

Annual Report

Financial year 2016-2017



ANNUAL REPORT

Harry Gwala District Municipality Council

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AUDITOR-GENERAL
SOUTH AFRICA

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AUDITOR - GENERAL
SOUTH AFRICA

Ms.N.Dlamini
The accounting officer
Harry Gwala District Municipality
Private Bag X501
Ixopo
3276

30 November 2017

Reference: 21477REG16-17

Dear Madam

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Harry Gwala District Municipality for the year ended 30 June 2017

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa and section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. Please note that this is not intended for publishing purposes.

Kindly acknowledge receipt of this letter.

Yours sincerely

.....
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Auditor-General of South Africa

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Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Harry Gwala District Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Harry Gwala District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, statement of financial performance, statement of changes in net assets, cash flow statement and the appropriation statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Harry Gwala District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended 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, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Revenue - Service charges

3. I was unable to obtain sufficient appropriate audit evidence for service charges due to the poor status of accounting records. Consequently, I was unable to determine the impact on the service charges stated at R39,65 million in note 18 to the financial statements as it was impracticable to do so. Additionally, there was a resultant impact on trade and other receivables from exchange transactions and allowance for impairment.

Revenue - Interest on outstanding debtors

4. The municipality did not properly account for revenue from exchange transactions in terms of SA Standard of GRAP 9, *Revenue from exchange transactions* as interest on outstanding debtors was levied using an incorrect interest rate due to a breakdown in internal controls. Consequently, I was unable to determine the impact on the interest on outstanding debtors stated at R16,39 million in the statement of financial performance as it was impracticable to do so. Additionally, there was a resultant impact on trade and other receivables from exchange transactions and allowance for impairment.

Trade and other receivables from exchange transactions

5. I was unable to obtain sufficient and appropriate audit evidence to confirm consumer debtors recognised, as the municipality did not maintain adequate records. Consequently, I was unable to confirm the amount by alternative means and consequently could not determine whether any further adjustments were necessary to the trade and other receivables from exchange transactions stated at R28,64 million in note 6 to the financial statements.

Property, plant and equipment – Work in progress

6. The municipality did not assess their long outstanding work in progress for impairment in accordance with SA Standard of GRAP 26, *Impairment of cash generating assets* due to a breakdown in controls. I was unable to determine the impact on the work in progress balance of R823,33 million disclosed in note 8.4 to the annual financial statements as it was impracticable to do so. Additionally, there was a resultant impact on the impairment loss.

Unspent conditional grants and receipts

7. I was unable to obtain sufficient and appropriate audit evidence to confirm unspent conditional grants and receipts recognised in the financial statements due to the status of accounting records. I was unable to confirm these amounts by alternate means and consequently could not determine whether any further adjustments were necessary to the unspent conditional grants and receipts stated at R53,52 million in note 16 to the financial statements.

Context for the opinion

8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
9. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Financial sustainability

11. The municipality's current liabilities exceeded its current assets by R126,04 million (2015-16: R173 million) as disclosed in note 46 to the financial statements. This is due to a poor history of debtor payments and unfavourable liquidity ratios resulting in the municipality not paying its creditors timeously. This condition indicates the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate in the foreseeable future. Management plans to improve financial sustainability by implementing cost containment measures in conjunction with revenue enhancement strategies.

Emphasis of matter

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

Material losses – water

13. As disclosed in note 45 to the financial statements, material water losses of R11,91 million (2015-16: R22,40 million) was incurred which represents 40,4% (2015-16: 50,47%) of total water distributed. Technical losses amounted to R9,90 million (2015-16: R18,59 million) and non-technical losses amounted to R2,01 million (2015-16: R3,77 million).

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, 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.
17. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

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

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

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

Annual financial statements and annual report

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
32. The oversight report adopted by the council on the 2015-16 annual report was not made public, as required by section 129(3) of the MFMA.

Procurement and contract management

33. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of Municipal Supply Chain Management Regulation, 2005 (MSCMR) 17(a) and (c).
34. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by MSCMR 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of MSCMR 36(1).
35. Bid documentation for procurement of the commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by regulation 9(1) of the Preferential Procurement Regulations of South Africa, 2011.
36. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by regulation 9(1) of the Preferential Procurement Regulations of South Africa, 2011.
37. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Expenditure management

38. Effective steps were not taken to prevent fruitless and wasteful expenditure of R2,93 million, as disclosed in note 42 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Most of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on overdue accounts.
39. Effective steps were not taken to prevent irregular expenditure of R101,75 million, as disclosed in note 43 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by multi-year contracts that were awarded without following proper procurement processes.
40. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Revenue management

41. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

42. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Other information

43. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the mayor's foreword, municipal manager's overview, corporate governance reports. The other information does not include the financial statements, the auditor's report and the selected development objective presented in the annual performance report that has been specifically reported in the auditor's report.
44. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
45. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
46. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Leadership

49. Leadership did not exercise adequate oversight and monitoring over revenue, asset and grant management to support accurate and credible reporting.

Financial management

50. Senior management did not adequately maintain a system of records management that supports revenue, asset and grant management.

Other reports

51. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
52. Independent consulting firms were investigating allegations of possible misappropriation of funds, irregularities in the contract management process and allegations surrounding payments to fictitious employees at the request of the provincial treasury and the municipality. These three investigations cover the periods 1 July 2006 to 30 June 2013, 1 July 2010 to 30 June 2011, and the period prior to 31 January 2017, respectively. These investigations were still in progress at the date of this report.
53. In terms of proclamation number R10 of 2017, *Government Gazette 40594 of 3 February 2017*, the special investigating unit is investigating various irregularities into the procurement of goods and services from 10 service providers which covers the period 1 January 2010 to 3 February 2017. These investigations were still in progress at the date of this report.

Auditor-General
Pietermaritzburg

30 November 2017



AUDITOR-GENERAL
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Annexure – auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Harry Gwala District Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

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GLOSSARY OF TERMS AND ABBREVIATIONS

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
AR	Annual Report
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
BDS	Blue Dr.op Status
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of

	outputs.
DBSA	Development Bank of Southern Africa
Distribution indicators	The distribution of capacity to deliver services.
DMA	District Management Area
DoT	Department of Transport
DWA	Department of Water Affairs
EXCO	Executive Committee
F/Y	Financial Year
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
GAMAP	Generally Accepted Municipal Accounting Practice
GDS	Green Dr.op Status
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally
GRAP	Generally Recognized Accounting Practice
HR	Human Resources
IGR	Inter-Governmental Relations
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act, 32 of 2000
MTAS	Municipal Turn Around Strategy
NTP	National Transferee Programme
PMS	Performance Management System
RPMS	Regulatory Performance Management Systems
SDL	Skills Development Levy
HGDM	Harry Gwala District Municipality
VAT	Value Added Tax

WSDP	Water Services Development Plan
WSMP	Water Services Master Plan
WSP	Workplace Skills Plan

Chapter 1 – Mayor’s Foreword and Executive Summary

That golden opportunity has come whereby as South African municipalities being the sphere of government that is closer to the people, we are afforded space to examine and reflect on the service delivery achievements of the municipalities for the previous year in order to change the lives of our people for the better.

I must at the onset take this opportunity to extend my sincere greetings to all our community members, stakeholders, the municipal administration and the Council at large. It is indeed a great honour to once again take you back to the previous financial year, 2016-2017. We do this in full honor of the law as mandated by Chapter 4 of the Municipal Systems Act No. 32 of 2000. Section 16 (1) of the same act holds that, a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-

- (a) Encourage, and create conditions for, the local community to participate in the affairs of the municipality, including :
 - (i) The monitoring and review of its performance, including the outcomes and impact of such performance.

Before my conclusion I will briefly outline to you how we engaged with the public to ensure full adherence to the legislative prescripts but also to enhance and deepen our democracy through public participation.

Harry Gwala District Municipality (HGDM) remains committed to its vision which proclaims that “By 2030 Harry Gwala District Municipality will be a leading Water Services provider in the KZN Province with its communities benefitting from a vibrant agriculture and tourism sectors”. In order to realise this long term vision, on an annual basis as a municipality we set strategic objectives and goals as which are intended to be used as building blocks towards our vision. Our strategic goals are clear and are achievable. These strategic objectives cater for Basic Service Delivery, Municipal Transformation and Organizational Development, Good Governance and Public Participation, LED and Social Development and Cross Cutting Issues.

The above strategic objectives are linked to Section 152 (1) (b) of the Constitution of the Republic of South Africa, Act No. 108 of 1996. They have further taken note of the National Development Plan and the Provincial Growth and Development Plan. These National and Provincial perspectives give guidance to municipalities in terms of service delivery imperatives. We are enjoined by the laws of the land to deliver basic services to our communities. For these strategic objectives to be realized, on annual bases we need to allocate budget which will be able to realize each of them.

However over years huge financial and human resources challenges have adversely affected the speed in which we would like to deliver basic services. Regardless of the various limitations this council remains unshaken in its quest of realizing the 2030 vision and in transforming the lives of its people for the better.

Public Participation

The municipality consults and involves communities in decision making processes about projects and programs that directly affect their lives. At an individual level, citizens have a right to hold government accountable, and acquire reasons for government decisions that directly affect them. The following public participation methods were employed to improve public participation.

Methods used to improve public participation

- Integrated Development Plan/ Budget Road Shows
- Mayoral Road Shows
- Print and air media
- Meetings with ward committees
- Meetings with community stakeholders
- Meetings with Operation Sukuma Sakhe Stakeholders

The task ahead is not easy, the road at times may seem insurmountable but the support that you as members of the public have displayed has surely strengthened us. Indeed we can now see the light at the end of the tunnel. The future is now brighter and warmer. On behalf of Harry Gwala District Municipal Council, I would like to further extend my sincere gratitude to the members of the management echelon of our administration and the entire Harry Gwala District Municipality staff for

their continued support and the hard work that they have displayed in the 2016-2017 financial year. In addition I would like to acknowledge and commend good working relations demonstrated by the Councilors as is always driven by common desire to serve our people I trust that in the 2017-2018 financial year efforts will be doubled.

Measures to Improve Service Delivery:

- Co-ordinate Monthly progress meetings with all Service Providers i.e Contractors, Consultants & Social Facilitators.
- Conduct Regular Site Visits for Infrastructure & Social Projects.
- Conduct Awareness Campaigns on effective ways of utilising Infrastructure & Social Projects.
- Capacity Building for all Staff Personnel. i.e Bursaries, Workshops & Accredited Trainings
- Ensure that all Staff Personnel are competent in all positions
- Information Sharing – All information relating to the operations of HGDM must be made available to the public by means of Notice Boards, HGDM Website, Newspapers etc.
- Procurement of projects must meet the committed targets.
- Clear Communication with all relevant stakeholders – All stakeholders should be aware of ongoing activities within HGDM.

I have no doubt that the Council that was sworn in on the 25th of August 2016 is receiving the same kind of support and guidance from everyone so that we advance the service delivery programs of our District to the satisfaction of our communities within Harry Gwala District.

I thank you

The honorable Mayor

Cllr ME Ndobe

COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

Section 127 (2) of the MFMA stipulates that the Mayor of a municipality must table the annual report of the municipality and any municipal entity, in the municipal Council, at the end of each financial year. Section 127 (5) (a) of the MFMA, further stipulates that the accounting officer of a municipality must make public the annual report, invite the local community to submit representations in connection with the annual report and submit the annual report to the Auditor General, the relevant Provincial Treasury and the Provincial Department that is responsible for Local Government in the Province, in accordance to section 21 A of the Local Government: Municipal Systems Act.

The Constitution of the Republic of South Africa, provides and necessitates the legislative mandate under which the municipal manager, as the Head of Administration and as the Accounting Officer, to exercise and become a major role player with regards to managing and ensuring that the administration attends to all the daily tasks within the municipality, in the quest for the delivery of basic services to communities, under the collective consideration and assistance of the Council. In doing so, guidance and advice on the administrative performance of a municipality or entity becomes a prerogative.

Section 155 of the Constitution, provides for the establishment of municipalities as local government institutions, whilst Section 156 highlights the executive authority that a municipality has in its right to provide good administration and good governance. The functions and powers of a municipality that are assigned to a municipality are in terms of Sections 156 and 229 of the Constitution. A District municipality usually has a huge responsibility which is vested in its municipal council. Different pieces of legislation therefore also provide for the municipal council to delegate some of its power or authority to ensure good results and efficiency in the running of institution.

Chapter 3 of the Local Government Municipal Systems Act and Chapter 5 of the Municipal Structures Act, further provides for general empowerment of a municipality to do anything that is reasonably necessary or incidental, for the effective performance of its functions and the exercise of its powers. Relevant legislative prescripts and their optimal usage by the administration, are beneficiary in the overall process of municipal governance.

The driving force behind the preparation of an annual report in accordance to chapter 121 (2) of the MFMA is to provide a record of the activities that have taken place during the year that is in question of a municipality or municipal entity. Such a report seeks to provide a written account for that financial year of performance. The annual report also provides an account on the performance of the municipality against the budget of the municipality. It also serves to promote accountability to the local communities for the decisions that have been made throughout the year by the municipality or municipal entity, notwithstanding the inclusion of the annual financial statements.

In providing a public account on the performance of Harry Gwala District Municipality, the municipal administration has remained within a conduct that has ensured that political structures are in place and have been put into place after the local government elections in August 2016. The municipal reporting mechanism encourages the preparation and adoption of financial and annual reports for the municipality and its municipal entity. Reports are submitted to IGR Council structures in order for the municipality to fulfill its mandate of service delivery in the finalization of municipal matters, under a system of delegation that allows for Senior managers to finalize that which has been considered and approved by Council, in accordance to Section 59 (1) of the Local Government Municipal Systems Act, which requires that a municipal council must develop a system of delegation that will maximize administrative and operational efficiency and provide for adequate checks and balances.

Harry Gwala District Municipality has maintained good administrative relations with its family of four local municipalities that fall under the jurisdiction of the District. The four municipalities include Ubuhlebezwe, Greater Kokstad, Umzimkhulu and Nkosazana Dlamini-Zuma Local Municipalities. Nkosazana Dlamini-Zuma Local Municipality is a newly formed municipality as a result of the disestablishment of Ingwe and Kwa-Sani Local Municipalities and establishment of Dr. Nkosazana Dlamini Zuma. The District Municipality together with Ingwe and KwaSani Local Municipalities supported by the Department of Co-operative Governance and Traditional Affairs served as a vanguard in the co-ordination of the disestablishment and establishment processes relating to the two local municipalities as a result of the re-determination of municipal boundaries.

The District Municipality has an Entity which is responsible for driving high impact catalytic projects in the District. The Entity is called Harry Gwala Development Agency (HGDA), it has established the

necessary governance structures such as the Board and the Audit Committee. The Entity received a qualified audit opinion in the previous audit and has developed an action plan to address all the finding expressed by the Auditor General.

The municipality is working closely with all the relevant departments, but there is no sharing of powers between the Municipality and sector Departments. The municipality has strengthened its intergovernmental relations forums and re-launched even Technical Sub-committees with the view of improving integrated planning and alignment. Local Municipalities are fully participating in the IGR structures.

In the 2015/2016 audit, the Municipality attained an unqualified opinion, unfortunately the municipality regressed to a qualified audit opinion in 2016/2017. Subsequently, an Action Plan to address all the finding made by the Auditor General was developed and approved by Council. Council resolved that the implementation of the Action Plan be monitored closely by the Executive Committee. On monthly basis reports on the implementation of the Action Plan are submitted to the Executive Committee and Council quarterly.

Existing internal controls such as the Internal Audit Unit that work hand in hand with the Audit Committee, the Municipal Public Accounts Committee, Risk Management and senior management team in the quest for the improvement of the financial health of the municipality.

In terms of the preparation of the Integrated Development Plan (IDP) and the Budget for the financial year 2015/2016, the Municipality has remained within the legislative prescripts of the MFMA and credible public participation has been followed in the preparation of both the IDP and Budget. In keeping with the above legislative prescripts, chapter 12 of the Local Government: Municipal Finance Management Act, outlines the importance of financial reporting and auditing. It is a legal obligation that the Council of a municipality must deal with the annual report of a municipality and that of the municipal entity, within nine months after the end of the financial year, in accordance to section 129 of the MFMA. The strategic plan of action for the municipality is the Integrated Development Plan which is used as an instrument, after adoption by council, to shape and develop the social fibre of communities in an endeavor to achieve economic transformation. In order to ensure that our

communities are not besieged by civil strikes and protests, the implementation of projects and programs as contemplated in our IDP can restore social equilibrium.

The Risk Management Unit is foremost in the advancement of developmental ideas that can serve as measures of mitigation to the existing risks within the municipality. The municipal Risk Register provides a wide range of risks that have been identified within the municipality. The top five risks can be categorized as follows:

- Inadequate Project Management
- Irregular Fruitless and Wasteful Expenditure
- Dilapidated Infrastructure
- Inability to collect Revenue
- Ineffective Management of Expenditure

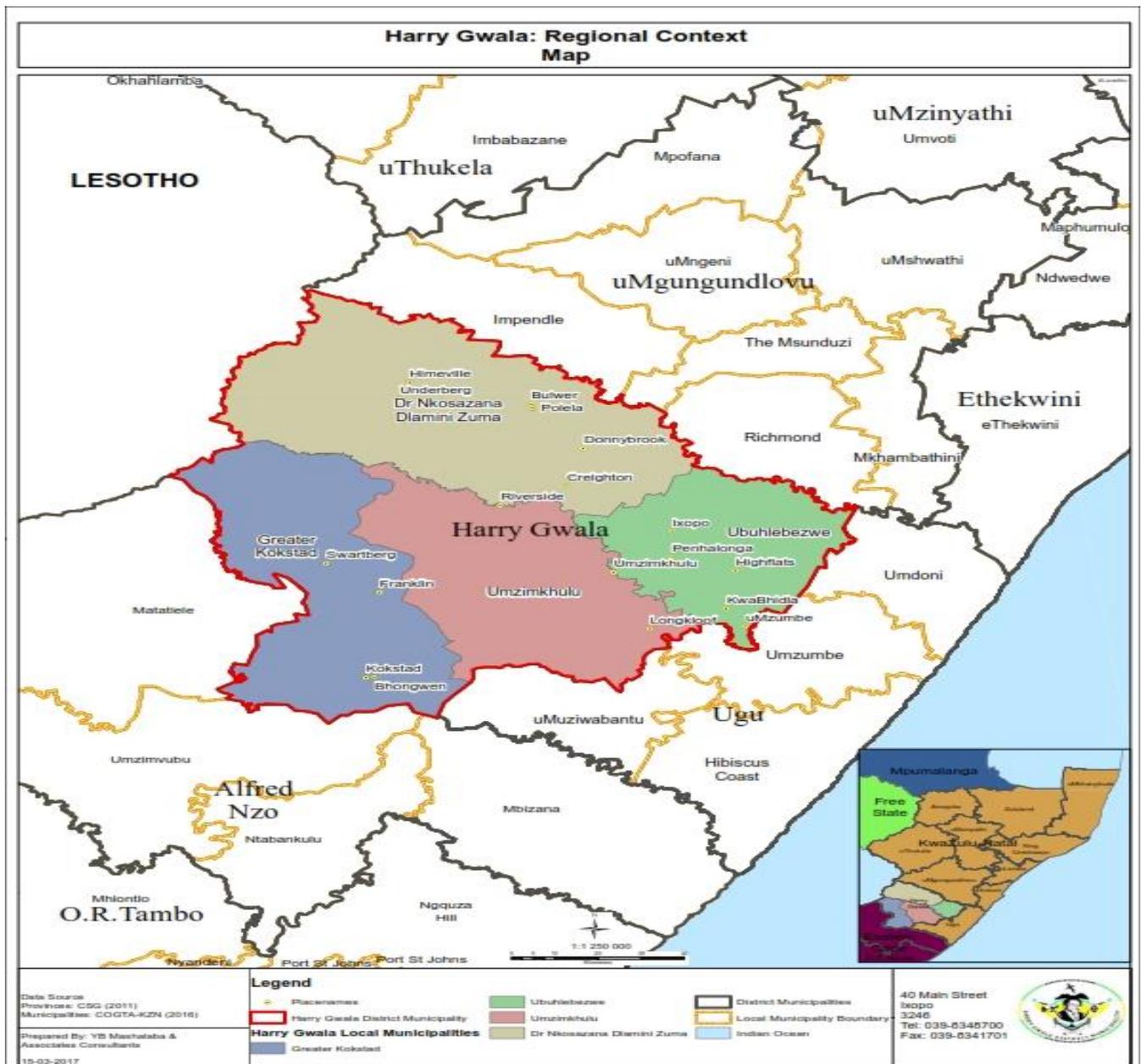
Strategies have been developed in the form of plans of action that will ultimately result in mitigating the above risks. There has been an improvement in the management of projects since the inception of the implementation of Section 116 of the MFMA which ensures that management of contracts is regularly reported upon during the Executive Committee and Council. A register on fruitless and wasteful expenditure is reported upon on a monthly basis. The plan of action to mitigate dilapidated infrastructure, inter alia, is to source more funding for the refurbishment of the existing infrastructure. The mitigation plan for the inability to collect revenue is to ensure continuous and regular data cleansing of consumer data, the appointment of meter readers so as to improve on the billing and collection process in the payment for water, the development of an implementation plan for the revenue enhancement strategy and to ensure the functionality of installed smart meters. The performance of monthly reconciliations on grant expenditure and the preparation and presentation of monthly departmental budgetary control reports can go a long way in assisting the municipality to effectively manage municipal expenditure.

In conclusion, I would like to extend a word of gratitude to our Municipal Leadership, inclusively of the Council, the Executive Committee, Portfolio Committees, Management and officials and last but not least, the communities that we serve.

I Thank You

1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

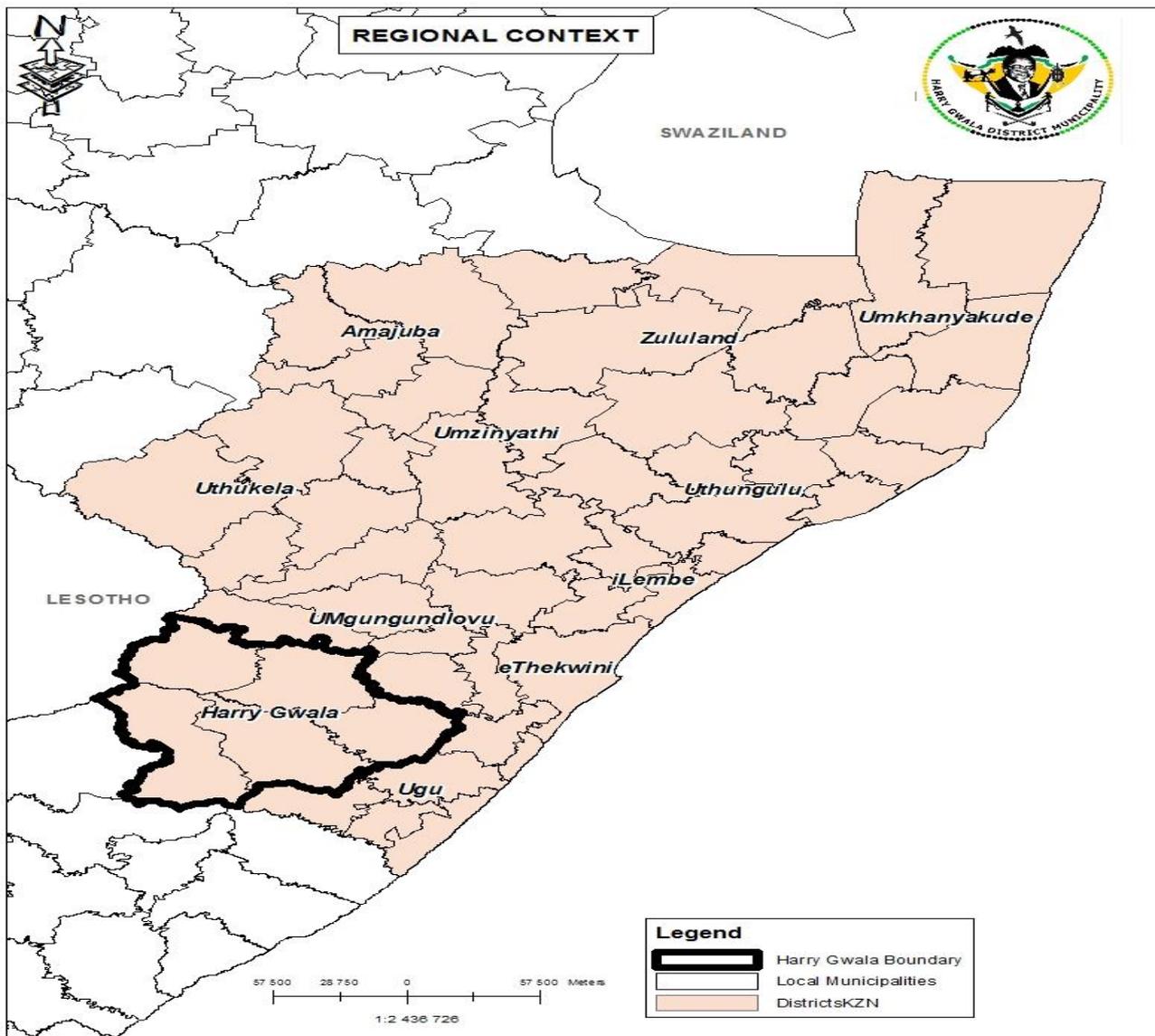
The Harry Gwala District Municipality (DC43) is located in the South West of the KwaZulu-Natal province. Its population is sparsely spread throughout an area of 11, 127, 9 square kilometers. The Harry Gwala District municipality forms part of the border between KwaZulu-Natal and Eastern Cape provinces. The Harry Gwala District Municipality is composed of the following four local municipalities: Ubuhlebezwe, Dr. Nkosazana Dlamini Zuma, Greater Kokstad and Umzimkhulu.



Provincial Location Context

The Harry Gwala District Municipality is one of the ten District Municipalities that forms part of the KwaZulu-Natal Province. It is located at the extreme south of the Province. The Harry Gwala District Municipality is bordered by the following District Municipalities: UThukela to the North; UMgungundlovu to the North East; Alfred Nzo and Ugu to the South East.

The location of the District in relation to the aforesaid District municipalities means that, any planning and development-taking place in each District will have an impact on the neighboring Districts. It is therefore imperative to align planning and development activities between the Harry Gwala District Municipality and the respective District Municipalities.



Number of wards

Municipality	Number of Wards	Population size
Dr. Nkosazane Dlamini Zuma Local Municipality	15	119 598
Greater Kokstad Local Municipality	8	76 753
UBuhlebezwe Local Municipality	12	197 286
UMzimkhulu Local Municipality	22	108 628
Total	57	502 265

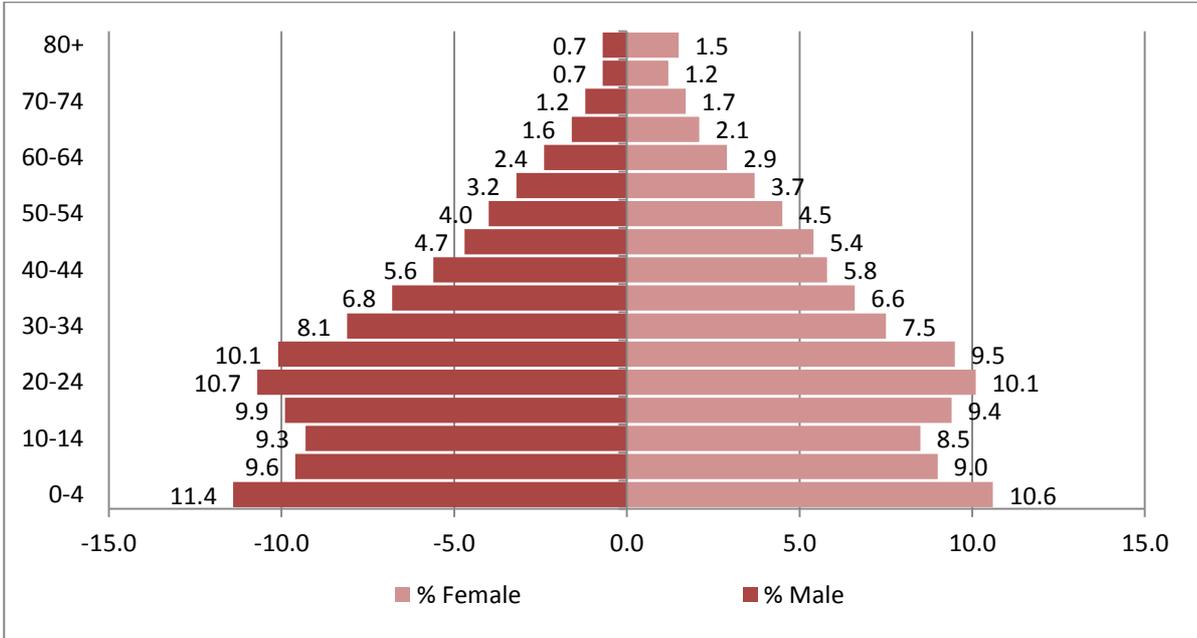
DEMOGRAPHIC PROFILE

The KwaZulu-Natal Province has a growing and maturing population, presenting opportunities and challenges to the province. On average between 2002 and 2011, the KwaZulu Natal population was estimated at just over 10 million people. The largest number of these people lived in eThekweni Metro (32.8 percent of the provincial population), followed by uMgungundlovu (9.4 percent), and uThungulu district (9.4 percent). Harry Gwala contributed 4.8 percent to the provincial population, the district with the lowest population number.

The total population of Harry Gwala is 502 265 the District has 4 Local Municipalities, Doctor Nkosazana Dlamini Zuma, Greater Kokstad, UMzimkhulu and UBuhlebezwe.

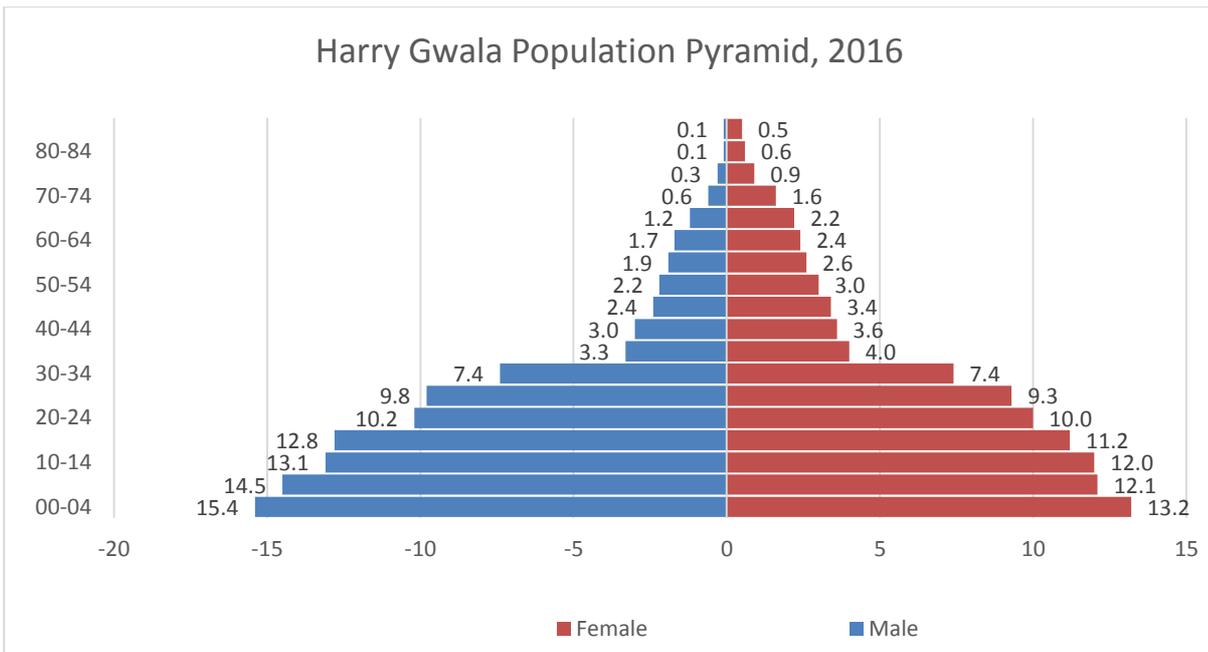
The KZN The population distribution indicates that the largest population in 2016 ranges between the ages of 00-04 to 25 -29, which is approximately 63.7 percent of the total population. Approximately 34.8 percent of the population age group are children between 00 and 14, and approximately 36.6 percent is the youth that is economically active (15-34), thus indicating that the province is predominantly youth. It can be seen in the diagram that the male population decreased at a faster pace than their female counterparts. This could be a result of factors such as migration patterns and social behavior of both genders.

The implication of these estimates is a high dependency ratio of 65.4 percent. It is noted that the dependency ratio is not totally reflective of the situation in the economy, since some of the people in the economically active population are not actively involved in the labour market.



2011 Stats SA

In 2011 the population pyramid above for Harry Gwala District indicates two broad bands that of a youthful district and a 0-4 population. But it further indicates a rather aging community.



2016 Stats SA CS

2011- 2016 Comparative Analysis

In the 2016 Community Survey the population of 0-4 has significantly increased in the as compared to 2011 census. It eventually decreases as over years. Such a decreased is prevalent between the ages of 20-34. In 2011 these ages were higher as compared to the 2016 Community Survey. However our district remains youthful. Furthermore it is also noticeable that the aging community is decreasing. Therefore in terms of the 2016 Community Survey our broad base has become bigger at the base and thinner at the top.

Age analysis

The age group between 14 and 34 years is categorized as youth and is the most dominant in all the local municipalities. This is the same group that forms part of the active labour group, which is also sexually active. This is the most vulnerable group to the social ills including unemployment, prone to HIV/ Aids and other infections, involvement in crime and drugs etc. Improper handling of this group may result to negative social challenges. The huge numbers of this age group call for a need for creation of employment opportunities, provision of educational facilities to cater for their needs. Failure to do so will result to a huge influx of youthful members of Harry Gwala to other major towns for better employment (brain-drain) and education opportunities. As a district we have put money aside to assist this group of our population.

Male and Female Analysis

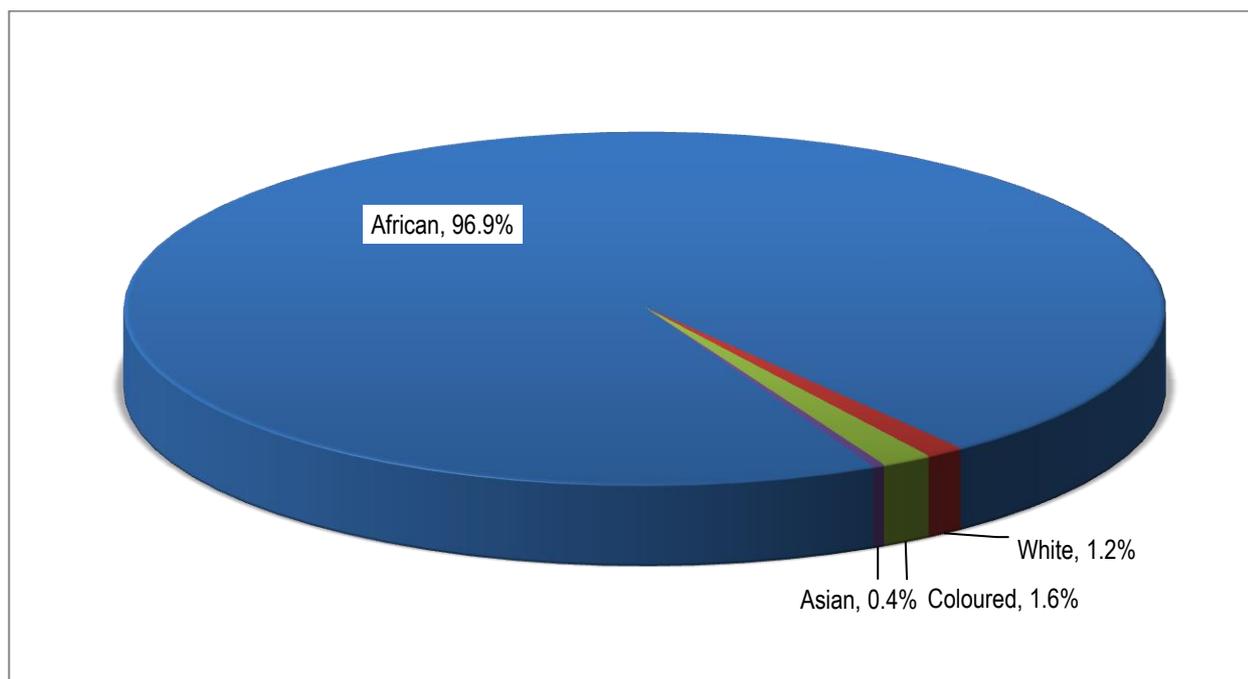
The pyramid above further reflects the Gender distribution in the District. This therefore assists the government at all levels to focus investment especially to vulnerable groups like women. The gender figures also help the government to provide appropriate facilities and social investments in line with gender demographics. Other programs can be seen in our Strategic Matrix in section D of this document. As highlighted in the table above, municipality does have Programs in place that are addressing gender issues and have a gender focal person for the structure to be more functional within the DM.

Population Distribution per Local Municipality

Municipality	Population size CS 2016	Population size Census 2011
Dr. Nkosazane Dlamini Zuma	119 598	12898 + 100 548
UBuhlebezwe Local Municipality	108 628	101 691
UMzimkhulu Local Municipality	197 286	180 302
Greater Kokstad Local Municipality	76 753	65 981
Harry Gwala District Municipality	502 265	461 419

Stats SA CS 2016

Population by Race



Global insight 2015

The above figure reflects the Black African dominance across all the Municipalities. This is an indication or confirmation of the racial demographics across the District. One notices the second dominant group of Whites across the entire district except in Greater Kokstad where the Coloured population is the second dominant within the Municipality. The rural nature of the District and the dominance of Black Africans may indicate the plight of all rural communities that are characterised by huge service backlogs, abject poverty, unemployment and other social development challenges. The implementation plan in Section E 2 attempts to deal with these challenges at length.

