	-	9,120
Hiring of tipper truck - Maxode trading & Projects	-	24,000
Repairs and maintenance - Femtoserve (Pty) Ltd	-	498,843
Beukes Dr	-	11,774
JOJO Tanks Limited - Supply and delivery of 5000 litre yoyo tanks	1,596,780	-
Rental Offices - Rashid Suleman	-	35,397
Rental Offices - Nambithi Construction	-	3,590,467
Bill Arm Trading	620,010	-

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>45. Irregular expenditure (continued)</b>		
Pumps - Aquatec Pumps	114,967	-
Ian Dickie	105,860	-
KD Products & Services	47,880	-
Vehicle maintenance - Kzn Service Centre	41,097	-
Ingonyama Nikon	205,833	-
Deloitte	419,538	-
Fahama Trading	594,000	-
Aveng Manufacturing	63,441	-
TLMZ Guest House	1,000,000	-
Hear Then Drum	6,500	-
Insimbi	24,700	-
Plumbing material - Estcourt Plumbing	111,271	-
	<b>12,837,526</b>	<b>5,515,935</b>
<b>Section 32 deviations</b>		
Road asset management - Moteko Construction	-	2,734,350
National Transfers - Ezakheni water treatment works	-	2,070,731
Data cleansing - Sonke Consulting	-	1,548,264
Caseware monthly management system	-	416,624
Municipal Governance	-	125,145
Supply and deliver two water tankers - Bates	2,140,863	-
Supply and deliver ten water tankers - Bates	10,704,310	-
Refurbish and upgrade of Archie Rodel - WSSA	5,264,069	-
Compile GRAP compliant fixed asset register - Bonakude	1,949,807	-
Construction of water supply scheme - SBT Civils	1,184,959	-
Spatial Development Plan Framework - Ilungelo Lami Trading	155,000	-
Provision of electrical and mechanical services - PK Valves & Electrical	606,362	-
Water reticulation within Uthukea - Khetwayo Construction	636,120	-
	<b>22,641,490</b>	<b>6,895,114</b>

Section 114 deviations - If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the Accounting Officer of the municipality or municipal entity must, in writing, notify the Auditor General, the relevant Provincial Treasury and the National Treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendations.

Section 36 deviations - The Accounting officer may dispense with the official procurement processes established by the policy and to procure goods or services through any convenient process, which may include direct negotiations, but only in an emergency, if such goods or services are produced or available from a single provider only, for the acquisition of special works of art or historical objects where specifications are difficult to compile, acquisition of animals for zoos and/or nature and game reserves, or in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

Section 32 deviations - Regulation 32 of the supply chain management which reads "Procurement of Goods and Services under contract secured by other organs of state". Only if the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state,

\* there is no reason to believe that such contract was not validly procured

\* there are demonstrable discount or benefits to do so

\* that other organ of state and the provider have consented to such procurement in writing.

## 46. Additional disclosure in terms of Municipal Finance Management Act

### Contributions to organised local government

Current year subscription / fee	1,744,080	630,816
Amount paid - current year	(1,744,080)	(630,816)
	<b>-</b>	<b>-</b>

The contribution was in respect of annual subscription fees paid to SALGA

# Uthukela District Municipality

Annual Financial Statements for the year ended June 30, 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>46. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Audit fees</b>		
Current year subscription / fee	2,020,372	2,775,605
Amount paid - current year	<u>(2,020,372)</u>	<u>(2,775,605)</u>
	<u>-</u>	<u>-</u>
<b>PAYE and UIF</b>		
Current year subscription / fee	18,567,292	15,467,367
Amount paid - current year	<u>(18,567,292)</u>	<u>(15,467,367)</u>
	<u>-</u>	<u>-</u>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	19,683,491	16,397,592
Amount paid - current year	<u>(19,683,491)</u>	<u>(16,397,592)</u>
	<u>-</u>	<u>-</u>
<b>VAT</b>		
VAT payable	<u>-</u>	<u>19,682,275</u>

The Municipality is on a payment bases 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 June 30, 2014

## Notes to the Annual Financial Statements

2014

2013

### 46. 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 June 30, 2014:

June 30, 2014	Outstanding less than 90 days	Outstanding more than 90 days	Total
MG Hlubi	1,374	64,106	65,480
DCP Mazibuko	973	13,054	14,027
NW Sibiya	979	13,492	14,471
MA & AM Mkhize	228	-	228
AS Mazibuko	1,392	72,446	73,838
NM Hlomuka	1,322	70,705	72,027
SD Magubane	570	11,270	11,840
	<b>6,838</b>	<b>245,073</b>	<b>251,911</b>

June 30, 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
MG Hlubi	1,249	56,228	57,477
DCP Mazibuko	579	9,316	9,895
NW Siviya	583	9,721	10,304
AS Mazibuko	1,236	64,452	65,688
NH 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>

### 47. Water Losses

#### Estimated water losses for the year

Water Losses - Quantity (kiloliters)	30,564,053	11,999,256
Water losses - Cost (Rands)	111,405,973	19,497,991
	<b>111,405,973</b>	<b>19,497,991</b>

Water losses could not be accurately accounted for as the project of installing bulk meters is still in progress.

The estimation of water losses was done by comparing the production capacity of the water purification plants against the water consumption billed to consumers.

It is important to recognize that the Municipality is responsible for the supply of purified water to large rural communities / areas where there is no piped water and water is therefore supplied to these areas by means of water tankers.

The municipality has 24 water tankers with the capacity of 16,000 liters each. These water tankers do an average of three trips per day supplying water to rural communities where there is no reticulation system.

This relates to (24 x 16,000 x 3 = 1,152,000 liters) of water supplied daily to these communities. As the water for filling up the water tankers are not measured nor billed it is safe to say that this is the biggest contributing factor to the water losses disclosed.

The bulk of the consumers in these rural areas where water is supplied by water tankers qualifies as indigent consumers and are therefore entitled to free basic services.

**Uthukela District Municipality**

**Appendix A**

June 2014

**Schedule of external loans as at 30 June 2014**

<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at Sunday, June 30, 2013</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at Monday, June 30, 2014</b>	<b>Carrying Value of Property, Plant &amp; Equip Rand</b>	<b>Other Costs in accordance with the MFMA Rand</b>
		<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>
<b>Development Bank of South Africa</b>							
61000915		2,536,648	-	396,397	2,140,251	-	-
61003249		1,307,700	-	174,360	1,133,340	-	-
61004120		2,768,782	-	1,316,686	1,452,096	-	-
61004121		3,160,358	-	657,633	2,502,725	-	-
61004122		599,208	-	67,030	532,178	-	-
61004123		100,750	-	15,500	85,250	-	-
		<b>10,473,446</b>	<b>-</b>	<b>2,627,606</b>	<b>7,845,840</b>	<b>-</b>	<b>-</b>
<b>Total external loans</b>							
Development Bank of South Africa		10,473,446	-	2,627,606	7,845,840	-	-
		<b>10,473,446</b>	<b>-</b>	<b>2,627,606</b>	<b>7,845,840</b>	<b>-</b>	<b>-</b>

**Uthukela District Municipality**  
**Uthukela District Municipality**  
**Appendix B**

June 2014

**Analysis of property, plant and equipment as at 30 June 2014**  
**Cost/Revaluation** **Accumulated depreciation**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Revaluations</b>	<b>Other changes, movements</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Depreciation</b>	<b>Impairment loss</b>	<b>Closing Balance</b>	<b>Carrying value</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	1,037,872	-	-	-	-	-	<b>1,037,872</b>	-	-	-	-	-	-	1,037,872
Buildings (Separate for AFS purposes)	1,932,857	-	-	-	-	-	<b>1,932,857</b>	(337,918)	-	-	(78,745)	-	<b>(416,663)</b>	1,516,194
	<b>2,970,729</b>	-	-	-	-	-	<b>2,970,729</b>	<b>(337,918)</b>	-	-	<b>(78,745)</b>	-	<b>(416,663)</b>	<b>2,554,066</b>
<b>Infrastructure</b>														
Water purification	1,219,175,825	4,137,910	-	21,938,137	-	-	<b>1,245,251,872</b>	(152,502,735)	-	-	(28,504,001)	-	<b>(181,006,736)</b>	1,064,245,136
Sewerage purification	169,413,550	-	-	-	-	-	<b>169,413,550</b>	(53,106,108)	-	(128,430)	(6,029,795)	-	<b>(59,264,333)</b>	110,149,217
	<b>1,388,589,375</b>	<b>4,137,910</b>	-	<b>21,938,137</b>	-	-	<b>1,414,665,422</b>	<b>(205,608,843)</b>	-	<b>(128,430)</b>	<b>(34,533,796)</b>	-	<b>(240,271,069)</b>	<b>1,174,394,353</b>
<b>Community Assets</b>														

