



**LOCAL MUNICIPALITY-UMKHANDLU WENDAWO**

# ANNUAL REPORT

## 2012/2013

OKHAHLAMBA LOCAL MUNICIPALITY

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OKHAHLAMBA ANNUAL REPORT 2012/13		
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## **Chapter 1**

### **Introduction and Overview**

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## 1.1 Executive Summary

The Okhahlamba Local Municipality's Annual Report has been developed according to the provisions of Section 121 of the Municipal Finance Management Act (MFMA), 56 of 2003 and Section 46 of the Local Government: Municipal Systems Act (MSA), 32 of 2000 as amended.

According to the National Treasury guidelines for the preparation of the Annual Report, the report should be comprised of five chapters to reflect the key activities undertaken within the organisation during the year under review. A brief summation of what is contained in each chapter is outlined below.

**Chapter 1:** This chapter contains the geographic location of the Municipality as well as the population dynamics of the Municipality. Key to this chapter is the level of services that our people have access to such as water, sanitation, waste removal. The chapter also include the powers and functions of the municipality. Last but not least, the chapter touches on issues of governance and how the Council is constituted.

**Chapter 2:** This chapter reports and highlights some of the key achievements and challenges of the organisation during the year under review per department.

**Chapter 3:** This chapter reports on the programmes designed by the Municipality to improve employment equity and skills development. It also highlights Human Resource Management Policies and Practices that have been carried out to build staff capacity. To ensure transparency, issues of remuneration of Senior Management have also been covered.

**Chapter 4:** Key in this chapter is the fact that we have maintained our timely submission of the Annual Financial Statements to the Auditor General for auditing. In doing so, we have received CLEAN Audit Report for the year ended 30 June 2013.

**Chapter 5:** This chapter reports on the progress on service delivery and development (Annual Performance) for the year under review. The format used in reporting is in line with the National Treasury guidelines. Performance progress is reported according to the five National KPAs and also highlights the challenges experienced as well as progress made in addressing those challenges. The high level of compliance is driven by the commitment to achieve a clean audit report.

There is an increased level of compliance by the Municipality which is reflected by the timely preparation and approval of the IDP, Budget, SDBIP, PMS, Performance Contracts, Work-Place Skills Plan and the Annual Financial Statements.

## 1.2 Legal Framework

The 2012/13 Annual Report has been prepared in accordance with the provisions of Section 121 of the Municipal Finance Management Act (MFMA), 56 of 2003 and Section 46 of the Local Government: Municipal Systems Act (MSA), 32 of 2000, and thereafter to be approved by the Municipal Council after following all the processes prescribed by Section 129 of the MFMA. In compliance with the provisions of the MFMA, this Annual Report is to be tabled by the Mayor at a Municipal Council meeting scheduled for 19<sup>th</sup> December 2013 as prescribed by Section 127 of the MFMA, and will thereafter be publicised for comments, this done in terms of Section 21(a) of the MSA.

The Annual Report will further be considered by the Oversight Committee established by the Municipal Council, as directed by Section 129 of the MFMA, to assist the Municipal Council in considering the Annual Report. The report of the Oversight Committee will be included in the Annual Report and will therefore be made public in terms of Section 21(a) of the MSA.

In presenting this report for the financial year ended 30 June 2013, we acknowledge progress made during the 2012/13 financial year and the challenges that lie ahead. A detailed account of all the challenges and remedial actions going forward has been provided within this report.

**Mr. S. D. SIBANDE**  
**Municipal Manager**

### 1.3 Mayor's Foreword

It is with great privilege and honor that I present the 2012-2013 Annual Report. This document affords us the opportunity to review the year's obstacles, challenges, and to showcase our strides towards success; and it further allows us the opportunity to present our findings to the people of Okhahlamba. The report aims to provide account on the Municipal Manager's overview, performance highlights, performance reports, as well as to present the 2012-2013 financial statements, accompanied by the Auditor-General's opinion.

I wish to dedicate the progress our institution has made to the memory of our Councillors and officials who have passed on during the review period. We would like to take this opportunity to express our sincere condolences, and deepest sympathies to those colleagues who have lost family members over the course of the past year.

The Auditor-general opinion serves as a gauge to assess our level of good governance, as espoused by the constitution of our country, the Municipal Finance Management Act, King III report and other pieces of legislation we subscribe to. The 2012-2013 clean audit opinion depicts our municipality's commitment to adhere to the principles of good governance.

Our Municipality is constantly responding to the President's call for programmes to build economic and social infrastructure, develop and implement comprehensive rural development, agrarian reforms and food security, to build skill and human resource bases, the fight against crime and corruption, improvement in the performance of public services, to develop programs to assist Small-medium businesses, programs to support the youth, women and disabled and the provision of affordable housing and decent human settlements.

There is no denying that we faced a significant number of challenges during the course of the past year. Amongst these are: the appointment of adequately skilled, qualified staff, the backlog of service delivery and infrastructure development, particularly in rural areas, limited financial resources, outstanding /pending fraud cases that still require resolution, and the much-needed repairs along the R74 corridor, particularly along the Oliviershoek pass area which has negatively impacted the tourism industry in the Northern Drakensberg significantly.

As we faced challenges, so too have we conquered numerous obstacles and we have made great strides towards improving the overall investor appeal, and standard of living in Okhahlamba. Some of our notable achievements over this review period include:

- The hiring of a Director of Social and Economic Services
- The establishment of a Communications Unit which saw the first edition of the publication of a newsletter come to pass – the only Municipality within our district to have a newsletter
- 100% delivery of our MIG obligations
- The electrification of various areas with the assistance of ESKOM and the Department of Energy
- The establishment of an animal pound
- Upgrades to roads in the towns of Winterton and Bergville
- The purchasing of new heavy equipment
- The adoption of a new financial system, and
- The securing of funding for major projects such as the Vehicle License Testing Centre, and the Upgrading of the Sewer system in Bergville.

Our region experiences poverty levels which are still high, and as a result, we have established a structure to lead in decreasing poverty levels named Operation Sukuma Sakhe, as well as the augment of the Community Works Program through support from the Department of Cooperative Governance and Traditional Affairs (CoGTA). The municipality is on the road to recovery and progressing moderately well. The municipality is governed by a coalition government and we managed to work successfully through this relationship thus far. I appeal to all members of the coalition to renew their commitment to the quest of ensuring that our term in office sees continued success, development and growth of Okhahlamba with an improved standard of living for all people.

I would like to extend my sincere thanks and gratitude to my fellow Councillors, Deputy Mayor, Speaker, Exco members, the Directors and Members of Staff for their hard work and commitment. We wish to thank Amakhosi, the Business Community, Government Departments and all the stakeholders who have contributed to making our Municipality a better place to reside in.

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Honourable Councillor: D.T Sibeko

Mayor of Okhahlamba

## 1.4 Municipal Manager's Statement

The 2012-2013 Okhahlamba Annual Report reflects on the progress achieved by the council since the beginning of the new financial year, 01 July 2012. The period under review culminates with the withdrawal of the Administrator, which has been in place since 2009. The overview shall report on the milestone achieved in relation to the five national key performance areas: Institutional Transformation and Development, Good Governance and Public Participation, Municipal Financial Viability and Service Delivery. The report further highlights some of the structural challenges the organization faces in meeting its constitutional mandate. The South African Act, 108 of 1996, Section 152 stipulates unequivocally that the objects of local government are as follows:

- To provide democratic and accountable government
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote safety and healthy environment

Section 153 (2) of the Constitution; further outlines that a municipality must strive within its financial and administrative capacity to achieve the objects set out. The Municipal Finance Management Act, 2003 (MFMA, Act, 56 of 2003); as promulgated in terms of section 62; purports that the responsibility of Municipal Financial Management as the responsibility of the Accounting Officer, municipal manager. However, the responsibilities to govern reside with the council of the local municipality. Therefore, there should be a synergy in the governance of municipality and management of funds to ensure good governance and render local municipalities financially viable.

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### INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT

The Municipality had developed and adopted a Municipal Turn-Around Strategy (MTAS) supported by the Department of Co-operative Governance and Traditional Affairs. Most of the identified key areas achieved relates to the establishment of Youth Desk, reduction in the salary bill from 42% to 32%. The municipal senior management has increased from 25% to 75%. Our council expenditure in Workplace Skills Plan is 94% which includes the roll out of MFMA compliance training for senior and middle managers.

The implementation of the Performance Management Systems is at an advanced stage, hence, a policy roll out stated in 2012-2013. Performance Management System ensures accountability through the assessment of an individual's scorecard. Approximately 80% of our middle manager's performance has been assessed and outstanding 20% to be completed before the end of the first quarter of 2013-2014.

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### GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The municipality has developed systemic disciplines to ensure accountability and oversight through the effective function of the audit committee, Municipal Public Accounts Committee (MPAC) and the council. The internal audit unit has been given capacity to execute its functions properly and improve its turnaround time.



Ward Committees have been allocated a budget to outlay individual costs by issuing members stipends. In 2012-2013 council approved the establishment of a Public Participation Unit to enhance the capacity and functioning of the Ward Committees. The Municipality had adopted its public participation program to involve the community during the Integrated and Development Program (IDP) and Budget Process. The participation of community stake-holders including, Local Amakhosi, Business, Rate Payers and the general public took place in various locations in our Municipality.

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#### LOCAL ECONOMIC DEVELOPMENT

According to the Statistics Data 2011 the Okhahlamba Local Municipality has an expanded unemployment rate above 60%; hence job creation is the utmost priority in our endeavor to change to the lives of our people. In creating sustainable employment opportunities, council as resolved to advance the agenda for job creation support for cooperatives and SMME development.

The launch of the Cable Car Feasibility Study by the Honourable Member of the Executive Council, KZN Legislature, Mr. M. Mabuyakhulu in our locality. The project will stimulate positive economic down-stream investments. The identification of Okhahlamba as the World Heritage Site has provided us with an opportunity for tourism growth.

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#### FINANCIAL VIABILITY

For the last two consecutive periods the municipality has been able to generate positive surpluses and which translates into 9 months positive costs coverage. The municipal revenue has increased beyond the R10 million, trading revenue of R12 million in 2013. Consumer debtors remain a challenge given that a large portion of our rate payers are not paying their accounts on time and in full. Collection of revenue from rates and services nonetheless, increased from 53% in 2012 to 69.8% in 2013.

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#### SERVICE DELIVERY

In 2012-2013 financial year, the municipal capital budget increased from less than R20 million to over R55 million. Our capital expenditure has increased from 38% in 2012 to 79% in 2013. The main cause of our under performance experienced during the period under review is the delayed roll-out of electricity in the Thintwa area, which was addressed late in 2013. The municipality recorded 100% expenditure in the Municipal Infrastructure Grant (MIG).

**In conclusion**, the achievements of the organization during the period under review are attributed to the commitment and hardwork of our staff, councilors and the unwavering support from the public.

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Mr. S.D Sibande  
Municipal Manager  
B.Ed, B.Tech Management, Masters Business Administration (USB)

## 1.6 Overview of the Municipality

### POPULATION

Okhahlamba Local Municipality is one of the five municipalities under Uthukela District Municipality. Okhahlamba Municipality experienced a negative growth on its population as the population size decreased from 137 924 in 2001 to 132 068 in 2011 recording a -0.43 negative growth (see table 1). This decrease in population can be attributed to various factors some of which include migration out of the municipality and the effects of the HIV/AIDS pandemic. This decline in population has significant implications particularly in development related issues.

However, it should be noted that the amount of households have increased for the same period from 26 756 to 27 576, which accounts for approximately 820 households. This is thus in contradiction with the decline in population numbers and can possibly be attributed to circular migration, where the head of the household might be working somewhere else and was not counted during the Census.