Percentage of the population with no schooling, 2005 to 2015

Years	Harry Gwala	Greater Kokstad	UBuhlebezwe	UMzimkhulu	Dr. Nkosazana Dlamini-Zuma
2005	7.3	4	10.9	5.1	8.8
2006	6.8	3.6	10.7	4.6	8.2
2007	6.4	3.3	10.3	4.2	7.6
2008	5.8	3	9.4	3.7	7.1

2009	5.3	2.7	8.7	3.3	6.6
2010	4.9	2.5	8	3.0	6.2
2011	4.5	2.3	7.4	2.7	5.8
2012	4.3	2.1	7.1	2.6	5.8
2013	4.2	2.1	6.7	2.6	5.8
2014	4.2	2.1	6.3	2.6	5.9
2015	4.1	2.1	6	2.7	6

Global insight 2015

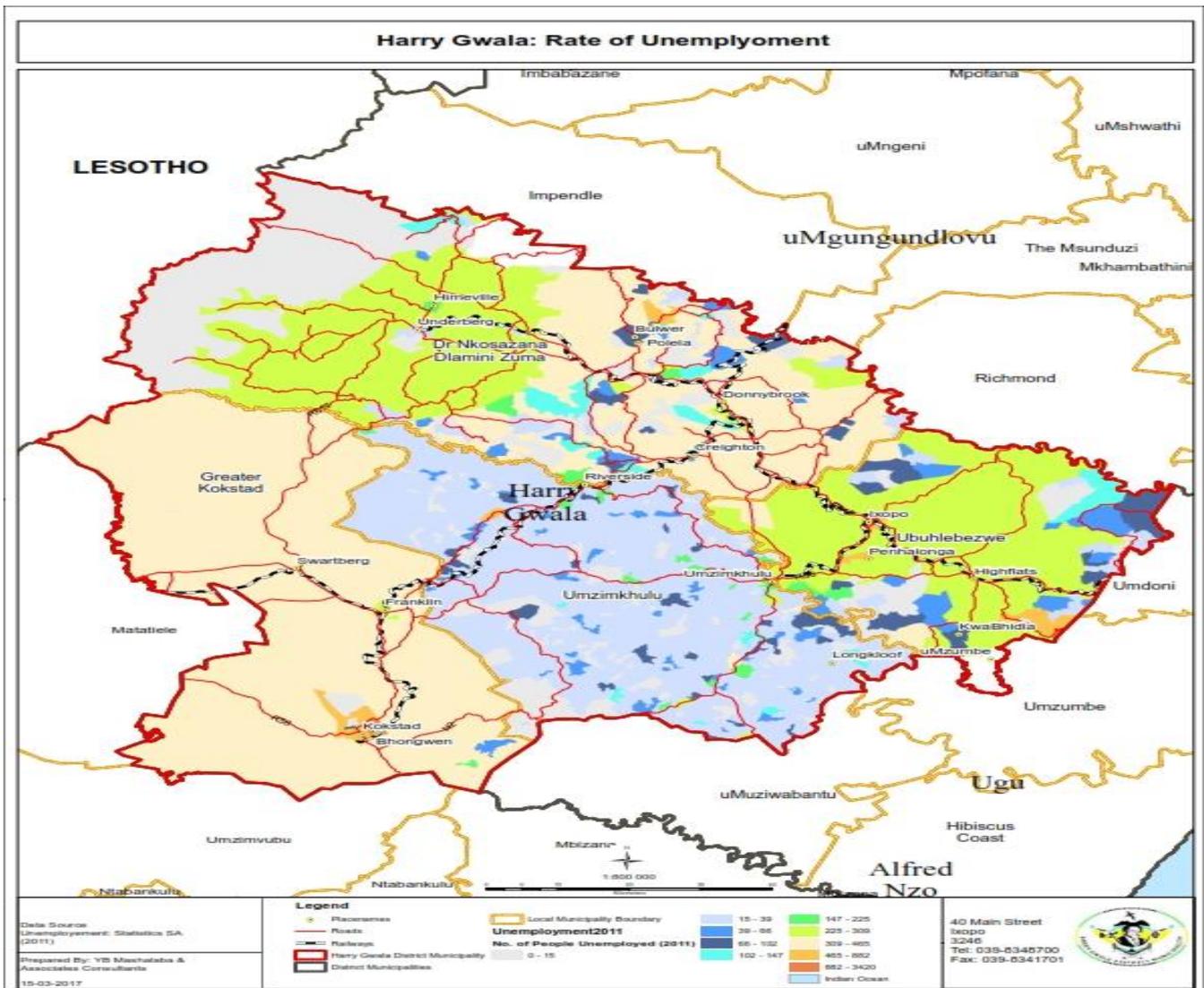
The bar table above show a significant drop in population with no schooling from 7.3% in 2005 to 4.1% in 2015. This is a clear sign that more and more people are getting educated. This becomes a challenge for district if there are limited places of work that will employ this generation.

Official unemployment rate in KZN and Harry Gwala, 2015

AREA	PERCENTAGE
KwaZulu-Natal	21.9%
Harry Gwala DM	25.4%
Greater Kokstad LM	18.7%
UBuhlebezwe LM	25.2%
UMzimkhulu LM	34.9%
Dr. Nkosazana Dlamini-Zuma LM	22.6%

Global insight 2015

Unemployment in Harry Gwala is higher by 4% from that of the Province. KwaZulu Natal is at 21.9% and Harry Gwala DM is at 25.4%. This is an indication that more work still needs to be done in terms of working together with private businesses to create employment, but of critical importance to create a conducive environment where business can flourish. More money over the next five years will be invested in infrastructure development as one critical factor that will boost economic development in the district.



Labour force and the percentage of the labour force to population, 2015

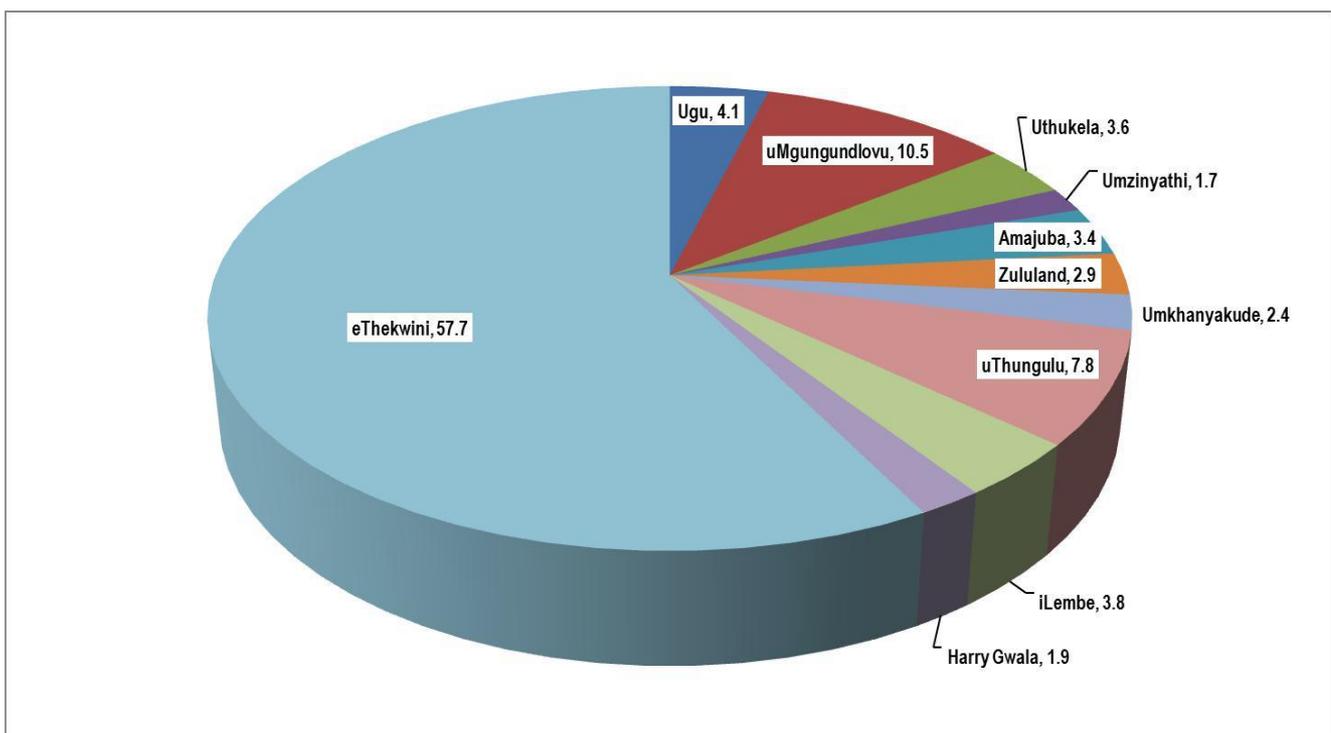
Area	No. of unemployed people	Total employment	Labour force	Population	Percentage of the labour force to population
KwaZulu-Natal	731 128	2 615 869	3 346 998	10 864 049	30.8
Harry Gwala	28 721	81 381	110 102	480 313	22.9
Greater Kokstad	5 864	24 673	30 537	71 961	42.4

UBuhlebezwe	5 956	14 359	20 315	112 199	18.1
uMzimkhulu	10 836	19 907	30 743	185 406	16.6
Dr. Nkosazana Dlamini-Zuma	6 065	22 441	28 506	110 747	25.7

Global Insight 2015

The labor force table above reveals that out of over 500 000 population that resides in Harry Gwala approximately 81 381 is employed by either formally or informally. And the majority of those that are unemployed as depicted in the graphs above is the youth between the ages of 14 and 34. This indeed is a worrying factor for the District, but as mentioned in the paragraphs above the District has embarked on a number of programs to assist in this situation, from offering bursaries to needy students to go study at various institutions and has encouraged learners to pay more attention on rare skills like engineering and recently in 2013 a significant number of medical students have been sent to Cuba to study medicine. The medical students sent to Cuba to study medicine in 2013 are expected to complete their degrees in 2018. Most of the youth programs are reflected in the Implementation Plan which is E 2 of this document

Provincial GDP contributions by districts, 2015



Source: Global insight, 2016

KZN is the second largest contributor to the South African economy in terms of regional gross domestic product (GDP-R). The estimated real GDP-R generated by the province amounted to approximately R488.1 billion in 2015, making KZN the second largest contributor to the national output (16 percent), after Gauteng with 36.1 percent and slightly above Western Cape at 13.8 percent. Given the economic activities that take place within eThekweni Metro, it is therefore not surprising that the total provincial output is predominantly concentrated in the metro at 57.7 percent. This is followed by uMgungundlovu District at 10.5 percent and uThungulu at 7.8 percent. The least contributing districts are Umzinyathi, Harry Gwala and Umkhanyakude Districts at the estimated rates of 1.7 percent, 1.9 percent and 2.4 percent respectively.

Households involved in agriculture by category

	Greater Kokstad LM	UBuhlebezwe LM	UMzimkhulu LM	Dr. Nkosazane Dlamini Zuma LM
Yes	25836	67911	96278	60928
No	50917	50435	101008	57552

Source: Stats SA Survey 2016

Crime

Area	Common assault	Common robbery	Burglary at residential premises	Burglary at business premises	Stock-theft	Dr.ug-related crime
KwaZulu-Natal	34 743	12 812	43 860	10 722	8 447	18 410
Dr. Nkosazane Dlamini Zuma	181	43	397	68	387	226
	174	124	429	83	178	196

Greater Kokstad LM						
UBuhlebezwe LM	163	40	279	76	127	333
UMzimkhulu LM	374	79	442	33	289	88
Harry Gwala DM	894	294	1 446	263	982	843

Source: Stats SA Survey 2016

The table above indicates that common assault, burglary at residential premises and stock theft are a three measure crime activities in the District. This is a call to all the stakeholders to critically analyze these findings and come up with remedial interventions to address the situation. The district municipalities will have to work closely with SAPS and its sister municipalities to combat the scourge of crime in the district.

1.2. SERVICE DELIVERY OVERVIEW

The municipality is proud to indicate the achievements in this Annual Report in relation to the implementation of all the planned bulk infrastructure projects, particularly those that are funded by grants.

Those projects were not affected by the inadequate financial resources. Some of the major performance achievements in the 2016/2017 financial year are as follows:

1.3. ORGANISATIONAL DEVELOPMENT OVERVIEW

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five-year Integrated Development Plan.

The Harry Gwala District Municipality consists of six (6) departments, namely:

i. Office of the Municipal Manager

The functional areas of this department are, namely: Internal Audit; Risk Management; and Legal Services.

ii. Budget and Treasury Department

The functional areas of this department are, namely: Income; Expenditure; Budget & Information Systems; and Supply Chain Management.

iii. Corporate Services Department

The functional areas of this department are, namely: Administration; Council Support; Human Resource; Information Communication & Technology; and Strategic Support.

iv. Social Services and Development Planning Department

The functional areas of this department are, namely: Sport and Recreation; Special Programs; Planning and Development; Social Service; Disaster Management; and Integrated Planning & Performance Management.

v. Infrastructure Services Department

The functional areas of this department are, namely: Municipal Works; Project Management; and Technical Services.

vi. Water and Sanitation Department

The functional areas of this department are, namely: Operations & Maintenance; Water Governance; and Customer Care.

In the 2016-2017 financial year, the municipality has witnessed the following **successes**:

- Filling of all Senior Management positions with the exception of one position which was vacated towards the end of the financial year.
- Filling of most budgeted vacant positions.
- Development of ICT policies (still in draft format) with the assistance from Provincial Treasury through Ernst & Young.
- Functional Municipal Public Accounts Committee.
- Capacitation of the Municipal Public Account Committees of the family of municipalities in the Harry Gwala District.
- Functional Audit Committee.

- Functional Local Labour Forum.

While witnessing the fore stated successes, the encountered challenges outweigh them. The **challenges** that have been noted are as follows:

- Insufficient funding for filling the vacant positions.
- Huge amounts of overtime paid especially to Water and Sanitation employees due to insufficient funding for vacant positions.
- Insufficient funding for capacity building (training and bursaries).
- Poor capacity in the Information Communication and Technology section.
- Longer period taken to fill in budgeted vacant positions.
- Inadequate office accommodation and parking for Councillors and Employees.
- Lack of funding for employee compounds for Water and Sanitation employees.
- Inability to meet certain performance targets due to insufficient funding.

The Delegations of Authority were developed and approved by Council in May 2012. The Council, Office of the Mayor, Office of the Deputy Mayor and the Office of the Speaker have been delegated powers. Each Committee of Council has also been delegated powers within which it will perform its functions and all Senior Managers including the Municipal Manager have also been delegated powers by Council.

1.4. FINANCIAL HEALTH OVERVIEW

LIQUIDITY ANALYSIS: The liquidity analysis of the municipality shows a remarkable improvement in the 2012/13 and the trend has declined in the period 2013/2014 to 2015/2016 and the graph above shows an improvement again in 2016/17 financial year. Although this ratio was still below the norm of R2 of current assets for every R1 of current liabilities, the 54% improvement in this ratio is concrete evidence on improving financial health of the municipality.

COLLECTION: Collection amount has decreased from R34m to R25m in 2016/2017. This is as a result of drought consequential in low consumption as well as a decline in revenue collection. The dilapidated infrastructure has negative impact on our billing and collection. The indigent register have

been developed with a total number of 2 687 households and this will also improve our collection. The municipality is also planning to review its tariff structure in the next financial year, this is in line with the review of the municipality's tariffs which revealed that some of the charges are not fully cost reflective and some services may be rendered at a loss.

Financial Overview 2016-2017			
R'000			
Details	Original Budget	Adjustment Budget	Actual
Income	R 4 109 000	R 7 557 000	R 9 361 000
Grants	R 613 404 000	R 609 963 000	R 610 017 000
Sub-Total	R 617 513 000	R 617 520 000	R 619 378 000
Expenditure	R 382 404 000	R 437 564 000	R 488 788 000
Net Total	R 235 109 000	R 179 956 000	R 130 590 000

Operating Ratios 2016-2017	
Details	%
Employee Cost	32%
Repairs and Maintenance	4%
Finance Charges and Impairment	6%

Total Capital Expenditure: Year-2 to Year 0			
Detail	Year-2 (2014/15)	Year-1 (2015/16)	Year 0 (2016/17)
Original Budget	R 245 526 640	R 270 790 000	R 335 772 000
Adjustment Budget	R 267 611 000	R 244 290 000	R 309 101 000
Actual	R 299 490 952	R 237 612 000	R 213 893 661

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Statutory Annual Report Process

Section 127 of the Municipal Finance Management Act, sets out that:

- a) "... the mayor of a municipality must, within seven months after the end of financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control." **[Section 127(2)]**
- b) "... the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province." **[Section 127 (5) (b)]**
- c) "... the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report..." **[Section 129(1)]**
- d) "... the accounting officer must submit copies of the minutes of the meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province." **[Section 129(2)(b)]**

1.6 AUDITOR GENERAL REPORT

In the 2016-2017 the municipality got a qualified audit opinion from the Auditor General.

1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's process plan. Except for the legislative content, the process plan will confirm in year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the IDP/Budget implementation period	

2	Implementation and monitoring of approved budget and IDP comments (In-year financial Reporting)	July
3	Finalize the 4 th quarter report for previous financial year	
4	Submit Annual Report to Internal Audit and AG	
5	Municipal entity submit Draft annual report to MM	
6	Audit Committee considers Draft annual report of municipality and the entity	August
7	Mayor tables the unaudited Annual Report	
8	Municipality submit Draft Annual Report including consolidated annual financial statements and performance report to the AG	
9	Annual Report as submitted to AG to be provided as input to the IDP analysis phase	August
10	AG audits Annual Report including consolidated AFS and Performance data	
11	Municipality receive and start to address the AGs comments	September/October
12	Mayor tables AR and audited financial statements to council complete with the AGs report	
13	Audited AR is made public and representation is invited	
14	Oversight committee assess the AR	
15	Council adopts oversight	November
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial council	
18	Commencements of Draft Budget/ IDP finalization for next financial year. Annual Report and oversight report to be used as inputs.	December
		January

Chapter 2 – Governance

Corporate governance deals with all matters including governance structures, systems and policies and procedures.

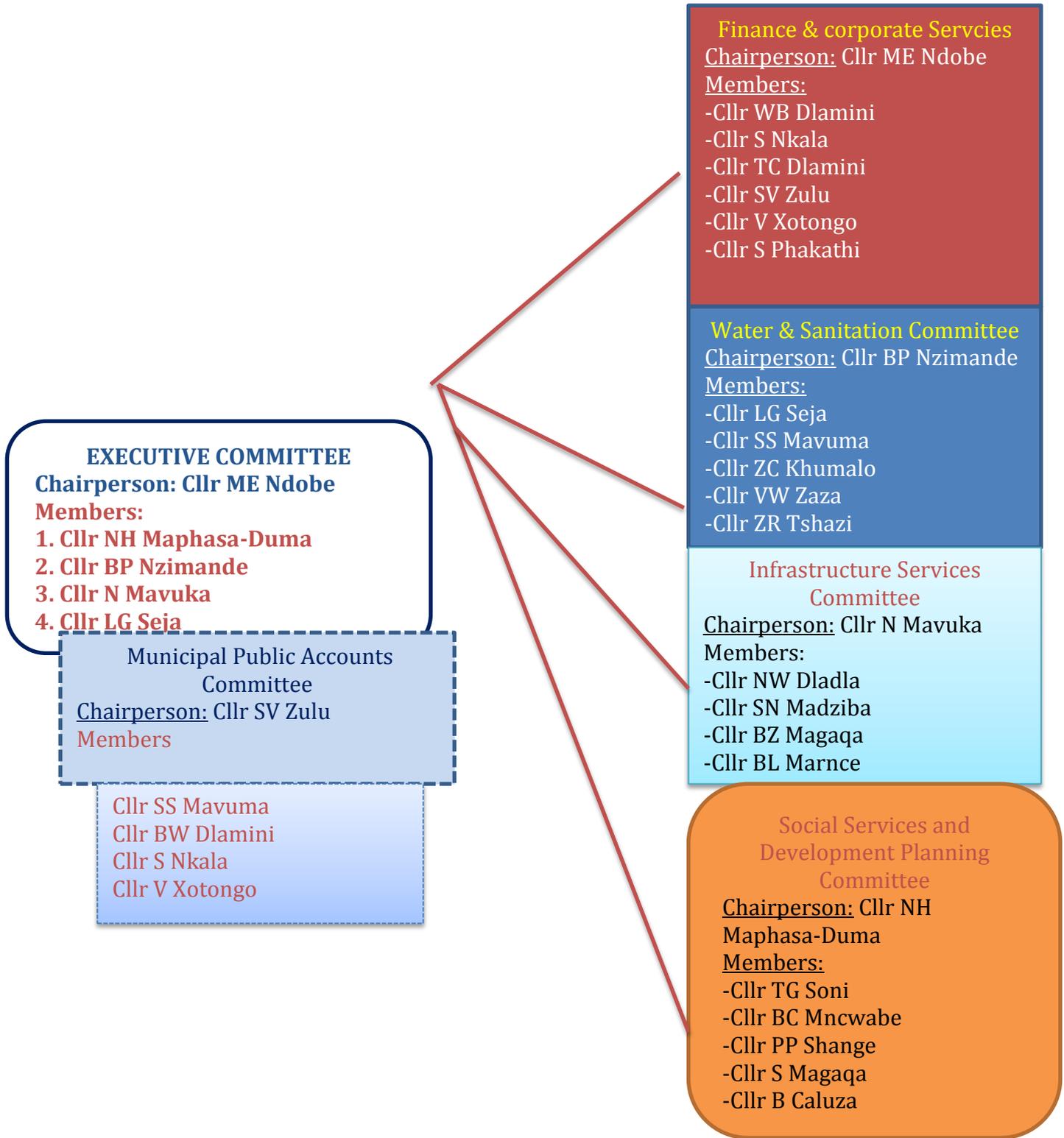
A. COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. POLITICAL GOVERNANCE

HGDM established and appointed Committees in terms of Section 79 and 80 of the Local Government Municipal Structures Act, No. 117 of 1998. These Committees have been established for the effective and efficient performance of the municipality. The municipality has established the following Committees:

1. Executive Committee;
2. Finance and Corporate Services Committee;
3. Water and Sanitation Committee;
4. Infrastructure Services Committee;
5. Social Services and Development Planning Committee; and
6. Municipal Public Accounts Committee.

The structure below depicts how the Committees have been established with their Chairpersons and members.



EXECUTIVE COMMITTEE
Chairperson: Cllr ME Ndobe
Members:
 1. **Cllr NH Maphasa-Duma**
 2. **Cllr BP Nzimande**
 3. **Cllr N Mavuka**
 4. **Cllr LG Seja**

Municipal Public Accounts Committee
Chairperson: Cllr SV Zulu
Members

Cllr SS Mavuma
 Cllr BW Dlamini
 Cllr S Nkala
 Cllr V Xotongo

Finance & corporate Services
Chairperson: Cllr ME Ndobe
Members:
 -Cllr WB Dlamini
 -Cllr S Nkala
 -Cllr TC Dlamini
 -Cllr SV Zulu
 -Cllr V Xotongo
 -Cllr S Phakathi

Water & Sanitation Committee
Chairperson: Cllr BP Nzimande
Members:
 -Cllr LG Seja
 -Cllr SS Mavuma
 -Cllr ZC Khumalo
 -Cllr VW Zaza
 -Cllr ZR Tshazi

Infrastructure Services Committee
Chairperson: Cllr N Mavuka
Members:
 -Cllr NW Dladla
 -Cllr SN Madziba
 -Cllr BZ Magaqa
 -Cllr BL Marnc

Social Services and Development Planning Committee
Chairperson: Cllr NH Maphasa-Duma
Members:
 -Cllr TG Soni
 -Cllr BC Mncwabe
 -Cllr PP Shange
 -Cllr S Magaqa
 -Cllr B Caluza

POLITICAL STRUCTURE	NAMES	FUNCTION
Mayor	Cllr M E Ndobe	<p>Presides at meetings of the executive committee; and</p> <p>Performs the duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by the municipal council or the executive committee</p>
Deputy Mayor	Cllr N H Duma	<p>The Deputy Mayor exercises the powers and performs the duties of the Mayor if the Mayor is absent or not available or if the office of the Mayor is vacant. The Mayor may delegate duties to the Deputy Mayor</p>
Speaker	Cllr TN Jojozi	<p>Presides at meetings of the council</p> <p>Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of Local Government Municipal Systems Act (Act No. 32 of 2000)</p> <p>Must ensure that the council meets at least quarterly</p> <p>Must maintain order during meetings</p> <p>Must ensure compliance in the council and council meetings with the code of conduct</p>

Chief Whip	Cllr WB Dlamini	

EXECUTIVE COMMITTEE

1. Cllr ME Ndobe
2. Cllr NH Duma
3. Cllr BP Nzimande
4. Cllr N Mavuka
5. Cllr LG Seja

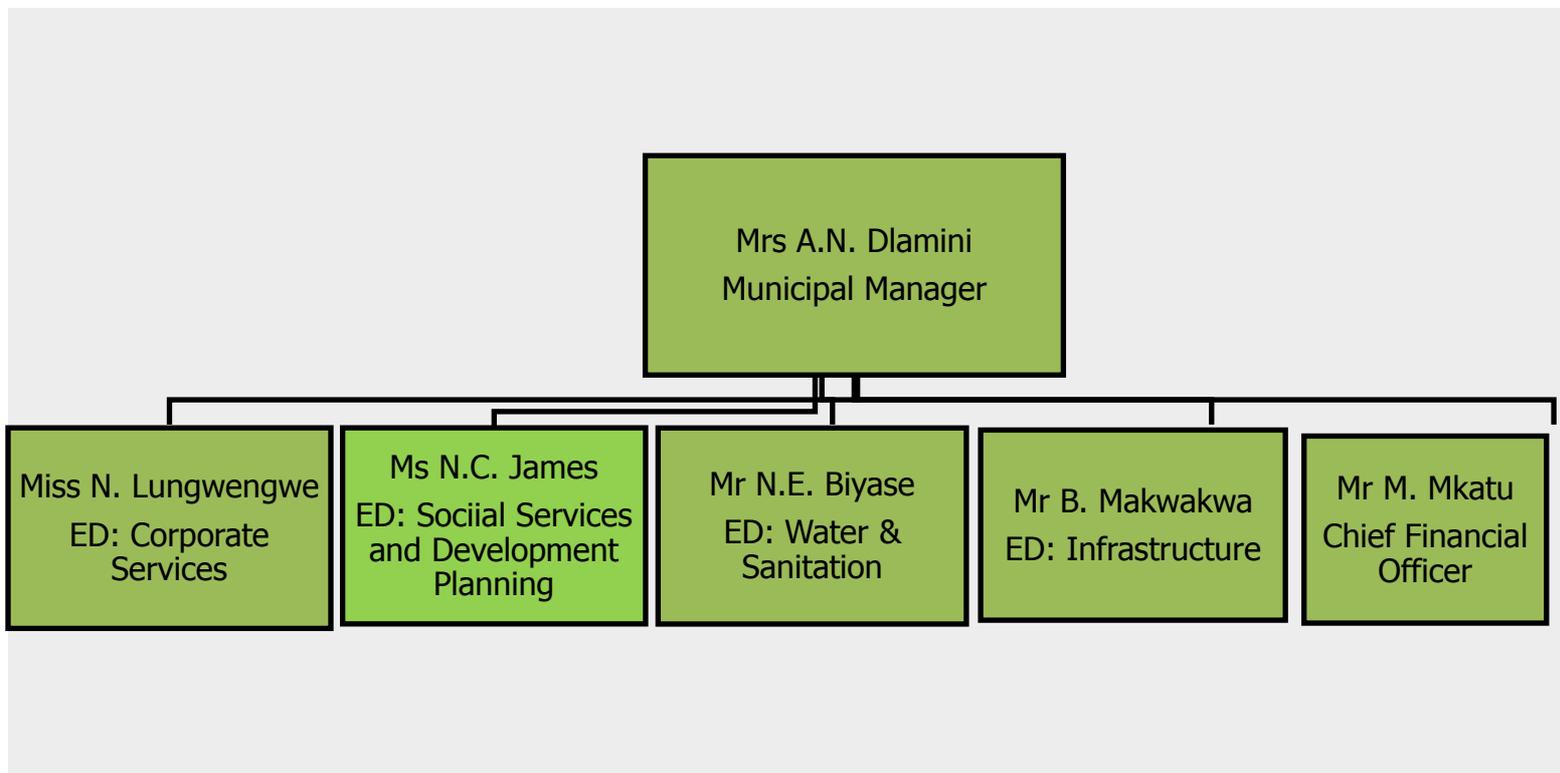
Staff Profile in the Office of the Mayor

Staff Profile	Status of Position
Director: Strategic Support	Filled
Manager: Communications	Filled
Communications Officer	Filled
Public Relations Officer	Vacant
Executive Assistant: Mayor	Filled
Driver: Mayoral Services	Filled
HIV/AIDS Co-ordinator	Filled
OSS Co-ordinator	Filled
Protocol Officer	Vacant
Security Officer	Vacant
Secretary: Speaker	Filled

Secretary: Dep Mayor and EXCO member	Filled
Secretary x 2 EXCO members	Filled
Public Participation Officer	Vacant

2.2. HIGH LEVEL ADMINISTRATIVE GOVERNANCE

Section 82 of the Local Government Municipal Structures Act, No. 117 of 1998 and Section 54A of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states the Municipal Manager must be appointed, who is the head of administration and also the Accounting Officer for the Municipality with relevant skills and expertise to perform the duties associated with the post. Section 56 of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states that the Municipal Council, after consultation with the Municipal Manager must appoint managers directly accountable to the Municipal Manager. The positions have been filled except the position of the Executive Director: Social and Development Planning Services, which has been vacated towards the end of the financial year.



POLITICAL DECISIONS- TAKINGS

COUNCIL RESOLUTION REGISTER FOR THE 2016/2017 FINANCIAL YEAR

ITEM TITLE& MEETING'S DATE	RESOLUTION	RESPONSIBLE OFFICIAL	PROGRESS MADE
<p>HGC: 003 DISCLOSURE OF INTERESTS [REDACTED] (25 August 2016)</p>	<p>It was unanimously; RESOLVED: That the content of Item 5 of the Code of Conduct for Councillors be noted.</p>	<p>NA</p>	<p>Implemented</p>
<p>HGC: 004 ELECTION OF SPEAKER [REDACTED]</p>	<p>With Councillors NH Duma and B Mncwabe proposing and seconding respectively it was; RESOLVED:</p>	<p>NA</p>	<p>Implemented</p>

(25 August 2016)	That Councillor TN Jojozi be elected as the Speaker of Harry Gwala District Municipality in terms of Section 36 of the Local Government: Municipal Structures Act, 1998.	NA	
HGC: 006 ELECTION OF EXECUTIVE COMMITTEE  (25 August 2016)	With Councillors S Nkala and TC Dlamini proposing and seconding respectively it was; RESOLVED: That the following Councillors be designated to the full-time positions, as determined by the MEC: The Mayor Councillor ME Ndobe The Deputy Mayor Councillor NH Duma The Speaker Councillor TN Jojozi That the Executive Committee Members that would be chairing portfolio Committees be appointed to full-time positions.	NA	Implemented
HGC: 007	With Councillors WB Dlamini and P Shange proposing and seconding	NA	

<p>ELECTION OF MAYOR</p> <p>[REDACTED]</p> <p>(25 August 2016)</p>	<p>respectively it was;</p> <p>RESOLVED:</p> <p>That Councillor ME Ndobe be elected as the Mayor of Harry Gwala District Municipality in terms of Section 48 read with Schedule 3 to the Municipal Structures Act, 1998.</p>		<p>Implemented</p>
<p>HGC: 008</p> <p>ELECTION OF DEPUTY MAYOR</p> <p>[REDACTED]</p> <p>(25 August 2016)</p>	<p>With Councillors N Mavuka and ZR Tshazi proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That Councillor NH Duma be elected as the Deputy Mayor of Harry Gwala District Municipality in terms of Section 48 read with Schedule 3 to the Municipal Structures Act, 1998.</p>	<p>NA</p>	<p>Implemented</p>
<p>HGC: 009</p> <p>DETERMINATION OF FULL-TIME COUNCILLORS</p> <p>[REDACTED]</p>	<p>With Councillors S Magaqa and Z Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p>		

(25 August 2016)	<p>That the following Councillors be designated to the full-time positions, as determined by the MEC:</p> <p>Councillor ME Ndobe</p> <p>Councillor NH Duma</p> <p>Councillor TN Jojozi</p>	NA	Implemented
<p>HGC: 015</p> <p>REVISED SCHEDULE OF KEY DEADLINES FOR THE PREPARATION OF THE 2017-2018 MTREF BUDGET</p> <p>[REDACTED]</p> <p>(20 September 2016)</p>	<p>With Councillors S NW Dladla and Madziba proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the attached revised Schedule of Key deadlines for the preparation of the 2017-2018 MTREF budget be ADOPTED.</p>	Chief Financial Officer	Implemented
<p>HGC: 016</p> <p>REPORT ON S71 AND S52 (D) OF THE MFMA FOR THE PERIOD ENDING 30 JUNE 2016</p>	<p>With Councillor S Magaqa proposing and Councillor ZR Tshazi seconding it was;</p> <p>RESOLVED:</p>		

	That the report be NOTED .		
(20 September 2016)		Chief Financial Officer	Implemented
HGC: 017 REPORT ON THE ESTABLISHMENT OF OTHER COMMITTEES OF COUNCIL	With Councillors P Shange and TG Soni proposing and seconding respectively it was; RESOLVED:		
(20 September 2016)	(i) That the following section 79 Committees be established. (ii) The Infrastructure Services Committee members be: Councillor NW Dladla Councillor S.N Madziba Councillor B.Z Magaqa Councillor B.L Marnce	Municipal Manager	Implemented

	<p>The Committee be Chaired by Councillor N Mavuka</p> <p>i) The Water Services Committee members be:</p> <p>Councillor L.G Seja</p> <p>Councillor S.S Mavuma</p> <p>Councillor Z.C Khumalo</p> <p>Councillor V.W Zaza</p> <p>Councillor Z.R Tshazi</p> <p>The Committee be Chaired by Councillor B.P Nzimande.</p> <p>(iv) The Social Services and Development Planning Committee members be:</p> <p>Councillor T.G Soni</p> <p>Councillor B.C Mncwabe</p> <p>Councillor P. Shange</p> <p>Councillor S. Magaqa</p> <p>Councillor B. Caluza</p> <p>The Committee be Chaired by Councillor NH Maphasa-Duma</p> <p>The Finance and Corporate Services Committee members be:</p>		
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	<p>Councillor W.B Dlamini Councillor S. Nkala Councillor T.C Dlamini Councillor V. Zulu Councillor V. Xotongo Councillor S. Phakathi The Committee be Chaired by Councillor M.E Ndobe</p> <p>(vi) The Municipal Public Accounts Committee members be: Councillor S.S Mavuma Councillor W.B Dlamini Councillor S. Nkala Councillor V. Xotongo The Committee be Chaired by Councillor S.V Zulu.</p> <p>That the terms of reference of the above-mentioned Committees be ADOPTED.</p>		
HGC: 018	With Councillor TC Dlamini proposing and Councillor Z Khumalo		

<p>2017/2018 IDP REVIEW DR.AFT FRAMEWORK AND PROCESS PLANS</p> <p>[REDACTED]</p> <p>(20 September 2016)</p>	<p>seconding it was;</p> <p>RESOLVED:</p> <p>That the 2017/2018 IDP Process Plan and IDP Framework Plan be COMMENTED on and NOTED before it is tabled or submitted to COGTA.</p>	<p>Executive Director: Social Services, Planning and Development</p>	<p>Implemented</p> <p>Implemented</p>
<p>HGC: 019 DR.AFT ANNUAL REPORT FOR THE 2015/2016 FINANCIAL YEAR</p> <p>[REDACTED]</p>	<p>With Councillor WB Dlamini proposing and Councillor V Zulu seconding it was;</p> <p>RESOLVED:</p> <p>That the 2015/2016 Dr.aft Annual Report be NOTED.</p>		

(20 September 2016)		Executive Director: Social Services, Planning and Development	Implemented
<p>HGC: 020 PROGRESS ON IMPLEMENTATION OF COUNCIL RESOLUTIONS AUGUST 2016</p> <p>[REDACTED]</p> <p>(20 September 2016)</p>	<p>With Councillors S Nkala and ZR Tshazi proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the progress made against the implementation of Council resolutions of the meeting of 25 August 2016 be NOTED.</p>	<p>Executive Director: Corporate Services</p> <p>Executive Director: Corporate Services</p>	<p>Implemented</p> <p>Implemented</p>
HGC: 021 2016 SEPTEMBER-OCTOBER	With Councillor ZC Khumalo proposing and Councillor S Magaqa seconding it was;		

<p>INTEGRATED DEVELOPMENT PLAN ROAD-SHOWS</p> <p>[REDACTED]</p> <p>(20 September 2016)</p>	<p>RESOLVED:</p> <p>That the proposed IDP Road-Shows dates be NOTED and COMMENTED on.</p> <p>That the Integrated Development Plan road shows be amended and the iternary be aligned with welcoming programmes of ward 1 UMzimkhulu Municipality and ward 14 Ubuhlebezwe Municipality.</p>	<p>Executive Director: Social Services, Planning and Development.</p>	<p>Implemented</p>
<p>HGC: 023 INTERGOVERNMENTAL RELATIONS FORUMS RE-LAUNCH</p> <p>[REDACTED]</p>	<p>With Councillors ZC Khumalo and ZR Tshazi proposing and seconding respectively it was;</p> <p>RESOLVED:</p>		

<p>(04 November 2016)</p>	<p>The re-launch of all District Technical and Political Forums be approved.</p>	<p>Municipal Manager</p>	<p>Implemented</p>
<p>HGC: 024 COMPOSITION OF LOCAL LABOUR FORUM 2016-2021  <p>(04 November 2016)</p> </p>	<p>With Councillors SN Madziba and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the following Councillors and officials be elected to represent the Employer Component in the Local Labour Forum:</p> <p>Councillor NH Maphasa-Duma (Deputy Mayor)</p> <p>Councillor N Mavuka</p> <p>Councillor BP Nzimande</p> <p>Councillor WB Dlamini and</p> <p>Ms. N Lungwengwe- Executive Director: Corporate Services.</p> <p>Mr. M Mkatu- Chief Financial Officer.</p> <p>Mr. N Biyase- Executive Director: Water Services.</p> <p>Ms. N James- Executive Director: Social Services and Development</p>	<p>Municipal Manager</p>	<p>Implemented</p>