**Uthukela District Municipality**  
**Uthukela District Municipality**  
**Appendix B**

June 2014

**Analysis of property, plant and equipment as at 30 June 2014**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
<b>Specialised vehicles</b>														
Fire	816,059	-	-	-	-	-	<b>816,059</b>	(470,336)	-	-	(114,193)	-	<b>(584,529)</b>	231,530
	<b>816,059</b>	-	-	-	-	-	<b>816,059</b>	<b>(470,336)</b>	-	-	<b>(114,193)</b>	-	<b>(584,529)</b>	<b>231,530</b>
<b>Other assets</b>														
General vehicles	5,507,823	11,517,403	(1,593,293)	-	-	-	<b>15,431,933</b>	(3,978,932)	1,183,021	-	(1,688,004)	-	<b>(4,483,915)</b>	10,948,018
Plant & equipment	2,914,455	-	(2,332,980)	-	-	-	<b>581,475</b>	(1,329,600)	972,364	-	(65,782)	-	<b>(423,018)</b>	158,457
Computer Equipment	5,095,263	501,544	(953,955)	-	-	-	<b>4,642,852</b>	(2,576,516)	595,596	-	(825,213)	-	<b>(2,806,133)</b>	1,836,719
Furniture & Fittings	2,374,931	261,555	(346,315)	-	-	-	<b>2,290,171</b>	(1,644,780)	221,561	-	(238,309)	-	<b>(1,661,528)</b>	628,643
Office Equipment	1,560,069	3,096	(92,898)	-	-	-	<b>1,470,267</b>	(795,736)	74,465	-	(292,328)	-	<b>(1,013,599)</b>	456,668
Electric Motors	676,500	(676,500)	-	-	-	-	-	(478,170)	478,170	-	-	-	-	-
Radio Equipment	86,560	-	-	-	-	-	<b>86,560</b>	(71,412)	-	-	(9,738)	-	<b>(81,150)</b>	5,410
Other Sewer	148,000	-	-	(148,000)	-	-	-	(56,430)	-	56,430	-	-	-	-
Lawnmowers	1,275	-	-	-	-	-	<b>1,275</b>	(1,148)	-	-	-	-	<b>(1,148)</b>	127
Other Water	8,037,294	-	(5,940,895)	(2,094,399)	-	-	<b>2,000</b>	(2,211,042)	1,767,540	442,242	(360)	-	<b>(1,620)</b>	380
Work in progress	129,653,713	179,977,343	-	(21,938,137)	-	-	<b>287,692,919</b>	-	-	-	-	-	-	287,692,919
Lab Equipment	13,707	-	(13,707)	-	-	-	-	(12,336)	12,336	-	-	-	-	-
Other Assets - Leased	9,911,310	-	(574,221)	-	-	-	<b>9,337,089</b>	(4,214,307)	433,546	-	(1,519,700)	-	<b>(5,300,461)</b>	4,036,628
	<b>165,980,900</b>	<b>191,584,441</b>	<b>(11,848,264)</b>	<b>(24,180,536)</b>	-	-	<b>321,536,541</b>	<b>(17,370,409)</b>	<b>5,738,599</b>	<b>498,672</b>	<b>(4,639,434)</b>	-	<b>(15,772,572)</b>	<b>305,763,969</b>

**Uthukela District Municipality**  
**Uthukela District Municipality**  
**Appendix B**

June 2014

**Analysis of property, plant and equipment as at 30 June 2014**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	2,970,729	-	-	-	-	-	<b>2,970,729</b>	(337,918)	-	-	(78,745)	-	<b>(416,663)</b>	2,554,066
Infrastructure	1,388,589,375	4,137,910	-	21,938,137	-	-	<b>1,414,665,422</b>	(205,608,843)	-	(128,430)	(34,533,796)	-	<b>(240,271,069)</b>	1,174,394,353
Specialised vehicles	816,059	-	-	-	-	-	<b>816,059</b>	(470,336)	-	-	(114,193)	-	<b>(584,529)</b>	231,530
Other assets	165,980,900	191,584,441	(11,848,264)	(24,180,536)	-	-	<b>321,536,541</b>	(17,370,409)	5,738,599	498,672	(4,639,434)	-	<b>(15,772,572)</b>	305,763,969
	<b>1,558,357,063</b>	<b>195,722,351</b>	<b>(11,848,264)</b>	<b>(2,242,399)</b>	-	-	<b>1,739,988,751</b>	<b>(223,787,506)</b>	<b>5,738,599</b>	<b>370,242</b>	<b>(39,366,168)</b>	-	<b>(257,044,833)</b>	<b>1,482,943,918</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Water Rights	55,000	65,122	-	-	-	-	<b>120,122</b>	(7,791)	-	-	(3,461)	-	<b>(11,252)</b>	108,870
	<b>55,000</b>	<b>65,122</b>	-	-	-	-	<b>120,122</b>	<b>(7,791)</b>	-	-	<b>(3,461)</b>	-	<b>(11,252)</b>	<b>108,870</b>
<b>Investment properties</b>														
<b>Total</b>														
Land and buildings	2,970,729	-	-	-	-	-	<b>2,970,729</b>	(337,918)	-	-	(78,745)	-	<b>(416,663)</b>	2,554,066
Infrastructure	1,388,589,375	4,137,910	-	21,938,137	-	-	<b>1,414,665,422</b>	(205,608,843)	-	(128,430)	(34,533,796)	-	<b>(240,271,069)</b>	1,174,394,353
Specialised vehicles	816,059	-	-	-	-	-	<b>816,059</b>	(470,336)	-	-	(114,193)	-	<b>(584,529)</b>	231,530
Other assets	165,980,900	191,584,441	(11,848,264)	(24,180,536)	-	-	<b>321,536,541</b>	(17,370,409)	5,738,599	498,672	(4,639,434)	-	<b>(15,772,572)</b>	305,763,969
Intangible assets	55,000	65,122	-	-	-	-	<b>120,122</b>	(7,791)	-	-	(3,461)	-	<b>(11,252)</b>	108,870
	<b>1,558,412,063</b>	<b>195,787,473</b>	<b>(11,848,264)</b>	<b>(2,242,399)</b>	-	-	<b>1,740,108,873</b>	<b>(223,795,297)</b>	<b>5,738,599</b>	<b>370,242</b>	<b>(39,369,629)</b>	-	<b>(257,056,085)</b>	<b>1,483,052,788</b>

**Uthukela District Municipality**  
**Uthukela District Municipality**

**Appendix B**

July 2013

**Analysis of property, plant and equipment as at 1 July 2013**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	1,037,872	-	-	-	-	-	1,037,872	-	-	-	-	-	-	1,037,872
Buildings (Separate for AFS purposes)	1,932,857	-	-	-	-	-	1,932,857	256,662	-	-	241,756	-	498,418	4,659,439
	<b>2,970,729</b>	-	-	-	-	-	<b>2,970,729</b>	<b>256,662</b>	-	-	<b>241,756</b>	-	<b>498,418</b>	<b>5,697,311</b>
<b>Infrastructure</b>														
Dams & Reservoirs	25,717,311	-	-	-	-	8,000,000	33,717,311	4,781,559	-	-	920,071	-	5,701,630	28,015,681
Water purification	622,068,120	792,699	(143,381)	-	-	106,086,000	728,803,438	137,598,994	(77,735)	-	17,695,375	-	155,216,634	573,586,813
Sewerage purification	251,867,701	-	(192,067)	-	-	523,000	252,198,634	58,052,572	(151,262)	-	6,749,500	(109)	64,650,701	187,547,932
Other 1	6,531,969	-	-	-	-	-	6,531,969	5,731,490	-	-	125,750	(5,077,500)	779,740	674,729
	<b>906,185,101</b>	<b>792,699</b>	<b>(335,448)</b>	-	-	<b>114,609,000</b>	<b>1,021,251,352</b>	<b>206,164,615</b>	<b>(228,997)</b>	-	<b>25,490,696</b>	<b>(5,077,609)</b>	<b>226,348,705</b>	<b>789,825,155</b>
<b>Community Assets</b>														
Fire, safety & emergency	4,192,343	-	(15,333)	-	-	4,822,342	8,999,352	3,051,355	(9,783)	-	1,236,159	-	4,277,731	4,721,622
	<b>4,192,343</b>	-	<b>(15,333)</b>	-	-	<b>4,822,342</b>	<b>8,999,352</b>	<b>3,051,355</b>	<b>(9,783)</b>	-	<b>1,236,159</b>	-	<b>4,277,731</b>	<b>4,721,622</b>

**Uthukela District Municipality**  
**Uthukela District Municipality**  
**Appendix B**

June 2014

**Analysis of property, plant and equipment as at 1 July 2013**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
<b>Specialised vehicles</b>														
<b>Other assets</b>														
General vehicles	5,765,170	-	(1,881,005)	-	-	1,623,657	5,507,822	4,608,834	(1,644,329)	-	1,014,428	-	3,978,933	1,528,890
Computer Equipment	5,825,733	280,067	(2,001,433)	-	-	459,352	4,563,719	2,933,414	(1,513,730)	-	965,582	-	2,385,266	2,178,453
Furniture & Fittings	2,945,852	27,467	(1,254,462)	-	-	494,498	2,213,355	2,378,775	(1,078,304)	-	288,489	(1,557)	1,587,403	625,952
Office Equipment	1,536,402	441,450	(951,023)	-	-	138,842	1,165,671	1,186,674	(871,805)	-	338,653	-	653,522	512,149
Other Assets - Leased	9,911,310	-	(1,453,389)	-	-	529,613	8,987,534	3,475,256	(1,282,522)	-	2,021,573	-	4,214,307	5,697,003
Other	5,602,029	-	(3,362,489)	-	-	1,454,957	3,694,497	4,255,606	(2,456,713)	-	402,114	(162,101)	2,038,906	1,655,591
	<b>31,586,496</b>	<b>748,984</b>	<b>(10,903,801)</b>	<b>-</b>	<b>-</b>	<b>4,700,919</b>	<b>26,132,598</b>	<b>18,838,559</b>	<b>(8,847,403)</b>	<b>-</b>	<b>5,030,839</b>	<b>(163,658)</b>	<b>14,858,337</b>	<b>12,198,038</b>