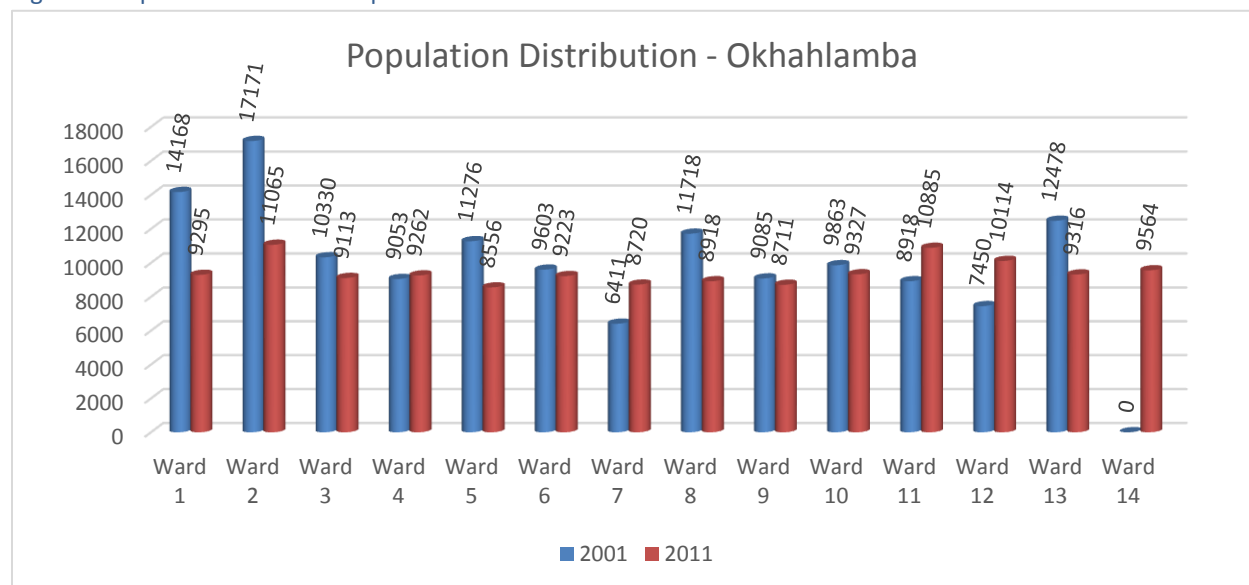
Table 1: Population of Okhahlamba (2001 - 2011)

Population characteristics	2001	2011
Population Size	137 924	132 068
Population Growth (%)	2.89	-0.43
Number of households	26 756	27 576
Average household size	4.9	4.8
Female headed households	51.2	53.8

Source: Stats SA, Census 2011

Population is unevenly distributed across 14 wards. Figure 1 depicts ward 2 as the ward, which had the greatest decrease in population over a period of 10 years

Figure 1: Population Distribution per Ward



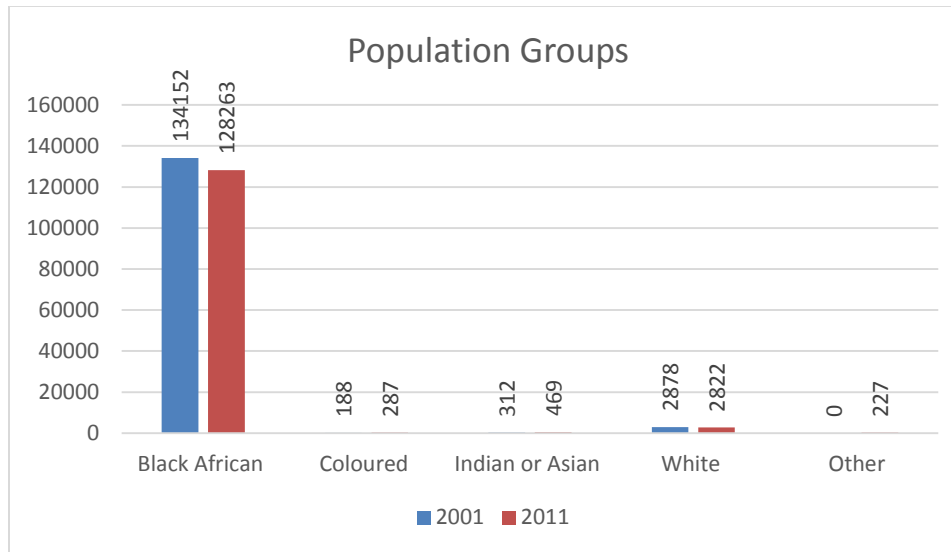
Source: Stats SA, Census 2011

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## POPULATION GROUPS

Figure 2 indicates population groups that form the majority of the population of Okhahlamba Municipality. It illustrates that the majority of population is formed by Black Africans and very few from the White population. This graph re-emphasises the decrease that has taken place between 2001 and 2011, however it is shown more specifically that it has been the Black Africans that have decreased in numbers and not so much the White population.

Figure 2: Population Groups



Source: Stats SA, Census 2011

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## AGE DISTRIBUTION

Table 2 and Figure 3 reflect the age structure of the Okhahlamba Local Municipality. The majority of the population is made up of individuals ranging from ages 0-35 (youth) and little ranging between 64 and 100. In 2001, 41.1% of the population were individuals under the age of 15 and in 2011 there was a decrease in this age group. The 15-64 age group also decreased as in 2001, it represented 54.1% of the overall municipality's population and in 2011 represented 55.9% of the population. The older age group (64<) also decreased from 4.8% to 4.9%. There is thus a decreasing trend identified within each age group.

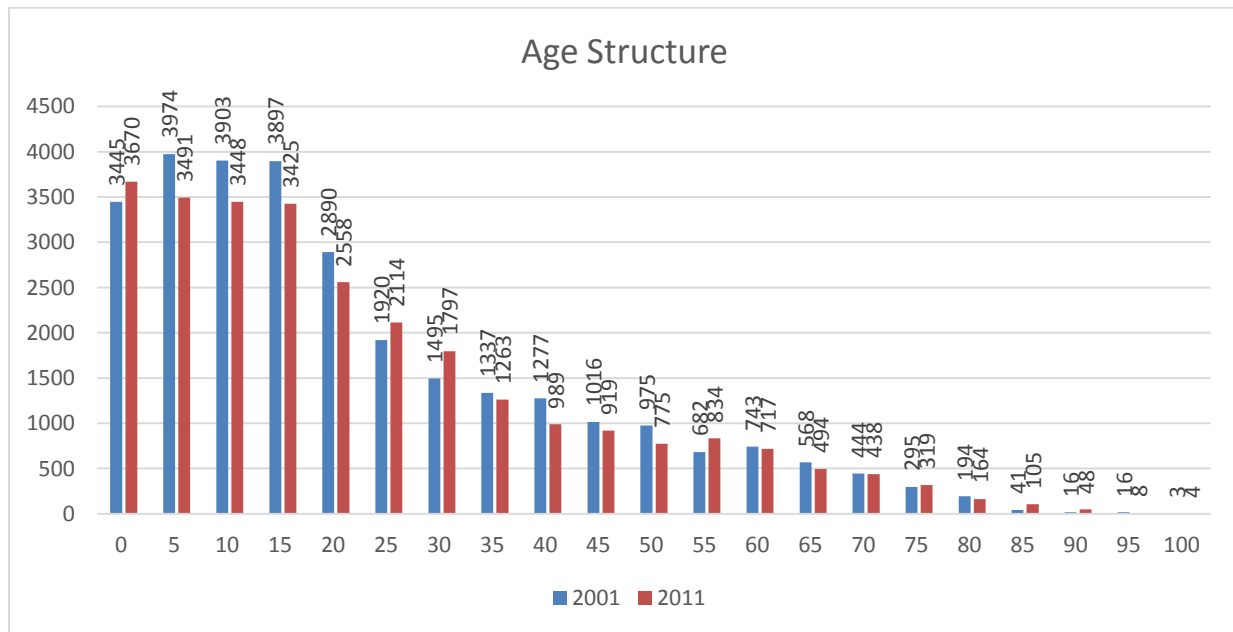
There are various implication for the trend identified. The Okhahlamba Local Municipality can be characterised with having a large youthful population, which implies the need for various facilities and focus on specific priority areas e.g. educational facilities, economic opportunities and possibly youth development programmes.

Table 2 : Age Profile of Okhahlamba

2001			2011		
>15	15-64	64<	>15	15-64	64<
41.1	54.1%	4.8%	39.2%	55.9%	4.9%

Source: Stats SA, Census 2011

Figure 3: Age Structure of Okhahlamba Local Municipality



Source: Stats SA, Census 2011

## GENDER PROFILE

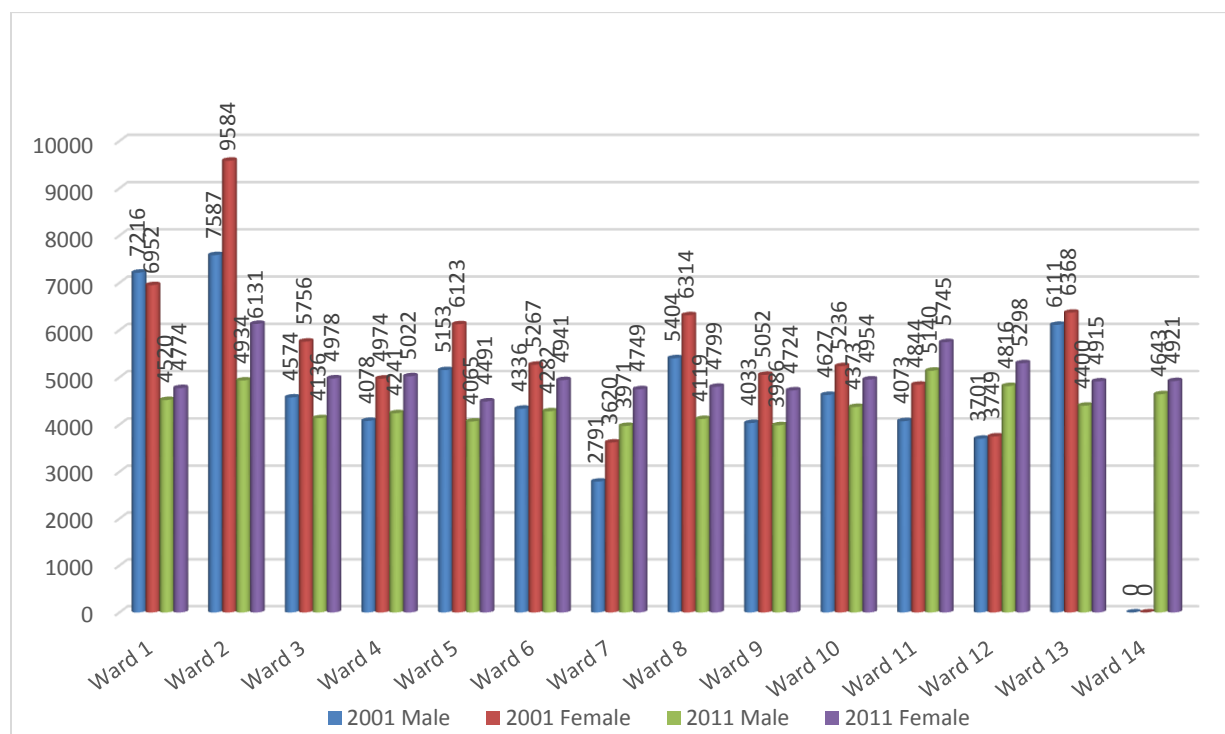
Table 3 shows the sex ratio between males and females in the Okhahlamba Local Municipality. It is seen that in 2001 and in 2011 there were more females than males. However, in 2011 the proportion of males to females increased by 0.9%.

Table 3. Sex Ratio- Okhahlamba Municipality

Males per 100 Females	
2001	2011
86.6	87.5

Source: Stats SA 2001 and 2011

Figure 4: Gender Profile Per Ward



Source: Stats SA 2001 and 2011

The above graph illustrates gender distribution in Okhahlamba Local Municipality and shows the gender profile of each ward within the municipality. The data reflects an uneven gender distribution. Generally, there has been a decrease in both males and females between 2001 and 2011. However more specifically there has been a greater decrease in males in each ward between 2001 and 2011. This applies for all wards except wards 4, 7, 11, 12 and 14. These wards have had an increase in both males and females between 2001 and 2011. The most significant increase seen is ward 14.