	<p>Planning.</p> <p>Councillor BP Nzimande be the delegation leader.</p>		
<p>HGC: 025</p> <p>PROGRESS REPORT ON THE SALGA KZN WORKING GROUP MEMBERSHIP ALLOCATION TO MUNICIPALITIES</p> <p>[REDACTED]</p> <p>(04 November 2016)</p>	<p>With Councillors WB Dlamini and ZR Tshazi proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>Councillor N Mavuka be elected to serve in the SALGA KZN for Municipal Infrastructure Services Working Group.</p>	Municipal Manager	Implemented
<p>HG: 026</p> <p>PROGRESS REPORT ON THE NEWLY ELECTED SALGA KZN LEADERSHIP</p> <p>[REDACTED]</p>	<p>With Councillors ZC Khumalo and WB Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p>		

(04 November 2016)	That the new Leadership Structure of SALGA KZN be noted.	Municipal Manager	Implemented
<p>HGC: 027</p> <p>PROGRESS REPORT ON THE NOMINATION OF A COUNCILLOR TO SERVE ON THE PROVINCIAL HEALTH COUNCIL</p> <p>[REDACTED]</p> <p>(04 November 2016)</p>	<p>With Councillors NW Dladla and ZC Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That Councillor NH Maphasa-Duma be elected to serve in the Provincial Health Council.</p>	Municipal Manager	Implemented
<p>HGC: 028</p> <p>2016-2017 INTEGRATED DEVELOPMENT PLAN PROGRESS REPORT</p>	<p>With Councillors SN Madziba and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p>		

<p>(04 November 2016)</p>	<p>That the 2016-2017 Integrated Development Plan be adopted without amendments as single, inclusive and strategic plan for the development of Harry Gwala District Municipality.</p>	<p>Executive Director: Social Services, Planning and Development</p>	<p>Implemented</p>
<p>HGC: 029 REPORT ON S71 AND S 52(d) OF THE MFMA FOR THE PERIOD ENDING 30 SEPTEMBER 2016</p> <p>(04 November 2016)</p>	<p>With Councillors SS Mavuma and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report be noted.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>
<p>HGE: 030 REPORT ON BUDGETARY CONTROL</p>	<p>With Councillors ZR Tshazi and SS Mavuma proposing and seconding respectively it was;</p>		

<p>IN RESPECT OF OPERATING EXPENDITURE</p> <p>[REDACTED]</p> <p>(04 November 2016)</p>	<p>RESOLVED:</p> <p>That the Council notes budgetary control report.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>
<p>HGC: 031</p> <p>MASTER SERVICE LEVEL AGREEMENT WITH UMGENI WATER BOARD</p> <p>[REDACTED]</p> <p>(04 November 2016)</p>	<p>With Councillors SN Madziba and ZC Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>The Municipal Manager of Harry Gwala District Municipality be authorized to sign the Master Service Level Agreement for the Implementation of the various projects by Umgeni Water on behalf of Harry Gwala District Municipality.</p> <p>That the Master Service Level Agreement be effective from date of signature for a period ending 10 years after the commissioning of the implementation program.</p>	<p>Executive Director: Water Services</p>	<p>In-progress</p>

	<p>That the Implementing Agent Agreement for Priority 1 (Upgrading of sewer network in Ixopo to incorporate future developments and eliminate all sewer spillages) be signed.</p> <p>That the Implementing Agent Agreement for Priority 2, 3 and 4 be interrogated further to show the financial implications associated with it and the be tabled back to the Executive Committee.</p> <p>Any alterations on the Service Level Agreement that may be required be signed by the Municipal Manager.</p> <p>Progress reports to be tabled to the Executive Committee on a monthly basis.</p> <p>That operations and maintenance of the Bulk Infrastructure be done by Harry Gwala District Municipality after the lapse of the 10 year contract.</p>		
<p>HGC: 032</p> <p>REPORT ON PROJECT LIST READY TO BE HANDED OVER</p> <p></p>	<p>With Councillors WB Dlamini and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the projects for ceremoniously handing over to affected</p>		

<p>(04 November 2016)</p>	<p>communities be adopted.</p> <p>That the Infrastructure Department and Water Services Department dedicate resources in making sure that all projects concerns are attended to timeously towards successful commissioning and handing-over.</p> <p>That the Mayoral Task Team gives regular update on progress every Wednesday meeting that start at 7 am.</p>	<p>Executive Director: Infrastructure Services</p>	<p>In- progress</p>
<p>HGC: 033</p> <p>ADDITIONAL FUNDING APPLICATION FOR HORSESHOE SANITATION PROJECT PHASE 2 (EXTENSION/RENOVATIONS OF THE EXISTING VIP STRUCTURES 1404 UNITS)</p>	<p>With Councillors SS Mavuma and WB Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the additional funding application of R29 886 620.00 for the upgrade of the existing Horseshoe Sanitation units (1404) be approved and be submitted to the Department of Water and Sanitation (DWS) for</p>		

(04 November 2016)	consideration (appraisal) under MIG for funding.	Executive Director: Infrastructure Services	Implemented
HGC: 034 SUBMISSION OF THE ADJUSTMENT OF SECTION 54A AND 57 REMUNERATION PACKAGES 2016/17  (04 November 2016)	With Councillors SN Madziba and B Caluza proposing and seconding respectively it was; RESOLVED: That the remuneration packages of section 54A & 56 Managers be adjusted by 6% as effective from 1 July 2016. That Senior Managers whose remuneration packages are regulated by the Upper Limits be paid according the regulations (as updated).	Chief Financial Officer	Implemented
HGC: 035 MUNICIPAL COUNCILLORS	With Councillors WB Dlamini and SS Mavuma proposing and seconding respectively it was;		

<p>PENSION FUND (MCPF) ELECTION OF PROVINCIAL TRUSTEES</p> <p>[REDACTED]</p> <p>(04 November 2016)</p>	<p>RESOLVED:</p> <p>That the Councillor N Mkhulisi the Mayor of King Cetshwayo District Municipality be nominated by Harry Gwala Municipal Councillors who are contributing members of the MCPF to stand for the Provincial elections by filling in the attached nomination form.</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>												
<p>HGC: 036</p> <p>REPORT ON THE WRITE OFF OF MOTOR VEHICLES AND REMOVAL OF WATER METERS FROM FIXED ASSET REGISTER</p> <p>[REDACTED]</p> <p>(04 November 2016)</p>	<p>With Councillors SS Mavuma and B Mncwabe proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>The motor vehicles as tabulated below be written off.</p> <table border="1" data-bbox="560 1021 1500 1300"> <thead> <tr> <th>Registration Number</th> <th>Make and Model</th> <th>Ownership</th> </tr> </thead> <tbody> <tr> <td>NIX 2132</td> <td>Ford Ranger 250D</td> <td>Own</td> </tr> <tr> <td>NIX 3682</td> <td>Isuzu kb 250 Ext Cab</td> <td>Own</td> </tr> <tr> <td>NIX 9214</td> <td>Isuzu kb 300 D/Cab</td> <td>Leased(Avis Fleet)</td> </tr> </tbody> </table>	Registration Number	Make and Model	Ownership	NIX 2132	Ford Ranger 250D	Own	NIX 3682	Isuzu kb 250 Ext Cab	Own	NIX 9214	Isuzu kb 300 D/Cab	Leased(Avis Fleet)		
Registration Number	Make and Model	Ownership													
NIX 2132	Ford Ranger 250D	Own													
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	<p>NIX 9225 Isuzu kb 250 Ext Cab Leased(Avis Fleet)</p> <p>NIX 8929 Isuzu kb 250 D/Cab Own</p> <p>NIX 6187 Mercedes Benz Atego Own</p> <p>NIX 3436 Mercedes Benz Atego Own</p> <p>(ii) Water meters be removed from the fixed asset register and be recorded in an inventory register.</p>	<p>Executive Director:</p> <p>Water Services</p> <p>Chief Financial Officer</p>	<p>In-progress</p> <p>Implemented</p>
<p>HGC: 039</p> <p>REPORT ON SHOOTING INCIDENT AT THE HARRY GWALA DISTRICT MUNICIPAL OFFICES</p> <p></p> <p>(06 December 2016)</p>	<p>With Councillors BC Mncwabe and TC Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report be noted.</p>	<p>Municipal Manager</p>	<p>Implemented</p>

<p>HGC: 041 PROGRESS REPORT FOR THE HARRY GWALA DISTRICT WORLD AIDS DAY 2016  (06 December 2016)</p>	<p>With Councillors ZR Tshazi and TG Soni proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report be noted.</p>	<p>Municipal Manager</p>	<p>Implemented</p>
<p>HGC: 042 PROGRESS REPORT ON HARRY GWALA AND UKHOZI FM SUMMER CAMPAIGN-2016 NYUSI VOLUME  (06 December 2016)</p>	<p>With Councillors ZC Khumalo and proposing TG Soni and seconding respectively it was;</p> <p>RESOLVED:</p> <p>The budgeted amount of R1 000 000 be spent on Nyusi Volume for 2016 (all inclusive of VAT).</p> <p>The Municipal Manager be authorized to sign the memorandum of agreement on behalf of the municipality and Ukhozi FM.</p>	<p>Municipal Manager</p>	<p>Implemented</p>
<p>HGC: 043 REPORT ON BACK TO BASICS – QUARTER 1: 2016/2017</p>	<p>With Councillors TC Dlamini and NW Dladla proposing and seconding respectively it was;</p>	<p>Municipal Manager</p>	<p>Implemented</p>

<p>[REDACTED]</p> <p>(06 December 2016)</p>	<p>RESOLVED:</p> <p>That the back to Back to Basics Quarter 1 report be noted.</p>		
<p>HGC: 044</p> <p>REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 31 OCTOBER 2016</p> <p>[REDACTED]</p> <p>(06 December 2016)</p>	<p>With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report be noted.</p>	Chief Financial Officer	Implemented
<p>HGE: 045</p> <p>REPORT ON S66 OF THE MFMA FOR THE PERIOD ENDING 31 OCTOBER 2016</p> <p>[REDACTED]</p> <p>(06 December 2016)</p>	<p>With Councillors ZR Tshazi and ZC Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report be noted.</p>	Chief Financial Officer	Implemented
<p>HGC: 046</p>	<p>With Councillors NW Dladla and TG Soni proposing and seconding</p>	Chief Financial Officer	Implemented

<p>REPORT ON SUPPLY CHAIN MANAGEMENT</p> <p>[REDACTED]</p> <p>(06 December 2016)</p>	<p>respectively it was;</p> <p>RESOLVED:</p> <p>That the report be noted.</p>		
<p>HGC: 047</p> <p>DECLARATION OF A RECESS AND ESTABLISHMENT OF AN EMERGENCY COMMITTEE DURING RECESS</p> <p>[REDACTED]</p> <p>(06 December 2016)</p>	<p>With Councillors WB Dlamini and ZR Tshazi proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the Council declares a recess from 13 December 2016 to 13 January 2017.</p> <p>That an Emergency Committee be established to be on standby during the recess period to deal with emergency and disaster matters which will be comprised of the Executive Committee and Senior Managers.</p>	Municipal Manager	Implemented
<p>HGC: 048</p> <p>PROPOSED PAYMENT DATES FOR</p>	<p>With Councillors TG Soni and BC Mncwabe proposing and seconding respectively it was;</p>	Executive Director: Corporate Services	Implemented

2017



VED:

(06 December 2016)

That the under-mentioned payment dates for the year 2017 be approved.

JANUARY 13	JULY 21
FEBRUARY 17	AUGUST 25
MARCH 24	SEPTEMBER 22
APRIL 21	OCTOBER 20
MAY 25	NOVEMBER 24
JUNE 23	DECEMBER 20

<p>HGC: 049 REPORT ON COMPULSORY LEAVE FOR DECEMBER 2016  (06 December 2016)</p>	<p>With Councillors WB Dlamini and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the taking of compulsory leave on the 28th of December 2016 to the 30th of December 2016 be supported.</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>
<p>HGC: 050 MEETING DATES FOR 2017  (06 December 2016)</p>	<p>With Councillors BC Mncwabe and WB Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>The meeting dates for 2017 be approved.</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>
<p>HGC: 051 PROGRESS ON IMPLEMENTATION OF COUNCIL RESOLUTIONS - QUARTER 2 OF 2016</p>	<p>With Councillors TC Dlamini and ZC Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>

<p>[REDACTED]</p> <p>(06 December 2016)</p>	<p>That the progress made against the implementation of Council resolutions Quarter 2 (20 September and 4 November) of 2016 be noted.</p>		
<p>HGC: 052</p> <p>REPORT ON SPORT & RECREATION PROGRAMMES</p> <p>[REDACTED]</p> <p>(06 December 2016)</p>	<p>With Councillors BC Mncwabe and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the progress made on SALGA Games and Marathon be noted.</p>	<p>Executive Director: Social Services & Development Planning</p>	<p>Implemented</p>
<p>HGC: 053</p> <p>STANDING ITEM IN COUNCIL MEETINGS: MONTHLY SALGA REPORT TO MEMBERS</p> <p>[REDACTED]</p> <p>(06 December 2016)</p>	<p>With Councillors TC Dlamini and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the monthly report from SALGA be noted.</p>	<p>Municipal Manager</p>	<p>Implemented</p>

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<p>PRESENTATION BY AUDITOR GENERAL</p> <p>(25 January 2017)</p>	<p>The Auditor General’s action plan that was prepared by the Executive Committee should be circulated to all members in order for it to be monitored on a monthly basis.</p>	<p>Municipal Manager</p>	<p>Implemented</p>
<p>MATTERS ARISING FROM THE MINUTES</p> <p>(25 January 2017)</p>	<p>(a)That a report on the progress of issues raised by Council should be compiled and presented for Council’s consumption.</p> <p>(b)That the strategic planning session should take place before the next Council meeting and therefore Management and Executive Committees should ensure that this session takes place.</p>	<p>Executive Director: Corporate Services</p> <p>Municipal Manager</p>	<p>Implemented</p>
<p>HGC: 040</p> <p>PROGRESS REPORT ON THE HARRY GWALA DISTRICT MAYORAL 2016</p>	<p>With Councillors TC Dlamini and N Dladla proposing and seconding respectively it was;</p>	<p>Municipal Manager</p>	<p>Implemented</p>

<p>MATRIC EXCELLENCE AWARDS</p> <p>[REDACTED]</p> <p>(25 January 2017)</p>	<p>RESOLVED:</p> <p>The awards of prizes to identified schools and learners be approved.</p>		
<p>HGC: 041</p> <p>REPORT ON SUPPLY CHAIN MANAGEMENT</p> <p>[REDACTED]</p> <p>(25 January 2017)</p>	<p>With Councillors S Madziba and TG Soni proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the supply chain management report be noted.</p> <p>That a detailed SCM report with reasons for extensions/amendments of contracts be prepared and presented at the next Council meeting.</p> <p>That extension of contracts for these projects be approved.</p> <p>That the deviation for Judy Magwaza be approved.</p>	<p>Chief Financial Officer</p>	<p>In progress</p>
<p>HGC: 042</p> <p>REPORT ON THE GREENEST MUNICIPALITY COMPETITION FOR THE YEAR 2016/2017</p> <p>[REDACTED]</p>	<p>With Councillors S Magaqa and BC Mncwabe proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the hosting of the Greenest Municipality Competition for the year</p>	<p>Executive Director: Social Services & Development Planning</p>	<p>Implemented</p>

(25 January 2017)	2016/2017 be supported.		
HGC: 043 PROGRESS REPORT ON HARRY GWALA DISTRICT MARATHON 	With Councillors ZC Khumalo and BC Mncwabe proposing and seconding respectively it was; RESOLVED:	Municipal Manager	Implemented
(25 January 2017)	That progress made in the preparations of the Harry Gwala District Marathon be noted.		
HGC: 044 DR.AFT ANNUAL REPORT FOR THE 2015/2016 FINANCIAL YEAR 	With Councillors BC Mncwabe and WB Dlamini proposing and seconding respectively it was; RESOLVED:	Executive Director: Social Services & Development Planning	Implemented
(25 January 2017)	That the 2015/2016 Dr.aft Annual Report be noted before it is submitted to the Auditor General, the relevant provincial treasury and the provincial department responsible for local government in the province.		

<p>HGC: 045 PROGRESS REPORT ON SHOOTING INCIDENT AT THE HARRY GWALA DISTRICT MUNICIPAL OFFICES – CASE NO. 179/9/2016  (25 January 2017)</p>	<p>With Councillors SS Mavuma and TG Soni proposing and seconding respectively it was; RESOLVED: That progress as provided by the Ixopo SAPS be noted and supports the view that the office of the Municipal Manager should pursue the matter to establish reasons for shooting.</p>	<p>Municipal Manager</p>	<p>In progress</p>
<p>HGC: 046 REPORT ON DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS  (25 January 2017)</p>	<p>With Councillors S Magaqa and N Dladla proposing and seconding respectively it was; RESOLVED: (a) That the report on the determination of upper limits of salaries, allowances and benefits of different members of Municipal Council be noted.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>

	<p>(b) That the 100% of 0.03999 or 4% increase of upper limits of salaries, allowances and benefits for the Chairperson of Section 79 Committee and other part-time Councillors as per the gazette be approved.</p> <p>(c) That the application of Upper limits of cell phone allowances for Councillors, that of R2400 for an Executive Mayor or Mayor, Deputy Mayor and Speaker and R1900 for other Councillors be recommended.</p>		
<p>HGC: 047 REPORT ON S71, S52 (d) & S72 OF THE MFMA FOR THE PERIOD ENDING 31 DECEMBER 2016  (25 January 2017)</p>	<p>With Councillors S Madziba and WB Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>An adjustments budget to incorporate the following matters; Revenue Adjustments to include the Economic Development Grant received Operational Budget Adjustments Capital Budget Adjustments Service Delivery and Budget Implementation Plan Amendments be approved.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>

	<p>She then requested a detailed grants expenditure report to be presented at the next Council meeting.</p>		
<p>HGC: 048 2016-2017 MID-YEAR PERFORMANCE REPORT FOR HARRY GWALA DISTRICT MUNICIPALITY  (25 January 2017)</p>	<p>With Councillors Madziba and ZC Khumalo proposing and seconding respectively it was; RESOLVED: (a) That the Harry Gwala District Municipality 2016/17 mid-year performance report be noted. (b) That a detailed grants expenditure report to be presented at the next Council meeting.</p>	<p>Chief Financial Officer Executive Director:</p>	<p>Implemented</p>

	(c)That Management should prepare a report on each service provider's expenditure and present it at the next meeting.	Infrastructure Services Municipal Manager	
HGC: 049 DETERMIINATION OF ADDITIONAL FULL-TIME POSITIONS ON MUNICIPALCOUNCILS BY THE MEC FOR CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  (25 January 2017)	With Councillors WB Dlamini and TC Dlamini proposing and seconding respectively it was; RESOLVED: That it be noted that Councillors N. Mavuka and B.P. Nzimande are the only Councillors paid full-time as per Provincial Notice 188 of 2016 effective from 4 November 2016.	Executive Director: Corporate Services	Implemented
HGC: 052 PROCLAMATION NO. R. 10 OF 2017 BY THE PRESIDENT OF THE	With Councillors WB Dlamini and NW Dladla proposing and seconding respectively it was;	Municipal Manager	Implemented

<p>REPUBLIC OF SOUTH AFRICA</p> <p>[REDACTED]</p> <p>(28 February 2017)</p>	<p>RESOLVED:</p> <p>That Council notes the report.</p>		
<p>HGC: 053</p> <p>2015/2016 AUDIT OUTCOME INCLUDING AUDITOR GENERAL ACTION PLAN AND MAYORAL COMMITMENTS</p> <p>[REDACTED]</p> <p>(28 February 2017)</p>	<p>With Councillors S Nkala and ZR Tshazi proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>(a) That Council notes the report.</p> <p>(b) That inputs made on the Action Plan and Mayoral Commitments be noted.</p>	Municipal Manager	Implemented
<p>HGC: 054</p> <p>REPORT ON THE PERFORMANCE ASSESSMENT OF CONTRACTS: s116 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003</p> <p>[REDACTED]</p> <p>(28 February 2017)</p>	<p>With Councillors TG Soni and SV Zulu proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>(a) That the assessment report on the performance of the service providers with comments made above be noted.</p>	Municipal Manager	

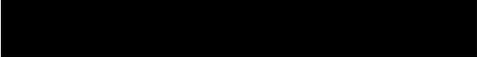
	<p>(b) That Management should prepare a detailed report on the expenditure of the development of website hosting.</p> <p>(c) That the report mentioned in (b) above should be presented at the next Council meeting.</p>		<p>The budget allocated was for the initial project of developing the website and then monthly subscriptions of hosting the website were included in the same budget.</p>
<p>HGC: 055 REPORT ON IRREGULAR EXPENDITURE [REDACTED] (28 February 2017)</p>	<p>With Councillors S Madziba and TG Soni proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>(a) That the report be noted.</p> <p>(b) That in terms of section 32(2) of the Municipal Finance Management Act, the Municipal Public Accounts Committee be delegated to conduct an investigation of the irregular expenditure for 2015/2016 before it is written-</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>

	<p>off.</p> <p>(c) That in terms of section 32(2) of the Municipal Finance Management Act, the Municipal Public Accounts Committee be delegated to conduct an investigation of the fruitless expenditure for 2015/2016 before it is written-off</p>		
<p>HGC: 056</p> <p>REPORT ON e-VENUS UPGRADE TO SOLAR FINANCIAL MANAGEMENT SYSTEM FOR MSCOA IMPLEMENTATION</p> <p>████████████████████</p> <p>(28 February 2017)</p>	<p>With Councillors NW Dladla and S Magaqa proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>(a) Thatat the report be noted.</p> <p>(b)That the e-Venus financial management system be upgraded to Solar for the implementation of MSCOA at R4 052 125 in year one R1 107 022 in year two and R1 054 012 in year three totalling up to R6,213,159.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>
<p>HGC: 057</p> <p>REPORT ON 2016/17 ADJUSTMENTS BUDGET</p> <p>████████████████████</p>	<p>With Councillors SS Mavuma and S Nkala proposing and seconding respectively it was;</p> <p>RESOLVED:</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>

<p>(28 February 2017)</p>	<p>(a) That Council notes the Provincial Treasury comments and their effect on the Adjustments budget.</p> <p>(b) That the 2016/17 Adjustments Budget be approved.</p> <p>(c) That the R73, 2million unauthorized expenditure incurred in the 2015/16 financial year in terms of section 32 (2) (a) (i) of the MFMA be approved.</p>		
<p>HGC: 058 PROGRESS REPORT ON HARRY GWALA DISTRICT MARATHON  (28 February 2017)</p>	<p>With Councillors WB Dlamini and TC Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the progress made in preparation for the Harry Gwala District Marathon be noted.</p>	<p>Executive Director: Social Services and Development Planning</p>	<p>Implemented</p>
<p>HGC: 059 SERVICE LEVEL AGREEMENT BETWEEN HARRY GWALA DM,</p>	<p>With Councillors TC Dlamini and TG Soni proposing and seconding respectively it was;</p>	<p>Executive Director: Water Services</p>	<p>Implemented</p>

<p>UBUHLEBEZWE LOCAL MUNICIPALITY AND CHS DEVELOPMENTS FOR HLOKOZI RURAL SUBSIDIZED HOUSING DEVELOPMENT</p> <p>████████████████████</p> <p>(28 February 2017)</p>	<p>RESOLVED:</p> <p>That the Accounting Officer be permitted to sign the Service Level Agreement for the Hlokozi Rural Subsidized Housing Development.</p>		
<p>HGC: 060 REPORT ON SUSPENSION OF EMPLOYEES PENDING THE INVESTIGATION OF FICTITIOUS IN THE PAYROLL</p> <p>████████████████████</p> <p>(28 February 2017)</p>	<p>With Councillors Z Khumalo and TG Soni proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report be noted.</p> <p>That the deviation due to the appointment of PWC be approved.</p>	Municipal Manager	Implemented
<p>HGC: 061 REPORT TO COUNCIL ON NOTICES OF MOTION</p>	<p>With Councillors S Magaqa and S Madziba proposing and seconding respectively it was;</p>	Municipal Manager	

<p>[REDACTED]</p> <p>(28 February 2017)</p>	<p>RESOLVED:</p> <p>That the recommendation of the motion should await the pending investigation by the appointed investigators: Price Water Coopers (PwC).</p> <p>That a legal opinion must be sought in relation to the information provided that the service provider indicated in (a) above was involved in unlawful activities.</p>		<p>A legal opinion has been sought.</p>
<p>HGC: 064</p> <p>PROGRESS REPORT ON THE SHOOTING INCIDENT AT THE HARRY GWALA DISTRICT MUNICIPAL OFFICES – CASE NO. 179/9/2016</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors TG Soni and ZC Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report on the investigation that was conducted by the Ixopo Police which resulted in the case being closed due to undetected information be</p> <p>NOTED.</p>	<p>Municipal Manager</p>	<p>Implemented</p>
<p>HGC: 065</p>	<p>With Councillors SJ Magaqa and BZ Magaqa proposing and seconding</p>	<p>Municipal Manager</p>	<p>Implemented.</p>

<p>SALGA GUIDELINES ON THE RECRUITMENT, SELECTION AND PLACEMENT OF SENIOR MANAGERS PURSUANT TO THE LOCAL GOVERNMENT: REGULATIONS ON APPOINTMENT AND CONDITIONS OF EMPLOYMENT OF SENIOR MANAGERS</p>	<p>respectively it was;</p> <p>RESOLVED:</p> <p>(a) That normal recruitment procedure must be followed when recruiting Senior Managers.</p> <p>(b) The panel for the position of the Municipal Manager should consist of the following panelists:</p> <p>The Chairperson of Finance and Corporate Services Committee (The Mayor);</p> <p>Member of the Finance and Corporate Services Committee (Councillor TC Dlamini); and</p> <p>A Representative from the Department of Co-operative Governance and Traditional Affairs.</p> <p>(c) Panellists for the positions of Heads of Departments be as follows:</p> <p>The Municipal Manager as the Chairperson;</p> <p>The Portfolio Head of the relevant Department; and</p> <p>A Representative from the Department of Co-operative Governance and Traditional Affairs.</p>		
<p> (28 March 2017)</p>			

<p>HGC: 066</p> <p>RISK MANAGEMENT PROGRESS REPORT- 17 MARCH 2017</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors SS Mavuma and SV Zulu proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the risk management progress report-17 March 2017 be NOTED.</p>	<p>Director: Internal Audit Unit</p>	<p>Implemented</p>
<p>HGC: 067</p> <p>REPORT ON THE PERFORMANCE ASSESSMENT OF CONTRACTORS: s116 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors BC Mncwabe and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the performance assessment report of contractors as per s116 of the Municipal Finance Management Act 56 of 2003 as at the end of February 2017 be NOTED.</p>	<p>Municipal Manager</p>	<p>Implemented</p>
<p>HGC: 068</p> <p>2015/2016 PROGRESS REPORT ON THE IMPLEMENTATION OF THE AUDITOR GENERAL ACTION PLAN</p>	<p>With Councillors WB Dlamini and S Nkala proposing and seconding respectively it was;</p>	<p>Municipal Manager</p>	<p>Implemented</p>

<p>FOR THE MONTH OF MARCH 2017</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>RESOLVED:</p> <p>That the 2015/2016 progress report on the implementation of the Auditor General Action plan for the month of March 2017 be NOTED.</p>		
<p>HGC: 069</p> <p>BACK TO BASICS SUPPORT PLAN – 2016/2017</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors SV Zulu and TG Soni proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the Back to Basics Support for 2016/2017 be approved.</p>	<p>Chief Operations Officer</p>	<p>Implemented</p>
<p>HGC: 070</p> <p>REPORT ON PROTEST MEMORANDUM</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors SJ Magaqa and SN Madziba proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report on protest memorandum be NOTED</p>	<p>Chief Operations Officer</p>	<p>Implemented</p>
<p>HGC: 071</p> <p>REPORT ON ASSET DISPOSAL</p>	<p>With Councillors NW Dladla and ZC Khumalo proposing and seconding respectively it was;</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>

<p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>RESOLVED:</p> <p>That the disposal and writing-off of the Assets as attached in the list be approved.</p>		
<p>HGC: 072</p> <p>REPORT ON SUPPLY CHAIN MANAGEMENT</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors ZC Khumalo and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report on Supply Chain Management be NOTED.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>
<p>HGC: 073</p> <p>REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 28 FEBRUARY 2017</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors S Nkala and BC Mncwabe proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the report on s71 of the MFMA for the period ending 28 February 2017 be noted.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>

<p>HGC: 074 REPORT ON 2017/18 MEDIUM TERM DR.AFT BUDGET  (28 March 2017)</p>	<p>With Councillors BC Mncwabe and ZC Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>a) That the 6% increase in Water & Sanitation Tariffs for 2017-18 financial year be approved.</p> <p>b) That the budget appropriations of the operational and capital expenditures as reflected in the annexure be approved.</p> <p>c) That the Dr.aft budget related policies as attached be approved.</p> <p>d) That the Accounting Officer in terms of Chapter 4 of the Systems Act should make public the Dr.aft Annual Budget.</p> <p>e) That the Accounting Officer be allowed to invite the local community to submit representations in connection with the budget.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>
<p>HGC: 075</p>	<p>With Councillors WB Dlamini and TC Dlamini proposing and seconding</p>	<p>Executive Director:</p>	<p>Implemented</p>

<p>2017-2022 DR.AFT INTEGRATED DEVELOPMENT PLAN (IDP) REPORT</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>respectively it was;</p> <p>RESOLVED:</p> <p>That the progress made in the preparation of the 2017-2022 Dr.aft Integrated Development Plan as single, inclusive and strategic plan for the development of Harry Gwala District Municipality be NOTED.</p>	<p>Social Services & Development Planning</p>	
<p>HGC: 076</p> <p>2016/2017 REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR HARRY GWALA DISTRICT MUNICIPALITY AND THE HARRY GWALA DEVELOPMENT AGENCY</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors SV Zulu and S Nkala proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the revised 2016-2017 Service Delivery and Budget Implementation Plan (SDBIP) for the Harry Gwala District Municipality and the entity (Harry Gwala Development Agency) be approved.</p>	<p>Executive Director: Social Services & Development Planning</p>	<p>Implemented</p>
<p>HGC: 077</p> <p>DEVELOPMENT OF THE HARRY GWALA DISTRICT 2017/2022 SPATIAL DEVELOPMENT</p>	<p>With Councillors SS Mavuma and TG Soni proposing and seconding respectively it was;</p> <p>RESOLVED:</p>	<p>Executive Director: Social Services & Development Planning</p>	<p>Implemented</p>

<p>FRAMEWORK (SDF)</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>That the progress made thus far on the aforementioned project be NOTED.</p>		
<p>HGC: 078</p> <p>REPORT ON HARRY GWALA DISTRICT MARATHON 2017</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councilors TG Soni and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>The report on 2017 Harry Gwala District Marathon be NOTED.</p>	<p>Executive Director: Social Services & Development Planning</p>	<p>Implemented</p>
<p>HGC: 079</p> <p>PROGRESS REPORT FOR ON-GOING PROJECTS PER LOCAL MUNICIPALITY</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors SN Madziba and SJ Magaqa proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the progress report for the on-going projects per Local Municipality be NOTED.</p>	<p>Executive Director: Infrastructure Services</p>	<p>Implemented</p>
<p>HGC: 080</p>	<p>With Councillors SN Madziba and TC Dlamini proposing and seconding respectively it was;</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>

<p>OVERSIGHT REPORT FOR THE ANNUAL REPORT OF 2015/16 FINANCIAL YEAR</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>RESOLVED:</p> <p>(a) That Council having fully considered the Annual Report of the Harry Gwala District Municipality for the <i>2015/16</i> Financial Year, adopts the Oversight Report for the <i>2015/16</i> Financial Year, a copy of which is attached to the signed minutes of this meeting.</p> <p>(b) That Council approves the Annual Report of the Harry Gwala District Municipality for the <i>2015/16</i> Financial Year without reservations.</p> <p>(c) That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.</p> <p>(d) That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.</p>		
<p>HGC: 081</p> <p>REPORT ON THE PREFERENTIAL PROCUREMENT POLICY</p>	<p>With Councillors SJ Magaqa and S Nkala proposing and seconding respectively it was;</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>

<p>FRAMEWORK ACT REGULATIONS</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>RESOLVED:</p> <p>(a) That the report on the preferential procurement policy framework act regulations be NOTED.</p> <p>(b) That the preferential Procurement Regulations, 2017 in terms of section 168(3) of the Municipal Finance Management Act, to be effected from the 1st of April 2017 be adopted.</p>		
<p>HGC: 082</p> <p>PROGRESS ON IMPLEMENTATION OF COUNCIL RESOLUTIONS - QUARTER 3 OF 2016/2017</p> <p>[REDACTED]</p> <p>(28 March 2017)</p>	<p>With Councillors SS Mavuma and ZC Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the progress made against the implementation of Council resolutions Quarter 3 (25 January and 28 February) of 2017 be NOTED.</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>
<p>MEETING DATE, RESOLUTION NO. & ITEM TITTLE</p>	<p>RESOLUTION</p>	<p>RESPONSIBLE OFFICIAL</p>	<p>PROGRESS MADE</p>
<p>HGC: 083</p> <p>PROGRESS ON IMPLEMENTATION OF COUNCIL RESOLUTIONS -</p>	<p>With Councillors XR Tshazi and ZC Khumalo proposing and seconding respectively it was;</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>

<p>QUARTER 3</p> <p>[REDACTED]</p> <p>(26 May 2017)</p>	<p>RESOLVED:</p> <p>That progress made against the implementation of Council resolutions Quarter 3 (28 March 2017).</p>		
<p>HGC: 084</p> <p>EXTENSION OF EMPLOYMENT CONTRACTS OF SECTION 54A AND 56 MANAGERS (IN-COMMITTEE)</p> <p>[REDACTED]</p> <p>(26 May 2017)</p>	<p>With Councillors WB Dlamini and VW Zaza proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the employment contracts of the Municipal Manager and Managers directly accountable to the Municipal Manager be extended for a period not exceeding three (3) months.</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>
<p>HGC: 085</p> <p>REPORT ON 2017/18 FINAL DR.AFT BUDGET AND BUDGET POLICIES</p> <p>[REDACTED]</p> <p>(26 May 2017)</p>	<p>With Councillors S Nkala and ZC Khumalo proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>The Council, acting in terms of section 24 of the Municipal Finance</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>

	<p>Management Act, (Act 56 of 2003) approves and adopts:</p> <p>1.1. The final Dr.aft budget of the municipality for the financial year 2017/18 and the multi-year capital appropriations as set out in the following tables:</p> <p>1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;</p> <p>1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;</p> <p>1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and</p> <p>1.1.4. Multi-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.</p> <p>1.1.5. Noting the budget of the Harry Gwala Development Agency (Municipal entity) as presented in supporting table 31.</p> <p>1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:</p> <p>1.2.1. Budgeted Financial Position as contained in Table A6;</p> <p>1.2.2. Budgeted Cash Flows as contained in Table A7;</p> <p>1.2.3. Cash backed reserves and accumulated surplus as contained in Table</p>		
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	<p>A8;</p> <p>1.2.4. Asset management as contained in Table A9; and</p> <p>1.2.5. Basic service delivery measurement as contained in Table A10.</p> <p>2. The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017:</p> <p>2.1. The tariffs for the supply of water- Refer to the tariffs policy in Annexure B</p> <p>2.2. The tariffs for sanitation services – refer to the tariffs policy in Annexure B</p> <p>3. The Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017 the tariffs for other services, as set out in tariffs policy.</p> <p>4. The council, acting in terms of section 24 of the Municipal Finance Management Act , approves and adopts with effect from 1 July 2017 the final Dr.aft budget related policies as listed above.</p> <p>5. To give proper effect to the municipality’s annual budget, the Council approves:</p> <p>5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from water and sanitation to ensure that all</p>		
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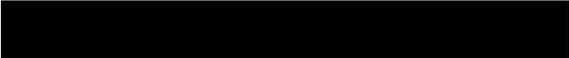
	<p>capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.</p> <p>5.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the budget.</p>		
<p>HGC: 086</p> <p>REPORT ON SECTION 71 OF THE MFMA FOR THE PERIOD ENDING 30 APRIL 2017</p> <p>[REDACTED]</p> <p>(26 May 2017)</p>	<p>With Councillors ZC Khumalo and WB Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the monthly budget statement and any other supporting documentation be NOTED.</p>	<p>Chief Financial Officer</p>	<p>Implemented</p>
<p>HGC: 087</p> <p>REPORT ON CIRCULAR NO: 02/2017 SALARY AND WAGE INCREASE FOR THE PERIOD 1 JULY 2017 TO 30 JUNE 2018</p> <p>[REDACTED]</p>	<p>With Councillors WB Dlamini and S Nkala proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>a) That the SALGBC Circular No. 02/2017 for the Salary and Wage Increase for period starting on the 1st July 2017 to 30th June 2018 be considered.</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>

(26 May 2017)	(b)That the contents of SALGA Circular No. 08/2017 be NOTED . (c)That the annual salary increase together with benefits at a percentage of 7.36% from 1 July 2017 to 30 June 2018 be approved.		
HGC: 088 DR.AFT ORGANIZATIONAL STRUCTURE 2017/18  (26 May 2017)	With Councillors PP Shange and XR Tshazi proposing and seconding respectively it was; RESOLVED: That the Dr.aft organizational structure for 2017/18 be approved.	Executive Director: Corporate Services	Implemented
HGC: 089 REPORT ON CORPORATE SERVICES POLICIES  (26 May 2017)	With Councillors PP Shange and S Nkala proposing and seconding respectively it was; RESOLVED: That Corporate Services policies be approved.	Executive Director: Corporate Services	Implemented

<p>HGC: 090 2017-2022 DR.AFT INTEGRATED DEVELOPMENT PLAN (IDP) REPORT  (26 May 2017)</p>	<p>With Councillors WB Dlamini and XR Tshazi proposing and seconding respectively it was; RESOLVED: That the 2017-2022 final Integrated Development Plan be adopted as a single, inclusive and strategic plan for the development of Harry Gwala District Municipality.</p>	<p>Executive Director: Social Services & Development Planning</p>	<p>Implemented</p>
<p>HGC: 094 REPORT ON AMNESTY FOR OUTSTANDING WATER AND SANITATION DEBT  (28 June 2017)</p>	<p>With Councillors TC Dlamini and SS Mavuma proposing and seconding respectively it was; RESOLVED: (a)That the report be supported. (b)That the roll-out of the amnesty programme and water restrictor be approved subject to the investigation that was being finalized by Finance Department. (c) That the roll out of the programme and implementation of water restrictors be approved.</p>	<p>Chief Financial Officer</p>	<p>In progress</p>

<p>HGC: 095 DR.AFT AUDIT COMMITTEE CHARTER FOR 2017/2018 FINANCIAL YEAR  (28 June 2017)</p>	<p>With Councillors SJ Magaqa and S Nkala proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the Audit Committee Charter for 2017/2018 financial year be approved.</p>	<p>Municipal Manager</p>	<p>Implemented</p>
<p>HGC: 096 2017/2018 HARRY GWALA DISTRICT MUNICIPALITY (HGDM) AND HARRY GWALA DEVELOPMENT AGENCY (HGDA) SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)  (28 June 2017)</p>	<p>With Councillors NW Dladla and WB Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the 2017/2018 Dr.aft Service Delivery and Budget Implementation Plan (SDBIP) for Harry Gwala District Municipality and Harry Gwala Development Agency be NOTED.</p>	<p>Municipal Manager</p>	<p>Implemented</p>
<p>HGC: 097 PROGRESS REPORT ON THE FUNCTIONALITY OF OPERATION SUKUMA</p>	<p>With Councillors WB Dlamini and NW Dladla proposing and seconding respectively it was;</p>	<p>Municipal Manager</p>	<p>Implemented</p>

<p>SAKHE (OSS) STRUCTURES, WAR ROOMS, CAMPAIGNS AND INTERVENTIONS ON ISSUES RAISED IN WAR ROOMS</p> <p>████████████████████</p> <p>(28 June 2017)</p>	<p>RESOLVED:</p> <p>That the progress on the functionality of Operation Sukuma Sakhe (OSS) structures, War Rooms, Campaigns and interventions on issues raised in War Rooms be NOTED.</p>		
<p>HGC: 098</p> <p>BACK TO BASICS ACTION PLAN – 2017/2018</p> <p>████████████████████</p> <p>(28 June 2017)</p>	<p>With Councillors SJ Magaqa and NW Dladla proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the 2017/2018 Back to Basics Action Plan be approved.</p>	Municipal Manager	Implemented
<p>HGC: 099</p> <p>2015/2016 PROGRESS REPORT ON THE IMPLEMENTATION OF THE AUDITOR GENERAL ACTION PLAN FOR THE MONTH OF JUNE 2017</p> <p>████████████████████</p>	<p>With Councillors SS Mavuma and WB Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the 2015/2016 progress report on the implementation of the</p>	Municipal Manager	Implemented

(28 June 2017)	Auditor General action plan for the month of June 2017 be NOTED.		
HGC: 100 REPORT ON THE PERFORMANCE ASSESSMENT OF CONTRACTORS: s116 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003  (28 June 2017)	With Councillors NW Dladla and TG Soni proposing and seconding respectively it was; RESOLVED: That the performance assessment report of Contractors as per s116 of the Municipal Finance Management Act 56 of 2003 as at the end of June 2017 be NOTED.	Municipal Manager	Implemented
HGC: 101 REPORT ON DEPARTMENTAL POLICIES, BY-LAWS, DELEGATIONS OF AUTHORITY AND STANDING RULES & ORDERS  (28 June 2017)	a)That amendments made to the following policies at the previous Policy Retreat be effected and then presented at the next Council meeting: Water Services By-laws Water Services Intermediaries Policy Free Basic Water and Sanitation Policy	Heads of Departments	In progress

Water Safety Plan

Waste Water Risk Abatement Plan

Pauper Burial Policy

Disaster Management Policy

Municipal Health By-laws

Municipal Health Policy

Contract Management Policy

EPWP Policy

Contract management Policy

Debt Collection Policy

(b) That the Standing Rules and Orders be approved subject to the amendments as listed below:

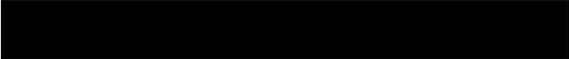
Notice for an ordinary Council meeting should be issued five (05) days before the meeting.