**Uthukela District Municipality**  
**Uthukela District Municipality**  
**Appendix B**

June 2014

**Analysis of property, plant and equipment as at 1 July 2013**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	2,970,729	-	-	-	-	-	2,970,729	256,662	-	-	241,756	-	498,418	5,697,311
Infrastructure	906,185,101	792,699	(335,448)	-	-	114,609,000	1,021,251,352	206,164,615	(228,997)	-	25,490,696	(5,077,609)	226,348,705	789,825,155
Community Assets	4,192,343	-	(15,333)	-	-	4,822,342	8,999,352	3,051,355	(9,783)	-	1,236,159	-	4,277,731	4,721,622
Other assets	31,586,496	748,984	(10,903,801)	-	-	4,700,919	26,132,598	18,838,559	(8,847,403)	-	5,030,839	(163,658)	14,858,337	12,198,038
	<b>944,934,669</b>	<b>1,541,683</b>	<b>(11,254,582)</b>	<b>-</b>	<b>-</b>	<b>124,132,261</b>	<b>1,059,354,031</b>	<b>228,311,191</b>	<b>(9,086,183)</b>	<b>-</b>	<b>31,999,450</b>	<b>(5,241,267)</b>	<b>245,983,191</b>	<b>812,442,126</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
<b>Investment properties</b>														
<b>Total</b>														
Land and buildings	2,970,729	-	-	-	-	-	2,970,729	256,662	-	-	241,756	-	498,418	5,697,311
Infrastructure	906,185,101	792,699	(335,448)	-	-	114,609,000	1,021,251,352	206,164,615	(228,997)	-	25,490,696	(5,077,609)	226,348,705	789,825,155
Community Assets	4,192,343	-	(15,333)	-	-	4,822,342	8,999,352	3,051,355	(9,783)	-	1,236,159	-	4,277,731	4,721,622
Other assets	31,586,496	748,984	(10,903,801)	-	-	4,700,919	26,132,598	18,838,559	(8,847,403)	-	5,030,839	(163,658)	14,858,337	12,198,038
	<b>944,934,669</b>	<b>1,541,683</b>	<b>(11,254,582)</b>	<b>-</b>	<b>-</b>	<b>124,132,261</b>	<b>1,059,354,031</b>	<b>228,311,191</b>	<b>(9,086,183)</b>	<b>-</b>	<b>31,999,450</b>	<b>(5,241,267)</b>	<b>245,983,191</b>	<b>812,442,126</b>





**ANNUAL PERFORMANCE REPORT**

# **UTHUKELA DISTRICT MUNICIPALITY**

**2013/2014**

## Table of Contents

FORWARD BY THE MAYOR/MM .....	3
INTRODUCTION.....	4
PROGRESS REGARDING RESOLVING CHALLENGES IDENTIFIED IN THE 2012/2013 ANNUAL REPORT ...	4
ORGANISATIONAL AND SERVICE DELIVERY PERFORMANCE ASSESSMENT .....	4
PERFORMANCE MANAGEMENT PROCESS OVERVIEW .....	6
Remedial Action for Performance Management.....	7
INSTITUTIONAL PERFORMANCE BASED ON ORGANISATIONAL SCORECARD.....	8
SUMMARY OF ACHIEVEMENTS AND CHALLENGES FROM THE SCORECARDS.....	11
LESSONS LEARNT AND THE WAY FORWARD .....	16
ASSESSMENT OF PERFORMANCE OF EXTERNAL SERVICE PROVIDER.....	17
TERMINATED PROJECTS.....	17
Annexure A – Organisational Scorecard .....	19
Performance results presented per National KPA.....	19

## FORWARD BY THE MAYOR/MM

The vision of the uThukela District Municipality is:

“A stable, sustainable and prosperous district with committed servants who serve with excellence in governance, service delivery and economic development.”

Our vision speaks to creating a stable District where people can create a life that is flourishing and maintainable. It calls for municipal servants to do their part in creating a District of excellence, where service delivery and development is a priority in creating a health society.

The uThukela IDP and Budget was presented to the public through a series of public meetings. These were used to present the 2013/2014 IDP and Budget to communities as well as to gather inputs into the documents. Public meetings were held at the following venues:

Date	Venue	Municipality	Activity
25/04/2013	Agra Crescent – Civic Hall	All	Invited Stakeholder Forum
30/04/2013	Rookdale Community Hall	Okhahlamba	Community Meeting
02/05/2013	Indoor Sport Centre	Emnambithi	Cadre’s Forum Meeting (CWDs, Youth Ambassadors, Community Care Givers and Ward Committee)
07/05/2013	Fitty Park (tent)	Indaka	Community Meeting
07/05/2013	Agra Crescent – Civic Hall	Emnambithi	Community Meeting
08/05/2013	Wembezi Stadium	Umtshezi	Community Meeting
08/05/2013	Emhubheni Community Hall	Imbabazane	Community Meeting
12/05/2013	Ezakheni Sport Fields	All	Imbizo

The year 2013/2014 was a difficult year, but also the year where substantial progress was made in turning the situation of the uThukela District Municipality around. The highlight was the filling of all General Manager’s positions and the adoption of our reviewed organogram. During the next financial

year we, as people of uThukela, will strive to improve service delivery and root out corruption. Together we can succeed in achieving the vision of the Municipality.

## **INTRODUCTION**

This annual performance report is hereby submitted by the uThukela's District Municipality's Municipal Manager in terms of section 121 of the Municipal Finance Management Act, 56 of 2003 read with the Municipal Systems Act, 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting.

In the year under review (2013/2014), uThukela District Municipality (UDM) had 6 departments, namely; Technical Services, Water Services, Treasury & Financial Services Office, Corporate Services, Strategic Planning & Economic Development, as well as Municipal Managers Office. This report covers the performance information from 1 July 2013 to 30 June 2014. The report includes highlights from the key performance measures included in the IDP 2013/2014. These priority measures constitute the Municipal Scorecard for 2013/2014.

The report contains information which is based on the SDBIP formulated for the financial year 2013/2014. The information of the report concentrates on both the financial and service delivery performance assessment as contained in the municipality's service delivery and budget implementation plan. The report was compiled using quarterly performance information received for the annual assessment.

## **PROGRESS REGARDING RESOLVING CHALLENGES IDENTIFIED IN THE 2012/2013 ANNUAL REPORT**

A number of challenges confronted the Municipality not to achieve all its targets during the first half of the year and in addressing issues from previous financial year. Key to these was the fact that some heads of department (HODs) contracts and those of some directors were vacant. This meant that the attention of these incumbents to service delivery was reasonably so affected. To address this, HOD positions were advertised late in the first quarter and recruitment processes ensued in the second quarter.

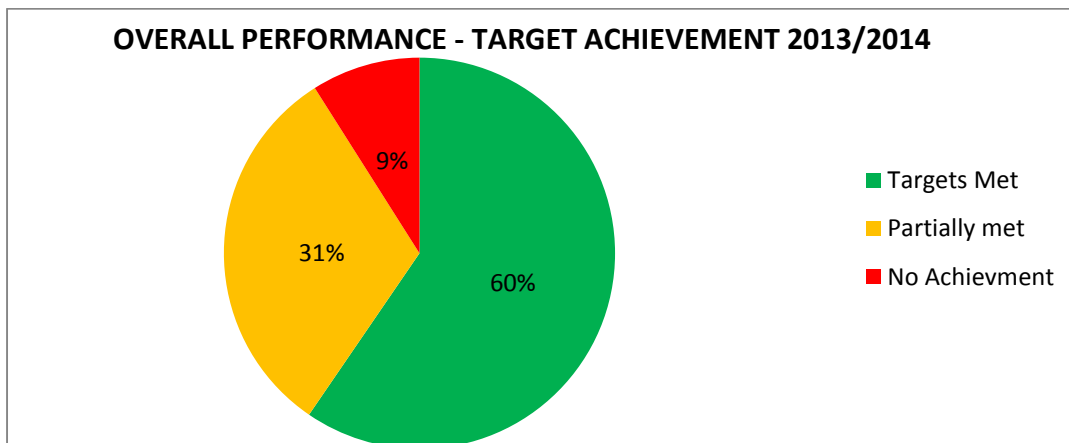
## **ORGANISATIONAL AND SERVICE DELIVERY PERFORMANCE ASSESSMENT**

The report is based on the analysed and evaluated information through a process whereby information of the key performance area, objectives, key performance indicators, programmes /projects reflect the Integrated Development Plan objectives of the Municipality for 2013/2014 financial year. Institutional and departmental performance of uThukela Municipality is based on the Organisational and Departmental scorecards. The scorecards of the municipality comprises of five Key Performance Areas which are derived from Local Government's Strategic Agenda and are aligned to our IDP cluster approach. These are:

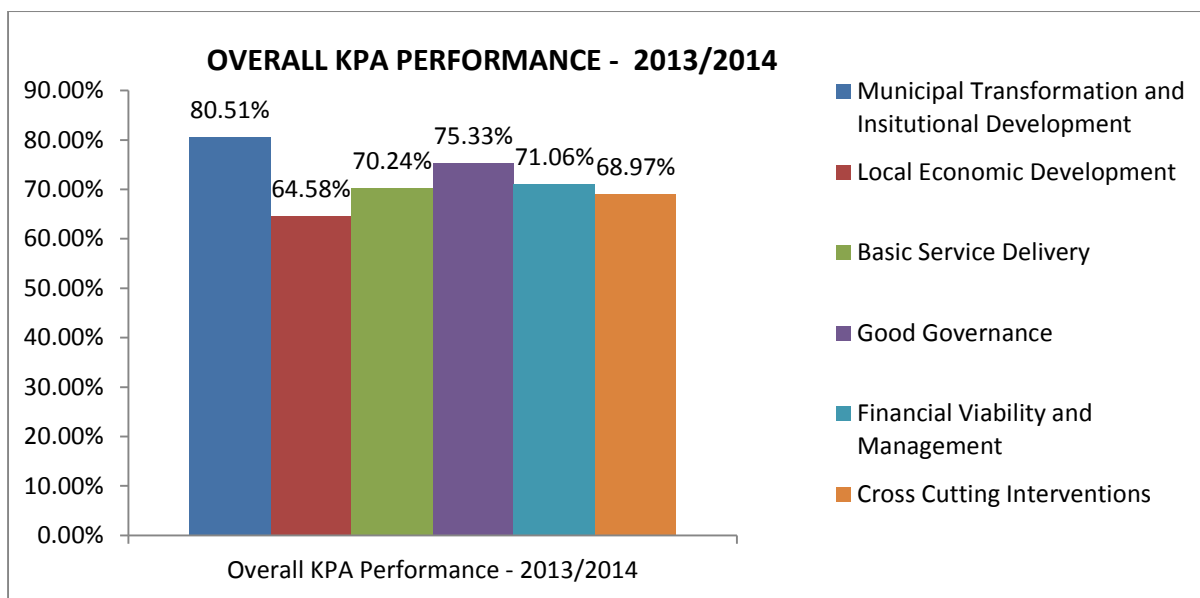
- Basic Service Delivery;
- Local Economic Development;
- Financial Viability and Management;
- Institutional Transformation and Organizational Development
- Good Governance
- Cross Cutting Interventions

A Service Delivery Budget Implementation Plan (SDBIP), and Departmental Service Delivery and Budget Implementation Plans for each of the departments of the municipality, in line with appropriate guidelines and legislation, must be developed annually. Section 56 Employees are required to sign a Performance Agreement, as prescribed in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager, in line with published regulations and/or amendments Quarterly assessments through the Office of the Municipal Manager conducted during the financial. Performance Monitoring underpins the Municipality's IDP in terms of reviewing progress regularly in achieving our priorities and delivering value for money. Early investigation of variances enables remedial action to be taken where appropriate. The uThukela District Municipality is in the process of conducting a strategic review of its organisational structure and business processes as part of addressing all the challenges relating to under-performance in certain areas of service delivery.

The graphs below summaries performance for the municipality's scorecard for the 2013/2014 financial year:



**Graph 1 – Target Achievement Information – 2013/2014**



**Graph 1 – Overall KPA Performance – 2013/2014**

## PERFORMANCE MANAGEMENT PROCESS OVERVIEW

In the 2014/2014 financial year, every attempt was made to ensure that the district municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. UDM has continued to maintain the effective operation of the following mechanisms:

- The 2012-2017 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The 2013/14 budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional strategies;
- Performance agreements with performance plans were developed, signed and approved by the Executive Mayor as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager (MM). These reports were used in the quarterly performance assessments;
- Quarterly performance reports were objectively and independently audited by the Internal Audit unit to verify and to confirm performance information as reflected in the reports; the unit also confirmed the credibility of evidence that was submitted quarterly;

- The Performance Audit Committee (PAC) functioned optimally in the year; in line with the committee's approved terms of reference; and
- Annual assessments of performance of managers directly reporting to the MM as well as the MM's performance are scheduled to be conducted by a duly constituted performance evaluation panel as required by the performance regulations.

## **Remedial Action for Performance Management**

In order to improve on performance planning, implementation and reporting, the institution implemented the following actions;

- An electronic performance management system was implemented. The system was used capture KPA, IDP Objectives, project and KPI information. This meant assessments could not be edited as the system locks information immediately after the assessments;
- A consultant was appointed to coordinate reporting of performance progress information, in order to ensure complete and accurate reporting.
- The institution ensured that during the development of the SDBIP, the SMART principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound.
- There was improvement in the submission of remedial actions for targets not achieved in order to ascertain that departments intended to meet the targets in the following quarters;
- Holding of informal departmental reviews with the Municipal Manager assisted a lot in detecting early warnings and unblocking obstacles in areas where there were challenges that would hinder the achievement of targets.

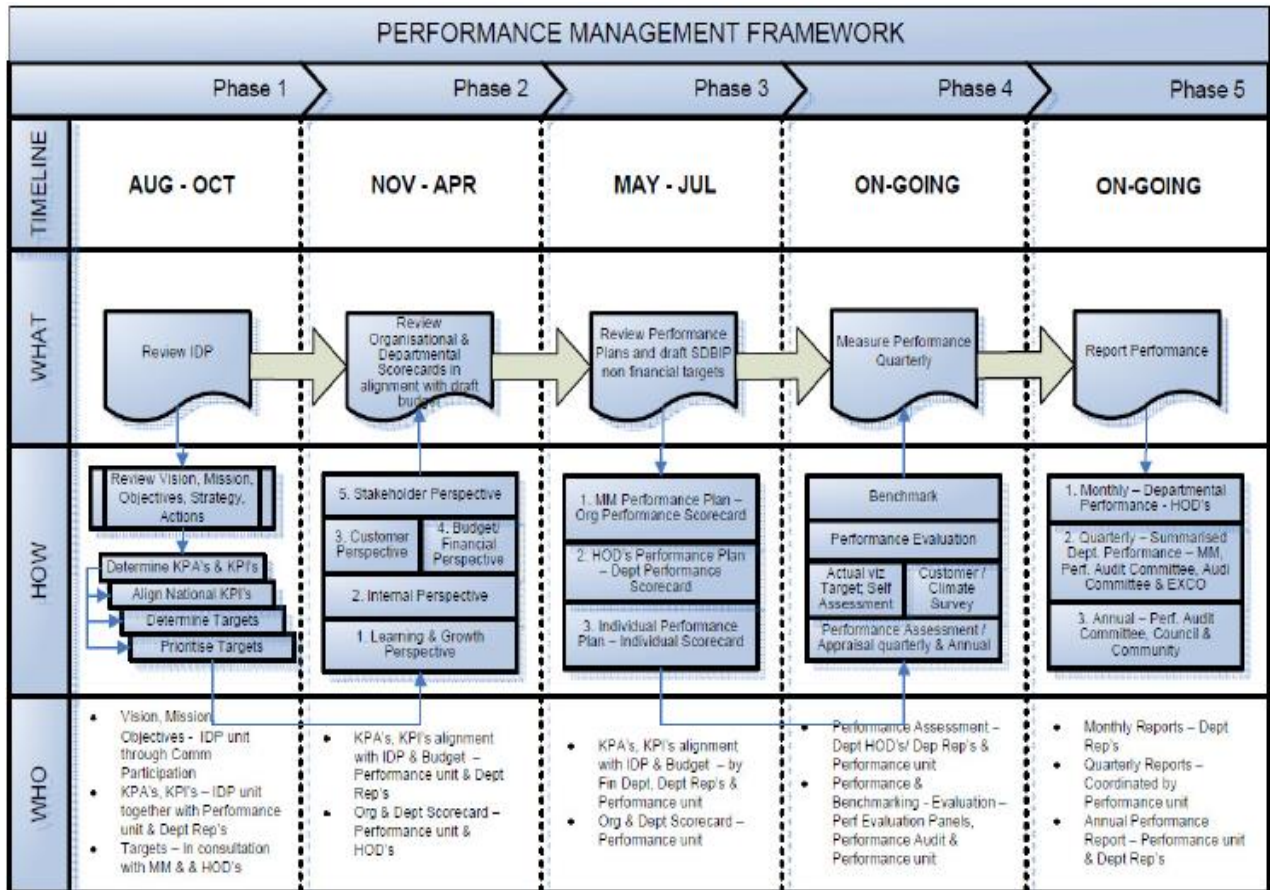


Diagram 1 - Performance Management Framework Diagram

## INSTITUTIONAL PERFORMANCE BASED ON ORGANISATIONAL SCORECARD

The overall performance level achieved by the Municipality was 71.66% for the annual assessment reflecting an increase from the mid-year result of 67%. A number of challenges confronted the Municipality not to achieve all its targets during the financial year and in addressing issues from previous financial year. Key to these was the fact that some heads of department (HODs) contracts and those of some directors were vacant. This meant that the attention of these incumbents to service delivery was reasonably so affected. To address this, HOD positions were advertised late in the first quarter and recruitment processes ensued in the second quarter.