## KEY FINDINGS

Following is a summarized key findings of the demographic analysis:

- Okhahlamba experienced a negative growth on its population as the population size decreased from 137 924 in 2001 to 132 068 in 2011 recording a -0.43 negative growth;
- Ward 2 is found to have had the greatest decrease in its population;
- The number of households increased between 2001 and 2011, which suggests circular migration;
- Wards 4,7,11,12 and 14 are the only wards which have had an increase in population between 2001 and 2011;
- Majority of Okhahlamba population is formed by Black Africans and very few from the White population;
- Bergville, Winterton and Traditional Areas around the foothill of the Drakensberg are seen to have higher concentrations of people;
- The majority of the municipality is with 0-42 persons per square km;

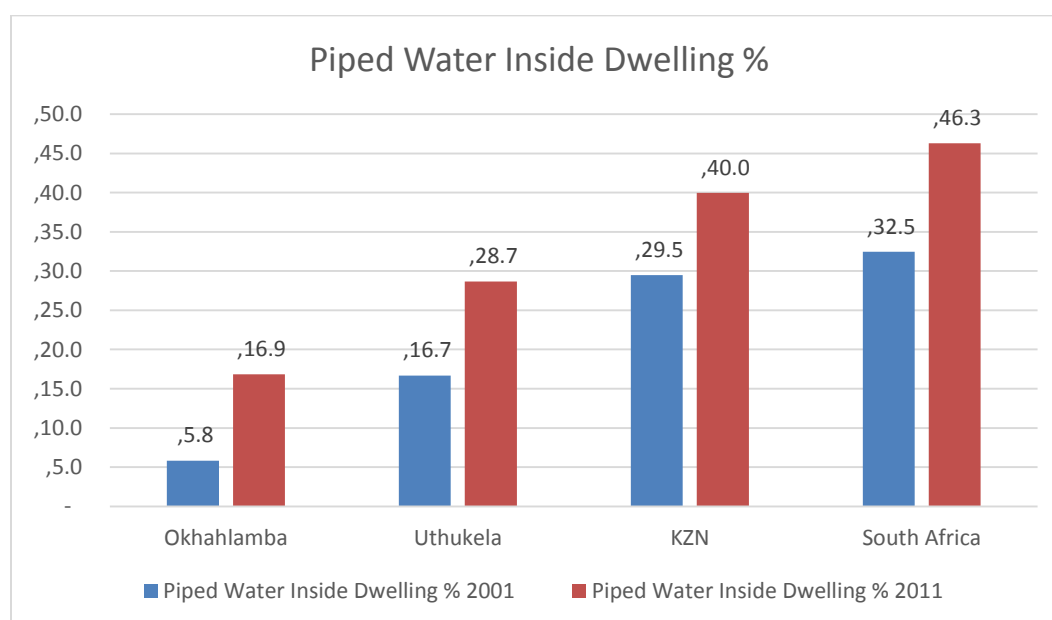
- Majority of the population is made up of individuals ranging from ages 0-35 (youthful population);
- There are more females than male in Okhahlamba;
- 53, 8% are female dominated households.

## WATER

Water and sanitation services fall under the powers and functions of the District Municipality and is the core function of uThukela District Municipality. The Municipality is constantly engaged in discussions with uThukela District Municipality as a Water Service Authority to get information on progress regarding this function. The district's primary objective is to extend potable water and sanitation services throughout the district by eliminating the backlogs and also to maintain and ensure sustainability of the existing water and sanitation infrastructure.

UThukela District Water Services has developed a Water Services Development Framework since it is responsible for water and sanitation services delivery in the district. This was done in terms of the powers and functions stipulated in the Municipal Structures Act No.117 of 1998; Chapter 5. The main objective of the municipality is to ensure the quality of drinking water in the region is improved in as far as the blue and green drop is concerned.

Figure 5: Piped Water inside Dwelling



Source: Statistics SA, Census 2011

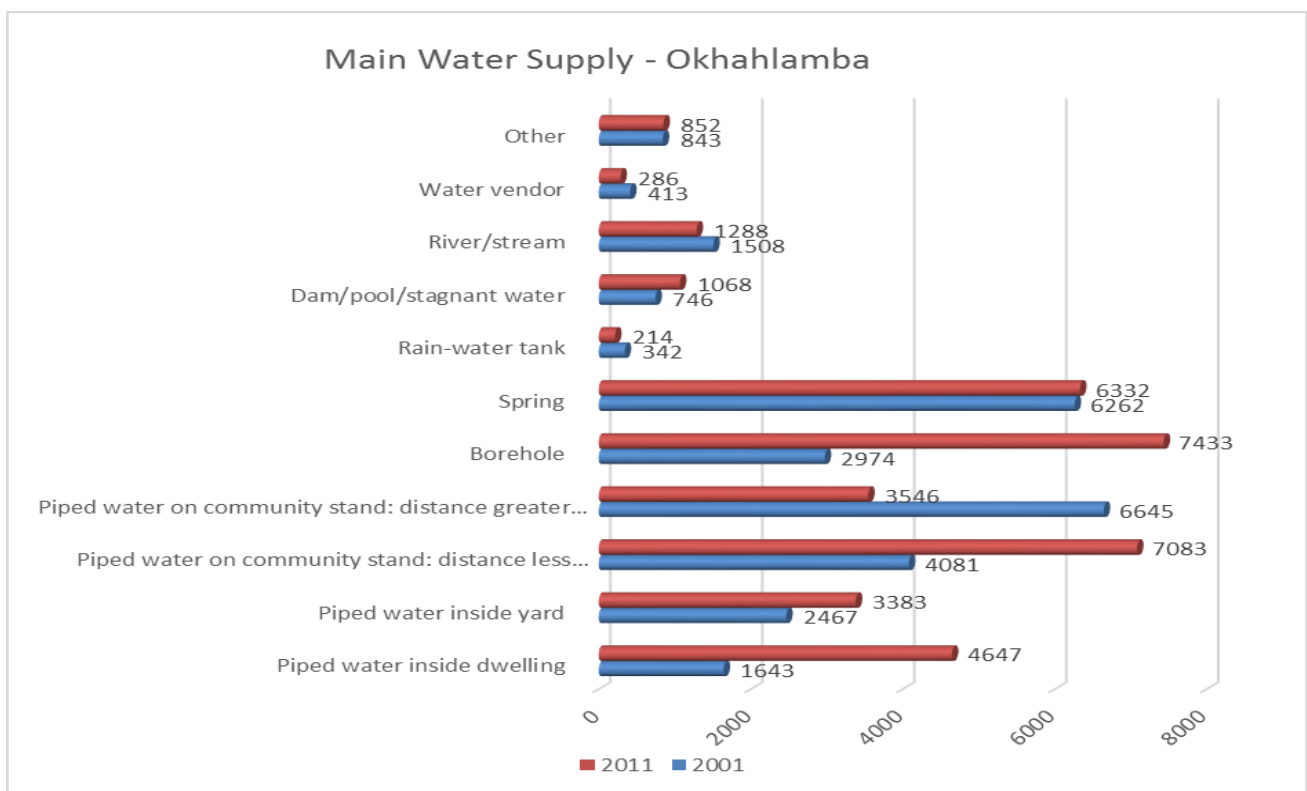
Figure 5 indicates that the number of households with piped water inside dwelling increased from 5.8% in 2001 to 16% in 2011. However, this was lower compared to the district, provincial and national average. In 2011, 28.7% households in UThukela District, 40% in KwaZulu- Natal Province and 46.3% in South Africa had piped water inside dwelling. This is indicative that Okhahlamba is facing huge water backlogs. According to the UThukela District Municipality's Draft IDP 2013/14 water supply backlog as at the end of June 2011 was 28.75%. This translates to 40146 households that do not have access to safe water supply, and 99 492 households have access to water supply in uThukela District Municipality.

Statistics indicate that in 2011, Okhahlamba Local Municipality had 28 508 household of which 12 567 did not have access to safe water supply. It is indicated that in 2011 there was a water backlog of approximately 44, 08%.

In summary, there has been a general increase in access to water between 2001 and 2011, despite high water backlogs:

- There is still reliance on boreholes (20%) and springs (19%) in Okhahlamba as sources of water.
- Access to piped water on community stand was 29% in 2011.
- Piped water inside yard was 9% in 2011.
- Piped water inside dwelling was 16% in 2011.

Figure 6: Main Water Supply



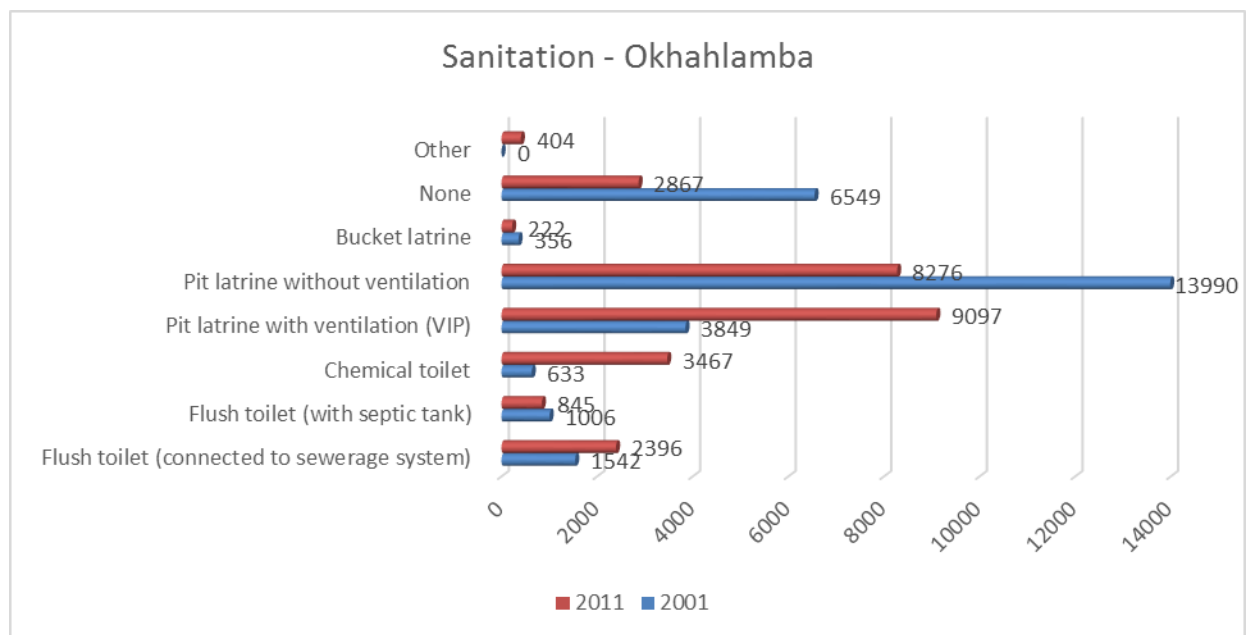
Source: Stats SA, Census 2011

## SANITATION

Sanitation is one of the core functions of uThukela District Municipality. In the previous financial year, 6 504 new households were provided with appropriate sanitation services in the form of VIP Latrines. During the implementation of sanitation projects, a total of 5 298 local community people were employed for the duration of the projects and some of them were also empowered with new skills such as building and project management. The appropriate sanitation services backlog as at the end of June 2011 was 22.85 %. This translates to 31907 households that do not have appropriate sanitation services.