Notice for a special Council meeting should be issued 24hrs before the meeting.

On page 35 sub section 5 on Misconduct it was agreed that the term “Authorised Official” must be replaced with “unarmed Security

	<p>Officers.”</p> <p>Scheduled special meetings must be treated as a special meeting in terms of issuing of the notice.</p>		
<p>HGC: 102</p> <p>REPORT ON THE AMENDMENT NOTICE DATED 03 APRIL 2017 ON THE DETERMINATION OF THE UPPER LIMITS OF THE SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS FOR THE 2016/2017 MUNICIPAL FINANCIAL YEAR</p> <p></p> <p>(28 June 2017)</p>	<p>With Councillors SS Mavuma and TC Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>(a)That the report be NOTED.</p> <p>(b)That the Council approves the implementation of the amendment notice on determination of upper limits of salaries, allowances and benefits of different members of municipal councils for 2016/17 financial year as per the Gazette No. 313.</p> <p>(c)That the Finance Department in-conjunction with Human Resources Unit should prepare a comprehensive presentation on Councillors upper-limits, incentives and allowances.</p>	<p>Executive Director: Corporate Services</p>	<p>In progress</p>
HGC: 103	With Councillors SJ Magaqa and NW Dladla proposing and seconding	Chief Financial	Implemented

<p>REPORT ON SECTION 71 OF THE MFMA FOR THE PERIOD ENDING 31 MAY 2017</p> <p>[REDACTED]</p> <p>(28 June 2017)</p>	<p>respectively it was;</p> <p>RESOLVED:</p> <p>That the report on Section 71 of the MFMA for the period ending 31 May 2017 be NOTED.</p>	<p>Officer</p>	
<p>HGC: 104</p> <p>SERVICE LEVEL AGREEMENT BETWEEN HARRY GWALA DM, UBUHLEBEZWE LOCAL MUNICIPALITY AND SIQU GROUP DEVELOPMENTS FOR GUDLUCINGO RURAL SUBSIDIZED HOUSING DEVELOPMENT</p> <p>[REDACTED]</p> <p>(28 June 2017)</p>	<p>With Councillors WB Dlamini and SS Mavuma proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>That the Accounting Officer be allowed to sign the Service Level Agreement once it was approved to be authentic by the Harry Gwala DM Legal Team.</p>	<p>Executive Director: Water Services</p>	<p>Implemented</p>
<p>HGC: 105</p> <p>OVERSIGHT REPORT ON ANNUAL REPORT FOR 2015/2016 FINANCIAL YEAR FOR</p>	<p>With Councillors S Magaqa and TC Dlamini proposing and seconding respectively it was;</p>	<p>Executive Director: Corporate Services</p>	<p>Implemented</p>

<p>HARRY GWALA DEVELOPMENT AGENCY</p> <p></p> <p>(28 June 2017)</p>	<p>RESOLVED:</p> <p>(a) That Council having fully considered the Annual Report of the Harry Gwala Development Agency for the <i>2015/16</i> Financial Year, adopts the Oversight Report for the <i>2015/16</i> Financial Year, a copy of which is attached to the signed minutes of this meeting.</p> <p>(b) That Council approves the Annual Report of the Harry Gwala Development Agency for the <i>2015/16</i> Financial Year without reservations.</p> <p>(c) That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.</p> <p>(d) That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.</p>		
<p>HGC: 107</p> <p>REPORT OF THE AUDIT COMMITTEE FOR</p>	<p>With Councillors S Nkala and NW Dladla proposing and seconding respectively it was;</p>	<p>Municipal Manager</p>	<p>Implemented</p>

<p>QUARTER 2 AND QUARTER 3 FOR THE 2016/2017 FINANCIAL YEAR</p>	<p>RESOLVED:</p> <p>The Council must consider incorporating the following as KPAs of the various departments within the municipality:</p> <p>Responding to Internal Audit recommendations timely;</p> <p>Responding to Risk Management action plans timely; and</p> <p>Financial management i.e adherence to laid down financial management policies and procedures.</p> <p>The following oversight structures i.e. Executive Committee and MPAC must include as part of their agenda the following:</p> <p>the reviewing of the Key Controls Checklist and taking action where applicable;</p> <p>the reviewing of the Log of Internal Audit Queries and taking action where applicable; and</p> <p>the reviewing of the Log of Risk Management Action Plans and taking action where applicable.</p> <p>The Council must consider other revenue generating initiatives to</p>		
			
<p>(28 June 2017)</p>			

<p>cover its ever increasing operating expenditure. While most of the infrastructure were funded by grants, once these were commissioned, operational expenditure increases in the form of maintenance and salaries and wages. It was observed that in the near future the Municipality would not be able to fund its operational expenditure and some of its overheads.</p>		
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COMPONENT B: INTER-GOVERNMENTAL RELATIONS

2.3. INTER-GOVERNMENTAL RELATIONS (IGR)

Co-operative governance in South Africa's system of government is enshrined in Chapter 3 of the Constitution. Co-operative governance is given statutory and institutional expression through Inter-governmental Relations (IGR). IGR is a constitutional requirement for achieving Co-operative Governance. Implementation of policies and government programmes requires close co-operation between the spheres of government, especially at Executive level.

Co-operative Governance does not ignore differences of approach and viewpoints among partners, but it encourages healthy debates that results in collaborative efforts (Partnership Government). Thus, the spheres of government have a duty to support, assist and empower one another. Harry Gwala District municipality as a government entity is also obliged to comply with these prescripts in order to achieve synergy with its local municipalities. Amongst other key mandates of IGR is to encourage planning together in order to prevent duplication of projects. All Technical Forums of Harry Gwala District Municipality report to the Municipal Managers Forum. All matters discussed at the Technical Forums get discussed at the Municipal Managers Forum. The Municipal Managers Forum then reports to the Mayoral Forum and decisions taken at the Mayoral Forum are binding.

An itinerary of meetings was drawn up and distributed to all departments for meetings to be convened. The IGR structures are in operation, and most of the IGR meetings are sitting. The IGR unit is currently located in the Corporate Services Department under Administration and Support Directorate. They provide secretariat support to both the Municipal Managers and Mayoral Forums by taking minutes and compile agendas for both forums. IGR reports are also compiled for submission to key stakeholders such as COGTA, Office of the Premier and SALGA.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The President's Coordinating Council (PCC) is the main coordinating body at national level. It consists of the President, the Deputy President, key Ministers, Premiers and the South African Local Government Association (SALGA). The PCC meets regularly to oversee the implementation of national policies and legislation, and to ensure that national, provincial and local development strategies are aligned to each other.

At national level, each department has an Inter-governmental Forum where Ministers meet with MECs and SALGA. These forums are called MinMECs and are also attended by heads of departments, as technical advisors. The purpose of MinMECs is to consult, coordinate implementation and align programmes at national and provincial level.

PROVINCIAL INTER-GOVERNMENTAL STRUCTURES

The Premier in each province is responsible for coordinating relationships between national, provincial and local government in the province. A Premier's Inter-governmental Forum (PIF) consists of the Premier, the local government MEC, other MECs, Metro and District Mayors and other Mayors where necessary. The PIF meets regularly and consults on broad development in the province, as well as on the implementation of national and provincial policy and legislation. It also seeks to coordinate the alignment of provincial and municipal development planning and strategic planning. The PIF reports through the Premier to the PCC. PIF meetings are usually preceded by PAF (Provincial Advisory Forum) meetings where provincial heads of departments meet with all municipal managers. Harry Gwala DM has forged good working relations with the Eastern Cape (Alfred Nzo Municipality) to assist one another through resources in case there are disasters of high magnitude.

DISTRICT INTERGOVERNMENTAL STRUCTURES

Harry Gwala District municipality re-launched its IGR Structures on 22 November 2016. The following is the list of Political and Technical IGR Forums that were launched and the Chairpersonship was allocated:

Mayors Forum

Municipal Managers' Forum

Planning and Development Forum

Infrastructure Development Services Forum

District Area Finance Forum

Corporate Services Forum

District Communication Forum

B. COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. PUBLIC MEETINGS

Despite the legislative imperative, local government is, by essence, obliged to maintain effective communication with the communities. Likewise, the communities have a responsibility to participate and be involved in the affairs of the municipality. At HGDM, engagement with communities is ensured through the following structures and mechanisms:

- IDP and budget road shows
- Council meetings
- Mayoral Izimbizo
- Print media
- Electronic media, notably the website and the municipal video system

2.5. IDP PARTICIPATION AND ALIGNMENT

The Municipal Manager has a delegated responsibility from the Mayor, to prepare the IDP for the District. During the IDP review, the following key elements were addressed within the confines of the approved IDP Process Plan and Framework Plan:

- Comments were received from the various role-players in the assessment of the IDP Review documentation.
- Strategic elements of the IDP were reviewed in terms of Council's new priorities, including the Spatial Development Framework.
- New information was included.
- The IDP was aligned with newly completed Sector Plans

The final IDP was tabled before Council in May 2017. There was consideration of community and stakeholder inputs, leading to the final IDP being approved by Council.

IDP Participation Alignment Criteria	Yes/ No
Does the municipality have impact, outcome, and output indicators?	No
Does the IDP have priorities, objectives, KPIs and development strategies?	Yes
Does the IDP has the multi-year targets	Yes
Are these aligned and can they be calculated into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the Provincial KPIs on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes

COMMUNITY MEETINGS

Nature and Purpose of the meeting	Date and venue of the meeting	Number of participating Councilors	Number of participating Administrators	Number of community members attending	Issue addressed Yes/No	Date and manner of feedback given to the community
IDP/Budget Road Show (October November 2016)	<u>UBuhlebezwe LM</u> 27 October 2016: Ncakubana Hall 27 October 2016: Peace Initiative 26 October 2016: Madungeni Hall 25 October 2016: Kwampondo skills centre	+-10 Councillors in all the Road-Shows	+-25 administrators	+-2000 participants per Road-Show	Yes most of the issues were addressed during the Road-Shows. However some of the issues were referred to relevant departments to communicate directly with the affected parties.	In April 2016 all the issues that were not satisfactory dealt with during the October/November IDP/Budget Road-Shows were then responded to accordingly.
	<u>Greater Kokstad LM</u> 21 November. 2016: Thuntulwana Hall					

	<p><u>UMzimkhulu LM</u></p> <p>08 November 2016: Clydesdale Hall</p> <p><u>Dr. Nkosazana Dlamini Zuma</u></p> <p>21 September 2016: Stepmore Community Hall</p> <p>29 September 2016: Bulwer Hall</p>	<p>+ -10 Councillors participated in the Road-Shows</p> <p>+ -5 Councillors participated</p>	<p>Administrators</p> <p>+ -10 Administrators</p> <p>+ -10 Administrators</p>	<p>+ - 1000 participants per Road-Show</p> <p>+ -1500 participants per Road-Show</p>		
Nature and Purpose of the	Date and venue of the meeting	Number of participating	Number of participating	Number of community members attending	Issue addressed Yes/No	Date and manner of feedback given to

meeting		Councilors	Administrators			the community
IDP/Budget Road Show (April 2017)	<u>UBuhlebezwe LM</u>	+7	+36	+2000 participants	Yes most of the issues were addressed during the Road-Shows. However some of the issues were referred to relevant departments to communicate directly with the affected parties.	In April 2016 all the issues that were not satisfactory dealt with during the October/November IDP/Budget Road-Shows were then responded to accordingly.
	10 April 2017: Gudwini Hall	Councillors in all the Road-Shows	Administrators	per Road-Show		
	11 April 2017: Sukuma Hall					
	12 April 2017: Nokweja Hall					
	12 April 2017: Peace Initiative Hall	+4	+22	+500 participants		
	<u>Greater Kokstad LM</u>	Councillors	Administrators			
	23 May 2017: Shayamoya Hall	+3	+11	+ 200 participants per		
	<u>UMzimkhulu LM</u>	Councillors participated in	Administrators	Road-Show		
	10 May 2017: Mzwandile Mhlawuli Hall	the Road-Shows				
	<u>Dr. Nkosazana Dlamini Zuma</u>					
	11 May 2017: Kwathunzi Hall	+4				

	12 May 2017: Bulwer Hall	Councillors participated	+8 Administrators	+ 1000 participants per Road-Show		
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COMPONENT D

2.6. RISK MANAGEMENT

In 2016/2017 the municipal Council managed to review and approve its Risk Management Framework. The enterprise-wide risk management framework gives an overall picture of the risk management atmosphere desired for Harry Gwala District Municipality when the municipality reaches full maturity in implementing risk management within the planning and day-to-day processes. The implementation of the risk management processes is being guided by the risk management policy and strategy. The combined use of these documents gives guide in the implementation of risk management activities in ensuring that management minuses risks that are associated with the implementation of its programs to levels that are acceptable. The municipality's detailed risk management methodology and risk appetite levels are embedded in the enterprise risk management framework.

Amongst the most important objectives of the Council's approved risk management infrastructure are the following:

- Support Harry Gwala District Municipality's governance responsibilities.
- Ensure compliance.
- Instilling the culture of risk management at all levels .i.e.: at decision making and on the day-to-day running of the municipality.
- Contribute in building a risk-smart workforce and environment that allows for innovation and responsible risk-taking.

Management as guided by the approved risk management strategy has further established Risk Committees; developed human capacity and tools in order to ensure effective implementation of the Council's policies and strategies.

The following structures have been put in place to ensure effective implementation of risk management activities within the municipality

1. **The Audit/Risk Committee**, which is an independent advisory committee to Council.
2. **The Risk Management Committee**, which is the committee that is constituted by senior management and is responsible for assessing and managing the municipality's risks.

The Risk Management Committee is structured as follows:

- i. Municipal Manager: Chairperson
- ii. Chief Financial Officer: Member
- iii. Executive Director Corporate Services: Member
- iv. Executive Director Infrastructure Services: Member
- v. Executive Director Water Services: Member
- vi. Executive Director Social Services and Development Planning: Member

3. **The Risk Champions' Committee**, which is constituted by departments' representatives. This committee assists management in executing their responsibility of managing risks by coordinating risk management activities within the respective departments.

This committee works closely with the Risk Manager in identifying new and emerging risks, monitoring the implementation of the agreed risk treatment action plans and reporting to the Risk Management Committee.

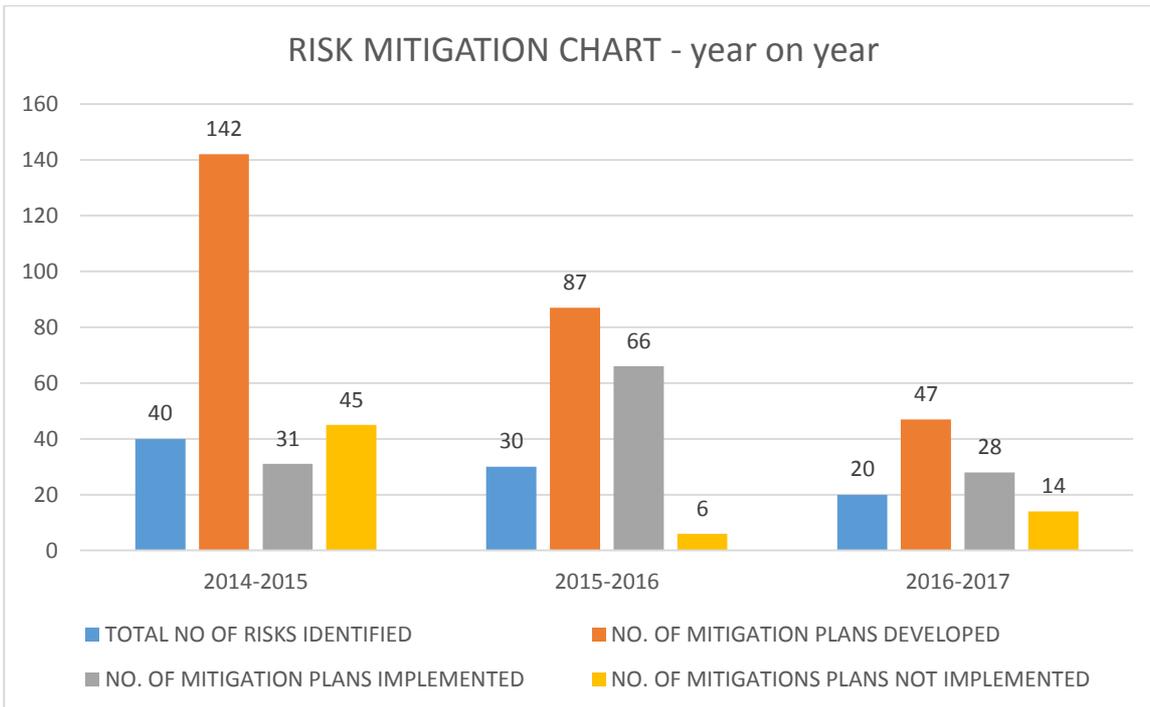
In term of the risk management strategy, the municipality reviews its risk register on an annual basis by performing risk assessments in order to ensure that Council better focuses and allocates its resources and take informed decisions and better prepared for adverse circumstances.

The annually reviewed risk register is monitored on an ongoing basis by the risk management staff to ensure implementation of mitigation plans as determined at risk assessment stage.

Below is the statistical summary on the implementation of risk mitigation plans set by management.

The following table summarizes the results of the overall implementation of risk management action plans for the 2016-2017 financial year.

Statistical Summary on the implementation of risk mitigation plans for the last 3 financial years



The results indicate a significant improvement in the implementation of the mitigating measures and naturally a growth in levels of understanding and embedded risk culture throughout the organization. This also indicates management’s commitment towards achieving good governance in the running of the municipality.

Comparatively over the past 3 financial years, the number of risks identified has decreased. This gives an indication that risks are being effectively addressed by management and that there is improved quality in the risk identification process, there by focusing on risks that really pose significant threats to the municipality.

At least 50% of the mitigation plans that were not addressed in the 2016/2017 financial year was a result of financial constraints and/or inadequate budget allocation. This to some degree is a result of inadequate alignment of our planning, budgetary and risk management processes. Management has however put in place plans to ensure adequate and effective alignment of these process, so as to allow reasonable allocation of funds towards the implementation of mitigation plans in addressing critical risk areas.

TOP 15 RISKS FOR 2016/2017

RISK NAME	RISK DESCRIPTION	INHERENT RISK EXPOSURE	RESIDUAL RISK EXPOSURE	RISK ACCEPTABILITY
Expenditure Management	Ineffective management of expenditure	CRITICAL	CRITICAL	UNACCEPTABLE
Fleet Management	Abuse of Municipal vehicles	CRITICAL	CRITICAL	UNACCEPTABLE
Project Implementation	Failure to deliver infrastructure within reasonable time frames, cost and quality to the community.	CRITICAL	MAJOR	UNACCEPTABLE
Security Management	Inadequate security management	MAJOR	MAJOR	UNACCEPTABLE
Records Management	Ineffective management of records	MAJOR	MAJOR	UNACCEPTABLE
Municipal Building Maintenance	Ineffective maintenance of municipal buildings	MAJOR	MAJOR	UNACCEPTABLE
Revenue Management	Inability to bill all customer debtors.	MAJOR	MODERATE	UNACCEPTABLE
Revenue	Inability to collect	MAJOR	MODERATE	UNACCEPTABLE

Management	revenue			
Training & Development	Insufficient training and development	MAJOR	MODERATE	UNACCEPTABLE
Expenditure Mngement	Over and Under expenditure of budget.	MAJOR	MODERATE	UNACCEPTABLE
Fleet Management	Ineffective fleet management	MAJOR	MODERATE	UNACCEPTABLE
Cash Management	Inadequate Safeguarding of and accountability for cash	MAJOR	MODERATE	UNACCEPTABLE
Financial Reporting	Untimely reporting	MAJOR	MODERATE	UNACCEPTABLE
Asset Management	Inability to safeguard and account for municipal assets	MAJOR	MODERATE	UNACCEPTABLE
Budgeting	Inadequate budgeting	Major	MODERATE	UNACCEPTABLE

The top 15 risks as listed above form part of the statistical report demonstrated above and are being addressed through the improvement of the control environment and monitored to ensure reduction of the residual risk exposure to acceptable levels.

2.7. FRAUD RISK MANAGEMENT

Anti-corruption and fraud

Harry Gwala District Municipality has an approved anti-corruption and fraud prevention strategy.

The following initiatives have been initiated in alignment to the strategy:

- 1) In terms of the fraud prevention and anti-corruption strategy, the municipality is in the process of establishing the fraud prevention committee which will be responsible for ensuring effective implementation of the fraud prevention strategy, this includes amongst other things, the attending to reported fraud allegations received or reported and facilitating and ensuring that all allegations are investigated and ensure implementation of the recommendations of the investigation report.
- 2) The municipality is also in the process of establishing a TOLL FREE 24 HOURS ANTI-FRAUD & ETHIC HOTLINE, which will be accessible to staff and all members of the public to report any suspected fraud, corruption and unethical conduct by municipal officials; political office bearers; any member of the public in dealing with municipality; service providers; and any other third party agent representing the municipality.

Currently, all reported allegation are sent to and handled by the Office the Municipal Manager.

Below is a summary of alleged fraud and corruption incidences that were discovered and reported during the 2016/2017 financial year.

- Ghost Employees
- Fictitious Service Providers

2.8. SUPPLY CHAIN MANAGEMENT

2.8.1. Procedural issues

- The Supply Chain Management Policy was adopted and is currently being implemented.
- The procedure manual is in place and currently implemented.
- A compliance checklist has been developed and is currently being implemented.

- The fixed assets policy was adopted and is currently being implemented.
- Bid Committees are fully functional.

2.8.2. Components within Supply Chain Management

Supply Chain Management has six components namely:

- i. Demand Management
- ii. Acquisition Management
- iii. Logistics Management
- iv. Disposal Management
- v. Risk Management
- vi. Performance Management

i. Demand Management

- (a) Include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for, timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- (c) Provide for the compilation of the required specifications to ensure that its needs are met; and
- (d) Undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

ii. Acquisition Management

- (a) That goods and services are procured by the municipality in accordance with authorized processes only;
- (b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;

(c) That the threshold values for the different procurement processes are complied with; and

(d) That bid documentation, evaluation and adjudication criteria, and general conditions of a contract are in accordance with any applicable legislation.

iii. Logistics Management

(a) The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;

(b) The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

(c) The placing of manual or electronic orders for all acquisitions other than those from petty cash;

(d) Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

(e) Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

(f) Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

iv. Disposal Management

a) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act

b) Disposal can be done in the following method:

- Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

- Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

- Selling the asset; or
- Destroying the asset.

v. Risk Management

Risk management includes:

- The identification of risks on a case-by-case basis;
- The allocation of risks to the party best suited to manage such risks;
- Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

vi. Performance Management

- The performance Management system involves the entire supply chain's ability to meet end-customer needs through product availability and responsive on-time delivery.
- Supply chain performance crosses both functional lines.

2.9. BY-LAWS

Revised	Public Participation conducted prior to adoption of by-laws (Y/N)	Dates of Public Participation	By-Laws Gazetted (Y/N)	Date of Publication
Water and Sanitation by-laws	Y	Done on monthly bases	N	Not Yet

COMMENTS ON BY-LAWS

The water services by-laws were developed and they were gazzeted in 2007. The Water Services Act 1998 provides that By-laws should be reviewed annually. The department conducted the review of the by-laws in this financial year and some workshops for public participation were conducted.

2.10 WEBSITES

Type of Document	Posted to the municipal website (Y/N)	Comments
The current annual and adjustments budgets, all budget-related documents and policies	Y	N/A
The previous annual report	Y	N/A
All service delivery agreements	Y	N/A
All performance agreements for section 57 managers	Y	N/A
All long-term borrowing contracts;	Y	N/A
All supply chain management contracts above a prescribed value	Y	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of	N	N/A
Contracts having future budgetary implications	Y	N/A
Public-private partnership agreements listed in section 120 of the MFMA	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA	Y	N/A

COMMENTS ON MUNICIPAL WEBSITE CONTENT AND ACCESS

Harry Gwala DM has drafted policies that will ensure full compliance with the requirement of section 75 of the MFMA. In 2015-2016 the municipality updated the content of the website and all sundry does have access to it.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Harry Gwala District Municipality did not conduct the Customer Satisfaction Survey in the 2016/2017 financial year to ascertain the level of satisfaction by community on service delivery. However, in the 2017/2018 financial a budget has been put aside to execute this exercise in the form of a research study.

Overview performance of the office of the Municipal Manager

The office of the Municipality is housing the following business units: Risk Management Unit, Internal Audit Unit, Strategic Support Unit and Legal Services.

The Municipality established a Risk Management Unit, in line with the requirements of the Municipal Finance Management Act, No 56 of 2003. The Risk Management Unit is responsible for facilitating risk assessment and putting internal controls to identify, manage and mitigate the identified risks. The Unit also plays a key role in monitoring the implementation of internal controls as per the approved risk register. The Unit is also responsible for the establishment of Risk Management strategic plans such as the Risk Management Framework, Risk Management Strategy, Risk Management Policy, Fraud Prevention and Anti-corruption Strategy and Fraud Prevention and Anti-corruption Policy. For the past three years all these plans have been reviewed using internal capacity. In relation to 2016/2017 financial year councillors were workshopped on all the above mentioned strategies and policies. The municipality has also workshopped its employees on Risk Management, with particular emphasis on Fraud Prevention and Anti-corruption Strategy and Policy. The purpose of the workshop was to create awareness and to sensitize

our employees on the policy position of Council on matters relating Fraud and Corruption. The municipality has continued to strengthen the effectiveness of the Risk Champions per Department and functionality of the Risk Management Committee. Capacity of the Unit is still a major challenge and the municipality will prioritize further appointments to assist the Risk Manager.

Emanating from the Risk assessment that was done by our Risk Management Unit, the Internal Audit Unit developed a three year rolling Internal Audit Plan. The plan had 21 audit assignments which include amongst others the following: Disaster Management, Fleet Management, Expenditure Management, Human Resources Management, Supply Chain Management, Asset Management, DORA, Budgeting and Reporting, IT general controls and application controls, Water Services, Project Management, Follow up on Revenue Management, Institutional PMS, Financial Statements, Auditor General Action Plan follow ups, Key controls checklist, Risk Management, follow up on the Log of Internal Audit queries, Review control accounts reconciliations, Review Annual Report and Internal Audit and Audit Committee Charter. Of the 21 audit assignments 20 were completed using internal capacity and 1 assignment being IT general controls was withdrawn as the Auditor General had commenced with their external audit which then rendered our internal audit unnecessary. This withdrawal was noted by the Audit Committee. The municipality also has a functional Audit Committee which is convened quarterly. The Chairperson of the Audit Committee has reported twice to the new Council on the work of the Audit Committee after its inauguration which was held in August.

The Municipality's Communication and Strategic Support Unit deals with Communication and special programs such as Operation Sukuma Sakhe (OSS) and HIV/Aids. In the financial year under review, the Unit has been able to achieve its set targets. Prominent service delivery events have been captured on video, media tour was conducted, the Mayoral slots were honoured by the Mayor and Nyus'volume in partnership with Ukhozi FM was a success. The unit has been able to organize media briefing as planned and Mayoral Izimbizo's in order to engage the public on service delivery matters and to showcase the work that the District is doing in relation to water and sanitation programs. The Municipality, together with its Local Municipalities have continued to prioritize OSS and

ensuring that all the war rooms are fully functional. The Unit has also provided support in training new Councils on the OSS concept. Four (4) OSS Local Operation Mbo and one (1) District Operation Mbo together with four (4) HIV/Aids awareness programs were held in partnership with other stakeholders. The OSS District Task Team and District Aids Council are fully functional.

Legal Services Unit deals with both legal matters and labour related matters. The Unit has reviewed a number of Agreements that the municipality has entered into and has supported Corporate Services Department in concluding labour related matters. The final review of the Council standing rules and orders was facilitated by the Legal Unit. Though the Unit is not fully capacitated, with the current resources in the Unit, dependency on external service providers has been reduced.

Chapter 3– Service Delivery Performance (Performance Report Part I)

Chapter 3 focuses on service delivery on a service-by-service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on Community needs and resource deployment. The service delivery issues are structured, captured and reflected under the priorities contained in the IDP in order to allow easy comparisons on achievements against budget and SDBIP.

COMPONENT A: FINANCIAL SERVICES

During 2016-2017, debt recovery was handled as follows:

SERVICES	ACTUAL ACCOUNTS BILLED	% PROPORTION OF ACCOUNTS VALUE BILLED THAT WERE COLLECTED
Water B	R6 780 867	12%
Water C	R36 354 698	66%
Sanitation	R12 072 268	22%

Employee: Financial Services

Job Level	F/Y 2015/2016	F/Y 2016/2017		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	0	0	0	0
Grade B 1-5	28	3	24	22
Grade C 1-5	14	2	10	9
Grade D 1-5	8	3	10	6
Grade E 1-2	2	0	4	1
Total	52	8	48	38

Financial Performance Year 2016-2017: Financial Performance Budget and Treasury Office

DETAILS	FY 2015-2016	F/Y 2016-2017			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Total Operational Revenue					911 001
	255 059 000	274 973 000	284 037 000	284 948 000	
Expenditure:					
Employees	14 882 940	16 073 575	15 798 189	17 971 673	2 173 484
Repairs And Maintenance					
Other	34 989 827	47 957 804	43 313 609	15 924 282	-27 389 327
Total Operational					
	49 872 767	64 031 379	59 111 798	33 895 955	-25 215 843

Expenditure					
Net Operational Expenditure	205 186 233	210 941 621	224 925 202	251 052 045	26 126 843

COMPONENT B: WATER SERVICES AND SANITATION INFRASTRUCTURE

The Harry Gwala Region was still experiencing drought in 2016/2017 which continued to affect the delivery of services to the communities but through the assistance from the Department of Corporate Governance (COGTA), the municipality was able to pull through the dry season. The municipality received R10 million funding from COGTA and three Water cart trucks were also provided to deal with the drought. The funding was used for drilling and equipping boreholes and the procurement of a high lift pump that supply raw water for Kokstad Town water supply scheme. Wards benefitted on this intervention are listed in the below Table.

Municipality area	Ward	Village	No of borehole constructed
Ubuhlebezwe	2	Flaxton Farm & Bethel	2
	10	Mgodi & Mhlabashane	3
	13	Mgodi & Fletcher Farm	2
Umzimkhulu	8	Ngunjini	2
	9	Chancele	2
	10	Ntshongo, Nkampini, Komdraai &	8
	19	Maromeni	2
	21	Mvubukazi Dumisa, Holland & Sbovini	6
Greater Kokstad	2 4; 7 & 10	Kraansdraai Shayamoya	1 Replaced a high Lift Pump
Dr Nkosazana Dlamini-Zuma		Mabedlana	1
		Tarsvalley	2
		Ridge	1
Total			32

In the 2016/2017 Financial Year Water Services Authority maintained 138 water supply schemes which includes rudimental water supply schemes with water sourced from production boreholes and springs. The majority of schemes are partial functioning due to water sources being unsustainable. Dysfunctional and partial functioning water supply schemes are shown in the Table below.

Municipality Area	Fully Functional	Partially Functioning	Dysfunctioning	Total
Number of Schemes	72	61	5	138

The Water Services Development Plan (WSDP), Water Conservation and Demand Management Strategy, Universal Access Plans as well as Operations and Maintenance Plan have been prepared for the municipality. Due to the high backlogs that the municipality is dealing with, the implementation rate of these plans is rather slow.

The Review of the Water Services Development Plan could not be finalised in 2016/2017 as negotiations with the Development Bank of Southern Africa (DBSA) about the funding for the review of the WSDP is still continuing. This has been a promising exercise and we are confident that the Harry Gwala DM will be able to do the review of the WSDP in 2017/2018 through the funding from DBSA.

The Business Plans to implement WSDP projects that are responding to the future developments of our towns and the provision of reliable bulk water supply to augment the rudimentary water supply schemes will be developed once the review of the WSDP is completed. HGDM is also targeted to finalize the Water Use License Application (WULA) for UMzimkhulu Wastewater Treatment Works by conducting the Environmental Assessment studies which was recommended by the Department of Water and Sanitation. The studies and filing of the WULA were completed in 2016/2017. Another project is targeting to register the Technical Staff with the Engineering Council of South Africa (ECSA) seemed to require a lot of funding than what was anticipated due to the gaps that need to be field on

members' exposure to the engineering field. This needed a strategic programme that won't affect the staff duties as employees while a significant amount of budgeting is made available.

The Water Services By – Laws have been reviewed. However, the Water Services Authority is in a process of appointing the service provider that will analyze, interpret and facilitate the gazetting of the Water Services By-Laws which will commence during the first quarter of the 2018/19 financial year. Water Services Policies and Customer Care Charter have been reviewed as well as the Water Safety Plan, Waste Water Risk Abatement Plan. The Regulatory Performance Measurement System Action Plan, 5Year Water Conservation and Water Demand Management Strategy, Procedure Manual for calculating Non Revenue Water and Water Losses and Non- Revenue Water Working Paper File Document have been development. Communities are being encouraged to familiarize themselves with these documents which are available on our website.

The Water Services Authority conducted a number of community outreach programmes on Water Conservation, Healthy and Hygiene Promotion, revenue enhancement as well as National Water Week activities which served as a powerful campaign mechanism reiterating the value of water and the need for sustainable management of this scarce water resource. These campaigns seek to continue building the ongoing awareness creation within the broader Harry Gwala Community coupled with the responsibility that every citizen must take in ensuring the integrity of our water resources and its efficient use. The enforcement of these documents will give a rise to the manner in which we interact with our communities, reduction in illegal connections and water leaks and water losses and increase in Water Quality through Blue Drop and Green Drop.