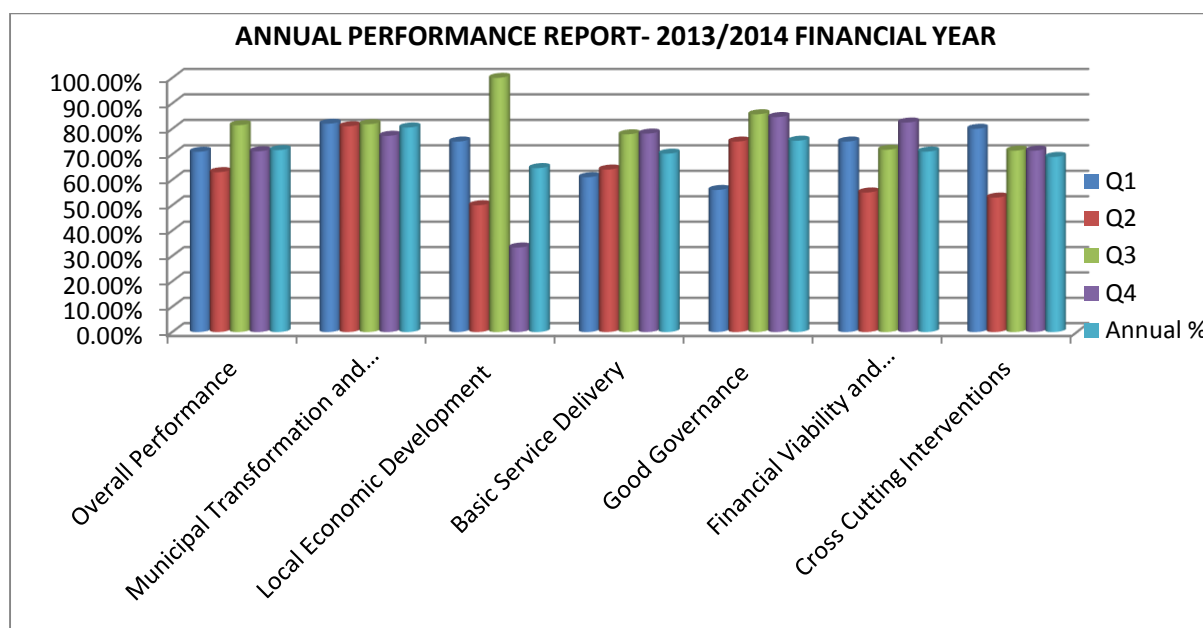
A tables and graphs summarizing organisational performance follow:



**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

Key Performance Area	Q1	Q2	Q3	Q4	Annual %
Overall Performance	71.00%	63.00%	81.42%	71.20%	71.66%
Municipal Transformation and Institutional Development	82.00%	81.00%	81.80%	77.25%	80.51%
Local Economic Development	75.00%	50.00%	100.00%	33.33%	64.58%
Basic Service Delivery	61.00%	64.00%	77.83%	78.12%	70.24%
Good Governance	56.00%	75.00%	85.71%	84.62%	75.33%
Financial Viability and Management	75.00%	55.00%	71.77%	82.46%	71.06%
Cross Cutting Interventions	80.00%	53.00%	71.43%	71.43%	68.97%

**Table 1 – Overall KPA Performance – 2013/2014**

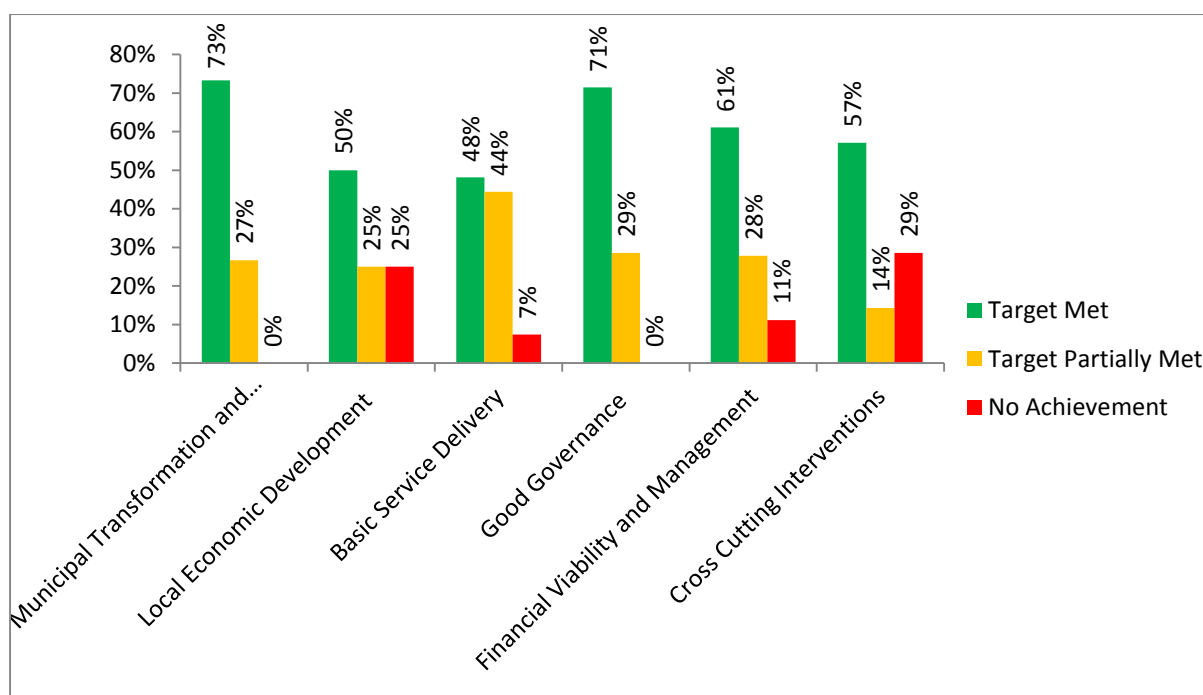


**Graph 3– Overall KPA Performance – 2013/2014**

UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014

Key Performance Area	Total Number of KPIs	Targets Met	Partially met	No Achievement
Overall Performance	89	60%	31%	9%
Municipal Transformation and Institutional Development	15	73%	27%	0%
Local Economic Development	8	50%	25%	25%
Basic Service Delivery	27	48.15%	44.44%	7.41%
Good Governance	14	71%	29%	0%
Financial Viability and Management	18	61%	28%	11%
Cross Cutting Interventions	7	57%	14%	29%

**Table 1 – Overall KPA Performance – Target Achievement 2013/2014**



**Graph 4 – Overall KPA Performance – Target Achievement 2013/2014**

**Annexure A**, on page 16, reflects the organisational scorecard for 2013/2014 showing the 6 national KPAs and local priorities and enables a wider more detailed assessment of how the municipality is performing.

## SUMMARY OF ACHIEVEMENTS AND CHALLENGES FROM THE SCORECARDS

The Organisational Scorecard ended financial year just below the target. Achievement and challenges pertaining to strategic objectives of the institution are narrated below. Targets were achieved in the following Key Performance Indicators per strategic Objective to reach annual targets.

<b>KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>		
<b>No.</b>	<b>OBJECTIVE</b>	<b>ACHIEVEMENTS/CHALLENGES IN TARGETS</b>
<b>MT1</b>	<b>To ensure effective integrated development planning and performance management</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• PMS Policy framework reviewed and developed</li> <li>• Annual Report submitted to the AG</li> <li>• Performance audit committee not meeting regularly</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• PMS Reports not submitted timeously</li> <li>• Performance supporting portfolio of evidence not being submitted timeously.</li> </ul>
<b>MT2</b>	<b>To ensure efficient and effective internal and external communication</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Communication Framework/Strategy compiled</li> </ul>
<b>MT3</b>	<b>To improve service delivery and the image of the DM</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Critical posts filled and S54/S56 performance agreements signed.</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• HOD positions were advertised late in the first quarter and recruitment processes ensued in the second quarter. This meant that the attention of these incumbents to service delivery was reasonably so affected</li> </ul>
<b>MT4</b>	<b>Strengthen and improve employment equity in the municipality</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Female appointed to S56 post - CFO</li> </ul>
<b>MT5</b>	<b>Organisational skills development and capacity building</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Training programme developed</li> <li>• Skills Development Plan compiled</li> <li>• WSP implemented, 96 employees trained. Budgeted employees trained.</li> </ul>
<b>MT5</b>	<b>Attain effective and efficient municipal administration</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• IT Security policy in place</li> <li>• Council portfolio committee meetings administered and held on regularly basis.</li> </ul>

KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT		
No.	OBJECTIVE	ACHIEVEMENTS/CHALLENGES IN TARGETS
SDI1	To provide sustainable water services to all residents	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Additional 17000 households with potable water</li> <li>• Emnambithi - Driefontein Burford Water Supply upgrade – 100% complete.</li> <li>• Imbabazane - Ntabamhlophe Phase % reticulation– 100% progress made.</li> <li>• Imbabazane - Bhekuzulu/Ephangiwini Water Supply Scheme– 87% progress made.</li> <li>• Okhahlamba Bergville Phase 2 Water Supply Scheme– 65% progress made.</li> <li>• KwaNobamba/Ezitendeni Water Supply– 98% progress made.</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• Percentage of Infrastructure Grants spent slightly below projections – 83% expenditure.</li> </ul>
SDI2	To provide sustainable sanitation services to all residents	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Additional 10800 households with sanitation provisions</li> <li>• Emnambithi VIP Sanitation-4753 households</li> <li>• Umtshezi VIP Sanitation-1588 households</li> <li>• Indaka VIP Sanitation-500 households</li> <li>• Okhahlamba Sewer Upgrade-60% progress</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• Percentage of Infrastructure Grants spent slightly below projections – 83% expenditure.</li> </ul>
SDI3	Effective and efficient Infrastructure planning maintenance	<p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• Water Services Development Plan not updated</li> <li>• Master plan not reviewed to include entire district</li> <li>• District Wide water and sanitation O&amp;M plan not in place</li> <li>• Water and Sanitation Indaba not hosted</li> <li>• Infrastructure Development programme not in place</li> </ul>
SDI4	Coordination of rural roads management system	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• 6875 Kms of road assessed.</li> </ul>
SDI5	To reduce water losses to 40% by June 2014 as per DWA regulation	<p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• No fitment of bulk meters at water schemes. Delay with SCM process.</li> <li>• No fitment of pressure zones at water schemes. Delay with SCM process.</li> <li>• Reported Leaks being repaired however cannot report on statistics accurately.</li> <li>• Lack of awareness campaigns at communities.</li> </ul>

KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT		
No.	OBJECTIVE	ACHIEVMENTS/CHALLENGES IN TARGETS
SDI6	Effective Water and sanitation operation and maintenance	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>Plants are maintained on an on-going basis; pumps and motors are repaired when reported. 100% uptime.</li> </ul>
SDI7	On-going refurbishment of the existing water and sanitation infrastructure	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>Commenced drafting refurbishment plan.</li> <li>Archie Rodel WTW Refurbishment by Consultants</li> <li>Six Million rand funding sourced</li> </ul>
SDI8	To promote a safe and healthy environment for the communities of the district	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>An average of 400 water samples taken and analysed for both quarterly. All statistical reports produced.</li> <li>Preparations for Blue Drop certification going well and policies and procedures revised so to meet compliance requirements. Assessment to be conducted in Quarter 3.</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>Reduced number of sample taken for testing as compared to previous years due to high costs involved in testing.</li> </ul>
SDI9	To provide free basic services to all indigent households	<p>CHALLENGES</p> <ul style="list-style-type: none"> <li>Indigent Register not updated. Register not in place.</li> <li>Unable to determine free basic service qualification due to there being no Indigent Register.</li> </ul>

KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT		
No.	OBJECTIVE	ACHIEVMENTS/CHALLENGES IN TARGETS
LED1	Coordination of local economic development and tourism	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>TOR for LED forum establishment compiled.</li> <li>District Growth and Development Summit - 10th and 11th Sept 2013</li> <li>LED Strategy compiled</li> <li>Preparing to uThukela carnival in June 2014</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>Minimal LED forum meetings held and LED strategy not implemented.</li> <li>TOR for Tourism forum not yet established.</li> <li>Minimal Tourism forum meetings held and tourism strategy not implement.</li> <li>DGDS resolutions or projects not fully implemented – to continue with implementation in next financial year.</li> </ul>

**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

<b>LED2</b>	<b>To support and develop businesses in the District</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>Meeting with stakeholders conducted. Appointment of service provider to facilitate development establishment of District Development Agency.</li> <li>MOU to be compiled. Meeting with Okhahlamba Agency and COGTA held. Consultations with Labour and Public held.</li> </ul>
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<b>KPA 4: GOOD GOVERNANCE AND PUBLICPARTICIPATION</b>		
<b>No.</b>	<b>OBJECTIVE</b>	<b>ACHIEVMENTS/CHALLENGES IN TARGETS</b>
<b>GGP1</b>	<b>Enhance community participation in governance</b>	<p>CHALLENGES</p> <ul style="list-style-type: none"> <li>Unable to report accurately on establish of Sakume Sakhe war rooms due to lack of information from Local Municipalities. 6 War Rooms in operation. The remaining needs attention.</li> </ul>
<b>GGP2</b>	<b>Improve the Municipal Audit opinion and Accountability</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>Audit Plan to be finalised and adopted.</li> <li>Regular audit committee meetings held.</li> </ul>
<b>GGP3</b>	<b>Improved quality of live through the implementation of special programs</b>	<p>CHALLENGES</p> <ul style="list-style-type: none"> <li>Senior Citizens Development Programme - To commence with implementing programme in next financial. Equipment need for the Golden Games.</li> </ul>

<b>KPA 4: GOOD GOVERNANCE AND PUBLICPARTICIPATION</b>		
<b>No.</b>	<b>OBJECTIVE</b>	<b>ACHIEVMENTS/CHALLENGES IN TARGETS</b>
<b>GGP4</b>	<b>To promote a safe and healthy environment for the communities of the district</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>Regular inspection of food premises.</li> <li>Food Samples analysed on regular basis.</li> <li>World Aids day and National Water week- awareness campaign held</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>Reduce food sample taken due to hire costs involved</li> </ul>
<b>GGP5</b>	<b>Mitigate the impact of HIV/AIDS in the District</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>Reports to standing committee submitted</li> <li>HIV/AIDS council meetings held on regularly basis</li> </ul>
<b>GGP6</b>	<b>Improve intergovernmental relation with external stakeholders</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>Regular Mayors forum meetings held</li> <li>Signed MOU with EThekwini Municipality complete. Implementation of the MOU in progress</li> </ul>

<b>GGP7</b>	<b>Decrease municipal risks through risk management</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Risk Management Plan compiled but still need to workshop with all relevant stakeholders</li> </ul>

<b>KPA 5: FINANACIAL VIABILITY AND FINANCIAL MANAGEMENT</b>		
<b>No.</b>	<b>OBJECTIVE</b>	<b>ACHIEVMENTS/CHALLENGES IN TARGETS</b>
<b>FV1</b>	<b>Minimise risk factors in the municipality</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Risk Assessment Plan in Place</li> </ul>
<b>FV2</b>	<b>Advance and maintain the financial viability of the municipality</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Cost Coverage - There has been much safety in terms of the set margin however monthly were half the funds available.</li> <li>• Strict controls to ensure reduction in the amount of irregular, fruitless and wasteful expenditure.</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• Average of 41% revenue collected. Indigent Register not compiled.</li> <li>• Amount value of invoices billed in relation to consumption billed - Unavailable to report actual progress due to lack of information</li> <li>• The average collection achieved deteriorated due to the increase in the billed accounts and improvement of actual readings taken also contributed.</li> </ul>
<b>FV3</b>	<b>To improve the financial performance of the municipality</b>	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Strict controls to ensure reduction in the amount of irregular, fruitless and wasteful expenditure.</li> <li>• Fraud prevention plan compiled and presented.</li> <li>• SCM Policy compiled and presented.</li> <li>• Investment Policy compiled and presented.</li> <li>• Budget Policy compiled and presented.</li> </ul>
<b>FV4</b>	<b>Optimise budget implementation in the municipality</b>	<p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• Operating and Capital budget expenditure is lower than projected amounts. 86% municipal operating budget spent. 87.5% of total municipal capital budget spent.</li> </ul>

KPA 6: CROSS CUTTING ISSUES		
No.	OBJECTIVE	ACHIEVEMENTS/CHALLENGES IN TARGETS
CC1	To mitigate the effect of disasters and ensure improved response to Disasters	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Project manager appointment for Disaster centre.</li> <li>• Disaster centre building plans submitted for approval</li> <li>• Responses to all reported incidents are immediate.</li> <li>• Disaster Management Advisory Forum functioning adequately –planned meetings held.</li> </ul> <p>CHALLENGES</p> <ul style="list-style-type: none"> <li>• Service Provider for Disaster management plan terminated contract. To restart SCM process to source Service Provider.</li> <li>• Project manager appointment for Disaster centre however Building plans still awaiting approval.</li> <li>• No staff was recruited for disaster centre as yet.</li> </ul>
CC2	To improve supplier/Vendor management	<p>ACHIEVEMENTS</p> <ul style="list-style-type: none"> <li>• Regular site visits to assess compliance on contract conditions carried out.</li> </ul>

## LESSONS LEARNT AND THE WAY FORWARD

During the 2013/2014 year the overall UDM performance results reflect a 71.66% success rate caused by mixed performance results of departments in implementing the SDBIP. The 2013/14 percentage is higher as compared to 2012/2013 and 2011/2012 financial periods.

This increase can be attributed to the fact that departments are required to come up with remedial actions for all the not met targets and the implementation of the remedial actions is closely monitored by the Office of the Municipal Manager. It is noted that there was significant improvement in the SDI, GGP and MTI clusters while there was slight improvement in the MFV and LED clusters. Refer to Annexure A of this report for detailed institutional performance results.