The figure below illustrates the number of people with access to sanitation in Okhahlamba. It indicates that the majority of households (75%) does have access to a basic level of sanitation service, of which 30% predominantly use pit latrines, 32% use VIP (ventilated improved pit latrine), 8% have flush toilets, 12% have chemical toilets and 11% of which is depicted as either using a bucket latrine or do not have any form of sanitation. Sanitation backlog in Okhahlamba is approximately 22.57% which is about 6 435 households that do not have access to appropriate sanitation facilities.

Figure 7: Sanitation



Source: Statistics South Africa: CS 2011 and 2001

## SOLID WASTE MANAGEMENT

The District Municipality has finalized the Integrated Waste Management Plan (IWMP) and is providing strategies in addressing the backlogs in refuse collection, both at district and local levels. Less capacitated local municipalities are expected to initiate a community based refuse collection service in order to address this challenge. The municipality is also implementing the free basic solid waste for the indigent. The municipality's landfill site is situated in Bergville and covers Bergville and Winterton. It was established in 1975, but has no permit and is thus illegal.

Waste quantities indicated in the IWMP indicates that the majority of waste generated is by business, followed by domestic waste.



Figure 8: Waste Quantities and Characteristics (wastes quantities in tons per annum) in Okhahlamba Local Municipality

	WASTE SOURCES	Domestic	Business	Industrial	Medical	Mining
WASTE QUANTITIES						
Generated		624	5 748	None	26	None
Collected		624	5 748	None	26	None
Stored		None	None	None	None	None
Recycled		None	None	None	None	None
Treated		312	1 817	None	26	None
Disposed		312	3 931	None	26	None

Source: uThukela Waste Management Plan as in Okhahlamba IWMP

Okhahlamba Local municipality operates a Waste Treatment Site situated in Cathkin Park. The waste is collected, transported to the site and is then burnt. This site was constructed in 2001 and is operational for eight hours of the day.

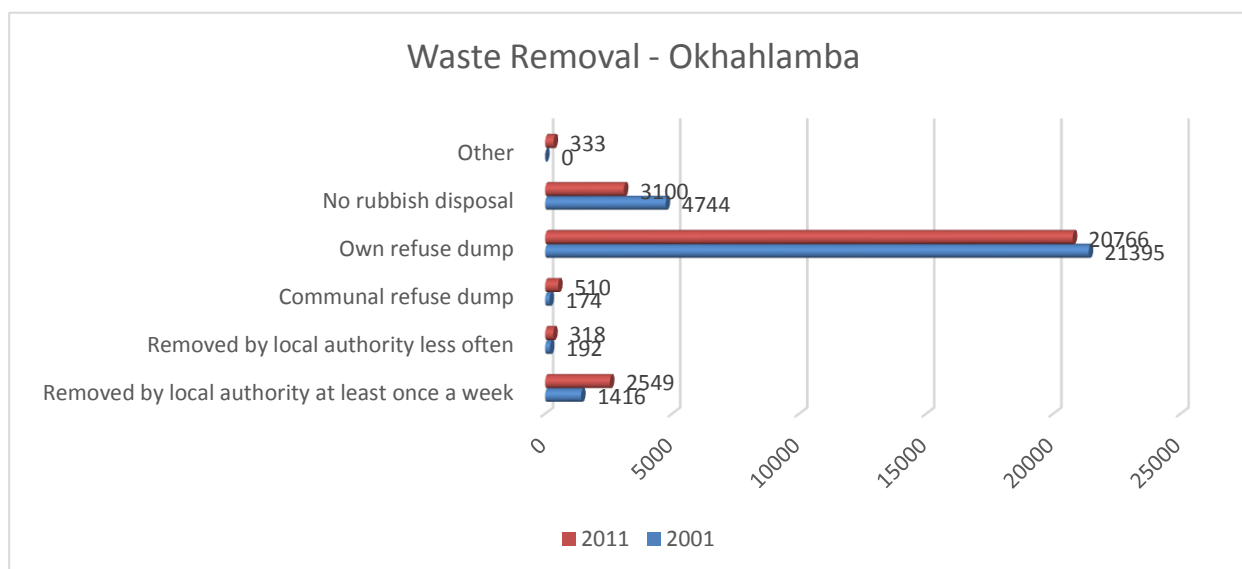
Figure 9: Waste Treatment facility

DESCRIPTION	EMNAMBITHI	IMBABAZANE	INDAKA	OKHAHLAMBA	UMTSHEZI
Name	None	None	None	Bergville	None
Geographic Location	None	None	None	Cathkin Park	None
Type of Treatment	None	None	None	Incineration	None
Year of Construction	None	None	None	2001	None
Capacity	None	None	None	NR	None
Throughput	None	None	None	NR	None
Hours of Operation	None	None	None	8	None
Input & Output Chart	None	None	None	None	None
Residue Characteristics	None	None	None	Ash	None
Enviro Monitoring Programme	None	None	None	Monthly	None
Environmental Impact	None	None	None	None	None
Permit Certificate	None	None	None	None	None

Source: uThukela Waste Management Plan as in Okhahlamba IWMP

The statistics below indicate that the majority of the population (75%) use their own refuse dumps and that the local authority barely provides for the removal of solid waste (figure 10). Approximately 11% of households do not have any rubbish disposal. This poses serious challenges in respect of environmental health and possible pollution of water sources.

Figure 10: Waste removal



Data Source: Statistics South Africa: CS 2011 and 2001

#### **MUNICIPALITY'S VISION:**

***“BY 2030, OKHAHLAMBA WILL BE A PROSPEROUS AREA ANCHORED ON THE PRESERVATION OF THE WORLD HERITAGE SITE WITH ITS CITIZENS ENJOYING A HIGH QUALITY OF LIFE”***

#### **MUNICIPALITY'S MISSION:**

***“TO CREATE AN ENABLING ENVIRONMENT WHICH WILL UNLOCK AND EXPLOIT ALL THE ECONOMIC OPPORTUNITIES IN THE REGION IN ORDER TO UPLIFT THE QUALITY OF LIFE OF THE PEOPLE”***

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## MUNICIPAL POWERS AND FUNCTIONS

<b>Schedule 4 Part B</b>	<b>Function Allocated to Okhahlamba Municipality</b>	<b>Function Allocated to District Municipality</b>
<b>Air pollution</b>	<b>YES</b>	
<b>Building regulations</b>	<b>YES</b>	
<b>Child care facilities</b>	<b>YES</b>	
<b>Electricity and gas reticulation</b>	<b>NO</b>	<b>NO</b>
<b>Fire-fighting services</b>	<b>NO</b>	<b>YES</b>
<b>Local tourism</b>	<b>YES</b>	
<b>Municipal airports</b>	<b>YES</b>	
<b>Municipal planning</b>	<b>YES</b>	
<b>Municipal health services</b>	<b>NO</b>	<b>NO</b>
<b>Municipal public transport</b>	<b>YES</b>	
<b>Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law</b>	<b>YES</b>	
<b>Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping matters related thereto</b>	<b>YES</b> Not applicable to Okhahlamba	
<b>Stormwater management systems in built-up areas</b>	<b>YES</b>	
<b>Trading regulations</b>	<b>YES</b>	
<b>Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems</b>	<b>NO</b>	<b>YES</b>

## 1.7 Governance

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### EXECUTIVE COMMITTEE

The Okhahlamba Council is the highest decision making body within the Municipality. It is made up of 28 Councillors with 14 Ward Councillors and 14 Party Representatives. The Chairperson of Council is the Speaker. There are five portfolio committees in the municipality.

The Executive Committee is made up of five Councillors. The chairperson of the Executive Committee is the Mayor.

The following are the committees of Council: Social Committee, Finance Committee, Corporate Services Committee and Technical Services Committee.

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### TECHNICAL COMMITTEE

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

- The municipality technical tasks, such as, roads constructions and maintenance thereof,
- Community halls and other community structures, crèches and is further responsible for the housing development.
- Refuse removal.
- All applicable legislations relating to development planning, land use management and spatial planning.

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### SOCIAL SERVICES COMMITTEE

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

- all applicable legislation relating to social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, transport, land affairs, law enforcement, library services, Tourism, MPCC, youth, sports and gender, Public Participation.

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### CORPORATE SERVICES COMMITTEE

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

- all aspects of Human Resources Development.

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## FINANCE SERVICES COMMITTEE

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on: Budgeting, Supply Chain, Asset management, Revenue and Expenditure.

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## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The terms of reference of this committee are to advise and make recommendations to Council on: All the reports of the Audit Committee and Council may refer matters to this committee for investigation.

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## GOVERNANCE EXCO & COUNCIL



**His Worship the Mayor: Cllr. D.T. Sibeko**



**The Speaker: Cllr. G. Ndaba**



**Deputy Mayor: Cllr. SZ. Khumalo**

## **Chapter 2**

### **Performance Highlights and Challenges**

#### **2.1 Social and Economic Development Services Department**

#### **2.2 Financial Services**

#### **2.3 Technical Services**

## 2.1 Social and Economic Development Services Department

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### TOWN PLANNING

The planning section is responsible for all town planning matters within the municipality, this includes implementing the KZN Planning and Development Act (Act 6 of 2008), processing development planning applications including special consent; spatial planning as well as land-use control. In the 2012- 2013 financial year the section has been responsible for co-ordination of the municipality's Integrated Development Plan (IDP) as well as implementing the Municipal Performance Management System (PMS). Building Plans are constantly being approved and assessed by this section.

The town planning department has undertaken numerous projects in the 2012- 2013 financial year aimed at improving the spatial structure of the municipality, promoting the efficient use of land as well as economic development through ensuring optimal use of the municipalities available resources. These projects include high level projects such as the development of the Bergville Urban Design Framework, the Identification of Strategically Located Land for the Development of Cemeteries and a Landfill Site to service the entire municipal area, the completion of the municipal Spatial Development Framework (SDF), the development of the Ukhahlamba- Drakensberg Corridor Development Plan as well as the establishment of a functional animal pound.

Most of the above-mentioned projects have been completed with the exception of Ukhahlamba Drakensberg Corridor development. The residents of Ukhahlamba Municipality have actively participated in engagements with the appointed service providers and municipal officials as well as stakeholder during project steering committee meetings. However, some of the projects require further; more intense public participation processes that will ensure maximum buy-in from the communities and this is yet to be conducted.

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### PROJECTS

The development of the Bergville Urban Design Framework will provide a framework to assist the municipality in directing development within the town. The Department of Co-operative Governance and Traditional Affairs (CoGTA) appointed a consultants (Piet Louw Architects in conjunction with Dave Dewar) to undertake a Design Framework for the town of Bergville. The project is aimed at facilitating the inclusion of an Urban Design Framework (UDF) for Bergville in the municipality's Spatial Development Framework (SDF). It is intended to benefit the municipality directly as well as provide a framework for other municipalities in the province when developing an Urban Design Framework; this will also serve for the purposes of a case study for other municipalities as well.

A final draft urban design concept has been presented to stakeholders and the project steering committee. Some findings of the project with regards to the town are; Bergville is currently in a very poor condition. Some of the problems are management issues; there are also some serious structural problems. There are also significant opportunities. There is no quick-fix solution to the town. What is required now is a prolonged and persistent programme to solve problems and to release opportunities. Many of these opportunities require negotiations with, and co-operation from, other spheres of Government. These negotiations should be initiated as a matter of urgency. The future rests on political will and a sense of purpose.



The Department of Cooperative Governance has also appointed Isikhungusethu Development Planners to assist with the development of the Ukhahlamba-Drakensberg Corridor Plan. The plan will ensure that the Ukhahlamba area becomes the Gateway to Regional Tourism and elevate the World Heritage Site. The project is aimed at facilitating the implementation of aligned planning in the Ukhahlamba-Drakensberg region by means of national and/or provincial statutory mechanisms.

The Okhahlamba Municipality has been identified as the area that requires various interventions in terms of Agriculture and Tourism which are the main economic sectors within the UKhahlamba area. The R74 which is our major route runs from N3 through Winterton and Bergville and exits the municipality at Oliviershoek Pass. The R74 provides access to District route within the municipality, to various local roads and to our World Heritage Park (UKhahlamba Drakensberg Park).