WATER PROVISION BY SECTOR

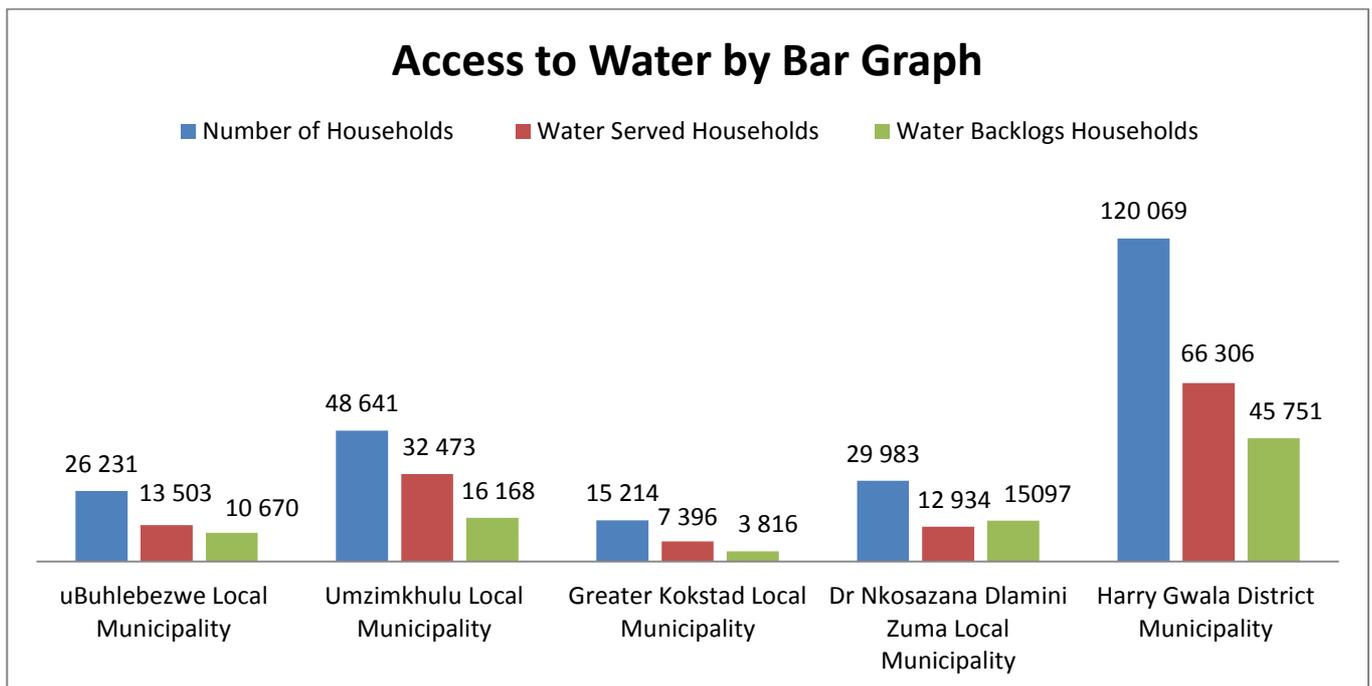
LOCAL MUNICIPALITY	STORAGE (m ³)	AGRICULTURE	FORESTRY	WATER SUPPLY SERVICE	INDUSTRY & MINING
		(m ³ /annum)	(m ³ /annum)	(m ³ /annum)	(m ³ /annum)
Dr Nkosazana	10 429 480	25 431 501	23 779 273	1 164 574	126 250
Dlamini Zuma	26 084 800	39 110 381	7 655 851	1 921 575	128 600
Greater Kokstad	1 280 227 400	33 340 523	2 726 074	8 066 571	36 792
UBuhlebezwe	8 906 520	17 016 054	15 686 612	2 220 115	0
UMzimkhulu	306 050	1 627 700	18 993 921	3 491 225	18 250
Totals	1 325 954 250	116 526 159	68 841 731	16 864 060	309 892

It is evident from the above table that the Agricultural sector is consuming high volumes of water from existing resources as compared to the provision of water for human consumption. The Industry and Mining sectors are consuming the least.

Access to water services as at 2016-2017 June

Municipality	Number of Households	Water Served Households	Water Backlogs Households	Percentage of Water Backlogs
uBuhlebezwe Local Municipality	26 231	13 503	10 670	44.14%
UMzimkhulu Local Municipality	48 641	32 473	16 168	33.24%
Greater Kokstad Local Municipality	15 214	7 396	3 816	34.03%
Dr. Nkosazana Dlamini Zuma Local Municipality	29 983	12 934	15 097	50.35%
Harry Gwala District Municipality	120 069	66 306	45 751	38.10%

Access to water bar graph 2016-2017



Employees: Water Services

Job Level	FY 2015/2016	F/Y 2016-2017		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	93	16	93	16
Grade B 1-5	42	45	42	45
Grade C 1-5	20	8	20	8
Grade D 1-5	17	10	17	10
Grade E 1-2	2	1	2	1
No grade				
Total	174	80	174	80

Financial Performance Year 2016-2017: Water Services

Details	F/Y 2015/2016	F/Y 2016-2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operational Revenue	56 539 000	60 550 000	62 251 000	80 895 000	18 644 000
Expenditure:					
Employees	48 778 391	52 480 662	56 992 065	54 974 571	-2 017 494
Repairs and Maintenance					
Other	110 363 100	92 188 420	124 398 751	74 029 648	-50 369 103
Total Operational Expenditure	159 141 491	144 669 082	181 390 816	129 004 219	-52 386 597
Net Operational Expenditure	102 602 491	84 119 082	119 139 816	48 109 219	-71 030 597

Capital Expenditure Year 2016-2017: Water and Sanitation Services

This report aims at summarizing the utilization of the 2016/17 Municipal Infrastructure Grant (MIG) funding to the Harry Gwala District Municipality. The objective of the MIG funding is to expedite service delivery to Municipalities that have backlogs in order to reach the stated Millennium Development Goals. The 2016/2017 MIG allocation was R191, 067,000.00. This report sets out to show the level of usage and implementation of the MIG funds in the year 2016/2017 and also to show the impact of the funding on the community as the beneficiaries.

Expenditure Details:

The Table below shows the monthly expenditure from July 2016 to June 2017. Expenditure on PMU salaries was also taken from the MIG allocation.

Monthly MIG Expenditure

Month	Total Monthly Payments
July 2016	R 29,262,523.55
August 2016	R 26,462,834.14
September 2016	R 1,870,925.99
October 2016	R 12,640,812.36
November 2016	R 21,482,944.91
December 2016	R 16,824,216.26
January 2017	R 6,313,742.72
February 2017	R 15,119,741.43
March 2017	- R 5,937,568.58
April 2017	R 24,754,668.14
May 2017	R 0.00
June 2017	R 42,272,159.08
<i>PMU Operational costs (2.2%) included in the monthly expenditure</i>	<i>R 4,107,747 (2, 2%)</i>
TOTAL	R191,067,000.00

Background:

Since the establishment of the PMU section in mid-2008, the MIG expenditure showed marked and tremendous improvement in Harry Gwala District Municipality. The table below shows the MIG expenditure performance in the last 4 years.

	2013/2014	2014/2015	2015/2016	2016/2017
MIG Budget	R173,618,000.00	R187,028,000.00	R199,784,000.00	R191,067,000.00
Expenditure	R173,618,000.00 (100%)	R187,028,000.00 (100%)	R199,784,000.00 (100%)	R191,067,000.00 (100%)

NB: The 100% expenditure of the MIG allocation was reached by end of June 2017.

The following schedule shows the extracts from the 2016/17 PMU Business Plan and the actual expenditure and status of projects executed in the 2016/17 financial year. **The expenditure shown and the physical progress is the actual current progress as end 30th June 2017.**

2016/2017 WATER AND SANITATION PROJECTS:

Project Description	2016/2017 (R) Expenditure	Physical progress (30 June 2017)
Mqatsheni Stepmore Water Supply Project	8,176,926.39	98% commissioning of water infrastructure
Eradication of Sanitation Backlog in Ubuhlebezwe	3,523,069.45	Construction 100 % completed
Greater Umzimkhulu Sanitation Project	R 7,065,805	Construction 100 % completed
Ingwe Household Sanitation Project		Construction 100 % completed

	6,555,776.76	
Greater Kilimon Water Supply Project	6,740,053.53	Construction 98 % completed
Bulwer to Nkelabantwana and Nkumba Water Project	14,895,260.29	95 % construction complete
Greater Mbhulelweni Water Supply Project	11,312,538.39	Construction 98% complete
Greater Nomandlovu Water Supply Project Phase 2	2,141 278.94	Construction 100 % complete
UMkhunya Water Supply Schemes	10,997,635.71	100 % construction complete
Ncakubana Water Supply Project Phase 2	4,399,942.15	Construction in progress (Mechanical installation on progress) (95%)
Ufafa Water Supply Project	18,076 220.50	Phase : Construction 85% complete
Santombe/Mnqumeni Water Supply Project	47,707,372.60	Construction in progress (98%) and mechanical equipment installation is being finalized
KwaMey/Theekloof Water Supply	30,882,758.38	Construction 70% completed
Nokweja-Mashumi Water Supply	3,998 442.57	Construction 50 % complete
Hlokozi Water Supply	1,872 469.19	Construction 42% complete
Clydesdale Water Supply		Construction 100 % complete

	3 918 366.80	
Ndawana Water Supply	5,936,219.70	Construction 80% complete

INTRODUCTION TO SANITATION PROVISION

Water Services Development Plan (WSDP) is the umbrella framework for the provision of water and sanitation services plans. It addresses the full spectrum of water supply and sanitation services. Over and above that, HGDM ensures the alignment of policies, legislation and strategies. Some of the strategies outlined in a WSDP are free basic services strategy, water resources strategy and national water strategy.

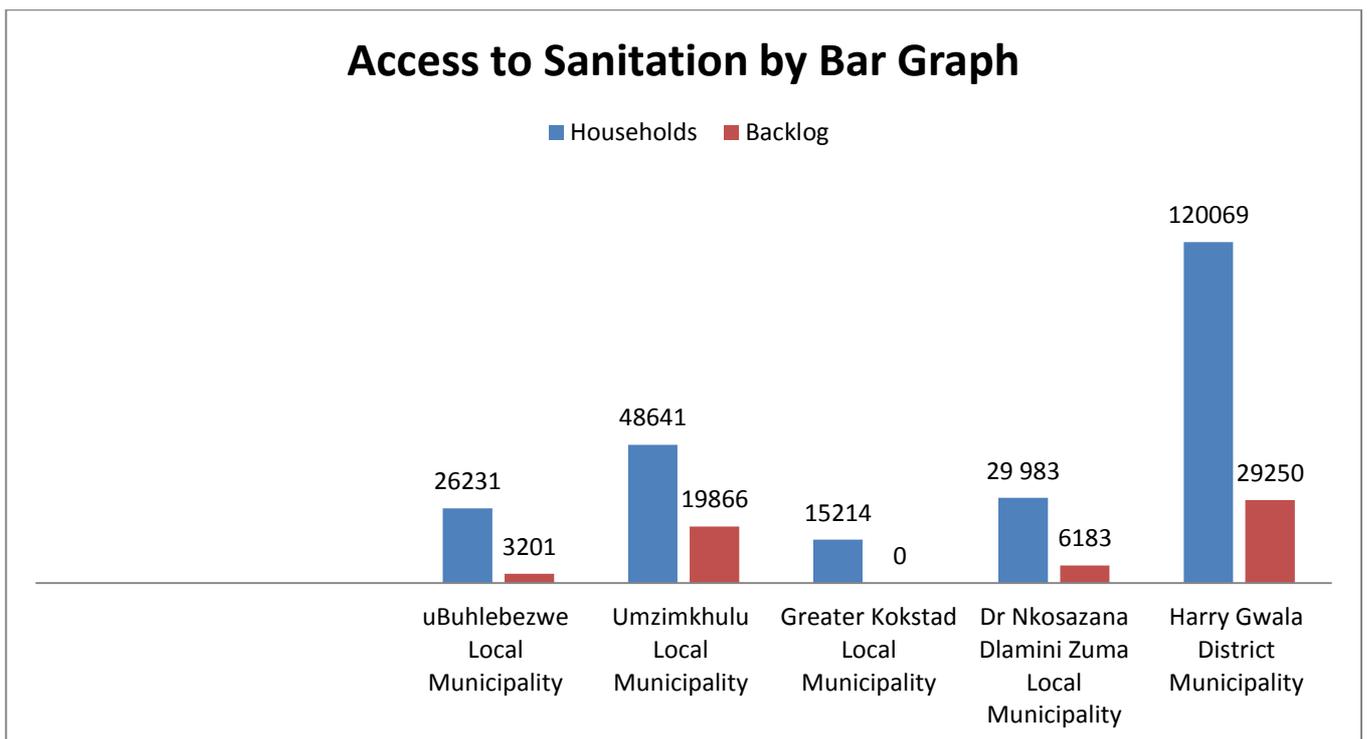
Sanitation Service Delivery Levels

Municipality	Households	Backlog	Percentage Backlog
uBuhlebezwe Local Municipality	26231	3201	13.20%
Umzimkhulu Local Municipality	48641	19866	40.80%
Greater Kokstad Local Municipality	15214	0	0
Dr Nkosazana Dlamini Zuma Local Municipality	29 983	6183	21%
Harry Gwala District Municipality	120069	29250	24%

Categories of Sanitation	2001	2011	2013-2014	2014-2015	2015-16	2016-2017
Flush toilet (connected to sewerage and with septic tanks)	23477	29177	29501	N/A	?	N/A

Pit latrine (Ventilated)	66594	72840	74 455	2138	2820	2175
Bucket latrine	1582	1052	890	N/A	N/A	N/A
None of the above	10696	9214	7437	N/A	N/A	N/A
Unspecified	-	-		N/A	N/A	N/A

Access to sanitation bar graph for 2016-2017



Employees: Sanitation Services (Infrastructure)

Job Level	FY 2015/2016	F/Y 2016-2017		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	16	0	0	0
Grade B 1-5	9	0	01	03
Grade C 1-5	3	0	01	03
Grade D 1-5	4	02	03	03
Grade E 1-2	0	01	02	03
No Grade	0			
Total	32	03	09	12

Capital Expenditure Year 2016-2017: Sanitation Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Kokstad Bulk Water and Sewer Upgrade: Sewer rectification in Kokstad, Bhongweni and Shayamoya	3,000,000.00	R 10,239,324	8,156,562.29	7,239,324.00
HORSESHOE SANITATION PROJECT NEW	10,000,000.00	5,038,498	189,210.01	4,961,502.00

INGWE HOUSEHOLD SANITATION PROJECT	8,000,000	4,120,352	5,954,414.34	3,879,648.35
ERADICATION OF SANIT. BACKLOG IN UBUHLEB	5,665,783	2,665,783	1,823,295.06	3,000,000.00
ERADICATION OF SANIT. BACKLOG IN UMZIMKHULU – WSIG (RURAL HOUSEHOLD INFRASTRUCTURE GRANT)	R 10,000,000	R 10,000,000	R 7,065,805	0.00

Comments on water and sanitation services performance overall

The Water Services Department is responsible for Planning, Design, Regulation through Policies & Bylaws, Water Quality and Operation & Maintenance of all Water & Sanitation projects and activities. It is also responsible for ensuring customer satisfaction through Customer Care Unit.

Within the Planning and Design Unit, a lot has been achieved over the years. Just to name a few, more than 50 business plans amounting to over R2.5 Billion have been prepared and approved by the Department of Water and Sanitation. The implementation of these is being carried out by our Infrastructure Department through Municipal Infrastructure Grant (MIG), RBIG and WSIG funding. The Water Services Development Plan (WSDP), Water Conservation and Demand Management Strategy, Universal Access Plans as well as Operations and Maintenance manuals have been prepared for the municipality. Due to the high backlogs that the municipality is dealing with, the implementation rate of these plans is rather slow.

In December 2014, Harry Gwala District Municipality was amongst the Water Services Authorities that were declared to be disaster stricken. Whilst there were 44 drought projects that were successfully completed in the 2015/ 2016 financial year, another business plan amounting to R10 million was submitted to CoGTA in the 2016/ 2017 financial year. This has resulted in 39 boreholes being drilled throughout the district. These interventions are assisting in reducing the reliance on Water Tanker Delivery as it has been found to be the most expensive method of supplying water to our communities. The expenditure on hired Water Tankers has also been drastically reduced through utilisation of our Travel Agency for hiring of trucks.

Employees: Sanitation Services (Infrastructure)

Job Level	FY 2015/2016	F/Y 2016-2017		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	0	0	0	0
Grade B 1-5	01	03	01	03
Grade C 1-5	01	03	01	03
Grade D 1-5	03	03	03	03
Grade E 1-2	02	07	02	07
No Grade				
Total	09	14	09	14

COMPONENT C: CORPORATE SERVICES

Comments on the Performance of Human Resources

All the positions of Section 54A and 56 Managers have been filled.

The vacancy rate in the municipality as per the approved organizational structure (2015/2016) is depicted below:

○ Total number of posts filled	336 (Including 12 interns)
○ Vacant posts (funded)	102
○ Frozen posts (unfunded)	358
Total in structure	790

The vacancy rate for 2016/2017 based on the funded vacant positions was 12, 91%. The total staff turnover in 2016/2017 was 12 employees.

Human Resource Strategy / Plan

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five year IDP.

The Harry Gwala District Municipality has a Human Resource Strategy / Plan, which aims to ensure that an organization has the right number of people, the right kind of people, in the right places, at the right time doing things that are economically most useful for the municipality. The Human Resource Strategy/ Plan also deals with demands such as those posed by the implementation of the Skills Development Act, other labor legislation including programs and policies related to the HIV/AIDS pandemic.

Skills Development

The HGDM has developed a Workplace Skills Plan to address the skills and competency needs of its employees and Councillors. The Workplace Skills Plan was submitted to the LGSETA on 30th April 2017.

The Harry Gwala District Municipality planned and implemented the following programs for 2016/2017:

- Recording Income and Receipts

- Water and Waste Water Control NQF level 2
- Water and Waste Water Treatment NQF level 2
- Water and Waste Water Treatment NQF level 3
- Fire Prevention and Safety Inspection
- Plumbing Training NQF level 4
- Creative Writing and Editing
- Events Safety Management
- Integrated Councillor Induction Programme
- Orbit
- Local Government Accounting Certificate
- Practical Labour Law
- Payday System Administrators Course
- Sector Based Training Intervention
- Effective Meter Reading training
- Protocol Training
- Leading Innovation in the Public Service
- Managing effectively
- Contract Management Training

Employment Equity

The Employment Equity profile of the HGDM was completed in the 2015/16 reporting period and was submitted to the Department of Labor on / before the 15th of January 2017.

Below is the current municipal employee profile in the Harry Gwala District Municipality:

- | | |
|----------------------------|---------|
| • Africans: | 96.81 % |
| • Coloureds: | 2.01 % |
| • Indians: | 0.29 % |
| • Whites | 0.87 % |
| • People with Disabilities | 1.45 % |

ICT systems purchased during the 2016/17 financial year.

- Off-site backup

- Network Switches
- Dell Desktop Computers
- Server – Financial System
- Uninterruptable Power Supplies
- Software Licenses

Network Switches

During the 2016/2017 financial year, a total of fourteen Hewlett Packard network switches were procured. This was done in order to replace the outdated network switches in the main building and throughout the satellite offices. The procurement of the networks switches was also done in order to standardize the municipal network switches to a single brand which will be managed centrally in the ICT Unit.

Replacing the switches enabled the computer users in the departments mentioned above to be able to carry on with their daily activities and duties which include emails, scanning documents, printing, connecting to the Internet and accessing network Dr.ives.

Off-site backup

The Harry Gwala District Municipality appointed a service provider to commission a Server room at the Water Services department in Kokstad. The service provider was appointed during the month of May 2016 as a means to implement the Harry Gwala District Municipality ICT Disaster Recovery Plan and Business Continuity Plan. The commissioning of the new server room was completed in the month of September during the 2016/2017.

Dell Desktop Computers

A total of thirty (30) desktop computers were procured during the 2016/2017 financial year. The ICT took this initiative in order to replace the old outdated computers which were being utilized by the computer users within the municipality.

Server – Financial System

The municipality procured a Lenovo rack-mountable server in order to be prepared for the implementation of the Municipal Standards Charts of Accounts. The server was supplied, delivered and configured by Business Connexion (Pty) Ltd. Provision was made by the ICT Unit for the server to reside within the municipal server room in the main building.

Uninterruptable Power Supplies (UPS)

An uninterruptable power supply is a device which provides temporary power to a computer/server in the event of a power failure. This allows a computer user (or server administrator) to power off a computer in a manner which will not disturb the operating system of the unit. A total of six (6) UPS's were procured for the municipal computers. One EATON 9155 UPS was installed in the municipal server room in order to provide back-up power to all the servers in the case of a power failure. Three (3) EATON 5E UPS's were installed in the cashiers' offices. The rest of the power supplies were deployed in the ICT Office in the main building.

Software Licenses

1 Microsoft licenses

The municipality utilizes Microsoft software for the compilation of documents, sending/receiving of emails, compiling PowerPoint presentation, Drawing up of spreadsheets and running of the computer operating systems. All the software needs to be licensed and the subscription of the Microsoft licenses is paid for on an annual basis. ION Consulting (PTY) Ltd is the company which re-sells all the municipality's Microsoft licenses. The anniversary date for Microsoft licensing is on the 1st of September of every year.

The cost of the subscription is not constant and it is influenced by the following aspects:

- 1.1 Rate of Exchange (ROE) – the weaker the strength of the South African Rand, the higher the cost of the license.
- 1.2 Number of users – an increase in the number of users causes an increase in the number of licenses required resulting in the slight increase of the cost of the subscription.

All Microsoft licenses were procured during the month of September 2016.

2 Veeam backup software (for backups)

Veeam backup software licenses are paid for annually. The anniversary date for the licenses is on the 1st November of each year. The annual subscription fee for the backup software was procured during the month of November 2016.

3 Eset Endpoint Protection (Antivirus)

The municipality utilizes an antivirus program called Eset Endpoint Protection as a line of defense for the municipality's computers and Windows servers. The antivirus software license is also paid on an annual basis. The annual subscription fee for the backup software was procured during the month of November 2016.

COMMENTS ON THE INFORMATION COMMUNICATION AND TECHNOLOGY (ICT)

The Harry Gwala District Municipality continues to upgrade its ICT equipment and infrastructure in order to provide quality services to its customers, the general public and the residents who reside within and around the district. By licensing the municipal software and upgrading outdated ICT equipment, the users of technology (e.g. desktops, laptops, printers, tablets, smart-phones) are able to efficiently communicate by means of emails, telephones, social media and the website. This also enables the users to meet the demands of the municipality. The website (www.harrygwalam.gov.za) has proven to be a useful communication tool due to the results which appear on the statistics of the website. Members of the community, government departments, the private sector, etc. interact with the website by browsing, downloading content, publishing feedback and interacting with the social network quick-links which are found on the website. In addition, individuals are also able to access documentation which has been uploaded as prescribed by legislation.

On the 26 May 2017, the Harry Gwala District Municipality Council approved and adopted a number of revised ICT policies, procedures and plans. These included the Information Systems and Security Policy, the Backup Plan, the Master Systems Plan, the Logical Access Management Policy, the Firewall Policy, the Disaster Recovery Plan, The Business Continuity Plan, the Change Management Procedure, the ICT Governance Framework and the Server Room Standards.

The municipality will continue to keep itself abreast with current and new technologies and adhere to leading practices in order to host and protect all municipal information and data.

Employees: ICT Services

Job Level	FY 2015-2016	FY 2015-2016	FY 2016-2017	
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	0	0	0	0
Grade B 1-5	0	0	0	0
Grade C 1-5	0	0	0	0
Grade D 1-5	3	3	3	3
Grade E 1-2	0	0	0	0
No grade	0	0	0	1
Total	2	3	3	4

Comments on the performance of Corporate Services for 2016/2017

The Corporate Services department provides administrative and corporate support services to all departments within Harry Gwala District Municipality. The department is comprised of: Administration and Corporate Support; Records Management; Fleet Management; Information and Communication Technology; Human Resource and Development; Occupational Health and Safety; and Communications Units. The department set its performance targets based on the Integrated Development Plan and other relevant documents, which are at the disposal of the municipality. We complied with other legislation, for example, we submitted our Workplace Skills Plan timeously (to the Local Government Sector Education and Training Authority) with all the parties have agreed and appended their signatures; and submitted the Employment Equity Report (to the Department of Labour) on/before the due dates. Although the department struggled to meet some of its targets for the year due to financial constraints, there were

those targets that we exceeded on, like training and development where we over exceeded the target as we managed to train about 233 beneficiaries (inclusive of employed and unemployed beneficiaries); and met other targets like producing a resolution register for Council in order to track progress made in implementing those resolutions; providing on-time responses to negative publicity; continuously verifying employee qualifications from Senior Management to lower level employees; functionality of the Information and Communication Technology Steering Committee; and last but not least, consistently reporting on the use of municipal vehicles and costs incurred thereof.

COMPONENT D: SOCIAL SERVICES AND DEVELOPMENT PLANNING

Employees: Social Services and Development Planning

Job Level	FY 2015-2016	FY 2016-2017		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	0	0	0	0
Grade B 1-5	1	1	1	2
Grade C 1-5	8	4	8	0
Grade D 1-5	14	6	14	6
Grade E 1-2	5	0	5	0
No grade	1		1	
Total	29	11	29	8

Comments on the Performance of Social Services and Development Planning in 2016-2017 Financial Year

Harry Gwala DM has taken the development of towns and human settlement areas as a priority. Since 2011, HGDM has assisted Local Municipalities with detailed planning of towns through the Urban Regeneration Programme. The objectives of the URP are to improve the, functionality, efficiency and image of these towns. This assistance has been in the form of assisting Municipalities with financial support, technical support and facilitating funding from other institutions. This strategic planning process has led to the acquisitions of land by municipalities in strategic areas and donation from other state organs to the

municipalities. The impact of the URP has been seen in the resurfacing of some streets in towns, street lights, pavements and trading facilities. These forms of planning have also triggered the interest of the private sector to invest within the District, which has been seen through major retails and malls being built within these towns. Over the past four year as local government we have experienced major changes in planning legislations to enable improved turnaround times on development proposals. In 2013 the National Government passed the Spatial Planning and Land Use Management Act as a National Legislation aiming to strengthen the role and capacity of Local Government to perform planning functions.

The municipality prides itself for having become the centre of youth development. Youth is the future of our district and as such we dare not turn a blind eye on matters that affects them. Over years we have had a vigorous intervention to assist learners wanting to further their education at Institutions of higher learning. To date we have assisted over 800 students that are doing various disciplines. On the same vein, we pride ourselves to have offered study bursaries ton 6 students that are doing medicine in Cuba. in few years- time Harry Gwala district will be home to highly educated young people that will turn around the fortunes of our region, be it in medicine, agriculture, engineering or Information Technology. In the 2015-2016 financial year we will continue assisting young people in their quest for better life. We are also confident that before the end of the financial year we would have completed and adopted the Youth Development Plan that will become a mast for youth development for many years to come.

Over the past years we have spent over R16 000 000 towards sport; art and craft; establishment of women; men; disabled; religious and the elderly forums. It is worth noting that, in as much as we have world legendary runners that have won International Marathons, Comrades Marathon and Nelson Mandela Marathon in our region, a lot of work still needs to be done in sport. The proposals to have fully equipped sport regional complex at Greater Kokstad and UMzimkhulu Local Municipalities are now at an advanced stage. These will assist in expediting sport development and nurturing young talents on different sporting codes especially those that are said to be of white people, for example swimming, tennis, cricket etc.

Through our endeavours we have managed to produce musicians that shot to stardom and made us proud as the district. UChwanelebhaca and Nyoni Emhlophe are a true model to our young people who aspire to be musicians, that if we all work together as a collective there is so much that we can achieve. As we move forward to 2017-2018 financial year i would like you to support and participate in the following programs that we will unearth, nurture and develop talent that we so abundantly endowed with as a district: the

Mayoral cups and SALGA games, Harry Gwala Marathon Cultural Events and Horse Racing. I further call upon men, women, elderly; the disabled and religious leaders to take full advantages of the forums that we have established as they will not only debate societal issues but will now further focus on developmental programs that are meant to uplift their socio-economic well-being.

As government we have a responsibility of creating a habitable environment for all our people. With the changing weather patterns that are a direct result of global warming, legislative prescripts require that we become proactive and ensure institutional arrangement are in place by ensuring we have a fully functional disaster management centre that, as a district, we are fully prepared to respond with speed and agility to communities affected by disasters or incidents. Our district is prone to heavy winds, hail storms, road accidents, drought, snow and thunderstorms, which in many cases turn to display many communities. In the 2017-2018 we will continue equipping the disaster management that with latest technology that is able to communicate with our disaster management volunteers in our villages, local municipalities, neighbouring municipalities and all other important stakeholders in case there are major incidents or disasters.

Through our Municipal Health Services we have made strides in educating our communities on preventative measures in relation to communicable diseases such as Rabies, Cholera, Malaria and other to prevent the spread of diseases in our communities to ensure a safe and healthy environment through compliance in the formal business sector and informal traders, but to further educate our people to take care of the environment so that it can also take of us.

This is more important especially around this time when the district and the local municipality have bought land to further develop the town of Ixopo. New office, middle income housing and shopping centres are being proposed in this expansion. In the 2017-2018 financial year the municipality has put aside some money to begin preliminary work to this effect.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTAL, TURNOVER AND VACANCIES

The information cited hereunder is as per the approved Organizational structure, as at 26 May 2017.

EMPLOYEES					
Description	FY 2015-2016		FY 2016-2017		
	No. of Employees	No. of Approved Posts	No. of Employees	No. of Vacancies	Vacancies (as a % of Total Posts)
Office of the Municipal Manager	7	13	11	02	1.66%
Budget & Treasury Services	49	84	48	20	16.66%
Water Services	197	565	170	68	56.66%
Corporate Services	45	60	45	11	9.16%
Social Services and Development Planning	30	41	33	13	10.83%
Infrastructure Services	17	33	17	06	5%
Total	345	796	324	120	99.91%

Vacancy Rate: 2016-2017			
Description	Total No. of Approved Posts	No. of Vacancies	Vacancies (as a % of total posts per category)
Municipal Manager	1	0	0%
CFO	1	0	0%

s.57 Managers (excluding Finance)	4	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance)	135	42	31.11%
Highly skilled supervision: levels 9-12 (Finance posts)	84	50	59.52%

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 67 of the MSA states that "A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72(l)(c), to ensure fair, efficient, effective and transparent personnel administration..." This component cites the range of workforce management and progress made in the development of workforce policies and management practices during FY 2015 – 2016.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	% Complete	% Reviewed	Date Adopted by Council or Comment on Failure to Adopt
1	Acting in higher position	100%	N/A	Adopted on 26 May 2017
2	Annual leave policy	100%	N/A	Adopted on 26 May 2017
3	Bursary policy	100%	N/A	Adopted on 26 May 2017
4	Death in Service	100%	N/A	Adopted on 26 May 2017
5	Disciplinary & Grievance policy	100%	N/A	Adopted on 26 May 2017
6	Employee wellness policy	100%	N/A	Adopted on 26 May 2017
7	Experiential training policy	100%	N/A	Adopted on 26 May 2017

8	Family responsibility leave	100%	N/A	Adopted on 26 May 2017
9	HIV and AIDS policy	100%	N/A	Adopted on 26 May 2017
10	Induction policy	100%	N/A	Adopted on 26 May 2017
11	Integrated Employee H &W	100%	N/A	Adopted on 26 May 2017
12	Internal transfer policy	100%	N/A	Adopted on 26 May 2017
13	Internship policy	100%	N/A	Adopted on 26 May 2017
14	Learnership policy	100%	N/A	Adopted on 26 May 2017
15	Occupational health and safety policy	100%	N/A	Adopted on 26 May 2017
16	Overtime policy	100%	N/A	Adopted on 26 May 2017
17	Parental leave	100%	N/A	Adopted on 26 May 2017
18	Probation leave	100%	N/A	Adopted on 26 May 2017
19	Recruitment and selection policy	100%	N/A	Adopted on 26 May 2017
20	Scarce & Critical skill policy	100%	N/A	Adopted on 26 May 2017
21	Sexual harassment policy	100%	N/A	Adopted on 26 May 2017
22	Sick leave	100%	N/A	Adopted on 26 May 2017
23	Skills development policy	100%	N/A	Adopted on 26 May 2017
24	Staff appointment policy	100%	N/A	Adopted on 26 May 2017
25	Standby policy	100%	N/A	Adopted on 26 May 2017
26	Study leave policy	100%	N/A	Adopted on 26 May 2017
27	Subsidized motor vehicle scheme	100%	N/A	Adopted on 26 May 2017
28	Termination of service policy	100%	N/A	Adopted on 26 May 2017
29	Travel and subsistence policy	100%	N/A	Adopted on 26 May 2017
30	Attendance and Punctuality Policy	100%	N/A	Adopted on 26 May 2017
31	Dr.ess Code Policy	100%	N/A	Adopted on 26 May 2017

32	Employment Equity Policy	100%	N/A	Adopted on 26 May 2017
33	Incapacity: Due to Ill Health/Injury Policy	100%	N/A	Adopted on 26 May 2017
34	Incapacity: Due to poor performance Policy	100%	N/A	Adopted on 26 May 2017
35	Injury on duty Policy	100%	N/A	Adopted on 26 May 2017
36	Mentorship and Coaching Policy	100%	N/A	Adopted on 26 May 2017
37	Private Work and Declaration of Interest/s Policy	100%	N/A	Adopted on 26 May 2017
38	Smoking Policy	100%	N/A	Adopted on 26 May 2017
	Strategies/ Plans			
	HR Strategy/ Plan	100%	N/A	Adopted on 30 May 2014
	Employment Equity Plan	100%	N/A	Adopted on 30 May 2014

4.3 INJURIES, SICKNESS AND SUSPENSIONS

There were five days lost when four of our employees were injured at work. Those employees only required basic medical attention thus the first aiders utilised the provided first aid kits. Furthermore, there were 24 days lost when two of our employees were injured at work. Those employees had to be referred to a registered Medical Practitioner for assessment.

Steps taken to reduce injuries:

- a) The municipality conducted a wellness day where employees were encouraged about living healthy lifestyle so that they can be fully fit at work.
- b) The municipality has procured signs which included warning signs, they were installed in different offices.

c) The municipality has done a risk assessment which was basically to identify hazards and associated risks, management recommendations were made so to minimise risks.

d) The municipality has provided Employee Protective Clothing for those hazards that employees are exposed to which cannot be eliminated.

Number and Cost of Injuries on Duty				
Type of Injury	Injury Leave Taken (Days)	No. of Employees Using Injury Leave	% Proportion of Employees Using Sick Leave	Average Injury Leave per Employee
Required basic medical attention only	22	09		
Temporary disablement	64	7		
Permanent disablement	390	1		
Fatal	0	0		
Total	476	17		

Number of days and Cost of sick leave (excluding Injuries on Duty)				
Salary band	Total Sick Leave Days	No. of employees using sick leave	Total no. of employees in post	Average sick leave per employee (Days)
Lower skilled (Levels 1-2)	346	102	109	2.42
Skilled (Levels 3-5)	204	76	61	2.26

Highly skilled production (Levels 6-8)	340	41	69	3.00
Highly skilled supervision (Levels 9-12)	168	37	61	6.29
Senior management (Levels 13-15)	109	7	30	1.93
MM and s.57	17	4	6	0.17
Total	1184	267	336	2.83

It should be noted that the “Total Number of Employees in Post” refers to the number of employees in post at the beginning of the FY 2015/2016.

Number and Period of Suspensions				
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or Status of case and reasons why not finalized	Date finalized
Director: Expenditure	Financial misconduct	26/01/2017	Case is under investigation	N/A
Chief Accountant: Expenditure	Financial misconduct	26/01/2017	Case is under investigation	N/A
Accountant: Salaries	Financial misconduct	26/01/2017	Case is under investigation	N/A
Senior Finance Clerk:	Financial misconduct	26/01/2017	Case is under investigation	N/A

Salaries				
Cashier	Financial misconduct	23/06/2017	Case is under investigation	N/A

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of alleged misconduct and Rand value of any loss to Harry Gwala DM	Disciplinary action taken	Date finalized
Director: Project Management Unit	Financial misconduct ±R1, 3 million	Yes	Resigned on 6 March 2017
Accountant: Acquisition	Financial misconduct	Yes	26 July 2017
Administrative Assistant: Project Management Unit	Financial misconduct	Yes	Resigned on 8 March 2017
Personal Assistant: Executive Director: Infrastructure Services	Financial misconduct	Yes	Resigned on 7 March 2017

DISMISSALS

Position	Nature of alleged misconduct	Disciplinary action taken	Date dismissed
Accountant: Acquisition	Financial misconduct	Yes	14/06/2017
General Assistant: Water Services	Assault and being under the influence of alcohol	Yes	25/01/2017

4.4 PERFORMANCE REWARDS

Performance Rewards by Gender					
Designations	Gender	Total No. of Employees in Group	No. of Beneficiaries	Expenditure on Rewards FY 2015/2016 (R'000)	% Proportion of Beneficiaries Within Group
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (Levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (Levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and s.57	Female	0	0	0	0
	Male	0	0	0	0
Total		0	0	0	0

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68 of the MSA requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

4.5 SKILLS DEVELOPMENT AND TRAINING

In accordance with the National Treasury: Local Government: MFMA Competency Regulations, progress in the HGDM financial competency development is as follows:

Financial Competency Development: Progress Report						
Description	A. Total no. of official employed by HGDM	B. Total no. of official employed by HGDM Entities	Consolidated Total (A+B)	Consolidated competency assessments completed for A & B	Consolidated no. of officials whose performance agreements comply with Reg. 16	Consolidated no. of officials who meet prescribed competency levels
Financial Officials						
Accounting officer	1	1	2	1	2	1
Chief financial officer	1	1	2	0	2	1
Senior managers	4	2	6	4	6	4
Any other officials	17	0	17	16	0	16

Supply Chain Management Officials						
Heads of SCM unit	1	0	1	1	0	1
SCM senior managers	0	0	0	0	0	0
Total	24	4	28	22	10	23

Skills Development Expenditure (R'000)

Original Budget & Actual Expenditure on Skills Development										
Management level	Gender	Employees @ beginning of FY2016/2017	Learners		Skills Programmes, Bursaries & Other short Courses		Other Forms of Training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM & s57	Female	3			50 000	30000			50000	30000
	Male	3			50 000	30000			50000	30000
Legislators, senior officials and managers	Female	27			150000	275000			150000	275000
	Male	32			150000	275000			150000	275000
Professionals	Female	29			80000	90000			80000	90000
	Male	17			70000	80000			70000	80000
Technicians and associate professionals	Female	9			60000	80000			60000	80000
	Male	41			140000	200000			140000	200000
Clerks	Female	39			300000	306000			300000	306000

	Male	10			100000	102000			100000	102000
Service and sales workers	Female	3			30000	60000			30000	60000
	Male	0			0	0			0	0
Plant and machine operators and assemblers	Female	0			0	0			0	0
	Male	10			200000	150000			200000	150000
Elementary occupations	Female	63			160000	200000			160000	200000
	Male	84			340000	682000			340000	682000
Sub-total	Female	173								
	Male	197								
Total		370			188000	2560000			1880000	2,560 000
Total budget for training and development 2016/17									R1,900 000.00	
% and R value of municipal salaries (original budget) allocated for workplace skills plan										

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Harry Gwala District Municipality conducts its training through the Work Place Skills Plan. In the 2015/ 2016 financial the whole training budget was utilized, it is worth noting that the current budget is inadequate to train the affected staff.