During the year, poor alignment between the IDP, PMS and Budget Process were identified and also poor constructed targets and key performance indicators were identified and recommendations for their removal or amendment were sent to the Executive Mayor; this ensured that the municipality reports on much clearer and more aligned key performance indicators. Furthermore, the implementation of the electronic-performance system has assisted the municipality in ensuring that programme inputs, activities and results are evaluated on a system which assures the institution and its stakeholders of the integrity of the performance information.



Although there is an improvement in the organizational performance during 2013/14, the municipality could have done more, especially in the crafting of key performance indicators as well as timeous collation of portfolio of evidence.

However, the management of the institution is confident that the target for a clean audit on performance information by 2015 is well on track. The institution will continue improving on its performance management system, particularly, in the application of the SMART principle.

## ASSESSMENT OF PERFORMANCE OF EXTERNAL SERVICE PROVIDER

Number of Bids on Contract Register	Number of Awards made	Number of Bids in Tendering Process	Number Cancelled Bids
23	23	6	1 ( supply of water chemicals 137/2014)

Breakdown of Bids in Tendering Process	BSC	BEC	BAC
6	1	1	4
	Mayor's car	Bergville Sewer Treatment Works: M&E installation 148/2014	147/2014 Production Borehole Equipment
			133/2014 Hand Pump Equipment
			135/2014 Plumbing Materials
			150/2014 Construction of VIP Toilets

Performance on Number of awarded bids	
Level of Performance	No of Bidders.
Below standard	2
Acceptable	15
Excellent	6

## TERMINATED PROJECTS

Projects terminated maybe for various reasons:






- Poor Performance;
- Non submission of required documents;
- False Information provided by Service Providers.

- Service providers unable to exercise due diligence in implementing the projects.








**A copy of the Contracts Register for the 2013/2014 financial year is available from the Budget and Treasury Office.**

## Annexure A – Organisational Scorecard







### Performance results presented per National KPA.

Objectives (municipal)	Strategies	Key Performance Indicators	Annual Target	Actual Progress Achieved	Annual Robot
<b>KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>					
1.1 To ensure effective integrated development planning and performance management	1.1.1 Develop/review PMS policy framework	PMS Framework/Policy reviewed and adopted	Adopted PMS policy framework	PMS policy framework Adopted	
	1.1.2 Submit quarterly performance reports to Internal audit	Number of PMS reports submitted	4	4 PMS reports submitted	
	1.1.3 Hold quarterly Performance Audit Committee meetings	Number of PAC meetings held	4	6 PAC meetings held	
	1.1.4 Submission of annual report to AG	Annual report submitted	Annual Report submitted to AG	Annual Report submitted to AG	
1.2 To ensure efficient and effective internal and external communication	1.2.1 Develop/review communication framework/strategy	Adopted communication framework/strategy	Communication Strategy adopted	Communication Strategy adopted	






**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

1.3 To improve service delivery and the image of the DM	1.3.1 Filling of vacant positions as per the revised organogram	Number of vacant and budgeted positions filled	7	17 vacant and budgeted positions filled	
	1.3.2 Filling of identified critical posts	No. of performance agreements signed for filled S54/56 posts	6 Signed agreements	6 Signed agreements	
		No. of critical posts filled	5	5 critical posts filled	
1.4 To embark on skills development and capacity building	1.4.1 Development of a training program	Developed training program by deadline	Adopted Training programme	Training programme Adopted	
	1.4.2 Skills development plan adopted	Adopted skills development plan by Deadline	Adopted skills development Plan	WSP submitted to the department of Labour	
	1.4.3 Implementation of Skills Development Plan	% of budget spent on implementation of WSP	100%	96 employees trained. Budgeted employees trained	
1.5 Strengthen and improve employment equity in the municipality	1.5.1 Employment equity plan adopted and implementation	No. of people from employment equity target groups employed in the three highest levels of management in compliance with approved equity plan	10	5 individuals employed	





**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

		Number of women appointed in S54/56 posts	1	CFO appointed	
1.6 To improve Municipal processes and systems	1.6.1 Develop and adopt I.T. Governance Framework	Developed & adopted I.T. Security Policy by Deadline	Adopted IT Security Policy	IT Framework implemented and monitor	
	1.6.2 Administer council portfolio committee meetings	Number of portfolio committee meetings held	100	84 Meetings Held	
<b>KPA 2: LOCAL ECONOMIC DEVELOPMENT</b>					
2.1 To establish Led and Tourism Forums	2.1.1 To ensure that Forums are established and properly constituted with Terms of reference	Quarterly LED Forum Meetings held	LED forum in place	2 LED Forum Meetings held	
		Established Tourism Forum	Tourism forum in place	Combined LED and tourism meeting held on 25 March 2014	
2.2 To host an annual District Growth and Development Summit with focus on LED and Tourism	2.2.1 To host one DGDS per annum and compile strategies to be monitored by the LED and Tourism Forums	Hosted DGDS	Hosted DGDS	Hosted in 2nd quarter. Currently monitoring implementation as per resolutions	






**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

	2.2.2 Implement the DGDS resolutions	Progress report on resolutions/projects implement	DGGS implement	2 Reports Submitted. Three resolutions implemented	
2.3 Coordination of local economic development and tourism	2.3.1 Develop/review LED Strategy	Adopted LED strategy	Adopted LED strategy	LED strategy Adopted	
	2.3.2 Implement LED Strategy	Number of projects implemented	LED Project implemented	No budget available. To implement next financial Year	
	2.3.3 Implement Tourism Strategy	Number of projects	Tourism Projects Implement	No budget available. To implement next financial Year	
2.4 To support and develop businesses in the District	2.4.1 Establish a District Development Agency	Established agency and MOU compiled.	District Development Agency compiled.	Meeting with Okhahlamba Agency and COGTA held. Consultations with Labour and Public held.	

**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**








<b>KPA 3: BASIC SERVICE DELIVERY</b>					
3.1 To provide free basic services to all indigent households	3.1.1 Update indigent register	Approved Indigent Register	Register approved by 30 June 2014	Indigent register is being updated and write off process has commenced for already identified indigent consumers	
	3.1.2 Provide free basic services to all indigent households	Number of existing households with access to free basic services in terms of the indigent register		At the moment 6kl is provided to all households, as soon as the indigent registration is finalised free basic service will only be provided to registered indigents.	
3.2 To promote a safe and healthy environment for the communities of the district	3.2.1 Regular sampling of potable water	Number of water samples taken	Routine Sampling - 1792 samples taken.	1608 Samples taken	
	3.2.2 Regular sampling of potable water	% of water samples analysed every quarter	All water samples analysed	100% of water samples analysed	

**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**






	3.2.3 Operational monitoring of the quality of water (blue drop)	Percentage Blue Drop score	55%	Incident Management Report Revised. Summary Water Quality Report Revised. Consultant appointed for water safety plan. Process Audit done. Initiation of accreditation of the Lab	
3.3 To provide sustainable water services to all residents	3.3.1 To ensure provision of potable water to residents of district	Number of households with potable water provision	15000	17000 households with potable water provision	
		% of progress per quarter -Emnambithi - Driefontein Burford	100	100 % complete - Emnambithi - Driefontein Burford	
		% of progress per quarter -Imbabazane - Bhekuzulu/Ephangiwini	75	87% progress made - Imbabazane - Bhekuzulu/Ephangiwini	
		% of progress per quarter-Imbabazane - Ntabamhlophe	100	100 % complete - Imbabazane - Ntabamhlophe	







**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

		Okhahlamba Bergville Phase 2 Water Supply Scheme - % of progress per quarter	100	65 % complete - Okhahlamba Bergville Phase 2 Water Supply Scheme	
		KwaNobamba/Ezitendeni Water Supply scheme - % of progress per quarter	100	98% complete - KwaNobamba/Ezitendeni Water Supply scheme	
3.4 To provide sustainable sanitation services to all residents	3.4.1 To ensure effective expenditure of infrastructure grants (100%)	% of Infrastructure Grants spend	100%	83 % of Infrastructure Grants spend	
3.5 To provide sustainable sanitation services to all residents	3.5.1 Provide acceptable sanitation to residents of district	Number of households with sanitation provision	6500	10800 households with sanitation provision	
		Number of households with sanitation provision in Emnambithi	2850	4753 households with sanitation provision in Emnambithi	
		Number of households with sanitation provision in Umtshezi	1700	1588 households with sanitation provision in Umtshezi	
		Number of households with sanitation provision in Indaka	500	500 households with sanitation provision in Indaka	







**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

		Okhahlamba Sewer Upgrade -% of progress per quarter	70%	Okhahlamba Sewer Upgrade -60 % of progress per quarter	
	3.5.2 Effective expenditure of infrastructure grants (100%)	% of Infrastructure Grants spend	100%	83 % of Infrastructure Grants spend	
3.6 Coordination of rural roads management system	3.6.1 Through monitoring of implementation of the RRAMS	Number of Km completed	6700 km	6875 kms of Road covered.	
3.7 To reduce water losses to 40% by June 2014 as per DWA regulation	3.7.1 To ensure water conservation and water demand management	Percentage of schemes equipped with bulk metres	All schemes to be equipped with bulk metres by 30 June 2014	The Bulk meters will be installed as part of the Ladysmith/Ezakheni Bulk water metering and Abattoir rising main refurbishment MIG Project Contract No. 142/2014. Service Provider appointed and will commence in August 2014.	
		Percentage of pressure zones created per scheme	All schemes to have pressure zones	Service Provider appointed and will commence in August 2014 for zonal pressure schemes	







UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014

		Percentage of reported leaks repaired	All leaks repaired over one month old	100% of reported leaks Repaired however the Call Centre is dysfunctional. The introduction of job cards for record keeping will assist the superintendents with compilation of weekly / monthly reports of bursts and blockages	
		Number of communities where awareness campaigns conducted	All communities reached by 30 June 2014	2 awareness campaigns conducted	
3.8 To develop a water and sanitation O&M plan by 31 Dec 2013	3.8.1 Effective Water and sanitation operation and maintenance	Percentage of plants with 24/day uptime/operational	100% uptime at all plants	Plants are maintained on an on-going basis; pumps and motors are repaired when reported - 100% uptime.	
3.9 On-going refurbishment of the existing water and sanitation infrastructure	3.9.1 Through the development and implementation of an infrastructure refurbishment plan	Completed/approved infrastructure refurbishment plan	Approved Infrastructure Refurbishment plan by end June 2014	Draft ops and maintenance plan compiled and circulated for comments	







**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

	3.9.2 Through the sourcing of funding to implement the infrastructure refurbishment		Business Plan developed by end March 2014	Archie Rodel WTW Refurbishment completed in June 2014	
		Developed business plan			
		Amount of funding sourced	R10m by 30 June 2014	R6,0m funding sourced	
<b>KPA 4: GOOD Governance</b>					
4.1 Enhance community participation in governance	4.1.1 Establishment of functional ward committees	Number of Sakume Sakhe war rooms established		6 War Rooms in operation. The remaining needs attentions	
4.2 Improve the Municipal Audit opinion and Accountability	4.2.1 Develop/review Audit Plan	Adopted Audit Plan	Adopted Audit Plan	Audit plan adopted 29 Jan 2014	
	4.2.2 Hold quarterly Audit Committee meetings	Number of Audit Committee meetings held	4	4 Audit committee meetings held	
4.3 Improved quality of live through the implementation of special programs	4.3.1 Participation of people living with Disabilities in municipal processes	No. of meetings held	4	6 meetings held with regards to people living with Disabilities	






**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

	4.3.2 Enable Participation and create awareness of council youth and gender programmes	No. Youth and Gender Council meetings held	8	8 Youth and Gender Council meetings held	
	4.3.3 Develop and Implement a program aimed at assisting senior citizen in our Municipality	% Implementation of Senior Citizen Development programme		Programme on health aging continues; preparation for Golden Games (games for the elderly); hosting a dialogue between the youth and senior citizens	
4.4 To promote a safe and healthy environment for the communities of the district	4.4.1 Inspection of food premises	Number of premises inspected	600 premises inspected.	776 premises inspected.	
	4.4.2 Regular sampling of food stuffs	Number of food stuffs sampled (Milk Products)	40 food samples sampled.	59 food samples sampled	
	4.4.3 Surveillance and prevention of communal diseases	Number of promotional events and community awareness events held	3 Promotional Events	1-world Aids Day event. 1-National Water week	
4.5 To participate in all district-wide structures	4.5.1 To participate in district-wide health structures	Number of reports to standing committee	12 reports submitted	12 reports to standing committee submitted	








**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

	4.5.2 effective functioning of district HIV/AIDS council	Number of meetings held	4 meetings held	2 HIV/AIDS council meetings held	
4.6 Improve intergovernmental relation with external stakeholders	4.6.1 Hold quarterly IGR forums	Number of Mayors Forum meetings	4	4 Mayors Forum meetings	
4.7 Improve intergovernmental relation with external stakeholders	4.7.1 Develop and ensure signing of the MOU with EThekweni Municipality	Signed MOU and implemented MOU by deadline	Signed and Implemented MOU	Signed and Implemented MOU	
4.8 Decrease municipal risks through risk management	4.8.1 Development/revision of risk management plan	Approved risk management plan	Risk Management plan in Place	Risk management policy implemented	
<b>KPA 5: FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT</b>					
5.1 Minimise risk factors in the municipality	5.1.1 Risk assessment Framework development/review	Adopted Risk Assessment Framework	Adopted Risk assessment Framework	Risk assessment Framework adopted 31 OCT 2014	
5.2 To ensure effective management of budgeting process (realistic & credible)	5.2.1 Credible budget with identifiable revenue sources	Compliance with MFMA circular 42	Full compliance	Fully Compliant with MFMA circular 42. Annual Budget adopted by 28 May 2014	

**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**








5.3 Advance and maintain the financial viability of the municipality	5.3.1 Ensure adequate financial management.	Approved fully funded Operating & Capital Budget for 2014/2015 by deadline	30-Jun-13	Annual Budget adopted by 28 May 2014	
	5.3.2 Through enhancing revenue collection	Amount of revenue collected	% of amount billed -80%	40% Collection - Indigent register has been compile, however data cleansing process is in progress.	
	Improve debt management	Percentage of annual collectors rate/debt coverage (Regulation 10(g)(i))	3	35% - The average collection achieved deteriorated due to the increase in the billed accounts and improvement of actual readings taken also contributed.	
	5.3.3 Maintain acceptable norm of municipal liquidity management	Ratio of cash/cost coverage of monthly fixed operating commitments (Regulation 10(g)(iii))	3	Still to Determine % Ratio of cash/cost coverage of monthly fixed operating commitments	
	5.3.4 Raise the amount of invoices billed to customers	Amount value of invoices billed(Percentage of consumption billed )	100%	100% - All accounts have been billed	

**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**





	5.3.5 Ensure payments of creditors on time in terms of Section 65 of MFMA	Percentage of creditors paid on time	95%	98% - There are creditors that are still under dispute	
5.4 Improve the financial performance of the municipality	5.4.1 To decrease wasteful expenditure	Reduction in the amount of irregular, fruitless and wasteful expenditure	10 % reduction	10% reductions - Controls has been put in place to reduce this kind of expenditure and to date it has reduced by further 10%	
	5.4.2 Develop/update fraud prevention plan	Approved fraud prevention plan	Approved Fraud prevention Plan	Submitted for approval but council required workshop. Still needs to be approved.	
	5.4.3 Develop/update SCM Policy	Approved SCM Policy	Approved SCM Policy	SCM Policy reviewed and adopted	
	5.4.4 SCM reports in accordance with regulations, policy and procedures	Monthly SCM reports	12 SCM reports	12 SCM reports submitted. Deviations and fruitless and wasteful report is tabled in council on a monthly basis.	
	5.4.5 Develop/update Investment Policy	Approved Investment Policy	Approved Investment Policy	Investment Policy reviewed and approved.	
	5.4.6 Develop/update Budget Policy	Approved budget policy	Approved Budget Policy	Budget Policy reviewed and approved.	





**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

5.5 Optimise budget implementation in the municipality	5.5.1 Increase/maximise the budget amount spent in the municipality	Percentage of total municipal operating budget spent	100 % spending	86% municipal operating budget spent	
	5.5.2 Increase/maximise the capital budget amount spent in the municipality (asset management)	Percentage of total municipal capital budget spent	100 % spending	87.5% of total municipal capital budget spent	
	5.5.3 Develop/update Indigent Policy	Approved Indigent Policy	Approved Indigent Policy	Indigent Policy reviewed and approved.	
	5.5.4 Regular Budget reporting	Submission of quarterly Budget Implementation Reports	4	Quarterly reports submitted. Section 52 report has been submitted to Treasury	
<b>KPA 6: CROSS-CUTTING INTERVENTIONS</b>					
6.1 To establish a functional Disaster Management Centre	6.1.1 Through the review of the disaster management plan	Reviewed Disaster management plan	Approved Disaster Management Plan	No Disaster Management Plan approved. SP terminate his contract. Re-start SCM process. Risk assessment done internally.	
	6.1.2 Through the establishment of the disaster management centre	Established disaster management centre	Disaster Management Centre Constructed	Construction in progress. Construction to be complete in 18 months' time. Delay due to Numsa strike. Materials could not be delivered.	
		% response to all reported incidents	100% responses to incidents	100% - All reported incidents attended to.	

**UTHUKELA DISTRICT MUNICIPALITY – Annual PERFORMANCE REPORT 2013/2014**

	6.1.3 Through the Recruitment of staff	Number of staff recruited	All vacancies filled	No achievement - delay due finalisation of placement policy and moratorium was placed on all vacant positions.	
6.2 To improve supplier/Vendor management	6.2.1 Site visits to assess compliance on contract conditions.	Quarterly site assessment reports	4	Quarterly site visited made and reports compiled	
6.3 To improve supplier/Vendor management	6.3.1 Progress reports on projects from project managers.	Quarterly progress reports.	12	Monthly contract reports submitted.	
6.4 Improve the conditions of municipal vehicles	6.4.1 Develop report on conditions of municipal vehicles.	Submit quarterly fleet report.	4	4 Quarterly fleet reports submitted.	

<b>LEGEND</b>	
TARGET MET	
TARGET PARTIALLY MET	
TARGET MISSED	