The municipality with assistance from the Department of Cooperative Governance and Traditional Affairs has undertaken a task to develop an Animal pound to service the municipality. The pound is situated in ward 12; the area is known as Emakhandeni and is owned by Okhahlamba Municipality. The site is located approximately 10 kilometers from Bergville Town and is 4Ha in extent. Construction of the main building which will include offices has been completed and the services area currently being installed.

The municipality is in dire need to provide suitable land for the burying of people and to develop a landfill site; and to address this issue. Pravin Amar Development Planners have been appointed to conduct a study for the Identification of Strategically Located Land and to undertake an Environmental Authorization process for the development of a Landfill Site and new Cemeteries in the Okhahlamba municipal area. A number of preliminary sites have been identified and presented to the project steering committee for discussion and recommendation.

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## KZN PDA

The statutory planning processes of the municipality are regulated by the provisions of the KwaZulu-Natal Planning and Development Act (Act 6 of 2008) came into effect in 2010. The Act directs and regulates planning and development in the Province and ensures that all planning and development decisions now occur at municipal level. Since the implementation of the Act, the Department of Cooperative Governance and Traditional Affairs has provided trainings both at local and district level and through the monthly PDA Municipal Forum Meetings attended by the municipal officials.

The uThukela Development Planning Shared Services (DPSS) plays a role in assisting the municipality with the administration and implementation of the Act. The functionality of the District Shared Services has had number of challenges and this has resulted in some major delays with the processing of the applications. Some of the challenges have been resolved and applications have since been approved. However, enforcement of illegal development still remains a key challenge for the municipality. It is pivotal that the municipality develop strategies and means to address this challenge to ensure that the municipality gains maximum benefit of the rates base.

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## LOCAL ECONOMIC DEVELOPMENT

The Okhahlamba Municipality LED component is one of the units under the Social and Economic Development Department. It consist of Information offices (Bergville and Winterton) and Museum which is

based in Winterton. Winterton Information serves mainly tourists from the N3 side to the Berg and Bergville Information office serves Tourists from the Northern Berg to the Central and from Central to the Northern. Between the berg there are two craft Centres, there's one in Northern Berg and one in the Central Berg.

The operations of the above establishments require improvement to ensure that they render proper service to our tourists. The main challenge with craft centers is that, they are not marketed and they also need to be renovated. Signage for these structures is too minimal, which makes the place not easily noticeable.

The Municipality with the Dept of Agriculture are working hand in hand to strengthen our agricultural projects and encourage small scale farmers to participate to develop our economy.

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## TOURISM

In an attempt to increase the number of visitors to the berg local, a map with the list of establishments has been developed. Part of developing Tourism within our community, A Tourism Awareness has been organised through the Department of Education. This was conducted in all schools doing Tourism in four circuits, namely, Winterton, Bergville, Amangwaneni and Bhethan Circuits. Statistics shows that a number of visitors visiting the berg has increased by 1% compared to the last financial year.

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### TOURISM SKILLS PROGRAMME

The National department of Tourism funded the Tourism Ambassador programme in KZN, Okhahlamba had 65 learners. This was a one year programme started in March 2012 and ended this year March 2013. The Municipality also continued to strengthen the relationship with Tourism product owners where we introduced our programme of employing learners during holidays. This programme is targeting matriculants doing Tourism as a subject at school. Interviews for this educational tourism skills programme were held and 15 learners were selected to participate in this programme. The programme officially commenced on the 24<sup>th</sup> June 2013.

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### EXHIBITIONS

The Okhahlamba is participating in exhibitions to market the area. TKZN is assisting Municipalities to participate in exhibitions. They buy a stand for the Municipalities to attend with the purpose of marketing the area. For the current financial year the municipality participated in two exhibitions firstly is Indaba which was held on the 10<sup>th</sup> -14<sup>th</sup> May 2013 and secondly the Royal Show which was held from the 24<sup>th</sup> May to 2<sup>nd</sup> of June 2013.

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### INFORMAL TRADERS

The Municipality is trying to organize informal traders in order to minimize the number of illegal street traders and enforce by-laws. This will be done through the upgrading of Trading Structures and to allocate informal traders accordingly. Plans for new market stalls have been developed; the tender process has started for the construction of market stalls.

The number of registered businesses has improved to 93 and 30 % of them are operational. We are working with local NGOs like OADP and Farmers Support group to source markets for them and give advises and further trainings South African Revenue Services (SARS) is now visiting our offices every last Thursday of the month to assist cooperatives and SMMES with Tax clearance applications and returns.

The Municipality is now a business licensing authority. In the last financial year 30 business licenses have been issued.

## 2.2 Financial Services

The 2012/2013 financial year came with many noticeable changes to the municipality but financial stability was maintained and financial growth was witnessed. This report is a summary of the progress made and a few challenges on the financial performance of the municipality for the 2012/2013 financial year.

Following are performance highlights for the department:-

Achievement of a clean audit opinion in the 2012/2013 financial year is a highlight for the department. Improved financial stability through improved staff discipline, financial management and reporting. This has resulted in the improved liquidity ratios such as current ratio (1,5 in 2011/12 and 1,5 in 2012/13 financial year respectively) meaning that the municipality will be able to pay its current liabilities with its current assets, Operating cash flow ratio (1,03 in 2011/12 and 1,03 in 2012/13 financial years respectively) meaning the municipality has generated enough cash to pay its short-term liabilities.

Improved cash flow as a result of much improved debt collection and management (monitored on a weekly basis). From 56.3%(2012) to 69.8%(2013). Filling of all critical vacant positions with qualified personnel mostly by local people. Successful implementation of competency level training to critical municipal officials as required by municipal competency levels regulations. Improved Capex spending due to improved supply chain processes and payment of consultants and contractors on time (even lesser than 30 days). Successful replacement of the financial system process in order to improve our financial management and reporting as well in achieving a clean audit and administration.

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## FINANCIAL ANALYSIS

The draft financial statements for the 2012/2013 financial year was compiled and forwarded to the Auditor General for audit on the 30<sup>th</sup> of August 2013. The financial Statements show an upward trend in the municipal finances.

## 2.3 Technical Services

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### BACKGROUND

During the 2012/2013 financial year, our municipality made strides towards service delivery to the Okhahlamba area. Projects took place in various areas including local villages, and the towns of Bergville and Winterton. In Winterton, market stalls were built and beautification and landscaping work at the town entrance was conducted. Union Street was transformed from a gravel road, to being surfaced, and parking areas and the storm water drainage town also saw the installing of five new street lights. Supply Chain Management for the upgrading of Hawker Stalls in Bergville and construction is set to start in June.

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### MUNICIPAL INFRASTRUCTURE GRANT FUNDED PROJECTS

Basic level of service projects executed in 2012/2013, financial year ran very smoothly and we managed to meet the 100% expenditure as required at the end of the financial year. There were temporary employment during the construction of the above projects; the daily rate for the temporal employees was R80-00 per day for the project duration. Sandlwana. Numerous gravel roads were built, and these include: Manyazini gravel road, Egangeni gravel road, Mzolo road, Ngebhezi gravel road.

Bell Park Pedestrian Bridge was also constructed. Bergville saw the tarring of High Street, and upper Sharrat Street. Work has commenced on the Win-has also began on the following projects: Maswazini gravel road, Nkwazini gravel link road, Ngubhela Vehicle Bridge, Reserve-B Vehicle Bridge, Emhlabozini community hall and crèche, Nokopela communityhall and crèche, and Nsukangihlale community hall and crèche Community halls and Crèches were built in the Rooihoek, Ezimbokodweni.

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### SMALL TOWN REHABILITATION PROGRAMME

Walkways in Kingsway Road were marked for construction. Work has commenced on the beautification of Bergville's entrance. A Service Provider has been appointed to undertake a feasibility study and to draw up a business plan for the construction of the Bergville Fresh Produce Market, and they are in the final stages of surveys were carried out on the that there is no need for traffic lights; however the contractor was asked to continue to submit the cost for installing traffic lights. With regards to municipal access to the main municipal building, electronic gates were suggested and a meeting with the has been scheduled to discussion of a vehicle testing ground , licensing and a disaster management center have been re-advertised. Construction of the much-anticipated sewer up-ing was secured for several projects.

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## EXTENDED PUBLIC WORKS PROGRAMME.

Okhahlamba Municipality has been in the public works programme for twelve months, where the municipality employed 40 temporal employees to clean the gutters, unblocking the drains, cleaning and cut the grass on the roadsides, etc. at R80-00 per day. The total amount spent by the Municipality through wages was R 1000 000.00.

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## ELECTRICITY PROVISION

The electricity ageing infrastructure remains a challenge that needs special attention, which we started addressing during the 2012/13 financial year. The provision of Electricity to Rooihoek Community infrastructure will stabilize the supply of electricity in these areas.

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## ROADS AND MAINTANANCE AND WASTE MANAGEMENT

In the last quarter of 2012, the Municipality has enjoyed the delivery of a number of plants and Equipments (TLB, Grader, Tipper Trucks Tankers for the maintenance of roads and two refuse trucks which will improve service delivery for the collection of waste and the cleanliness of the Okhahlamba Municipal Area in general. The Okhahlamba will be starting a very important project in the near future for the development of the Okhahlamba Development Strategy that will look at the long term planning horizon to address current and future challenges.

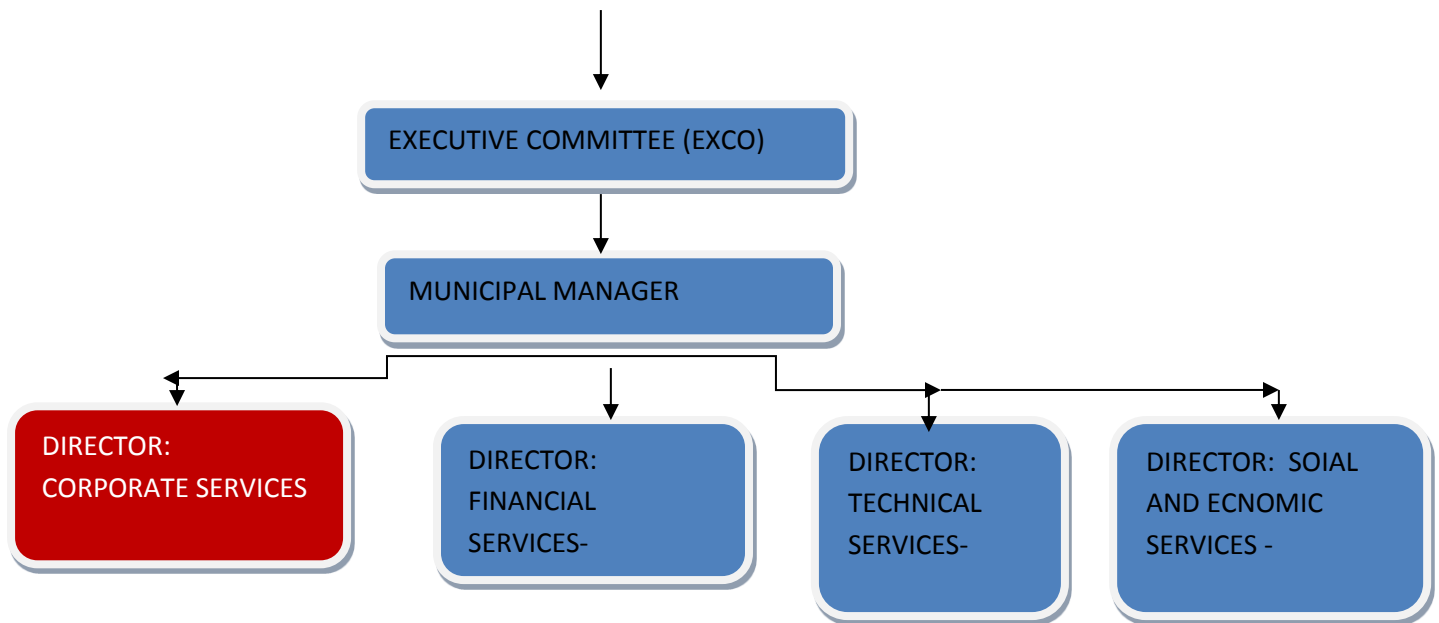
This is to mention some of the projects that were undertaken during the 2012/ 2013 financial and are currently ongoing in some instances. We believe very strongly that we are on the right track as a Municipality. This Municipality is committed to tangible and visible deliverables to better the lives of its residents and believe that for democratic governance to be meaningful, all stakeholders must be fully engaged to participate in all processes.