4.6 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to positions being upgraded		
Designations	Gender	Total No. of Employees
Lower skilled (Levels 1-2)	Female	None
	Male	None
Skilled (Levels 3-5)	Female	None
	Male	None
Highly skilled production (Levels 6-8)	Female	None
	Male	None
Highly skilled supervision (Levels 9-12)	Female	None
	Male	None
Senior management (Levels 13-15)	Female	None
	Male	None
MM and s.56	Female	None
	Male	None
Total		None

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	No. of employees	Date of appointment	No. appointed	Reason for appointment when no established post exists
N/A	N/A	N/A	N/A	N/A

Job evaluation process is currently underway thus the table above is not applicable.

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
N/A	N/A	N/A	N/A	N/A

The HGDM Organizational structure was approved after engagement of the employer and employee representatives. There are no positions that were upgraded in the 2015/2016 financial year because the municipality is waiting for the job evaluation processes to resume.

CHAPTER 5

5.1 BACKGROUND

Sustainable Financial Management still remains at the forefront of ensuring sustainable municipal service delivery. Conservative and prudent management of the public purse by the budget & treasury office remains at the core of ensuring the realisation of this critical Municipal Financial Management Act (MFMA) objective. In essence, the MFMA contributes towards ensuring that financial resources at a local government level are developmental, effective and efficient and that municipalities / municipal entities are held accountable for the effective management of their funds by encouraging transparency.

The aim of this chapter is to provide an overview of the financial performance of the municipality / municipal entity thorough measuring of actual results against actual and also through evaluating historical trends.

Information included in this chapter is structured as follows:

- ✓ Component A: Statement of Financial Performance
- ✓ Component B: Spending against Capital Budget
- ✓ Component C: Cash flow Management and Investment
- ✓ Component D: Other Financial Matters

5.2 Component A: Statement of Financial Performance

For the financial year under review, the Harry Gwala District Municipality once again obtained an qualified opinion and the summary of its financial performance (Budget vs. Actual) is as follows:

- ✓ 96% of Operating Revenue Budget Earned, 87% of Capital Budget Spent, 102% of Operating Expenditure Budget Spent

DC43 Sisonke - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2016/17								2015/16			
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Service charges - water revenue	40 714	(5 226)	35 488	27 756		(7 732)	78.2%	68.2%				29 475
Service charges - sanitation revenue	17 449	(2 240)	15 209	11 895		(3 314)	78.2%	68.2%				12 658
Service charges - other	2 391	(833)	1 558	-		(1 558)	-	-				794
Interest earned - external investments	3 500	2 000	5 500	5 281		(219)	96.0%	150.9%				3 071
Interest earned - outstanding debtors	8 500	6 658	15 158	14 834		(324)	97.9%	174.5%				8 664
Transfers recognised - operational	277 632	23 231	300 862	296 480		(4 383)	98.5%	106.8%				281 141
Other revenue	609	1 447	2 057	3 691		1 634	179.5%	605.8%				2 189
Gains on disposal of PPE			-			-	-	-				
Total Revenue (excluding capital transfers and contributions)	350 794	25 037	375 831	359 937		(15 895)	95.8%	102.6%				337 991
Expenditure By Type												
Employee related costs	125 313	8 285	133 598	136 170	(2 572)	2 572	101.9%	108.7%	(9 000)		9 000	125 030
Remuneration of councillors	7 906	-	7 906	5 452		(2 454)	69.0%	69.0%			-	6 038
Debt impairment	25 394	-	25 394	34 877	(9 483)	9 483	137.3%	137.3%	(875)		875	25 567
Depreciation & asset impairment	31 874	10 659	42 534	52 355	(9 822)	9 822	123.1%	164.3%	(9 347)		9 347	45 142
Finance charges	1 926	84	2 010	4 313	(2 303)	2 303	214.6%	224.0%	(1 747)		1 747	2 884
Bulk purchases	10 709	-	10 709	8 335	-	(2 374)	77.8%	77.8%			-	8 866
Contracted services	44 923	(16 848)	28 075	54 664	(26 589)	26 589	194.7%	121.7%	(5 359)		5 359	66 541
Transfers and grants	20 000	(2 667)	17 333	17 333	-	-	100.0%	86.7%			-	16 096
Other expenditure	114 358	55 647	170 006	136 484	-	(33 522)	80.3%	119.3%	(42 987)		42 987	172 388
Loss on disposal of PPE			-	-	-	-	-	-	(1 529)		1 529	
Total Expenditure	382 404	55 160	437 564	449 983	(50 769)	12 418	102.8%	117.7%	(70 845)		70 845	468 553
Surplus/(Deficit)	(31 610)	(30 123)	(61 733)	(90 046)		(28 313)	145.9%	284.9%				(130 562)
Transfers recognised - capital	335 772	(26 672)	309 101	267 683		(41 418)	86.6%	79.7%				
Surplus/(Deficit) after capital transfers & contributions	304 163	(56 795)	247 368	177 637		(69 731)	71.8%	58.4%				(130 562)
Surplus/(Deficit) after taxation	304 163	(56 795)	247 368	177 637		(69 731)	71.8%	58.4%				(130 562)
Surplus/(Deficit) attributable to municipality	304 163	(56 795)	247 368	177 637		(69 731)	71.8%	58.4%				(130 562)
Surplus/(Deficit) for the year	304 163	(56 795)	247 368	177 637		(69 731)	71.8%	58.4%				(130 562)

Functional Performance of Operational Services

DC43 Sisonke - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)				
Description	2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome
R thousand				
	1	2	3	4
<u>Revenue - Standard</u>				
<i>Governance and administration</i>	274 973	9 064	284 037	284 948
Executive and council			–	
Budget and treasury office	274 973	9 064	284 037	284 948
<i>Economic and environmental services</i>	400	(400)	–	–
Planning and development	400	(400)	–	
<i>Trading services</i>	411 194	(10 299)	400 895	429 565
Water	60 550	1 701	62 251	80 895
Waste water management	350 644	(12 000)	338 644	348 671
Total Revenue - Standard	686 567	(1 635)	684 932	714 513
<u>Expenditure - Standard</u>				
<i>Governance and administration</i>	143 616	(6 448)	137 169	114 864
Executive and council	29 224	(6 760)	22 463	18 955
Budget and treasury office	64 031	(4 920)	59 112	33 896
Corporate services	50 362	5 232	55 594	62 013
<i>Economic and environmental services</i>	58 937	(8 092)	50 845	43 957
Planning and development	58 937	(8 092)	50 845	43 957
<i>Trading services</i>	179 851	69 700	249 551	291 162
Water	146 344	36 501	182 845	162 177
Waste water management	33 506	33 199	66 705	128 985
Total Expenditure - Standard	382 404	55 160	437 564	449 983
Surplus/(Deficit) for the year	304 163	(56 795)	247 368	264 531

Grants Performance

OPERATION GRANT PERFORMANCE

Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YTD variance	YTD variance
Operating expenditure of Transfers and Grants						
National Government:	259 223	277 232	300 862	296 910	(3 952)	-1,3%
Local Government Equitable Share	241 033	260 069	260 069	260 069	-	0,0%
Finance Management	1 250	1 250	1 250	1 250	-	0,0%
Municipal Systems Improvement	940	1 041	-	-	-	0,0%
Municipal Infrastructure Grant (PMU)	9 460	4 777	16 084	16 084	-	0,0%
Energy Efficiency And Demand Side Management Grant	-	8 000	8 000	4 052	(3 948)	-49,4%
Water Services Operating Subsidy	-	-	-	-	-	0,0%
Rural Roads Asset Management Grant	2 040	2 095	2 095	2 091	(4)	-0,2%
Rural Household Infrastructure Grant	4 500	-	-	-	-	0,0%
Municipal Water Infrastructure Grant	-	-	10 000	10 000	-	0,0%
Expanded public works programme incentive grant	-	-	3 364	3 364	-	0,0%
Other transfers and grants [insert description]	-	-	-	-	-	-
Provincial Government:	1 180	400	-	-	-	
LG Seta	80	-	-	-	-	
Development Planning Shared Services [insert description]	1 100	400	-	-	-	
Total operating expenditure of Transfers and Grants:	260 403	277 632	300 862	296 910	(3 952)	-1,3%

COMMENT ON OPERATIONAL GRANT PERFORMANCE

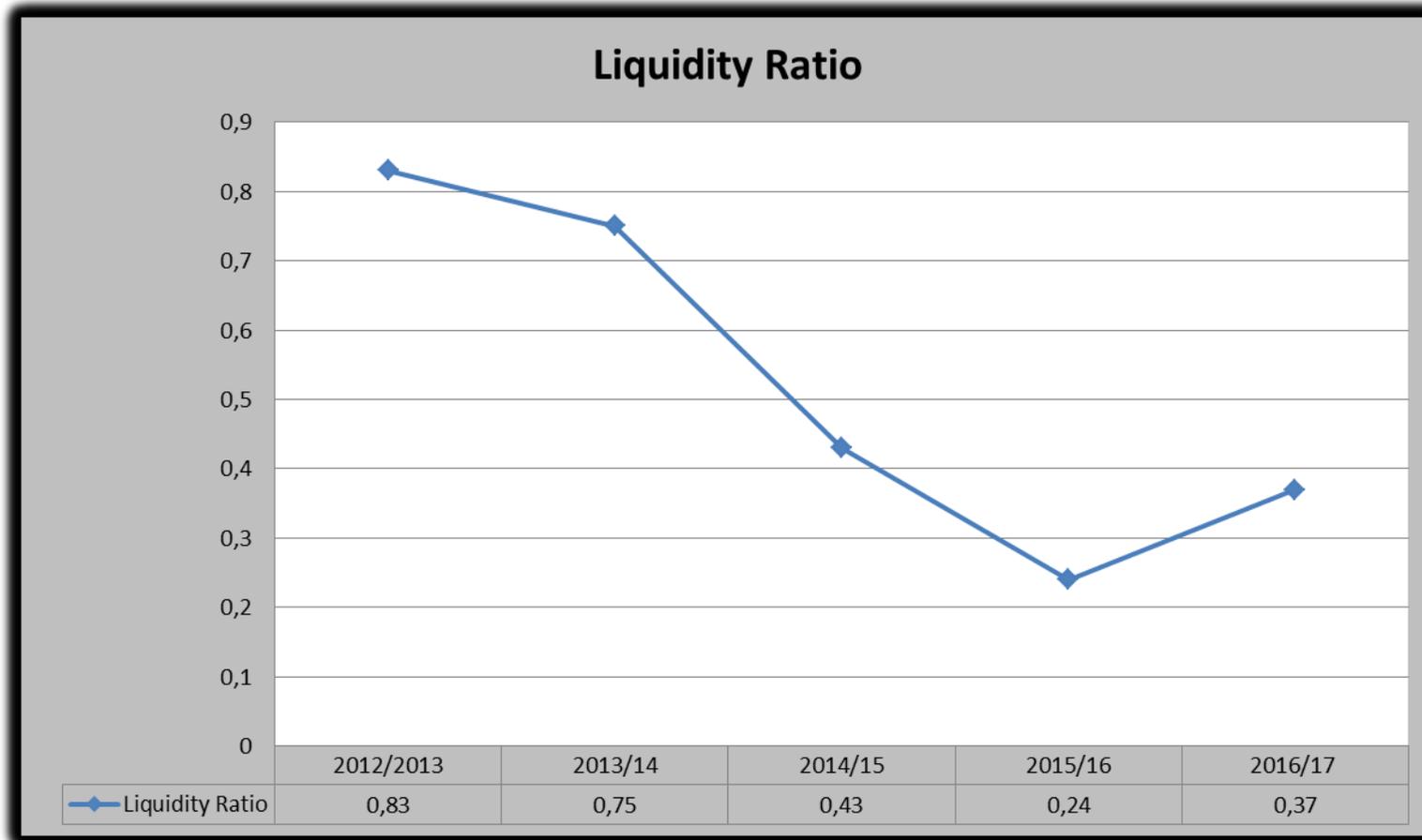
The table above shows the operational grants performance against the budget as well as the prior year's performance. Except for the 49% underperformance of Energy Efficiency and Demand Management Grant, all other current year grants transfers were fully spent.

Asset Management

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS

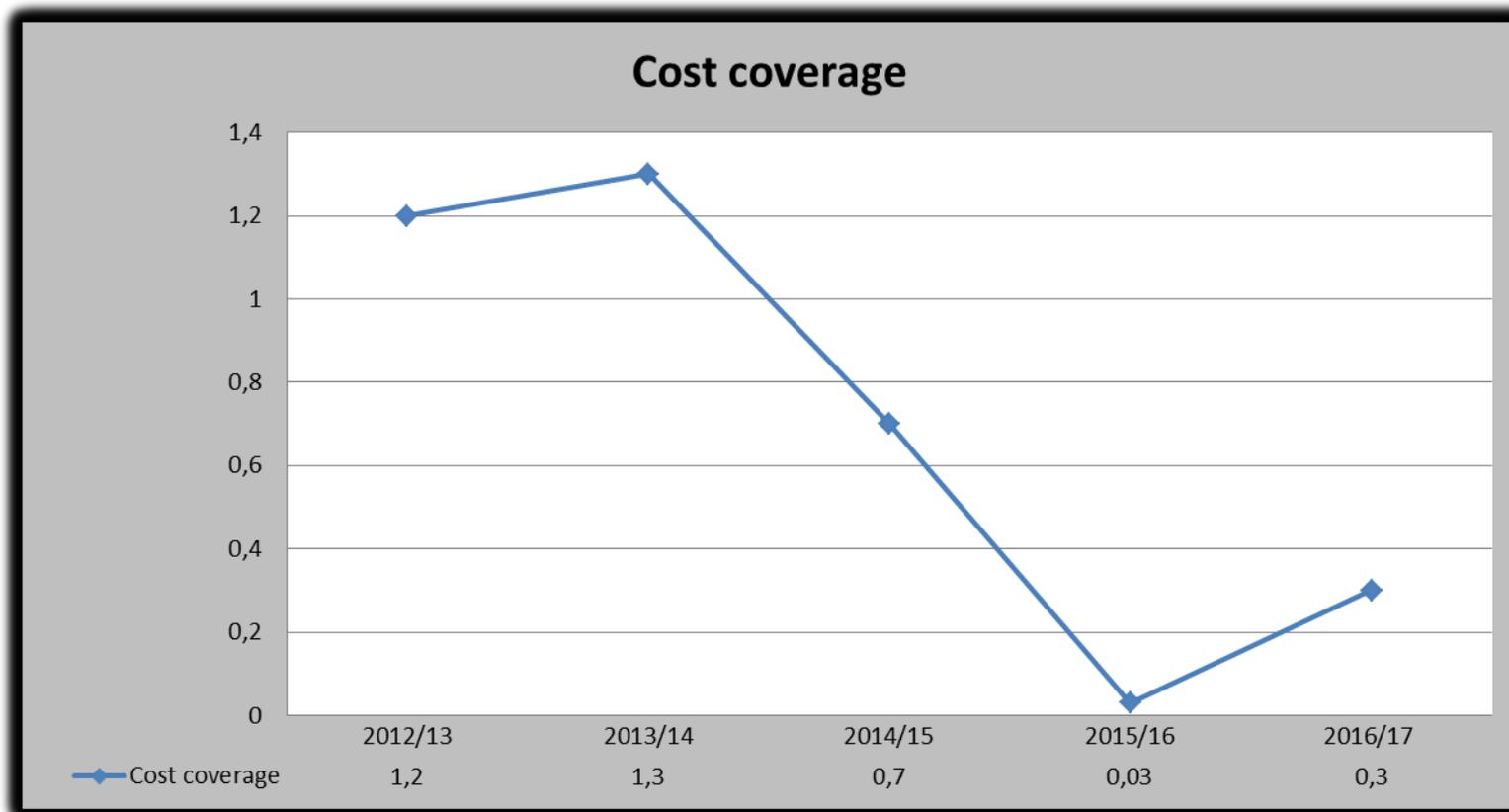
Name of Project	Budget Year 2016/17				
	Original Budget	Adjument Budget	Actual Expenditure	Adjustment Variance	Adustment Variance %
R thousand					
A- Ufafa Water Supply	23 369	16 369	10 875	(5 495)	-34%
B- Mmqumeni Water Supply	20 000	33 705	35 712	2 007	6%
C- Nokweja / Mashumi Water Project	17 000	12 238	3 076	(9 162)	-75%
D- Kwanomandlovu Water Supply	15 272	14 445	6 391	(8 054)	-56%
E- KwaMey/ Teerkloof Water Supply	10 490	28 504	22 369	(6 134)	-22%
<p>Name of Project A</p> <p>Objective of the Project</p> <p>Delays</p> <p>Future Challenge</p> <p>Anticipated Citizen Benefits</p>	<p>Ufafa Water Supply</p> <p>Provision of Water Services to community of Ufafa</p> <p>The project is implemented on phases due to budget limit</p> <p>The project is implemented on phases due to budget limit</p> <p>5506 Household (The household not yet benefited on the project, was still under implementation/ construction in 16/17)</p>				
<p>Name of Project B</p> <p>Objective of the Project</p> <p>Delays</p> <p>Future Challenge</p> <p>Anticipated Citizen Benefits</p>	<p>Mmqumeni Water Supply</p> <p>Provision of Water Services to community of Ufafa</p> <p>The project is implemented on phases due to budget limit</p> <p>The project is implemented on phases due to budget limit</p> <p>2834 household will benefit for this phase</p>				
<p>Name of Project C</p> <p>Objective of the Project</p> <p>Delays</p> <p>Future Challenge</p> <p>Anticipated Citizen Benefits</p>	<p>Nokweja / Mashumi Water Project</p> <p>Provision of Water Services to community of Ufafa</p> <p>The project is implemented on phases due to budget limit</p> <p>The project is implemented on phases due to budget limit</p> <p>20528 Household will benefit once the project is complete</p>				
<p>Name of Project D</p> <p>Objective of the Project</p> <p>Delays</p> <p>Future Challenge</p> <p>Anticipated Citizen Benefits</p>	<p>Kwanomandlovu Water Supply</p> <p>Provision of Water Services to community of Ufafa</p> <p>The project is implemented on phases due to budget limit</p> <p>The project is implemented on phases due to budget limit</p> <p>10 000 Household will benefit after the completion of a project</p>				
<p>Name of Project E</p> <p>Objective of the Project</p> <p>Delays</p> <p>Future Challenge</p> <p>Anticipated Citizen Benefits</p>	<p>KwaMey/ Teerkloof Water Supply</p> <p>Provision of Water Services to community of Ufafa</p> <p>The project is implemented on phases due to budget limit</p> <p>The project is implemented on phases due to budget limit</p> <p>9619 Household of KwaMeyi will have access to water</p>				

Financial Ratio's based on key financial indicators



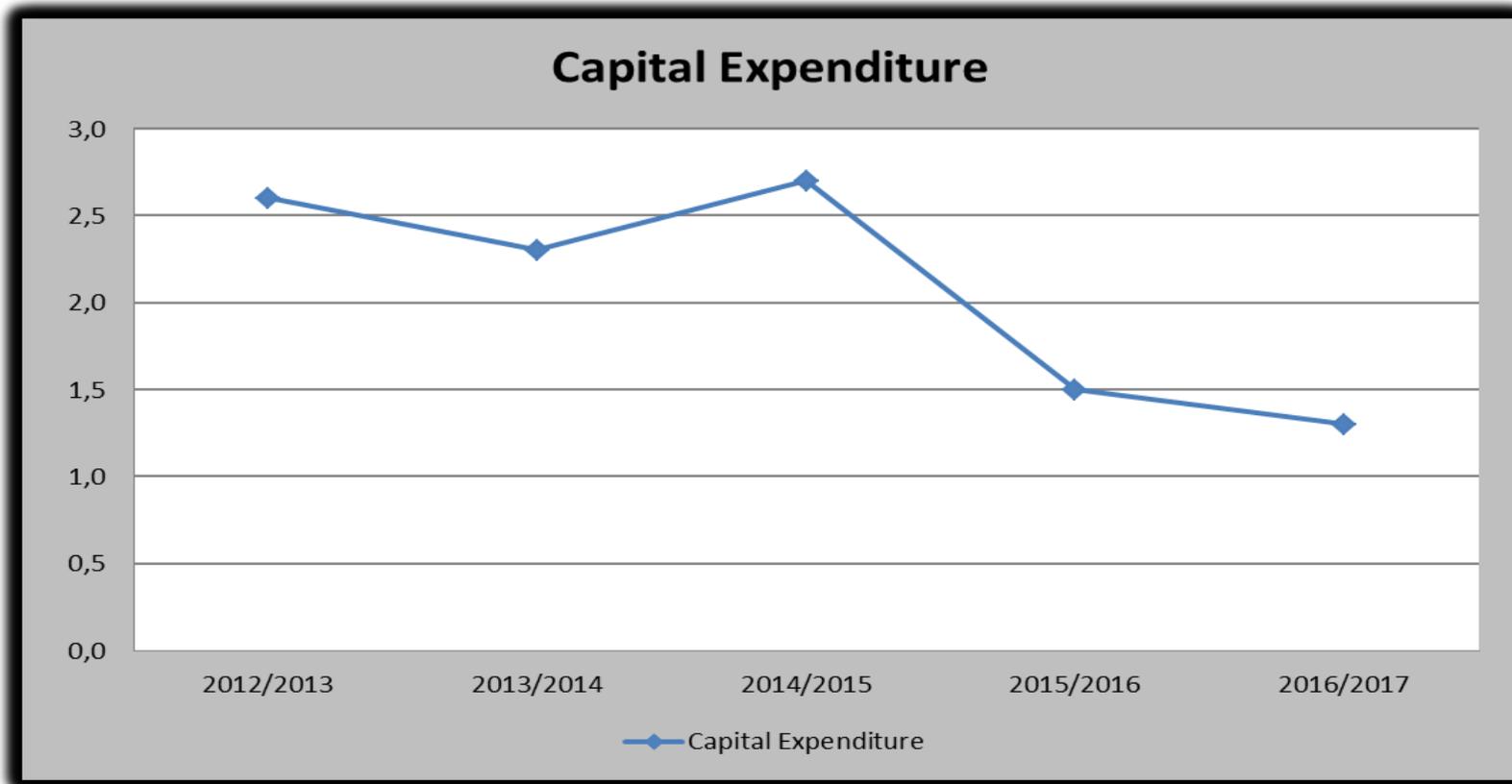
Liquidity ratio measures the municipalities ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities.

The graph above shows great improvement from 2012/2013 to 2013/14 however these positive gains were reversed in the past two financial years.



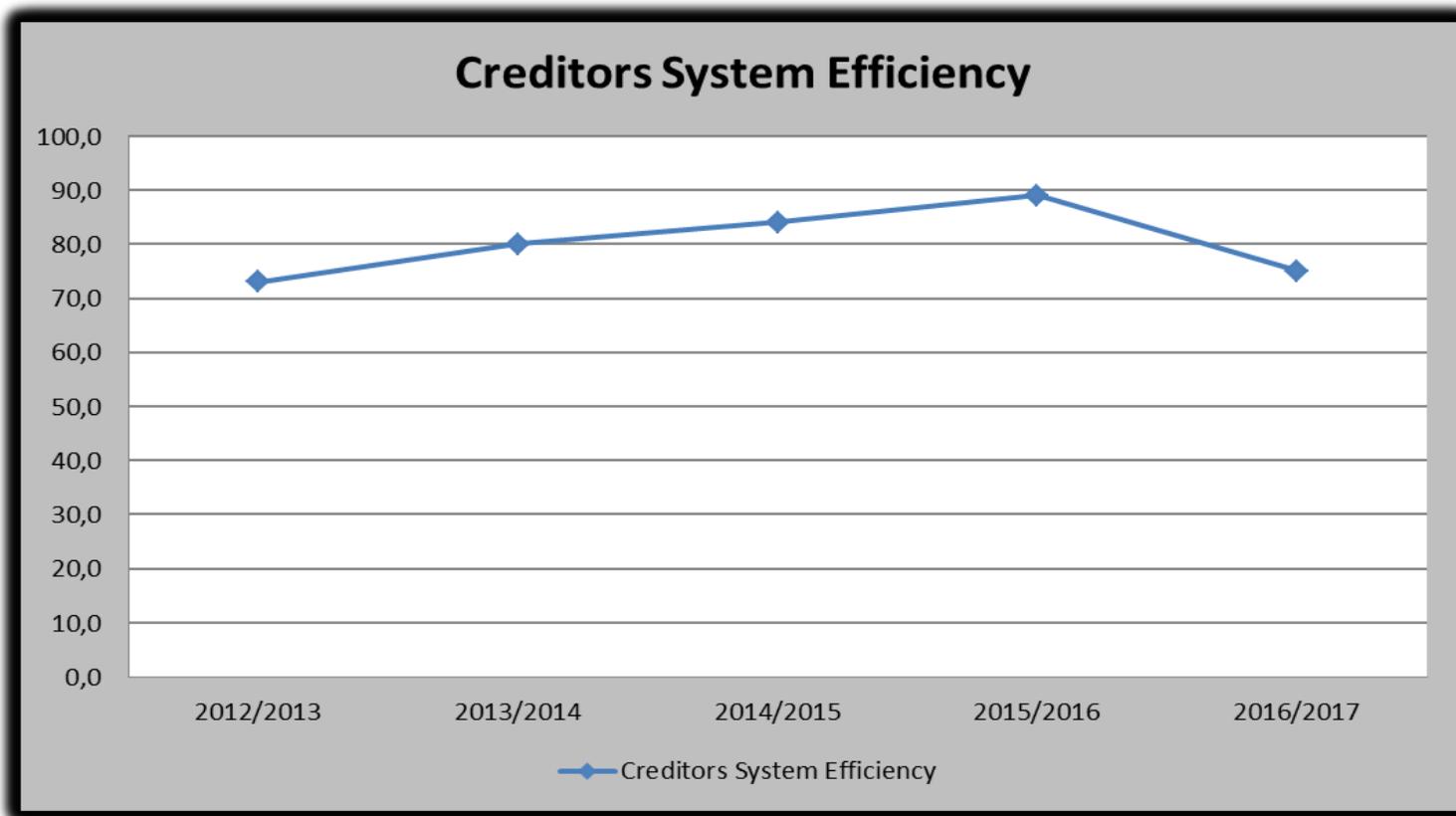
Cost coverage explains how many month expenditure can be covered by the cash and other liquid assets available to the municipality excluding utilisation of grants.

The ratio has been on a positive trend with the municipality being able to sustain its operations for a period of up to two months without any cash inflows in 2013/14, However since regressed on this positive trend calling from much more stringent financial management measures.

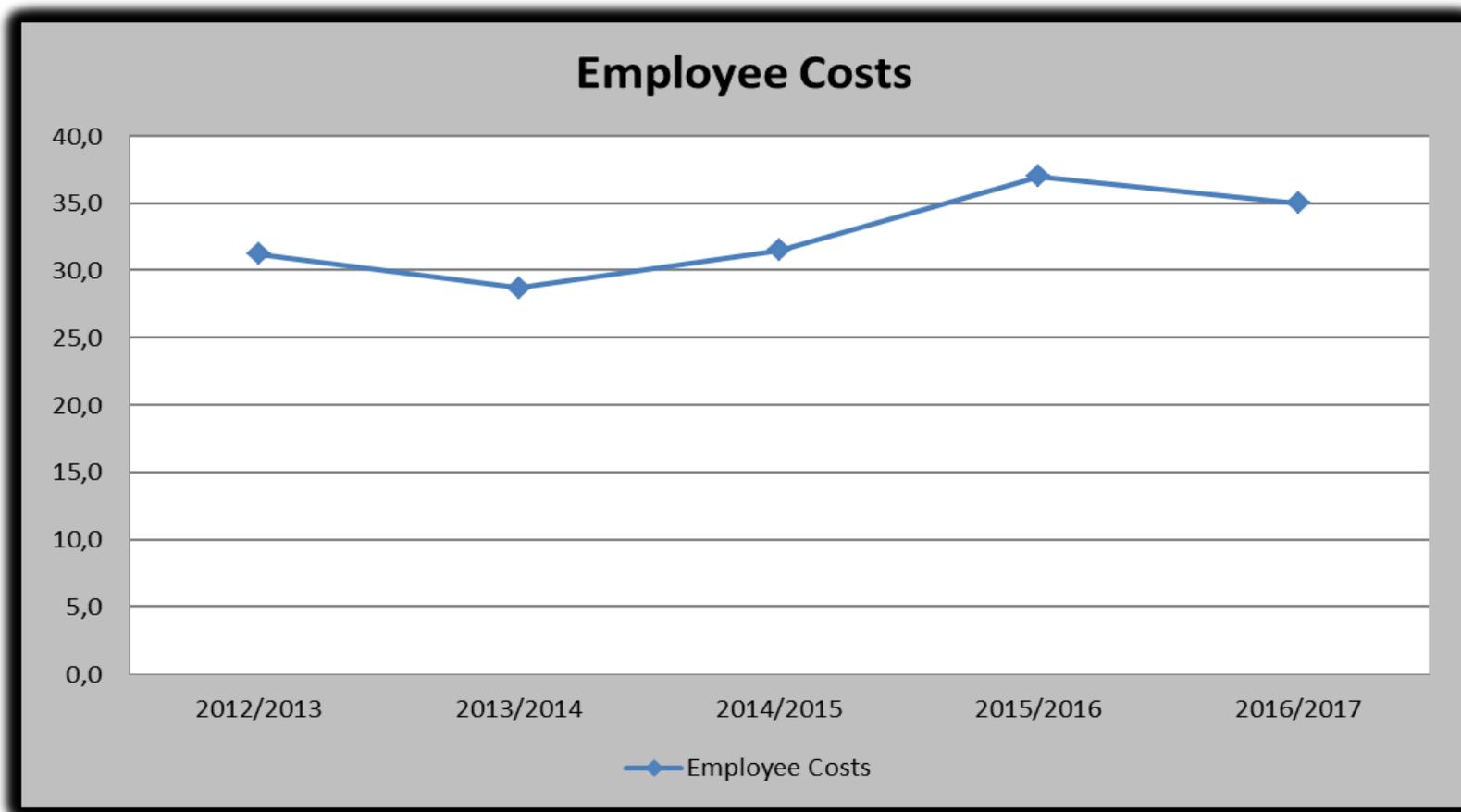


Capital Charges to operating expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

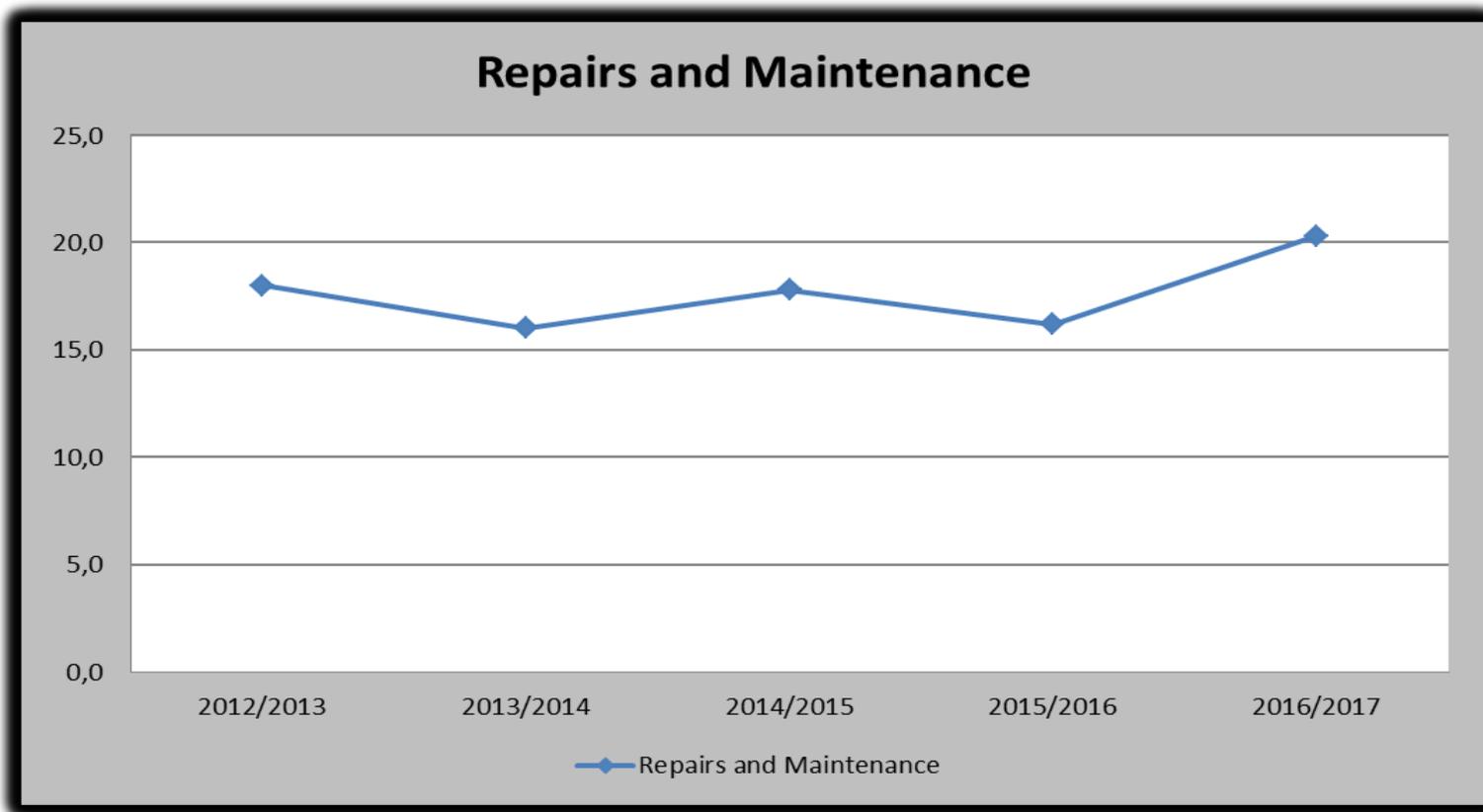
This trend has declined in the year 2015/16 and the year under review due to the high increase in operating expenditure and reduction in the capital outstanding balance.



Creditor System Efficiency- The proportion of creditors paid within terms(i.e 30 days). The ratio is calculated by outstanding trade creditors divided by creditor purchases. There has been continuous steady improvements in the payment of creditors in the outer years but there is a slightly reduction in 2016/17.



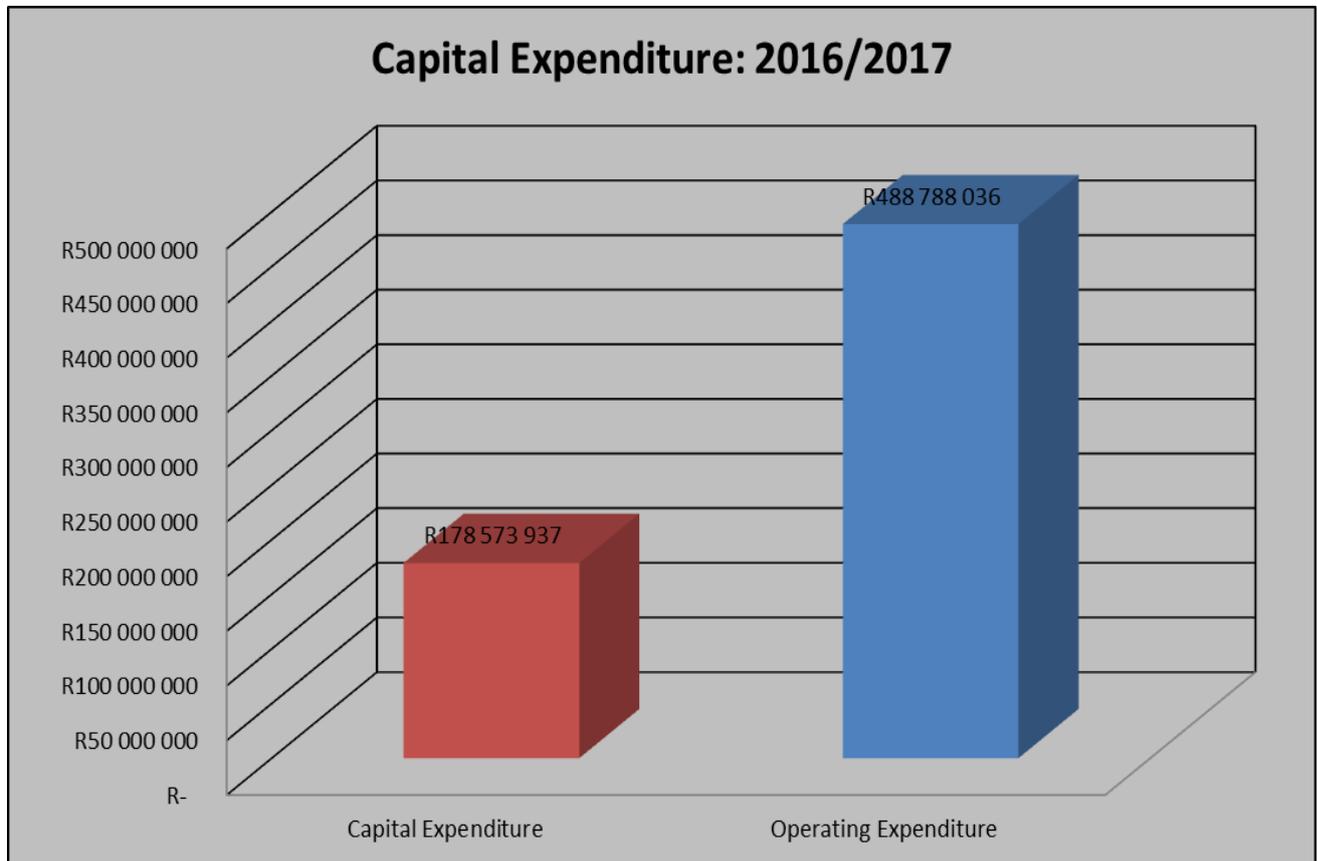
Employee Cost measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue. An increase trend can be noticed in the employee related costs which could pose financial risks if the increase in own revenue does not keep up with increasing costs.



Repairs and maintenance represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance. This ratio shows that the percentage of revenue spent on repairs and maintenance has been declining from 2013/14 but has been improving in the review financial year.

5.3 Component B: Spending against Capital Budget

Capital expenditure largely relates mainly to construction projects that will have value lasting over many years. In the case of the District, this relates to the Water & Sanitation Capital expenditure which is mainly funded from National Grants Transfers. The municipality spent 111% of its Capital Budget.



While operating expenditure for the year under review was 71%, the Capital expenditure reflected 26%, it should however be borne in mind that there exists a category of capital expenditure projects in the operating expenditure which therefore increases this expenditure as presented.

An analysis of expenditure on the capital budget shows that the municipality's Capital expenditure is highly reliant on Government Grants and subsidies. The district's commitment towards water & sanitation service delivery backlogs reduction is indicated by the greater than 96% expenditure trend on water & sanitation infrastructure in the capital budget under trading services.

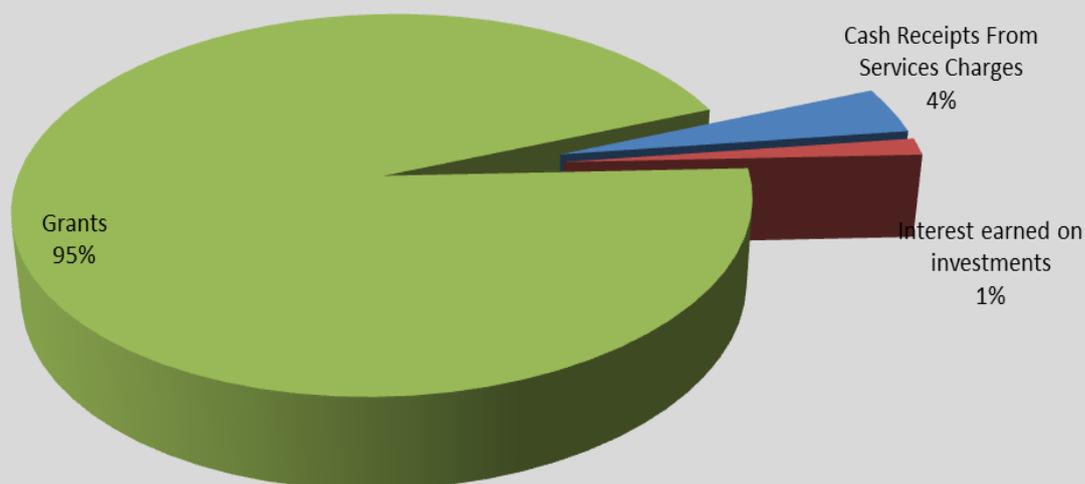
5.4 Component C: Cash flow Management and Investment

COMMENT ON CASH FLOW OUTCOMES

Up until 2014/15 financial year, the municipal yearend cash flow position has been on an upward trend however, in the past year that has reversed posing cash flow risk to the municipality and again in 2016/17 it went up showing a great improvement.

✓ 2012/13	R20,1million
✓ 2013/14	R29, 4million
✓ 2014/15	R25, 8million
✓ 2015/16	R5, 8million
✓ 2016/17	R 24, 4million

The municipality need to continue with cost containment measures to ensure that the municipality's liquidity position improves.



COMMENT ON GRANT RECEIPTS

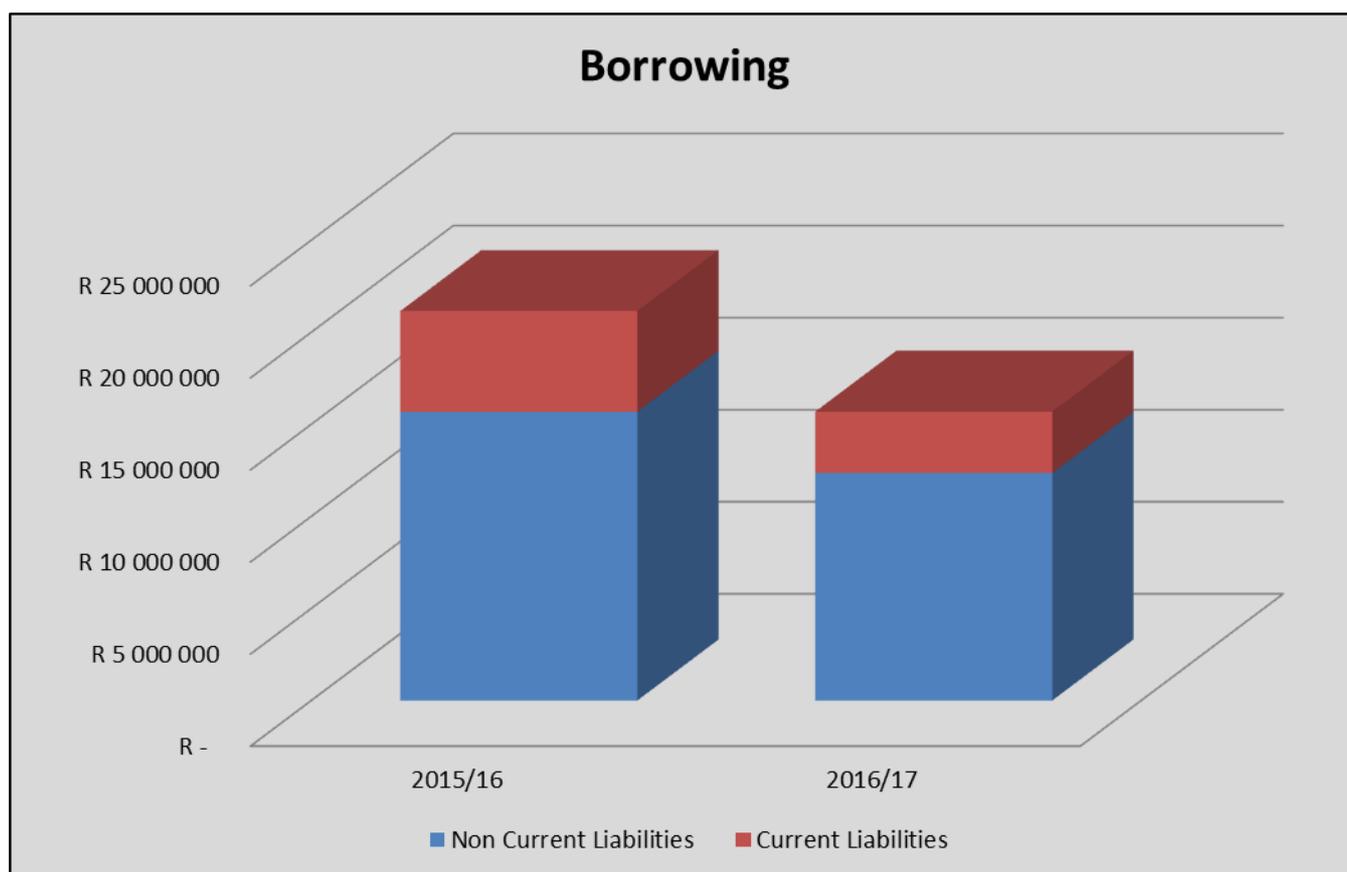
Operating Transfers and Grants: Budgeted operating include grants such as the Financial Management Grants that contribute the overall institutional arrangement such as Rural household's infrastructure grants, equitable share etc.

Capital Transfers and Grants: All capital grants received were 100% of the adjusted budget.

Grants receipts reflected 100% of the total receipts.

5.4.1 Borrowing and Investments

The municipality's borrowing is only constituted of the ABSA loan as the last DBSA loan was fully redeemed in the 2014/15 financial year. The long term debt instruments are used to fund the Water & Sanitation capital infrastructure only in compliance with the MFMA requirements. Finance leases are also used to finance other assets when it is prudent to do so.



COMMENT ON BORROWINGS & INVESTMENTS

The balance on the long term loans has decreased by 58% in the past years showing great commitment by the municipality to extinguish its long term debt obligation. The total debt owing at year end was R15, 6million.

The municipality does not have investments greater than 90 days. All excess funds are deposited and kept in call accounts and these short term investments are made after taking into consideration short term working capital requirements.

The Municipality is currently not involved in any Public Private Partnerships arrangements.

CHAPTER 6

A U D I T O R I A L

COMPONENT A: AUDITOR GENERAL'S FINDINGS

2015-2016

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Harry Gwala District Municipality

Report on the financial statements

Introduction

1. I audited the financial statements of the Harry Gwala District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget with actual information for the year then ended, as well as 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 Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (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 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 Harry Gwala District Municipality as at 30 June 2016 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.

Emphasis of matters

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

Significant uncertainties

8. The municipality is a defendant in various claims received from suppliers for services rendered as disclosed in note 40 to the financial statements. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result had been made in the financial statements.

Material losses and impairments

9. As disclosed in note 46 to financial statements, the municipality incurred material losses of R22,40 million (2014-15: R13,78 million) as a result of water distribution losses. The losses arose from the deterioration of the water reticulation networks; unmetered water connections; burst pipes; and unauthorised consumption. Water losses were made up of technical losses of R18,59 million (2014-15: R5,40 million) and non-technical losses of R3,77 million (2014-15: R8,38 million).
10. Trade and other receivables from exchange transactions as disclosed in note 6 to the financial statements, was impaired by R119,94 million (2014-15: R98,05 million). This was a result of an annual review of the collectability of consumer debts.

Financial sustainability

11. There is significant pressure on the municipality's cash reserves and its current liabilities exceeded current assets by R164,79 million (2014-15: R95,62 million) as disclosed in note 48 to the financial statements. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate in the foreseeable future.

Additional matter

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

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the objective, which is to improve the coverage; quality; efficiency and sustainability of water and sanitation in all urban and rural communities. The objective presented in the annual performance report of the municipality for the year ended 30 June 2016.
16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.
18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the objective, which is to improve the coverage; quality; efficiency and sustainability of water and sanitation in all urban and rural communities.

Additional matters

20. I identified no material findings on the usefulness and reliability of the reported performance information for the selected objective; however, I draw attention to the following matters:

Achievement of planned targets

21. The annual performance report on pages x to x includes information on the achievement of the planned targets for the year.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the objective, which is to improve the coverage; quality; efficiency and sustainability of water and sanitation in all urban and rural communities. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

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

Expenditure management

24. Reasonable steps were not taken to prevent irregular and unauthorised expenditure, as required by section 62(1)(d) of the MFMA.

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

26. Leadership did not adequately monitor their audit action plan to confirm that effective measures were taken to address previous findings on compliance with key legislation relating to expenditure management.

Other reports

27. I draw attention to the following engagements that could potentially have an impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are in progress.

Investigations

28. Independent consulting firms were investigating allegations, of possible misappropriation of funds and irregularities in the contract management process at the request of the KwaZulu-Natal Provincial Treasury. The investigations covered the periods 1 July 2006 to 30 June 2013 and 1 July 2010 to 30 June 2011, respectively.

Auditor - General
Pietermaritzburg
30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT B: AUDITOR GENERAL'S FINDINGS
2016-2017



Auditing to build public confidence



AUDITOR - GENERAL
SOUTH AFRICA



AUDITOR - GENERAL
SOUTH AFRICA

Ms.N.Dlamini
The accounting officer
Harry Gwala District Municipality
Private Bag X501
Ixopo
3276

30 November 2017

Reference: 21477REG16-17

Dear Madam

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Harry Gwala District Municipality for the year ended 30 June 2017

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa and section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. Please note that this is not intended for publishing purposes.

Kindly acknowledge receipt of this letter.

Yours sincerely

.....
Deputy Business Executive : KwaZulu Natal

Enquiries: Thamarin Mudely
Telephone: (033) 264 7400
Fax: (033) 264 7596

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Harry Gwala District Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Harry Gwala District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, statement of financial performance, statement of changes in net assets, cash flow statement and the appropriation statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Harry Gwala District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended 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, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Revenue - Service charges

3. I was unable to obtain sufficient appropriate audit evidence for service charges due to the poor status of accounting records. Consequently, I was unable to determine the impact on the service charges stated at R39,65 million in note 18 to the financial statements as it was impracticable to do so. Additionally, there was a resultant impact on trade and other receivables from exchange transactions and allowance for impairment.

Revenue - Interest on outstanding debtors

4. The municipality did not properly account for revenue from exchange transactions in terms of SA Standard of GRAP 9, *Revenue from exchange transactions* as interest on outstanding debtors was levied using an incorrect interest rate due to a breakdown in internal controls. Consequently, I was unable to determine the impact on the interest on outstanding debtors stated at R16,39 million in the statement of financial performance as it was impracticable to do so. Additionally, there was a resultant impact on trade and other receivables from exchange transactions and allowance for impairment.

Trade and other receivables from exchange transactions

5. I was unable to obtain sufficient and appropriate audit evidence to confirm consumer debtors recognised, as the municipality did not maintain adequate records. Consequently, I was unable to confirm the amount by alternative means and consequently could not determine whether any further adjustments were necessary to the trade and other receivables from exchange transactions stated at R28,64 million in note 6 to the financial statements.

Property, plant and equipment – Work in progress

6. The municipality did not assess their long outstanding work in progress for impairment in accordance with SA Standard of GRAP 26, *Impairment of cash generating assets* due to a breakdown in controls. I was unable to determine the impact on the work in progress balance of R823,33 million disclosed in note 8.4 to the annual financial statements as it was impracticable to do so. Additionally, there was a resultant impact on the impairment loss.

Unspent conditional grants and receipts

7. I was unable to obtain sufficient and appropriate audit evidence to confirm unspent conditional grants and receipts recognised in the financial statements due to the status of accounting records. I was unable to confirm these amounts by alternate means and consequently could not determine whether any further adjustments were necessary to the unspent conditional grants and receipts stated at R53,52 million in note 16 to the financial statements.

Context for the opinion

8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
9. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Financial sustainability

11. The municipality's current liabilities exceeded its current assets by R126,04 million (2015-16: R173 million) as disclosed in note 46 to the financial statements. This is due to a poor history of debtor payments and unfavourable liquidity ratios resulting in the municipality not paying its creditors timeously. This condition indicates the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate in the foreseeable future. Management plans to improve financial sustainability by implementing cost containment measures in conjunction with revenue enhancement strategies.

Emphasis of matter

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

Material losses – water

13. As disclosed in note 45 to the financial statements, material water losses of R11,91 million (2015-16: R22,40 million) was incurred which represents 40,4% (2015-16: 50,47%) of total water distributed. Technical losses amounted to R9,90 million (2015-16: R18,59 million) and non-technical losses amounted to R2,01 million (2015-16: R3,77 million).

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, 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.
17. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

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

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

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

22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for development objective 2 - to improve the coverage; quality; efficiency and sustainability of water and sanitation in all urban and rural communities on pages x-x presented in the annual performance report of the municipality for the year ended 30 June 2017.
23. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. I did not identify any material findings on the usefulness and reliability of the performance information for the selected development objective.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. The annual performance report on pages x to x includes information on the achievement of planned targets for the year and explanations are provided for the overachievement of a significant number of targets.

Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of development objective 2 - to improve the coverage; quality; efficiency and sustainability of water and sanitation in all urban and rural communities. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

Budget

30. Reasonable steps were not taken to prevent unauthorised expenditure of R50,76 million as disclosed in note 41 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of unauthorised expenditure was caused by the inadequate budgeting of non-cash items.

Annual financial statements and annual report

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
32. The oversight report adopted by the council on the 2015-16 annual report was not made public, as required by section 129(3) of the MFMA.

Procurement and contract management

33. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of Municipal Supply Chain Management Regulation, 2005 (MSCMR) 17(a) and (c).
34. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by MSCMR 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of MSCMR 36(1).
35. Bid documentation for procurement of the commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by regulation 9(1) of the Preferential Procurement Regulations of South Africa, 2011.
36. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by regulation 9(1) of the Preferential Procurement Regulations of South Africa, 2011.
37. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Expenditure management

38. Effective steps were not taken to prevent fruitless and wasteful expenditure of R2,93 million, as disclosed in note 42 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Most of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on overdue accounts.
39. Effective steps were not taken to prevent irregular expenditure of R101,75 million, as disclosed in note 43 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by multi-year contracts that were awarded without following proper procurement processes.
40. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Revenue management

41. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

42. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Other information

43. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the mayor's foreword, municipal manager's overview, corporate governance reports. The other information does not include the financial statements, the auditor's report and the selected development objective presented in the annual performance report that has been specifically reported in the auditor's report.
44. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
45. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
46. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Leadership

49. Leadership did not exercise adequate oversight and monitoring over revenue, asset and grant management to support accurate and credible reporting.

Financial management

50. Senior management did not adequately maintain a system of records management that supports revenue, asset and grant management.

Other reports

51. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
52. Independent consulting firms were investigating allegations of possible misappropriation of funds, irregularities in the contract management process and allegations surrounding payments to fictitious employees at the request of the provincial treasury and the municipality. These three investigations cover the periods 1 July 2006 to 30 June 2013, 1 July 2010 to 30 June 2011, and the period prior to 31 January 2017, respectively. These investigations were still in progress at the date of this report.
53. In terms of proclamation number R10 of 2017, *Government Gazette 40594 of 3 February 2017*, the special investigating unit is investigating various irregularities into the procurement of goods and services from 10 service providers which covers the period 1 January 2010 to 3 February 2017. These investigations were still in progress at the date of this report.

Auditor-General
Pietermaritzburg

30 November 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Harry Gwala District Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

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APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE**LIST OF COUNCILLORS**

COUNCILLOR	POSITION
Cllr. ME Ndobé	Mayor
Cllr. NH Duma	Deputy Mayor
Cllr. TN Jojozi	Speaker
Cllr. BP Nzimande	Member
Cllr. N Mavuka	Member
Cllr. LG Seja	Member
Cllr. WB Dlamini	Member
Cllr. SS Mavuma	Member
Cllr. VW Zaza	Member
Cllr. P Shange	Member
Cllr. TG Soni	Member
Cllr. BC Mncwabe	Member
Cllr. SJ Magaqa	Member
Cllr. BC Caluza	Member
Cllr. ZC Khumalo	Member
Cllr. NW Dladla	Member
Cllr. BZ Magaqa	Member
Cllr. BL Marncé	Member
Cllr. SN Madziba	Member
Cllr. ZR Tshazi	Member
Cllr. S Nkala	Member
Cllr. TC Dlamini	Member
Cllr. SV Zulu	Member
Cllr. V Xotongo	Member
Cllr. S Phakathi	Member

ALLOCATION OF COUNCILLORS

EXECUTIVE COMMITTEE

COUNCILLOR	POSITION
Cllr. ME Ndobe	Chairperson (Mayor)
Cllr. NH Duma	Member (Deputy Mayor)
Cllr. N Mavuka	Member
Cllr. BP Nzimande	Member
Cllr. LG Seja	Member

INFRASTRUCTURE SERVICES

COUNCILLOR	POSITION
Cllr. N Mavuka	Chairperson
Cllr. NW Dladla	Member
Cllr. BL Marnce	Member
Cllr. SN Madziba	Member
Cllr. BZ Magaqa	Member

WATER AND SANITATION SERVICES COMMITTEE

COUNCILLOR	POSITION
Cllr. BP Nzimande	Chairperson
Cllr. ZR Tshazi	Member
Cllr.ZC Khumalo	Member
Cllr. LG Seja	Member
Cllr. SS Mavuma	Member
Cllr. VW Zaza	Member

SOCIAL SERVICES AND DEVELOPMENT PLANNING

COUNCILLOR	POSITION
Cllr. NH Duma	Chairperson (Deputy Mayor)
Cllr. PP Shange	Member
Cllr. TG Soni	Member
Cllr. BC Mncwabe	Member
Cllr. SJ Magaqa	Member
Cllr. B Caluza	Member

FINANCE AND CORPORATE SERVICES COMMITTEE

COUNCILLOR	POSITION
Cllr. ME Ndobé	Chairperson (Mayor)
Cllr. WB Dlamini	Member
Cllr. S Nkala	Member
Cllr. TC Dlamini	Member
Cllr. SV Zulu	Member
Cllr V Xotongo	Member
Cllr S Phakathi	Member

MPAC

MEMBER	POSITION
Cllr SV Zulu	Chairperson
Cllr SS Mavuma	Member
Cllr WB Dlamini	Member
Cllr S Nkala	Member
Cllr V Xotongo	Member

AUDIT COMMITTEE

MEMBER	POSITION
Mr. HH Mpungose	Chairperson
Mrs Z Matshikiza	Member
Mr. D Mncwabe	Member

LOCAL LABOUR FORUM

NAME	POSITION
Mrs TT Dlamini Mhlungu	Chairperson
Councillor BP Nzimande	Employer Component
Councillor WB Dlamini	Employer Component
Councillor NH Maphasa Duma	Employer Component
Councillor N Mavuka	Employer Component
Ms N Lungwengwe	Executive Director: Corporate Services
Mr M Mkatu	Chief Financial Officer
Ms NC James	Executive Director: Social Services, Development and Planning
Mr NE Biyase	Executive Director: Water Services
Mr EMM Nzimande	Director: Legal Services
Mrs PP Cele	Advisor
Mr T Magqazana	Labour Component
Mr T Mndaweni	Labour Component
Mr S Mthlane	Labour Component
Mr V Nyide	Labour Component

Mr M Mkhwanazi	Labour Component
Mr N Makhanya	Labour Component
Mr S Ngwane	Labour Component

**HARRY GWALA DISTRICT MUNICIPALITY COUNCILLORS ATTENDANCE RECORDS JULY 2016-
JUNE 2017**

COUNCIL MEETINGS

Councillors	No. of scheduled meetings	Meetings not Attended & Dates of the meeting	Meetings attended
1. Cllr. ME Ndobe	09	01 06 December 2016	08
2. Cllr. N H Maphasa -Duma	09	0	09
3. Cllr. TN Jojozi	09	0	09
4. Cllr. WB Dlamini	09	0	09
5. Cllr. BP Nzimande	09	0	09
6. Cllr. N Mavuka	09	03 28 March 2017 26 May 2017 28 June 2017	06
7. Cllr. LG Seja	09	02 06 December 2016 26 May 2017	07
8. Cllr. SS Mavuma	09	01 26 May 2017	08
9. Cllr. NW Dladla	09	0	09
10. Cllr. TG Soni	09	01 26 May 2017	05
11. Cllr. V Xotongo	09	02 25 January 2017	08

12.	Cllr. VW Zaza	09	03 20 September 2016 28 March 2017 28 June 2017	06
13.	Cllr. TC Dlamini	09	02 04 November 2016 26 May 2017	07
14.	Cllr. ZC Khumalo	09	0	09
15.	Cllr. S Nkala	09	03 04 November 2016 06 December 2016 25 January 2017	06
16.	Cllr. SJ Magaqa	09	01 06 December 2017 26 May 2017	07
17.	Cllr. SN Madziba	09	01 06 December 2016 26 May 2017	07
18.	Cllr. BC Mncwabe	09	01 28 February 2017	08
19.	Cllr. SV Zulu	09	04 06 December 2016 25 January 2017 26 May 2017 28 June 2017	05
20.	Cllr. P Shange	09	06	03

			04 November 2016 06 December 2016 25 January 2017 28 February 2017 28 March 2017 28 June 2017	
21.	Cllr. ZR Tshazi	09	02 28 March 2017 28 June 2017	07
22.	Cllr BC Caluza	09	02 28 March 2017 26 May 2017	07
23.	Cllr. BZ Magaqa	09	01 20 September 2016	08
24.	Cllr. BL Marnce	09	03 06 December 2016 28 February 2017 28 June 2017	06
25.	Cllr. SJ Phakathi	09	03 06 December 2016 28 February 2017 26 May 2017	06

EXECUTIVE COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
Cllr ME Ndobe	11	11	0
Cllr NH Maphasa-Duma	11	11	0

CLlr N Mavuka	11	11	0
CLlr BP Nzimande	11	10	01 22 March 2017
LG Seja	11	09	02 14 February 2017 21 June 2017

INFRASTRUCTURE SERVICES COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED
1.Cllr N Mavuka	07	07	0
2.Cllr NW Dladla	07	07	0
3.Cllr SN Madziba	07	07	0
4.Cllr BZ Magaqa	07	07	0
5.Cllr BL Marncce	07	05	02 14 October 2016 14 November 2016

FINANCE AND CORPORATE SERVICES COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1.Cllr ME Ndobe	07	04	03 10 February 2017 17 May 2017 14 June 2017
2.Cllr SV Zulu	07	06	01 15 November 2016
3.Cllr WB Dlamini	07	06	01 15 November 2016
4.Cllr S Nkala	07	05	02 10 February 2017 14 June 2017
5.Cllr TC Dlamini	07	07	02
6.Cllr V Xotongo	07	06	01 18 April 2017
7. Cllr SJ Phakathi	07	04	03 20 March 2017 18 April 2017 14 June 2017

SOCIAL SERVICES AND DEVELOPMENT PLANNING

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1.Cllr NH Maphasa Duma	08	01	08 May 2017
2.Cllr P Shange	08	03	5 10 November 2016

			05 December 2017 15 April 2017 08 May 2017 06 June 2017
3.Cllr TG Soni	08	08	0
4.Cllr BC Mncwabe	08	08	0
5.Cllr SJ Magaqa	08	06	02 05 December 2016 15 March 2017
6.Cllr BC Caluza	08	04	04 10 November 2016 15 March 2017 18 April 2017 06 June 2017

WATER AND SANITATION SERVICES COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1.Cllr BP Nzimande	08	08	0
2.Cllr 2. Cllr ZR Tshazi	08	06	02 November 2016 June 2017
3.Cllr ZC Khumalo	08	08	0
4.Cllr LG Seja	08	03	05 November 2016

			February 2017 March 2017 April 2017 June 2017
5.Cllr SS Mavuma	08	07	01 May 2017
6.Cllr VW Zaza	08	05	03 September 2016 November 2016 February 2017

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1. Cllr SV Zulu	07	07	0
2. Cllr SS Mavuma	07	06	01 20 June 2017
3. Cllr V Xotongo	07	07	0
Cllr S Nkala	07	03	04 10 November 2016 09 February 2017 15 March 2017 30 May 2017
Cllr WB Dlamini	07	06	01 26 June 2017

APPENDICE B: COMMITTEES PURPOSE FOR EACH COMMITTEE

- a) Executive Committee Council
- b) Finance and Corporate Services Committee
- c) Social Services and development Planning Committee
- d) Infrastructure Services Committee
- e) Water Services Committee
- f) Municipal Public Accounts Committee
- g) Audit Committee

(a) EXECUTIVE COMMITTEE

It is the Principal Committee and also makes recommendations to Council for Endorsement. It monitors the municipal performance. The Committee also reports annually to Council on the effect of community participation and consultation in oversee provision of services to the community eg. Integrated Development Plan (IDP) roadshows.

(b) COUNCIL

This is the body that makes the by-laws and decisions for the municipality and oversees the executive and administration. It has a number of different responsibilities. These include making the by-laws and policies, providing financial oversight, planning the budget, approval of the Service Delivery and Budget Implementation Plan (SDBIP) and the Integrated Development Plan (IDP), employment of the Municipal Manager and ensures that policies and by-laws are adhered to. It is also responsible for ensuring that the municipal administration fulfills its duties by ensuring that all resolutions are implemented.

(c) FINANCE AND CORPORATE SERVICES COMMITTEE

The Finance and Corporate Services Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for research, planning and recommendation of best methods and strategies with respect to the

following functions of the Municipal Council and advising the Executive Committee **on all policy matters** ensuring appropriate systems and procedures.

- Receive reports and evaluate progress on Human Resources, Administrative and Communication issues.
- Make recommendations on legislation and policies relating to Human Resources, Administrative Finance and Communication matters.
- Matters related to the job evaluation and grading of staff.
- Performance Management that is cascaded to employees below Section 56 Managers.
- Implementation of new structures and strategies.
- Ensuring that administrative systems and processes of Sisonke District Municipality are in line with National principles e.g. Batho Pele principles.
- Deliberate on all finance related matters.
- Deliberate on Communication matters.
- Assist the Executive Committee in the allocation if applicable, the distribution of grants made to the District Municipality such as LGSETA grants.
- Monitoring of Workplace Skills Plan and all other related programmes.
- Assist the Executive Committee in water tariffs related matters by developing revenue enhancement strategy.
- Policy decisions relating to:
 - The recruitment, selection and appointment of persons as staff members.
 - The monitoring, measuring and evaluating performance of staff.
 - The dismissal and retrenchment of staff

- Conditions of service for employees
- Labour Relations matters
- Human Resources Development
- Transformation and diversity management
- Any other matters related to:
 - General Administration
 - Security Services
 - Organisational Development
 - Committees Management an Administration
 - Registry Services
 - Information Communication Technology Management
 - Communication

(d) SOCIAL SERVICES AND DEVELOPMENT PLANNING COMMITTEE

The Social Services and Development Planning Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee:-

- Social Development strategies for all sectors of the District community, including but not limited to Senior Citizens, Youth, Women (Gender issues), childr.en and people with disabilities.
- Environmental Health System: the planning and development of a system and mechanisms to implement an effective and efficient environmental health system.

- Sports and Recreation, Heritage, Arts and Culture: coordinating and initiating programmes and projects aimed at developing the skills, knowledge, talent and participating in social regeneration of all sectors of the community.
- Disaster Management: planning and local economic including disaster mitigation i.e. put measures in place to deal with disaster should it happen.
- The Committee shall approve development applications.
- The Committee will work in promoting Tourism within the District.
- Establishment of poverty alleviation initiatives
- The Committee shall monitor progress and use of land after transfer.
- Revitalisation of declining towns.
- Encouragement livable and sustainable human settlements.
- Development of sector plans and monitor that sector plans are undertaken.
- Undertaking any other related functions which may be requested by the Committee from the Executive Committee.
- Receive reports and evaluate progress.

(e) MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Audit Report on annual financial statements of the Municipality, Any reports issued by the Auditor- General on the Affairs of the Harry Gwala District Municipality, and the annual report of the municipality.

The Mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality; and any other financial statement or reports referred to MPAC by the Council. Any information relating to personnel; books of account, records, assets and liabilities of the council. Relevant information that may be required for the purpose fulfilling

its mandate, MPAC may report on or make recommendations in relation to any of the reports or financial statements which it may examine.

In its examination (mentioned in 2) MPAC must take into account previous statements and reports and consider the degree to which previously identified shortcomings have been rectified. The Committee must report to council on its findings. The Committee shall initiate and develop the annual Oversight report on the Municipality's Annual Report.

The Committee may initiate, direct and supervise investigations referred to it and render an opinion on such recommendations. MPAC may consider any Audit Committee recommendations referred to it and render an opinion on such recommendations. The Committee may request or invite members of the public to attend any meeting of the Committee (section 16 (1) of the Municipal System Act, 2000) to assist it with the performance of its function. MPAC may co-opt advisory members or experts to advise the Committee in its deliberations, provided that such persons may not vote on any matter.

(f) AUDIT COMMITTEE

Section 166 of the Municipal Finance Management Act, 1998 requires every municipality to have an Audit Committee which must serve the purpose of being an independent advisory body to the council, political office bearers, and the municipal manager in his role as accounting officer, management and staff. The audit Committee is required to consider any matters relating to financial affairs of the municipality and any risk, internal and external audit matters. The Committee must review and assess the qualitative aspects of financial reporting, the municipality's processes and compliance with significant applicable legal, ethical regulatory requirements.

The advisory role of the Audit Committee is related to matters including:

- internal financial control and internal audits;
- risk management;
- accounting policies;

- the adequacy, reliability and accuracy of financial reporting and information;
- performance management;
- effective governance;
- compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- Any other issues referred to it by the municipality.
- The Committee must review the financial statements to provide council with a credible view of the financial position of the municipality. It must respond to any issues raised by the Auditor-General in the audit report and carry out any investigations into the financial affairs of the municipality which the council requests.

(g) INFRASTRUCTURE SERVICES COMMITTEE

The Municipal Structures Act, 117 of 1998 prescribes the methodology for the establishment of Municipal Council Committees. The Infrastructure Committee (hereby referred to as the "Committee" is established in terms of Section 80 of the Municipal Structures Act.

The object of the Infrastructure Committee is to assist the Executive Committee to promote service delivery with the District Municipality.

The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee. The functions of the Infrastructure Committee are tabulated as follows:

- Bulk electricity supply which includes for the purposes of such supply, the transmission, distribution and where applicable the generation of electricity.

- Bulk sewage reticulation infrastructure (including bulk water reticulation and domestic waste water) and solid waste disposal.
- Solid waste disposal infrastructure relating to the determination of waste of waste disposal strategy.
- Establishment operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities.
- Municipal roads which form an integral part of a road transport system for the area of the district, municipality as a whole. Any other municipal public works allocated to the municipality.
- The Infrastructure Committee shall advise the Executive Committee on all fiscal and other incentives designed to promote infrastructure development.
- Overseeing of the implementation of infrastructure projects.
- Prioritization of infrastructure development projects and recommend to the Executive Committee Support administration in community liaison issues relevant to infrastructure development.
- Represent Council in Seminars/workshops related to Infrastructure development.
- The Committee must recommend the provision/approval of funds for unforeseen infrastructural improvements.
- Overseeing the implementation of projects and support committees relevant to community development.

(h) WATER AND SANITATION SERVICES COMMITTEE

The Municipal Structures Act, 117 of 1998 prescribes the methodology for the establishment of Municipal Council Committees. The Water and Sanitation Committee (hereby referred to as the "Committee" is established in terms of Section 80 of the Municipal Structures Act.

This Committee provides to the Executive Committee, recommendations on legislation and policies relating to the following functions:

- Water,
 - Sanitation,
 - Ensure that all Safety issues relating to the above are adhered to,
 - Legislative compliance,
 - Receive progress reports on the issues mentioned above and evaluate progress.
-
- Responsible to assist the Executive Committee in the coordination of functions pertaining to its portfolio. Considering reports from the designated officials for the portfolio, or other functionary and submit its recommendations on such issues to the Executive Committee.

 - Perform any duties and exercise any powers delegated to it by the Executive Committee.

 - May sub-delegate any duty or power delegated to it by the Executive Committee to any Political Office Bearer or the Municipal Manager.

May within the limits of any Policy Directives of the Executive Committee and adopted Integrated Development Plan issue policy directives to any Political Office Bearer or the Municipal Manager to whom discretion has been sub-delegated by it for the exercise of any power by such a person under such sub-delegation.

To assist the Executive Committee to promote a safe and healthy environment by advising the Executive Committee on:

-All policies and bylaws for the water and sanitation services

-The review of those bylaws, regulations, rules and tariffs that regulate and arise out of matters within the Terms of Reference of the Committee and the proposal of amendments and additions thereto.

- Appoint from within its membership a sub-committee with powers to co-opt such other members as the sub-committee deem fit, to consider and report to the Committee on any matter falling within its terms of reference.

- Recommend to the Executive Committee strategies, programs and services to address water and sanitation needs through the water services development plan and Integrated Development Plan; taking into account any applicable national and provincial development strategies and recommend or determine the best methods, including partnership and other approaches, to deliver water and sanitation services, programs and services to the maximum benefit of the community.

- Oversee random water quality testing undertaken within the district municipality. The Water and Sanitation Committee in performing its duties must: Identify and develop criteria in terms of which progress in the implementation of water and sanitation strategies, programs and services it recommended to the Executive Committee can be evaluated, including key performance indicators which are specific to the Municipality and common to local government and water sector in general evaluate progress against the key performance indicators, which include provision of water and sanitation.

- Monitor water services administration.

- Oversee the provision of water and basic sanitation services to the community in a sustainable manner, in compliance with Section 3 of the Water Services Act.

- Ensure that regard is given of particular scheme specific and reports on the effect of consultation on the decisions of the Executive Committee.
- Make recommendations to the Executive Committee about provision of water services to areas outside the district municipality.
- To report to the Executive Committee on all decisions and resolutions taken by it where necessary, make a request to the district municipality for financial, technical and administrative support services for unforeseen water development services, planning and provision related matters.