## **Chapter 3**

### **Human Resources and other Organizational Management**

- 3.1 Organizational Structure**
- 3.2 Staffing Information**
- 3.3 Human Resources and other organizational management**
- 3.4 Occupational Health & Safety**
- 3.5 Human Resource Profile**
- 3.6 Skills Development**
- 3.7 Disclosures**

### 3.1. Organisational Structure



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#### ORGANIZATIONAL STRUCTURE 2012/2013

TOTAL NUMBER OF POST IN THE ORGANOGRAM = 249

TOTAL FILLED (CONTRACT AND PERMANENT) = 169

TOTAL VACANT WITH BUDGET = 55

TOTAL VACANT WITH NO BUDGET = 25

## 3.2. Staffing Information

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### DEPARTMENTS

The Municipality has the following four administrative departments:

- Office of the Municipal Manager
- Social and Economic Services
- Technical Services
- Financial Services

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### ADMINISTRATION

The administration of the Municipality is headed by the Municipal Manager. The Municipality has four administrative departments, each being headed by a Director.

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### OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for the following functions: Internal Audit, IDP/PMS/Communication.

**Social and Economic services** – Responsibilities include Community facilities (Library, Thusong centres, Museum, Tourism, Local Economic Development, Traffic/Law Enforcement and Town Planning).

**Technical Services**-This department is responsible for the implementation of all MIG projects (Housing/Roads/etc), community services which includes Waste/Landfilled sites, Parks/Cemeteries, Pounding and Infrastructure.

**Financial Services (Treasury)**- is primarily responsible for ensuring transparency, accountability and sound financial management. This means ensuring that:- all statutory requirements are adhered to monthly management reports, National Treasury in-year monitoring reports and annual financial statements are prepared and submitted on time, financial resources are effectively and efficiently utilised, and there is efficient implementation of the Supply Chain Management Policy.

**Corporate Services**- derives its mandate from Council's key development objective (institutional development). It is largely an internally focused department with its primary objective on employee recruitment, skills development and enhanced administrative systems. It is the responsibility of this department to ensure that the Municipality addresses human resources related issues and to amplify technological applications within the municipality. Records Management, Receptionist, Committee/Secretary, Messenger, Cleaning of the municipal buildings, Information Technology and legal.



### 3.3. Human Resources and other Organizational Management

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#### STAFFING INFORMATION

The Municipality currently have 169 staff members employed excluding Councillors (28), with 80 vacant posts as illustrated in the following table:

FUNCTION	NO. OF STAFF	NO. OF VACANCIES
Mayor	28 Councillors	None
Municipal Manager's Office	19	07
Corporate Services	22	03
Financial Services	22	01
Social and economic services	26	34
Technical Services	80	35
Total	169	80

**Table 3:** Approved Posts

---

#### BENEFITS MANAGEMENT

**a) Medical Aid Schemes:** all employees excluding section 57 employees are to take or contribute towards medical aid accredited by SALGBC.

Medical scheme Members currently employed

Key health; Bonitas; LA Health; Hosmed; Samwumed; Discovery Health

Section 57 employees can take any medical aid of choice.

#### **b) Pension/Retirement Funds**

- All municipal employees are compelled to take Natal Joint Municipal Pension Fund (NJMPF) from the date of their employment. The municipal employee has two kinds of pension fund. GEPP for employees who were transferred from NPA to the municipality in July 1996 and NJMP Fund with three option (Provident, Retirement & Superannuation)

- Municipal Councillors Pension Fund (MCPF) for Councillors who joined the municipality in 2000 to 2003 were allowed to join and not to resign from the pension unless they resigned/death/not elected.

c) Insurances/ Group Life covers are of choice.

d) Housing Subsidy –applicable to employees with bond from registered financial institutions

### 3.4. Occupational Health & Safety (OHS)

- To date the municipality has managed to establish the OHS Committee in December 2012.
- The Committee consist of employees from different departments, the committee operates under the department of Corporate Services and terms of reference have been developed in line with OHSA.
- Training has been provided to the Committee; OHS level 2 and First Aid training on level 3 in 2013/2014.
- It is co-ordinated under Corporate Services while an employee representative has not been appointed in terms of the Act.

**Challenges:-**safety and health hazard to employees in the building which includes none functioning properly of the toilets and no signs in place. No one appointed as Health Representative in terms of the Act.

### 3.5. Human Resource Profile

THE FOLLOWING TABLE PROVIDES STAFFING INFORMATION

	Re gio n De mo gra phi cs	OKHAHLAMBA LOCAL MUNICIPALITY														
		TOP MANAGEMENT			SENIOR MANAGEMENT			MIDDLE MANAGEMENT			JUNIOR MANAGEMENT			GENERAL WORKERS		
LEVEL																
Nos. OFF																
		Exist	Ide al	Diff	Exist	Ideal	Diff	Exist	Ideal	Diff	Exist	Ideal	Diff	Exist	Ideal	Diff
African Males		26		0	11		0	7		0	27		0	26		0
African Females		6		1	7		0	11		0	23		0	43		0
Total		32		1	18			18			50			69		

Table: EMPLOYMENT EQUITY STATISTICS

### 3.6. Training and Development

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#### THE WORKPLACE SKILLS PLAN (WSP)

The status with the work skills plan is that in 2012/2013 we have implemented at 93% and Bursary

#### TRAINING IMPLEMENTATION 2012/2013

AREA OF FOCUS	NO. OF LEARNERS ON LEARNERSHIPS	NO. OF LEARNERS ON BURSARY	SKILLS PROGRAMME
Finance	4	2	140 forward committees; 26 ward committees; 20 staff members; 78 staff members;
Social and Economic services	1	1	
Technical Services	20	2	
Corporate Services	4	5	
Municipal Manager	5	5	
Councillors/EXCO	6 for EXCO members and Madam Speaker	0	22
Total	40	15	286

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#### INTERNSHIP AND IN-SERVICE TRAINING PROGRAMME

The Municipality embarked on an aggressive internship programme, with a view to providing qualified, in-service training and unemployed graduates with practical experience in order that they become employable.

The distribution of interns/ In-service trainees was as follows:

AREA OF FOCUS	NO. OF INTERNS	NO. OF IN-SERVICE TRAINEE
Finance	6	6
Social and Economic services	0	4
Technical Services	0	6
Corporate Services	0	6
Municipal Manager	0	0
Total	6	22

**Table 5:** Distribution of Interns/Students

## Disclosures

### REMUNERATION OF COUNCILLORS

COUNCILLOR	TOTAL COST (R)	
	2011/12	2012/13
Mayor	613 662	633 985
Deputy Mayor	486 747	514 952
Speaker	478 875	499 700
Executive Committee Members	720 695	806 830
Ordinary Councillors	3 989 771	4 280 895
UIF & SDL	43 157	46 609
<b>Total</b>	<b>6 332 907</b>	<b>6 782 971</b>

**Table6:** Remuneration of Councillors

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REMUNERATION FOR SENIOR MANAGERS- TOTAL COST TO EMPLOYER

**2011/12**

**2012/13**

<b>Director Corporate</b>	0	0
<b>Director Technical</b>	363 207	626 766
<b>Director Social and Economic Services</b>	305 182	271 001
<b>TOTAL</b>	<b>668 389</b>	<b>897 767</b>

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REMUNERATION OF THE MUNICIPAL MANAGER- TOTAL COST TO EMPLOYER

	<b>2011/12</b>	<b>2012/13</b>
<b>Annual Remuneration</b>	486 932	684 102
<b>Car allowance</b>	44697	113 000
<b>Performance Bonus</b>	15 537	13 244
<b>UIF</b>	12 006	
<b>TOTAL</b>	<b>559 172</b>	<b>810 346</b>

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REMUNERATION OF THE CHIEF FINANCIAL OFFICER- TOTAL COST TO EMPLOYER

	<b>2011/12</b>	<b>2012/13</b>
<b>Annual Remuneration</b>	331 521	420 641
<b>Leave encashed</b>	81 807	0
<b>Car allowance</b>	60 000	158 500
<b>Subsistence &amp; Travel Reimbursement</b>	14 502	14 591
<b>Housing and other allowances</b>	<b>9 953</b>	<b>102 525</b>
<b>TOTAL</b>	<b>504 783</b>	<b>696 257</b>

## **Chapter 4**

### **Annual Financial Statements**

# **OKHAHLAMBA LOCAL MUNICIPALITY**



**30<sup>th</sup> JUNE 2013**

**ANNUAL PERFORMANCE REPORT**



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ANNEXURE B: PERFORMANCE EVALUATION OF SERVICE PROVIDERS

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## INTRODUCTION

The 2012-2013 Annual Performance Report of the Okhahlamba Local Municipality is tabled in terms of section 121 of the Municipal Finance Management act, 55 of 2003 and section 46 of the Municipal Systems Act, 2000 as amended.

The report consists of two parts:

Annexure A: Annual Performance Report

Annexure B: Performance Report of Service Providers

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## LEGISLATIVE BACKGROUND

*The purpose of an Annual Performance Report is to provide a record of the activities of the municipality, report on performance against the budget and promote accountability to the local community for the decisions made throughout the year.*

Key legislative elements of the Annual Performance Report include as requested by the Auditor-general:

- The annual performance report of the municipality (S 46 MSyA) and Auditor-General's audit report on performance (S 45 (b) M SyA)
- An assessment by the Accounting Officer of the performance against the measurable performance objectives (S 17 (3) (b) MFMA)
- Details of corrective action taken or to be taken in response to issues raised in the audit reports

Section 46 of the Municipal Systems Act stipulates that -

“A municipality must prepare for each financial year a performance report reflecting –

- The performance of the municipality and of each external service provider during that financial year:
- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year: and
- Measures taken to improve performance
- An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Financial Management Act.”

# OKHAHLAMBA LOCAL MUNICIPALITY

ANNUAL PERFORMANCE REPORT: 2012-2013				SELECT THE YEAR OF THE IDP	1	2	3	4								
				TICK THE APPROPRIATE BOX	x											
				SELECT THE QUARTER	1	2	3	4								
				TICK THE APPROPRIATE BOX	x	X	x	x								
OUTCOME 9	NATIONAL KEY PERFORMANCE AREAS	OUTPUTS	NO.	INDICATORS	UNIT OF MEASURE /CALCULATION	ANNUAL			2011/2012year		2012/2013 YEAR		BLOCKAGES	CORRECTIVE MEASURES	SUPPORT NEED IN TERMS OF UNBLOCKING	PORTFOLIO OF EVIDENCE
						DEMAND	BASELINE 2011-2012	BACKLOG	TARGET 2011-2012		TARGET					
									PROJECT ED	ACTUAL	PROJECT ED	ACTUAL				
DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT	MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Simplified IDPs focusing on planning for the delivery of 10 critical municipal services	1	IDP's Adopted	Yes/No	None	Yes	None	Yes	Yes	Yes	Yes	None	None	None	IDP Document
					Date Jun	None	30-Jun	None	30-Jun	30-Jun	30-Jun	27-Jun	None	None	None	IDP Document
				2	10 Critical services indentified and included in the IDP	Yes/No	None	Yes	None	Yes	Yes	Yes	Yes	None	None	None

			3	Number (as well as percentage) of critical posts filled	Number	5	5	3	5	2	5	4	None agreement among councillors on the appointment of Directors	Post has been re-advertised	Intervention of Cogta	Council resolution
					Percentage	100%	100%	60%	100%	40%	100%	80%		Post has been re-advertised	Intervention of Cogta	Council Minutes
				Number of employees in an Organogram	Total number of post in an Organogram	282	136	146	282	136	262	226	Appointment of Staff	Some posts have already been advised	None	Organisational Structure
			4	Number (as well as percentage) of performance agreements signed reflecting national government priorities	Number of signed performance agreements	3	3	0	5	2	4	4	None	None	None	Performance Agreement
					% Signed	100%	100%	None	100%	100%	100%	100%	None	None	None	Performance Agreement
			5	Amount spent on the Work Skills Plan	Actual amount spent	R 388 000.00	R 329 178 .72	0	R 500 000	R329 178 .72	R 308 099	R 292 633.94	None	None	None	Certificates
					% spent	100%	0	100%	100%	70%	100%	94.98%	None	None	None	Certificates
			6	% of people from employment equity target groups employed in the three highest levels of management	Percentage	100%	100%	100%	100%	100%	100%	100%	None	None	None	Employment equity plan
			Functional OPMS	Number of quarterly reviews conducted	Number of reviews conducted	4	1	3	4	1	4	4	None	Pms spec appointed	None	Quarterly Council Reports

			8	Number of reports submitted on performance in terms of Section 46 of the MSA	Number of reports	1	1	0	1	1	1	1	None	None	None	Annual Report
			9	The percentage of evaluated middle managers( PMS)	Percentage	100%	0	100%	0	0	70%	80%	Lack of capacity	Appointment of PMS Specialist	Cogta ongoing support	Performance Evaluation report
				The percentage of evaluated senior managers (PMS)	Percentage	100%	0	100%	100%	0	100%	0	No agreement by councillors in terms of the formation of performance evaluation committee	Councillors need to agree on formation of PMS evaluation comm	Cogta ongoing support	Council Minutes
			10	Number of performance audit committee meetings held	Number	4	0	4	0	0	4	1	The function of the audit committee did not include the function of performance audit	The audit performance function was extended to the audit committee	Council approval of the extension of the audit committee	Council Minutes
				Number of performance audit reports submitted to council	Number	4	0	4	0	0	2	0	The function of the audit committee did not include the function of performance audit	The audit performance function was extended to the audit committee	Council approval of the extension of the audit committee	Council Minutes

				Number of audit committee meetings held	Number	4	4	0%	4	4	5	5	None	None	None	Minutes of Audit Committee Meetings
				Number of audit committee reports submitted to council	Number	2	2	0	2	2	2	2	None	None	None	Audit Committee Minutes
IMPROVE INFRASTRUCTURE DEVELOPMENT	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Improved access to basic services	1	Number and percentage of household with access to solid waste	Number of household	323	323	None	323	323	323	323	None	None	Intergrated Waste Management Plan (IWMP) to be compiled and fin alised	Billing report
					Percentage	100%	100%	0	100%	100%	100%	100%	None	None	None	Billing report
			1	% of household with access to electricity	Percentage	ESKOM AUTHORITY										
				% of household with access to sanitation and water	Percentage	DISTRICT AUTHORITY										
			1	The percentage of households with earning less than R1100 p/m with access to free basic services	Percentage	100%	100%	Not yet quantified	100%	100%	100%	100%	None	None	A new indigent register need to be compiled in 2013-201None	Free basic electricity beneficiaries register
				The number of households with earning less than R1100 p/m with access to free basic services	Number	1645	1645	Not yet quantified	1645	1645	1645	1645	None	None	A new indigent register need to be compiled in 2013-2014	Free basic electricity beneficiaries register
			2	Amount spent on Manyazini Gravel Road and percentage of completion	Rand Value	R 1 624 000.00	0	None	0	0	R 1 624 000.00	R 1 298 757.28	None	None	None	Practical Completion certificates
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	100%	None	None	None	

				Amount spent on Egangeni Gravel Road and Percentage Completion	Rand Value	R 2 562 450.00	None	None	R 2 562 450.00		R 2 562 450.00	R 1,742,943.73	None	None	None	Progress Report
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	100%	None	None	None	
				Amount spent on Mzolo Road and percentage Completion	Rand Value	R 2 534 250.00	None	None	R 2 534 250.00	None	R 2 534 250.00	R 2 124 323.55	None	None	None	Practical Completion certificates
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	100%	None	None	None	
				Amount spent on Ngebhezi Gravel Road and Percentage Completion	Rand Value	1 887 500	None	None	R 1 887 500.00	N/A	R 1 887 500.00	R 1 271 243.86	Contractor abandoned the sites eventually the contract got terminated	Several letters of non-satisfaction were sent to the contractor and eventually the contract was terminated.	Appointment of a new contractor to complete the work	Progress Report
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	76%				
				Amount spent on Tabhane Gravel Road and percentage Completed	Rand Value	R 841 500.00	None	None	R 841 500.00	N/A	R 841 500.00	R 659 447.18	None	None	None	Practical Completion certificates
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	100%	None	None	None	
				Amount spent on upgrading of Roads, pavement, parking bays in Union Street and percentage Completed	Rand Value	R 3 200 000.00	R 722 374.74	R 2 477 625.26	R 3 200 000.00	R 722 374.74	R 3 378 436.74	R 2 749 931.59	None	Dept. Environment to assist	Council Minutes	Practical Completion certificates
					Percentage Completed	100%	22.57 %	77.43 %	100.00 %	22.57 %	100%	100%	None	None	None	
				Amount spent on the construction of Acton Homes Community Hall and Creche	Rand Value	R 1 905 308.53	R 1 078 732.85	R 826 575.68	R 1 905 308.53	R 1 078 732.85	R 808 203.00	R 777 323.26	*	None	None	Practical Completion certificates
					Percentage Completed	100%	56.62 %	43.38 %	R 100.00	56.62 %	100%	100%	None	None	None	

				Amount spent on Construction of Maswazini Community Hall an Creche	Rand Value	R 1 905 308.53	R 1 388 561.00	516 748	1 905 309	1 388 561	R 0.00	R 606,103,56	None	None	None	Practical Completion certificates
					Percentage Completed	100%	72.88 %	27.12 %	100.00 %	72.88 %	0%	100%	None	None	None	
				Amount spent on the construction of Busingatha Community Hall and Creche	Rand Value	R 1 905 308.53	R 1 700 000.00	R 205 308.53	1 905 309	1 700 000	R 0.00	R 8,920,68	None	None	None	Practical Completion certificates
					Percentage Completed	100%	89.22 %	10.78 %	100.00 %	89.22 %	0%	100%	None	None	None	
				Amount Spent on Isandlwana Community Hall and Creche and percentage Completed	Rand Value	R 1 905 308. 53	None	None	R 1 905 308.53	N/A	R 1 905 308.53	R 945 797.78	In progress	None	New design done	Progress Report
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	69%	None	None	None	
				Amount spent on Rooihoek Community Hall and Creche and percentage completed	Rand Value	R 1 905 308. 53	None	None	R 1 905 308.53	N/A	R 1 905 308.53	R 1 636 535.60	None	None	None	Practical Completion certificates
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	100%	None	None	None	
				Amount spent on Ezimbokodweni Community Hall and Creche Facility and percentage completed	Rand Value	R 1 905 308. 53	None	None	N/A	N/A	R 1 905 308.53	R 1 175 118.93	None	None	None	Practical Completion certificates
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	100%	None	None	None	
				Amount spent on Bell Park pedestrian Bridge and percentage completed	Rand Value	R 907 000.00	None	None	N/A	N/A	R 907 000.00	R 752 298.15	None	None	None	Practical Completion certificates
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	100%	None	None	None	
				Amount spent on Installation of Streets Lights IN Ward 01 and percentage completed	Rand Value	R 1 500 000.00	R 413 712.84	R 1 086 287.16	R 1 500 000.00	R 413 712.84	R 1 086 287.16	R 658,421,17	None	None	None	Practical Completion certificates
					Percentage Completed	100%	28%	72.42 %	100%	100%	100%	100%	None	None	None	
				Amount Spent on Zondo Gravel Road	Rand Value	R 888,294.00	0 . 00	0.00	N/A	N/A	R 888,294.00	R 799 383.06	None	None	None	Practical Completion certificates



				and percentage completed	Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	100%	None	None	None	
				Amount spent on Bergville/Winter tone Tarred Road and percentage completed	Rand Value	R 14 300 000.00	R 2 132 983.36	R 12 167 016.64	R 3 000 000.00	R 2 132 983.36	R 7 116 549.99	R 7 257 666.80	None	None	None	Practical Completion certificates
					Percentage Completed	100%	0.00%	0.00%	100%	71.10 %	100%	100%	None	None	None	
				Amount Spent on Rooihoek and Thintwa Electrification projects	Rand Value	R 7 438 041.49	0 . 00	0.00	N/A	N/A	R 7 438 041.39	R 4 209 042.31	None	None	None	progress Report
					Percentage Completed	100%	0.00%	0.00%	R 0.00	0.00 %	100%	57%	Eskom Free State delayed in approval of Thintwa projectNone	Eskom Free State finally agreed to allow connections from their main grid	Support form Eskom KZN	
				Amount spent on Capital projects and percentage of expenditure	Percentage spent	100%	62%	38%	100%	62%	90%	77.88%	None	None	None	Practical Completion certificates
LOCAL ECONOMIC DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT	NUMBER OF JOBS CREATED		Number of Job created through the Municipal LED iniatives	Number of Jobs	2400	0	2400	0	0	60	60	Financial Constrains	More jobs to be created through the Cooperatives initiatives	Support from Cogta through CWP	Salary Report on job creation
			14	Number of Local Map developed with a list of establishments avail to everyone	Develop Map	1	0	1	0	0	1	1	None	None	None	Social services report

			15	Percentage progress on Upgrading of a Live Website	Percentage	100%	50%	50%	0	0	100%	100%	None	None	None	Social services report
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE SYSTEM	GOOD GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS	16	Number of Ward Committee functioning	Number	14	14	0	14	14	14	14	None	None	None	Minutes Attendance Register
			17	Number of Councillors trained	Number of Certificates issued	28	0	28	0	0	28	22	None	none	More funding for Training	Certificates issued
			18	Compliance with Supply Chain legislation & Regulation	% Compliance	100%	60%	40%	100%	N/A	90%	83%	Rotational Database Training of staff adequately	Training of staff in progress Rotation of suppliers is installed	Performance and Risk Management support	SCM Treasury Reports
IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY	FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	Financial Viability	19	% of cash collected from customers against billing	Percentage	100%	56.30%	44.70%	60%	56.83%	70%	69.80%	Poor culture of payments	Involve Legal expert/ Debt Collectors	Council Resolution	AFS
			20	Percentage spent of Operational Budget (OPEX) on repairs and maintenance of infrastructure	% Spent on OPEX	100%	2%	50%	4%	2%	7%	3%	Budget adjusted to Capital Budget	More budget will be allocated on 2013/2014 Financial Year	Council Approval of the Budget	Financial Statements
			21	Financial Viability expressed in ratios	Debt Coverage Ratio: Total op revenue less op grants divide by debt service payments	3	8	0	3	7	3	9	None	None	None	AFS

					due within the financial year											
					Outstanding service debtors to revenue ratio: Total out standing service debtors divide by annual revenue from services	0.00	2.86	2.86	1.00	2.49	1.00	2.86	Poor culture of payments	Involve Legal expert/ Debt Collectors	Council Resolution	AFS
					Cost coverage ratio available cash plus investments divide by monthly fixed operating expenditure	3	15	0	3	7	3	12	None	None	None	AFS
			2 2	Update of the fixed assets register	Twice a year	2	1	1	1	1	2	1	Lack of Capacity	Appointm ent of a credible service provider	Transfere of skills	Updated fixed register
			2 3	Conduct stock count once quartely	Number of stock counts performed	4	1	3	1	1	4	1	Lack of Capacity	Appointm ent of a credible service provider	Transfere of skills	Reports on stock takes
Spatial Development Framework	Spatial Development Framework	Improved Spatial and planning	2 4	Amount spent on the Identification of new land fill sites and progress percentage	Amount Spent	1 000 000	0	0	0	0	1 000 000	R 287 213.28	Land Constrain	Continuos Engagem ent with land owners	Funding	Progress Report
					Yes/No	Yes	No	Yes	Yes	No	Yes	No	Land Constrain	Continuos Engagem ent with land	Funding	Progress Report

														owners		
			25	Amount spent on Identification of new cemetery sites and percentage progress	Amount Spent	1 000 000	0	None	0%	0%	1 000 000	R 287 213.28	Land Constrain	Continuos Engagem ent with land owners	Funding	Progress Report
					Percentage	100%	0	100%	0%	0%	90%	29%	Land Constrain	Continuos Engagem ent with land owners	Funding	Progress Report
			26	Percentage progress on Development of urban design framework for Town of Bergville	Yes/No	Yes	No	Yes	Yes	No	Yes	No	None	<b>None</b>	<b>None</b>	Urban Design framework Report
Indicator represent Distric and Eskom Function								2012-2013 ANNUAL PERFORMANCE REPORT								
Municipal Manager Name and Surname			Siza D Sibande													
Signature																

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 PERFORMANCE OF EXTERNAL SERVICE PROVIDERS
**A. Assessment Rating Scale**

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standards of an employee at this level. The appraisal indicates that the employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and performance plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and performance plan.					
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisals indicate that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Performance not fully effective	Performance is below the standards required for the job key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance up to the level expected in job despite management efforts to encourage improvement.					

A. Performance Assessment of Short-Term Service Providers

External Service Provider	Service provided	Performance Target/ Time-frames	Actual Performance as at June 30 2012/2013	Assessment of Service Providers performance					Corrective measure in case of underperformance	Value of project
				1	2	3	4	5		
Nanini cc	Construction of Manyazini gravel road	25 April 2013	Construction completed at the 25 <sup>th</sup> February 2013				4		None The construction of gravel road was completed on time and the quality of work is up to standard.	1 414 670.00
Busizwe Trading suppliers	Construction of Mzolo gravel road	25 April 2013	Construction completed at the 30 <sup>th</sup> March 2013				4		None. The construction of gravel road was completed on time and the quality of work is up to standard	2 136 288.23
Busizwe Trading suppliers	Construction of Egangeni gravel road	25 April 2013	Construction Completed at 30 <sup>th</sup> June 2013				2		The contract had a slow performance and his time lapsed (171%). Contractor was given a written warning after intense consultation	2 235 647.45
Benezuzi Constuctio	Construction of Ngebhezi gravel road	25 June 2013	Not completed , the contractor						The contractor was terminated, another	1 655 604.48

External Service Provider	Service provided	Performance Target/ Time-frames	Actual Performance as at June 30 2012/2013	Assessment of Service Providers performance					Corrective measure in case of underperformance	Value of project
				1	2	3	4	5		
n Company			was terminated						contractor was appointed. The contractor had a slow performance, eventually he was terminated	
Penuel Transport	Construction of Thabane gravel road	25 April 2013	Construction completed on 25 February 2013						None. The construction of gravel road was completed on time and the quality of work is up to standard	637 963.35
Kulu civils	Tarring of Union street		Construction completed on the end of 08th March 2013						The contractor had a slow progress	3 378 436.74
Usizo electrical	Construction of Maswazini Community Hall and Creche Facility	13 November 2012	Construction <i>completed at the end of 04<sup>th</sup> May 2013</i>						The construction of community hall is completed on time and the quality of work is up to standard	1 451 925.72
Thebela	No Construction of Ebusingatha Community Hall	13 November	Construction completed at the end						None performance letters were	1 600 160.4

External Service Provider	Service provided	Performance Target/ Time-frames	Actual Performance as at June 30 2012/2013	Assessment of Service Providers performance					Corrective measure in case of underperformance	Value of project
				1	2	3	4	5		
Trading	and Creche Facility	er 2012	of 04 <sup>th</sup> May 2013			2.5			issued. The construction of community hall is completed on time and the quality of work is up to standard 3	
DNA structures	Construction of Rooihoek Community Hall and Creche Facility	19 October 2012	Construction completed at the end of 30 <sup>th</sup> May 2013			2			None performance letters were issued and interventions were done. The contract had a slow performance, his time lapsed (172%)	1 694 665.63
DNA structures	Construction of Sandlwane Community Hall and Creche Facility	19 October 2012	Under Construction			2			None performance letters were issued. The contract had a slow performance , his time lapsed (171%)ogress	1 905 308. 53
Nkhudisen g construction	Construction of Ezimbokodweni Community Hall and Creche Facility	19 October 2012	Construction completed at the end of 19 <sup>th</sup> June 2013			3			Problem with access to site. The contract had a slow performance , his time lapsed (194%)	1 594 645.00
	Construction of Bellpark	25 April	Construction completed						None. The construction of	757 199.99



External Service Provider	Service provided	Performance Target/ Time-frames	Actual Performance as at June 30 2012/2013	Assessment of Service Providers performance					Corrective measure in case of underperformance	Value of project
				1	2	3	4	5		
2Good construction	Pedestrian Bridge	2013	at the end of 20 <sup>th</sup> March 2013			4			pedestrian Bridge is completed on time and the quality of work is up to standard	
Edison power	Installation of 82 Street Lights in Winterton		Completed on 30 <sup>th</sup> June 2013			2			The project was completed in June 2013. Some problems related to Eskom approval	987 422.24
Queensburg hire	Construction of Zondo gravel road	27 July 2013	Construction completed at the end of 04 <sup>th</sup> April 2013			4			The construction of gravel road was completed on time and the quality of work is up to standard	831 984.24
Klus Civils	Tarring of Tarring of Bergville/Winterton Roads	30 June 2012	Completed			4			Tarring of the road is completed, but the contractor had a slow performance	808 203.00
ENE consulting/ B and S Electrical-	Tintwa/Rooihoek Electrification	30 November 2013	On Progress			3			The work is on progress, and the contractor's performance is acceptable	7 438 041.39

External Service Provider	Service provided	Perform ance Target/  Time-frames	Actual Performan ce as at June 30 2012/2013	Assessment of Service Providers performance					Corrective measure in case of underperform ance	Value of project	
				1	2	3	4	5			
Usizo electrical	Construction of Acton Homes Community Hall and Creche Facility		Constructio n completed at the end of 04 <sup>th</sup> May 2012	4					The construction of community hall is completed on time and the quality of work is up to standard	6 505 728.45	
Pravin Ama Developm ent	Planners- Identification of landfill sites and cemetery	100%	30%	3.5					Many identified sites were found unsuitable due to EIA. Two sites are identified at Winterton under study	R1000 000	

#### A. Performance Assessment Report of long- term service providers

External Service Provider	Service provided	Performance Target/ Time-frames	Actual Performance as at June 30 2012/2013	Assessment of Service Providers performance					Corrective measure in case of underperformances	Value of project
				1	2	3	4	5		
Ngomfo Services	Safety & Security								None	R1 444 682

External Service Provider	Service provided	Performance Target/ Time-frames	Actual Performance as at June 30 2012/2013	Assessment of Service Providers performance					Corrective measure in case of underperformances	Value of project
				1	2	3	4	5		
						3				
Maximum Profit	Vat Recovery					2			Transactions from the Returns not passed to GL as part of their scope of work. Termination notice has been issued	R1 357 702
Ethemba Computers	Maintenance of Internet					2			Two services has been cancelled and one to be cancelled by end of November, they work together with Ufezele	R 684 524
Ufezele Management Solutions	Maintenance of Financial system					2			System outdated cannot be reviewed, contract terminated	R 258 760
VIP Sage	Payroll system					3			None	R 23 255
Pricewaterhousecoopers Inc.	Update for Assets Register & 2011/2012 Financial System					3.5			None	R 862 873
Mills Fitchet	Municipal Valuers					3.5			None	R 1 850 267
Notes: The Performance Time Frame has no impact on the performance of the service provider hence it is omitted										

1. Annexure c- Audit Committee Report

## AUDIT AND PERFORMANCE AUDIT COMMITTEE REPORT 2012-2013

### AUDIT AND PERFORMANCE AUDIT COMMITTEE REPORT 2012-2013

Audit Committee members and attendance:

		Meetings	Status
P. Mntambo	Chairperson	8	Active
S. Kheshav	Member	6	Active
V. Kunene	Member	5	Resigned
Mr. LB Van Der Merve	Member	3	Active
Mr. C. Rautenbach	Member	2	Active

Mr van der Merwe and Mr. Rautenbach only came on board during November 2013 following the resignation of Mr. Kunene.

In order to comply with a wish expressed by the Exco of the Municipality, the chairperson reported to the Exco at one occasion during the financial year. The Committee also welcomed the establishment of MPAC by the Council. A close working relationship will be developed between the two Committees.

The Committee performed its responsibilities in terms of the Municipal Finance Managed Act, the Audit Committee Charter as well as the Code of Corporate Governance. By law the Committee is expected to meet at least four times during the year. The Committee had eight meetings, one of which was a special meeting to deal with the Performance Management System.

The Committee received audit reports from Internal Audit in accordance with an Audit Plan that was approved by it in August 2012. The Internal Audit and Performance Unit performed its responsibilities diligently and objectively and the reports were of a high standard.

Reports were focused on the high risk issues as identified in the risk assessment process and action plan.

The committee assessed some internal financial controls and the auditing thereof and made some recommendations and suggested improvements. It was satisfied that the risk assessment was relevant. Assurances were given to the Committee that the internal financial reporting was in place and that regular reports were submitted to the Council. Compliance with the MFMA was the focus of the financial administration and some challenges in the application of the SCM policy of the Municipality were identified and corrected.

The status of the performance management system remained a cause of concern for the Audit Committee. Limited progress was made with the implementation of a proper performance evaluation system since it expressed its concern at the end of the previous financial year.

The final Annual Financial statements were discussed by the Committee and it was satisfied that it is the statements reflect a true account of the financial situation at the end of the financial year. The annual financial statements were prepared by an independent firm of registered accountants and auditors.

The Committee has reviewed the Auditor-General's management report and the responses by the municipal management team as well as compliance with legal and regulatory provisions for inclusion in the annual report.

The audit committee was satisfied with the following:

Performance Management Reports was prepared on a quarterly basis and reviewed bi-annually by the Performance Committee.

Financial internal controls were implemented and monitored in the municipality in particular in the supply chain.

Monitoring the progress of council projects and ensure that all project are completed on time and no budget overruns or unused funds.

Vetting of all contractors and ensure that they are not in the service of the state.

The committee congratulate the Council, its Municipal Manager, Head of Departments , Internal Audit Units and the entire team in achieving a clean audit report for 2012/2013 financial year.

Phumlani Mntambo  
Chairperson of the Audit Committee

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

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## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

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

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

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

### Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Okhahlamba Municipality as at 30 June 2013, and its financial performance and cash flows for

the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

#### **Additional matter**

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

#### **Unaudited supplementary schedules**

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

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

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

#### **Predetermined objectives**

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priority. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for Managing Programme Performance Information (FMPPI)*.
12. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
13. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

#### **Additional matters**

14. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

#### **Achievement of planned targets**

15. Of the total number of 50 targets planned for the year under review, 19 of the targets were not fully achieved, four of which were 90% complete. This represents 38% of total planned targets that were not fully achieved for the year. This was as a result of a lack of capacity in the technical department.

#### **Material adjustments to the annual performance report**

16. Material audit adjustments in the annual performance report were identified during the audit, all of which were subsequently corrected by management.

**Compliance with laws and regulations**

17. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

Pietermaritzburg

29 November 2013



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*