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Administrative Structure		
	Directorate	Director/Manager (Title and name)
Corporate Services	ED: Corporate Services	Ms. N. Lungwengwe
Human Resource Management	Director: HR	Mrs. P. Cele
Administration	Director: Administration	Mr. T. Ndaba
Social Services and Development Planning	ED: Social and Development Planning	Ms. NC James
IDP / PMS	Director: IDP / PMS	Mr. Z. Mtolo
Planning and Development	Director: Development Planning	Mr. L Zondi
Special Programmes	Director: Special Programmes	Mr. R. Langa
Social Services	Director: Social Services	Ms. T.T Mahlaba
Water & Sanitation	ED: Water & Sanitation	Mr. N. Biyase
Operations and Maintenance	Director: O & M	Mr. K Yokwe
Design and Planning	Director: Design & Planning	Mr. S. Ngcobo
Governance	Director: Governance	Vacant

Infrastructure	ED: Infrastructure	Mr. B. Makwakwa
Project Management Unit	Director: Project Management Unit	Vacant
Municipal Works	Director: Municipal Works	Mrs. H Ngcobo
Professional Services	Director: Professional Services	Vacant
Budget and Treasury Office	ED: Budget and Treasury Office	Mr M Mkatu
Supply Chain Management	Director: SCM	Ms. T. Dandala
Income and Expenditure	Director: Income & Expenditure	Mr. P. Luthuli
Budgeting and Reporting / Accounting Support / Financial Systems	Director: Budgeting and Reporting / Accounting Support / Financial Systems	Ms. A Nongalo

APPENDIX D: FUNCTIONS OF MUNICIPAL / ENTITY

Municipal Functions	Function applicable to Municipality Y/N	Function applicable to Entity Y/N
Air pollution	N	N
Firefighting services	N	N
Local tourism	N	Y
Municipal planning	Y	N
Municipal health services	Y	N
Water and sanitation services	Y	N
Cemeteries, funeral parlours and crematoria	N	N
Cleansing	N	N
Control of public nuisances	N	N
Markets	N	Y

Municipal abattoirs	N	N
Municipal parks and recreation	N	N
Municipal roads	Y	N
Public places	N	N
Noise pollution	N	N
Refuse removal, refuse dumps and solid waste disposal	N	N

APPENDIX E: WARD REPORTING

N/A

APPENDIX F: WARD INFORMATION

N/A

APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

**Province of KwaZulu-Natal – Harry Gwala District Municipality
Audit Committee**



“Together we deliver and grow”

**Audit Committee Report
For the year ended 30 June 2017**

1. BACKGROUND

The Audit Committee is pleased to present its report for the financial year ended on the 30 June 2017.

The Audit Committee consisted of three independent members who are financially literate and possess diverse skills and experience in the public sector key to the effective monitoring of risk, internal controls and governance processes.

The function of the Audit Committee is primarily to assist the Council in discharging its responsibilities relative to the Municipal Finance Management Act (MFMA).

1.1 Audit Committee membership and attendance

During this period the Audit Committee consisted of three members. The table below sets forth the membership, dates of appointment and attendance at meetings of the committee:

Names	Role	Meetings held	Meetings attended	Date appointed
Mr H Mpungose	Chairperson	5	5	February 2012
Ms. Z Matshikiza	Member	5	4	February 2012
Mr D Mncwabe	Member	5	5	November 2014

2. THE AUDIT COMMITTEE'S RESPONSIBILITY

The Audit Committee operates under written terms of reference, the audit committee charter which is approved by the Council annually. These terms of reference are in line with the requirements of section 166 of the MFMA and Treasury Regulation 27.1. We further report that we have conducted our affairs in compliance with this charter. In this report, under relevant headings, we have summarized the activities we have undertaken in executing of our mandate.

2.1 Internal Audit

In line with the requirements of the MFMA the Internal Audit provides the Audit Committee and Management with assurance as to whether the internal controls are appropriate and effective. This is achieved by means of the risk based internal audit plan which is approved by the Audit Committee annually.

- *Internal Audit plan for the year ending June 2018*
We have reviewed and approved the internal audit plan for the financial year ending 30 June 2018.
- *Internal audit Charter*
In line with our mandate we have also reviewed and approved the internal audit charter. We effected no amendments to the previously approved charter since there were no material developments within the Internal Audit environment which warrant any amendment.
- *Status of Internal Audit projects*
With the exception of the ICT General Controls project, at 30 June 2017 the work of the Internal Audit Unit had progressed as planned. This exception arose as a result of the change in the plan of the Auditor General. This project was therefore suspended since it was going to be a duplication of effort hence fruitless expenditure.

2.2 Risk Management

We have reviewed the Risk Management Activity reports and the Risk Registers of the Municipality (Operational and Strategic) and noted the following:

(a) Risk Profile

The following risks facing the municipality are not pronounced well in the registers and some do not feature in the top 15 Risk Register:

- Cash flow / liquidity challenges;
- Project management challenges;
- Aging infrastructure;
- Revenue collection;
- Revenue generation;
- Expenditure Management;
- Investigations and effects thereof.

(b) Risk Management Activities

In our third quarter report, we reported the following had not been done or resolved by this unit:

- The fraud prevention and anti-corruption strategy had not been communicated to employees;
- Lack of capacity within the Risk Management Unit was not resolved. The Unit comprised only one personnel i.e the Manager.
- The risk management training and awareness sessions were not conducted.
- Risk Committee Meetings were not convened on a monthly basis.

We are pleased to report that a lot of effort has been made to correct these short comings however the lack of capacity remains a challenge due to the financial constraints the municipality is facing.

2.3 ICT Governance and ICT Operations

At the date of this report, from the discussions we held with management we noted the following:

- The three vacant posts within this unit had not been filled. The HR Unit was still in the process of recruitment these resources.
- The memorandum of understanding / SLA between Municipality and the ICT Service Provider had not been signed by both parties yet.
- The IT Strategic Plan / Master Systems Plan had not been implemented yet.

We urge management to prioritize the recruitment of these resources to avoid rendering the ICT Unit not functional.

2.4 Evaluation of Financial Reports and Annual Financial Statements

We have reviewed the Annual Financial Statements for the year ended 30 June 2017. In the process we noted the following significant issues:

(a) Revenue

Water revenue is recognized using the meter readings, estimated readings (in the case of faulty meters) and flat rates (where there are no meters).

During the period under review meters were installed and used for the first time in some of areas and their introduction has resulted to a significant increase in amount billed to customers. This may result to the non-payment of the debts as a result of this abnormal hike. (Refer to **note 18** of the Annual Financial Statements).

At the date of this report the effect of this abnormal hike to the recoverability of debtors had not been determined.

(b) Trade and Other Receivables from Non-Exchange Transactions

Trade and Other Receivables from Non-Exchange Transactions include debtors that are under investigation and debtors that have been outstanding for a long time.

The Trade and Other Accounts from Non Exchange Transactions may be overstated since these debts may not be recoverable (Refer to **note 4** of the Annual Financial Statements).

(c) Trade and Other Receivables from Exchange Transactions

This account balance includes debtors who have been outstanding for a number of years despite statements being sent to them on a regular basis. Furthermore, more than 50% of these debtors are not recoverable, therefore, they should be written off. (Refer to **note 6** of the Annual Financial Statements).

(d) Unspent grants

Unspent grants amounting to R 54 817 505 are not cash backed by R30 486 933. This is a direct result of the accruals raised in the 2015/16 financial year end and retentions held in respect of projects completed in the previous years and paid during the period under review.

Furthermore we noted that these grants include old projects (with no current activity) which have been carried forward from one year to the other. (Refer to **note 16** on Unspent Grants and **note 7** on Cash and Cash equivalents)

(e) Property Plant and Equipment – Work in progress

Physical verification of assets and confirmation of the status of Assets-Under-Construction (WIP) was carried out during the period under review and necessary adjustments were made to the accounting records, however, we have noted that a very small percentage of the WIP carried forward from the previous years has been transferred to completed projects. (Refer to **note 8** on Property Plant and Equipment)

Although the total cost of the Property, Plant and Equipment may not be understated, their net book values may be overstated as a result of delayed commissioning of assets. This may also be an indication of lack in planning as well.

(f) Outstanding work at the date of this report was as follows:

- Submission of the working paper file to the internal auditors for the final review;
- Effecting amendments suggested by the Audit Committee;
- Completion of note 45 on water losses; and

- Effecting adjustments which may emanate from discussion with the Council.

2.5 Performance information

We have reviewed the Fourth Quarter Performance Reports, the Annual Performance Reports and the Draft Annual Report. At the date of this report the internal audit still had to confirm whether exceptions identified during the audit and those raised by the Audit Committee have been corrected.

3. mSCOA COMPLIANCE

At the time of this report management advised us that the Municipality is not yet fully mSCOA compliant and that the consultants assisting the Municipality will be on site to complete the outstanding phases of this process on the 14 September 2017.

RECOMMENDATIONS

a. Risk Profile

The Council must review the risk profile of the Municipality and incorporate and give priority to the following risk factors with aggressive turn around action plans:

- Cash flow / liquidity challenges;
- Project management challenges;
- Aging infrastructure;
- Revenue collection;
- Revenue generation;
- Expenditure Management;
- Investigations and effects thereof.

b. Revenue Generation

The expenditure of the municipality increases annually. Furthermore, the commissioning of fixed assets increases the operational expenditure in the form of maintenance and staff costs in certain instances).

The Council must prioritize revenue generation and cost cutting strategies to accommodate its ever increasing operating expenditure. If these are left unabated, in the near future the municipality will not be able to meet some of its operating expenditure.

c. *Trade and Other Receivables from Exchange Transactions*

The Council must consider writing off these debts to clean up the debtors' book.

d. *Unspent grants not cash backed*

The Council must implement and enforce tight controls over project management and aggressive expenditure reduction strategies to contain expenditure over-runs. This will restore the imbalance between unspent grants and the bank balances and improve the cash-flow situation of the municipality.

Furthermore Council must request COGTA to allow the municipality to write off all unspent grants in respect of the old projects which have been carried forward from one year to the other.

e. Property Plant and Equipment – Work in progress

This account balance must be scrutinized and corrective action be taken.

4. Investigations

The audit Committee has not been informed nor updated on the pending or on-going investigations undertaken within the district. We request the Council to update the Audit Committee formally on these investigations as soon as possible.

Furthermore we request the council to update this committee on further developments in this matter on a regular basis.

5. Conclusion

The committee hereby unreservedly affirms its commitment to serving and supporting the Council in the execution of its mandate.

Hopewell Mpungose CA (SA), RA
Chairperson

29 August 2017

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

NONE

APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS

Name of Project	Budget Year 2016/17				
	Original Budget	Adjument Budget	Actual Expenditure	Adjustment Variance	Adustment Variance %
R thousand					
A- Ufafa Water Supply	23 369	16 369	10 875	(5 495)	-34%
B- Mmqumeni Water Supply	20 000	33 705	35 712	2 007	6%
C- Nokweja / Mashumi Water Project	17 000	12 238	3 076	(9 162)	-75%
D- Kwanomandlovu Water Supply	15 272	14 445	6 391	(8 054)	-56%
E- KwaMey/ Teerkloof Water Supply	10 490	28 504	22 369	(6 134)	-22%
<p>Name of Project A Objective of the Project Delays Future Challenge Anticipated Citizen Benefits</p> <p>Name of Project B Objective of the Project Delays Future Challenge Anticipated Citizen Benefits</p> <p>Name of Project C Objective of the Project Delays Future Challenge Anticipated Citizen Benefits</p> <p>Name of Project D Objective of the Project Delays Future Challenge Anticipated Citizen Benefits</p> <p>Name of Project E Objective of the Project Delays Future Challenge Anticipated Citizen Benefits</p>	<p>Ufafa Water Supply Provision of Water Services to community of Ufafa The project is implemented on phases due to budget limit The project is implemented on phases due to budget limit 5506 Household (The household not yet benefited on the project, was still under implementation/ construction in 16/17)</p> <p>Mmqumeni Water Supply Provision of Water Services to community of Ufafa The project is implemented on phases due to budget limit The project is implemented on phases due to budget limit 2834 household will benefit for this phase</p> <p>Nokweja / Mashumi Water Project Provision of Water Services to community of Ufafa The project is implemented on phases due to budget limit The project is implemented on phases due to budget limit 20528 Household will benefit once the project is complete</p> <p>Kwanomandlovu Water Supply Provision of Water Services to community of Ufafa The project is implemented on phases due to budget limit The project is implemented on phases due to budget limit 10 000 Household will benefit after the completion of a project</p> <p>KwaMey/ Teerkloof Water Supply Provision of Water Services to community of Ufafa The project is implemented on phases due to budget limit The project is implemented on phases due to budget limit 9619 Household of KwaMeyi will have access to water</p>				



HARRY GWALA DEVELOPMENT AGENCY

PERFORMANCE OF SERVICE PROVIDERS WITH THE HIGHEST EXPENDITURE FOR 2016/2017

1. Amavuyo Catering and Projects

- **Award Amount**

R434 800.00

- **Purpose of Award**

To supply, deliver, and install steel palisade fencing and electric fence on the premises of the Harry Gwala Development Agency, Ellerton Farm, Ixopo.

- **Performance of Service Provider**

The overall performance of the said service provider was good and satisfactory, and this is based on the monitoring of performance reports for the months of October and November 2016 put together by the Supply Chain Management (SCM) Unit in collaboration with the Facilities Administration Unit as the end-user. Therefore, the work assigned to the service provider was performed satisfactorily even though there were delays in terms of work progress and completion as per the agreed-upon timeline due to inclement weather.

- **Value for money**

There has been value for money in terms of expenditure on the fencing project in the sense that there has not been any reported stolen property of the Agency ever since the premises were fenced with steel palisades and electric fence installed. And yet previously, there has been property that went missing without a trace. Therefore, the fencing of the

Agency's premises (although not entirely complete as there is still one side with concrete palisades which needs to be refenced) has enhanced the management of security in terms of effectiveness and efficiency.

3. Mabhuca Suppliers cc

- **Award Amount**

R399 998.00

- **Purpose of Award**

To supply, deliver, and install pump unit and pump house for Isibindi Agricultural Co-operative within uBuhlebezwe Local Municipality.

- **Performance of Service Provider**

Both the end-user division, namely the Local Economic Development (LED) Business Unit, and the Supply Chain Management Unit were satisfied with the performance of the service provider in respect of the supply, delivery, and installation of the pump unit and pump house on the farm owned and worked by Isibindi Agricultural Co-operative. According to the monitoring of performance report for the month of June 2017, the project was completed within the stipulated and agreed-upon time frame, with everything procured, supplied, delivered, and installed per the bid specification. Therefore, based on the foregoing, the SCM and LED Units were both satisfied with the service provider's performance; hence their conclusion in terms of the said performance monitoring report was that the service provider "performed very well".

- **Value for money**

There was value for money in the sense that the installation of the pump unit and pump house represented the completion of the irrigation system started a few years back by the Agency. This will undoubtedly contribute to the enhancement of agricultural production on the farm, as inadequate irrigation has, for a very long time, been one production input

that has been thwarting efforts to increase the Isibindi Farm's agricultural productivity. Given the fact that vegetables produced on the farm are sold to service providers that supply vegetables to schools participating in the Department of Education's National Schools Nutrition Programme (NSNP), one can conclude that the purchase and installation of the pump and pump house as part of enhancing the irrigation capability of the Isibindi Farm was a good investment. One of the directors of Isibindi Agricultural Co-operative, Mr Phila Mkhize, expressed satisfaction with the standard of work put up by the service provider regarding the installation of the pump and pump house.

3. Nodoli Trading

- **Award Amount**

R394 290.00

- **Purpose of Award**

To supply and deliver Agri Small Processing Plant (soap and detergent manufacturing equipment and material) to DMT Agricultural Services Co-operative at Nooitgedacht Farm, Umzimkulu Local Municipality.

- **Performance of Service Provider**

In terms of the monitoring of the performance report for the month of December 2016 put together by the Supply Chain Management Unit in co-operation and collaboration with the Tourism Unit, the service provider contracted by the Agency performed well. This conclusion and assertion is based on the following:

- ✓ That the service provider delivered all requirements in accordance with the bid specification.
- ✓ That the project was completed within the stipulated and agreed-upon timeline.
- ✓ That the beneficiary, namely DMT Agricultural Services Co-operative, was satisfied with the equipment and material supplied and delivered by the service provider.

- **Value for money**

There was value for money in the sense that when the HGDA Board and management visited the Nooitgedacht Farm leased by DMT Co-operative on Wednesday, 01 March 2017 in the company of Umzimkulu Municipality's Councillors and officials, it was observed that the co-operative had started to utilise the equipment to produce bath soap and detergents. The following are worth mentioning:

- ✓ That on the day of the visit to the premises of DMT Co-operative, Mr Andile Mdunge (one of the directors of the co-operative, showed the delegation samples of bath soap and liquid soap already manufactured by the co-operative.
- ✓ That on the day of the launch of Operation Vula (which encompasses the Radical Agrarian and Socio-Economic Transformation programme, acronymed RASET) on Tuesday, 27 June 2017, DMT exhibited their products which impressed the KwaZulu-Natal Premier, Mr Willies Mchunu and the Member of the Executive Council (MEC) responsible for Health, Dr Sibongiseni Dlomo; hence the said MEC checked with the directors of the co-operative present at the exhibition table whether they would be able to meet the demand of his department if he were to give them a contract to supply the bath soap and detergents to hospitals in KwaZulu-Natal.
- ✓ That the DMT products were so impressive such that the management of the Dube Trade Port offered the co-operative an opportunity to exhibit and market their products on the premises of Dube Trade Port.

Given the foregoing, it can be concluded that the purchase of the soap and detergent manufacturing equipment and material for the DMT Agricultural Services Co-operative was not a wasteful or fruitless expenditure; but an investment which DMT need to build upon in terms of growing big, i.e. operating on a large-scale.

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS

Period 1 July to 30 June		
Position	Name	Description of Financial interest
Mayor	Cllr ME Ndobe	N/A
Member of Executive Committee	Cllr N H Duma	N/A
Member of Executive Committee	Cllr N Mavuka	N/A
Member of Executive Committee	Cllr BP Nzimande	N/A
Member of Executive Committee	Cllr LG Seja	N/A
Municipal Manager	Mrs N Dlamini	N/A
Chief Financial Officer	Mr M Mkatu	N/A
Section 57 officials	Mr B Makwakwa	Yes
	Mr N Biyase	N/A
	Ms N Lungwengwe	N/A

APPENDIX K: REVENUE COLLECTION PERFORMANCE

Appendix K (1) Revenue Collection Performance by Vote and by Source

BILLING AND INCOME

BILLING AND INCOME						
JULY			Interest on arrears	total	AREA	INCOME
Water	sewer	vat			SUSPENSE	285 778.62
63 007.42	82 724.73	20 403.80	105 306.09	271 442.04	BHONGWENI	12 874.34
242 117.28	178 854.21	58 937.76	254 413.85	734 323.10	SHAYAMOYA	2 877.82
696 452.31	329 624.83	143 655.72	498 455.35	1 668 188.21	KOKSTAD	801 056.51
251 673.92	84 648.96	47 089.62	115 344.87	498 757.37	IXOPO	401 609.65
242 442.51	8 445.00	35 127.68	32 974.69	318 989.88	KWASANI	144 412.50
191 441.32	-	26 802.86	79 345.71	297 589.89	INGWE	254 123.42
120 630.33	36 563.88	22 007.37	185 562.18	364 763.76	UMZIMKULU	86 992.98
51 415.68	40 207.68	12 825.96	33 122.95	137 572.27	FAIRVIEW	134.00
1 859 180.77	761 069.29	366 850.77	1 304 525.69	4 291 626.52	TOTAL	1 989 859.84
JULY						
Billing:	2 987 100.83					
Interest:	1 304 525.69					
Income:	1 989 859.84					
Aug-16						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	193 422.43
108 803.90	82 724.73	26 812.96	107 379.59	325 721.18	BHONGWENI	15 105.25
242 187.52	178 905.75	58 954.81	259 398.08	739 446.16	SHAYAMOYA	17 468.42
1 259 095.21	470 034.15	242 082.61	497 942.74	2 469 154.71	KOKSTAD	699 179.18
255 485.06	90 346.71	48 417.09	116 153.29	510 402.15	IXOPO	116 293.35
275 033.03	8222.25	39 655.82	33 563.94	356 475.04	KWASANI	123 272.02
221 219.46		30 970.83	78 965.99	331 156.28	INGWE	265 764.58
116 668.16	35 807.88	21 344.24	187 070.35	360 890.63	UMZIMKULU	145 920.28
51 415.68	40 207.68	12 825.96	34 216.95	138 666.27	FAIRVIEW	542.50
2 529 908.02	906 249.15	481 064.32	1 314 690.93	5 231 912.42	TOTAL	1 576 968.01
August						
Billing:	3 917 221.49					
Interest:	1 314 690.93					
Income:	1 576 968.01					

Sep-16						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	39 990.47
108 733.66	82 670.10	26 795.48	109 444.95	327 644.19	BHONGWENI	12 339.30
242 117.28	178 854.21	58 937.76	264 352.96	744 262.21	SHAYAMOYA	21 463.00
921 906.82	386 667.92	183 205.37	498 618.63	1 990 398.74	KOKSTAD	923 863.40
268 333.35	86 004.21	49 607.88	116 149.67	520 095.11	IXOPO	527 612.82
170 310.97	8411.25	25 021.25	33 975.76	237 719.23	KWASANI	179 637.83
237 209.74		33 208.48	78 029.30	348 447.52	INGWE	328 796.87
135 072.05	36 080.13	23 958.77	189 075.05	384 186.00	UMZIMKULU	65 721.31
51 415.68	40 207.68	12 825.96	35 362.17	139 811.49	FAIRVIEW	400.00
2 135 099.55	818 895.50	413 560.95	1 325 008.49	4 692 564.49	TOTAL	2 099 825.00
September						
Billing:	3 367 556.00					
Interest:	1 325 008.49					
Income:	2 099 825.00					
October						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	713 717.26
108 031.26	82 670.10	26 697.18	111 145.91	328 544.45	BHONGWENI	15 987.49
248 719.84	178 905.75	59 869.00	269 427.77	756 922.36	SHAYAMOYA	31 177.05
607 934.97	303 266.06	127 573.00	487 178.48	1 525 952.51	KOKSTAD	1 721 601.72
266 971.11	90 287.46	50 016.87	114 670.76	521 946.20	IXOPO	324 648.85
161 308.88	5225.25	23 314.77	34 081.99	223 930.89	KWASANI	133 752.67
189 222.68		26 491.20	79 859.85	295 573.73	INGWE	19 339.61
169 175.91	40 334.88	29 329.02	189 698.59	428 538.40	UMZIMKULU	68 303.23
51 415.68	40 207.68	12 825.96	36 414.18	89 447.82	FAIRVIEW	6 208.61
1 802 780.33	740 897.18	356 117.00	1 322 477.53	4 170 856.36	TOTAL	3 034 736.49
October						
Billing:	2 899 794.51					
Interest:	1 322 477.53					
Income:	3 034 736.49					

NOVEMBER						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	718 960.04
108 031.26	82 673.19	26 697.61	113 245.18	330 647.24	BHONGWENI	18 888.63
248 719.84	178 905.75	59 869.00	274 534.93	762 029.52	SHAYAMOYA	25 124.42
885 612.21	384 805.86	177 863.39	488 227.92	1 936 509.38	KOKSTAD	857 900.01
280 021.32	81 903.42	50 670.00	115 472.03	528 066.77	IXOPO	330 241.23
972 795.49	10051.5	137 598.53	35 452.28	1 155 897.80	KWASANI	188 705.58
205 890.06	0	28 824.62	82 303.50	317 018.18	INGWE	106 199.69
127 345.96	32 279.13	22 344.96	190 513.20	372 483.25	UMZIMKULU	83 676.52
51 415.68	40 207.68	12 825.96	37 556.99	142 006.31	FAIRVIEW	1 398.22
2 879 831.82	810 826.53	516 694.07	1 337 306.03	5 544 658.45	TOTAL	2 331 094.34
Nov						
Billing:	4 207 352.42					
Interest:	1 337 306.03					
Income:	2 331 094.34					
Dec-16						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	799 751.79
108 101.50	82 724.73	26 714.66	115 482.28	333 023.17	BHONGWENI	19 229.57
248 719.84	178 905.75	59 869.00	279 697.14	767 191.73	SHAYAMOYA	19 428.90
719 675.53	327 164.67	146 562.01	494 119.87	1 687 522.08	KOKSTAD	537 402.90
256 960.21	86 668.71	48 108.68	116 175.96	507 913.56	IXOPO	343 501.17
431 190.73	4739.25	61 030.25	36 051.73	533 011.96	KWASANI	107 256.44
430 960.19		60 334.51	84 844.43	576 139.13	INGWE	181 520.63
143 993.57	37 376.88	25 389.31	191 902.03	398 661.79	UMZIMKULU	119 967.52
51 415.68	40 207.68	12 825.96	38 712.75	143 162.07	FAIRVIEW	599.73
2 391 017.25	757 787.67	440 834.38	1 356 986.19	4 946 625.49	TOTAL	2 128 658.65
Dec						
Billing:	3 589 639.30					
Interest:	1 356 986.19					
Income:	2 128 658.65					

Jan-17						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	571 405.58
108 105.50	82 724.73	26 714.66	117 798.50	335 343.39	BHONGWENI	11 276.38
248 719.84	178 905.75	59 869.00	285 094.26	772 588.85	SHAYAMOYA	2 532.00
722 412.46	346 170.20	149 600.00	492 866.85	1 711 049.51	KOKSTAD	459 242.15
410 786.55	124 923.21	75 001.82	116 905.36	727 616.94	IXOPO	78 670.11
180 846.94	4860.75	26 000.59	33 958.62	245 666.90	KWASANI	121 880.90
720 654.51		100 891.96	80 844.91	902 391.38	INGWE	19 536.82
158 878.02	43 043.13	28 268.66	192 664.66	422 854.47	UMZIMKULU	111 560.00
51 415.68	40 207.68	12 825.96	39 870.73	92 904.37	FAIRVIEW	650.00
2 601 819.50	820 835.45	479 172.65	1 360 003.89	5 210 415.81	TOTAL	1 376 753.94
January						
Billing:	3 901 827.60					
Interest:	1 360 003.89					
Income:	1 376 753.94					
Feb-17						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	457 198.11
108 101.50	82 724.73	26 714.66	120 198.03	337 738.92	BHONGWENI	8 952.40
248 579.36	178 854.21	59 842.12	290 470.81	777 746.50	SHAYAMOYA	3 342.72
731 527.91	342 725.81	150 394.37	496 465.33	1 721 113.42	KOKSTAD	700 800.79
506 255.22	136 340.46	89 965.93	118 019.43	850 581.04	IXOPO	598 406.85
319 896.37	6710.25	45 726.48	43 491.75	415 824.85	KWASANI	86 859.26
209 020.68		29 263.18	77 770.47	316 054.33	INGWE	324 316.96
3 341 970.97	723 504.63	569 166.23	193 324.66	4 827 966.49	UMZIMKULU	75 536.13
51 415.68	40 207.68	12 825.96	41 025.48	145 474.80	FAIRVIEW	1 519.70
5 516 767.69	1 511 067.77	983 898.93	1 380 765.96	9 392 500.35	TOTAL	2 256 932.92
FEBRUARY						
Billing:	8 011 734.39					
Interest:	1 380 765.96					
Income:	2 256 932.92					

March 2017						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	603 039.82
108 101.50	84 785.76	27 001.47	122 519.89	342 408.62	BHONGWENI	9 488.00
248 719.84	188 364.24	61 185.23	295 668.53	793 937.84	SHAYAMOYA	22 259.94
1 745 258.21	636 821.53	333 485.55	497 872.00	3 213 437.29	KOKSTAD	670 439.93
474 121.46	149 951.17	87 371.47	118 966.28	830 410.38	IXOPO	51 613.95
346 951.17	2533.28	48 929.37	45 868.45	444 282.27	KWASANI	69 826.00
286 308.21		40 083.35	80 697.33	407 088.89	INGWE	109 338.74
212 324.27	60 847.32	38 243.27	184054.57	495 469.43	UMZIMKULU	152 709.91
51 415.68	40 207.68	12 825.96	42 184.33	146 633.65	FAIRVIEW	292.00
3 473 200.34	1 163 510.98	649 125.67	1 387 831.38	6 673 668.37	TOTAL	1 689 008.29
March						
Billing:	5 285 836.99					
Interest:	1 387 831.38					
Income:	1 689 008.29					
Apr-17						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	59 804.79
108 803.90	84 785.76	27 099.77	124 841.41	345 530.84	BHONGWENI	8 810.96
242 187.52	188 364.24	60 271.04	301 063.02	791 885.82	SHAYAMOYA	1 404.00
1 888 222.21	627 481.21	352 192.90	500 579.07	3 368 475.39	KOKSTAD	446 832.08
345 351.61	120 677.97	65 245.49	123 232.46	654 507.53	IXOPO	98 549.00
278 191.66	4 164.36	39 531.24	46 236.04	368 123.30	KWASANI	116 600.59
314 403.92	-	44 016.88	88 824.02	447 244.82	INGWE	5 659.24
170 887.51	42 939.02	29 934.79	#####	409 287.40	UMZIMKULU	37 209.98
51 415.68	40 207.68	12 825.96	43 282.45	147 731.77	FAIRVIEW	7 891.81
3 399 464.01	1 108 620.24	631 118.07	1 393 584.55	6 532 786.87	TOTAL	782 762.45
April						
Billing:	5 139 202.32					
Interest:	1 393 584.55					
Income:	782 762.45					

May-17						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	87 142.48
104 439.86	84 785.76	26 488.66	126 959.00	342 673.28	BHONGWENI	40 501.53
242 117.28	188 309.61	60 253.56	306 261.52	796 941.97	SHAYAMOYA	33 912.87
1 837 612.17	699 961.76	355 253.72	498 970.49	3 391 798.14	KOKSTAD	1 604 270.92
436 658.30	146 393.73	81 628.78	122 837.70	787 518.51	IXOPO	1 328 013.24
271 104.80	8 589.24	39 158.62	46 522.02	365 374.68	KWASANI	307 625.41
139 743.26	-	19 564.32	84 002.78	243 310.36	INGWE	677 392.44
353 834.47	94 023.07	62 699.32	#####	780 676.89	UMZIMKULU	49 617.07
51 415.68	40 207.68	12 825.96	44 432.79	148 882.11	FAIRVIEW	535.00
3 436 925.82	1 262 270.85	657 872.94	1 500 106.33	6 857 175.94	TOTAL	4 129 010.96
May						
Billing:	5 357 069.61					
Interest:	1 500 106.33					
Income:	4 129 010.96					
Jun-17						
Water	sewer	vat	interest on arrears	total	AREA	INCOME
					SUSPENSE	118 044.17
108 663.42	84 676.50	27 064.81	129 255.10	129 255.10	BHONGWENI	7 262.10
242 187.52	180 364.24	60 271.04	311 669.14	311 669.14	SHAYAMOYA	14 732.20
2 657 772.67	877 770.08	494 969.71	508 025.03	508 025.03	KOKSTAD	1 146 180.12
441 449.37	142 518.17	81 756.88	124 305.62	124 305.62	IXOPO	326 143.82
257 568.24	8 123.84	37 198.39	47 916.55	47 916.55	KWASANI	140 806.97
278 747.30	-	39 024.95	86 338.10	86 338.10	INGWE	85 150.10
290 899.10	76 577.07	51 445.84	#####	215 670.29	UMZIMKULU	51 275.96
51 415.68	40 207.68	12 825.96	45 562.95	45 562.95	FAIRVIEW	3 125.40
4 328 703.30	1 410 237.58	804 557.58	1 468 742.78	1 468 742.78	TOTAL	1 892 720.84
JUNE						
Billing:	6 543 498.46					
Interest:	1 468 742.78					
Income:	1 892 720.84					

Total Billing	Interest	Bad Debt	Net Amount	Receipts	
4 291 626.52	1 304 525.69	2 116 154.00	870 946.83	1 989 859.84	228%
5 231 912.42	1 314 690.93	2 116 154.00	1 801 067.49	1 576 968.01	88%
4 692 564.49	1 325 008.49	2 116 154.00	1 251 402.00	2 099 825.00	168%
					484%
					161%
Total Billing	Interest	Bad Debt	Net Amount	Receipts	
4 170 856.36	1 322 477.53	2 116 154.00	732 224.83	3 034 736.49	414%
5 544 658.45	1 337 306.03	2 116 154.00	2 091 198.42	2 331 094.34	111%
4 946 625.49	1 356 986.19	2 116 154.00	1 473 485.30	2 128 658.65	144%
					670%
					223%
Total Billing	Interest	Provision for Bad Debt	Net Amount	Receipts	
5 210 415.81	1 360 003.89	2 116 154.00	1 734 257.92	1 376 753.94	79%
9 392 500.35	1 380 765.96	2 116 154.00	5 895 580.39	2 256 932.92	38%
6 673 668.37	1 387 831.38	2 116 154.00	3 169 682.99	1 689 008.29	53%
					171%
					57%
Total Billing	Interest	Bad Debt	Net Amount	Receipts	
6 532 786.87	1 393 584.55	2 116 154.00	3 023 048.32	782 762.45	26%
6 857 175.94	1 500 106.33	2 116 154.00	3 240 915.61	4 129 010.96	127%
1 468 742.78	1 468 742.78	2 116 154.00	#####	1 892 720.84	-89%
14 858 705.59				6 804 494.25	64%
					21%

Total Billing	Interest	Provision for Bad	Net Amount	Receipts	
4 291 626.52	1 304 525.69	2 116 154.00	870 946.83	1 989 859.84	228%
5 231 912.42	1 314 690.93	2 116 154.00	1 801 067.49	1 576 968.01	88%
4 692 564.49	1 325 008.49	2 116 154.00	1 251 402.00	2 099 825.00	168%
4 170 856.36	1 322 477.53	2 116 154.00	732 224.83	3 034 736.49	414%
5 544 658.45	1 337 306.03	2 116 154.00	2 091 198.42	2 331 094.34	111%
4 946 625.49	1 356 986.19	2 116 154.00	1 473 485.30	2 128 658.65	144%
5 210 415.81	1 360 003.89	2 116 154.00	1 734 257.92	1 376 753.94	79%
9 392 500.35	1 380 765.96	2 116 154.00	5 895 580.39	2 256 932.92	38%
6 673 668.37	1 387 831.38	2 116 154.00	3 169 682.99	1 689 008.29	53%
6 532 786.87	1 393 584.55	2 116 154.00	3 023 048.32	782 762.45	26%
6 857 175.94	1 500 106.33	2 116 154.00	3 240 915.61	4 129 010.96	127%
1 468 742.78	1 468 742.78	2 116 154.00	-2 116 154.00	1 892 720.84	-89%
65 013 533.85		25 393 848.00			1154%
					192%

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

NONE

APPENDIX L: CONDITIONAL INFRASTRUCTURE GRANTS RECEIVED: INCLUDING MIG

Municipal Infrastructure Grant (MIG) Received: 2016/17	MIG	191,067,000.00
Municipal Water Infrastructure Grant (WSIG) : 2016/17	WSIG	86,118,000.00
Regional Bulk Infrastructure Grant (RBIG) Received: 2016/17	RBIG	48,000,000.00

**APPENDIX M: CAPITAL EXPENDITURE-NEW AND UPGRADE/RENEWAL PROGRAMMES:
INCLUDING MIG**

Appendix M (1): Capital Expenditure – New Assets Programme

NONE

Appendix M (2): Capital Expenditure- Upgrade/ Renewal Programme

NONE

APPENDIX N: CAPITAL PROGRAMME BY PROJECTS 2016/2017 FINANCIAL YEAR

PROJECT DESCRIPTION	Budget	Adjusted Budget	Variance	EXPENDITURE 2016/2017	SOURCE OF FUNDING
Underberg Bulk Water Supply Upgrade Phase 2 (AFA) MIS 180557: Mechanical equipment installation and diesel generator installed, uprading of rising main	R 5 000 000	R 2 850 000	R 2 150 000	1,008,335.29	MIG
Kokstad Bulk Water and Sewer Upgrade	R 3 000 000	R 10 239 324	R -7 239 324	8,156,562.29	MIG
Mqatsheni Stepmore Water Project (AFA) MIS 201756 (AFA) MIS 224919	R 2 000 000	R 336 757	R 1 663 243	390,153.15	MIG
Eradication of Sanitation Backlog in Ubuhlebezwe	R 5 665 783	-	-	3,523,069.45	MIG
Greater Umzimkhulu Sanitation Project	R 5 000 000	-	-	7,065,805.00	MIG
Ingwe Household Sanitation Project	R 8 000 000	-	-	6,555,776.76	MIG
Horseshoe Sanitation Project-New (AFA) MIS 224972	R 10 000 000	R 5 038 498	R 4 961 502	189,210.01	MIG
Makhoba Housing Bulk	-	R 6 168 928	R 6 168 928		MIG

(Argylle)				500,560.90	
Santombe (Mnqumeni) Water Supply - Phase 4	R 20 000 000	R 33 704 547	R13 704 547	47,707,372.60	MIG
Ufafa Water Supply Project Phase 2	R 23 369 191	R 16 369 191	R 7 000 000	18,076,220.50	MIG
Ufafa Water Supply Project				4,749,207.66	MIG
Greater Kilimon Water Supply Project	R 17 729 375	R 9 929 601	R 7 799 774	6,740,053.53	MIG
Greater Mbhulelweni Water Supply	R 10 000 000	R 12 000 000	R 2 000 000	11,312,538.39	MIG
Umkhunya Water Supply Schemes (AFA) MIS 224801	R 12 895 745	R 11 695 745	R 1 200 000	10,997,635.71	MIG
Greater Nomandlovu Water Supply Project Phase 2	R 5 000 000	R 2 171 182	R 2 828 818	2,141,278.94	MIG
Bulwer-Nkelabantwana- Nkumba Water Supply Project	R 9 061 724	R 9 761 724	R 700 000	14,895,260.29	MIG
Greater Summerfield Water Project	R 12 028 663	R 5 644 504	R 6 384 159	7,341,247.01	MIG
Ncakubana Water Phase 2				3,614,111.01	MIG
Ncakubana Water Supply Scheme	R 13 009 519	R 8 114 111	R 4 895 408	785,831.14	MIG
KwaMay-Theekloof Water Supply Project (Ward 11,13 and 14)	R 10 490 428	R 28 503 853	R 18 013 425	17,507,989.59	MIG
KwaMay-Theekloof Water Supply Project (Ward 11,13 and 14)				13,374,768.79	MIG
Greater	R 4 050 000	-	-		MIG

Paninkukhu(Kwamthwane) Bulk Water Supply Project (Ward 6,7,8,9,10,12,13,14,18,19): Feasibility study				326,324.99	
PMU				4,107,687.00	MIG
TOTAL EXPENDITURE ON MIG 2016/2017FY				191,067,000.00	
Hlokozi Water Supply Phase 4	R 13 346 480	R 11 358 434	R 1 988 046	1,872 469.19	WSIG
Nokweja/Mashumi Water Supply scheme Upgade	R 17 000 000	R 12 238 045	R 4 761 955	3,998 442.57	WSIG
KwaSpheni Water Supply Scheme	R 15 271 520	R 14 445 000	R 826 520	10,995,223.15	WSIG
Mqatsheni Stepmore water supply	R 12 000 000	R 11 000 000	R 1 000 000	8,176,926.39	WSIG
Ndawana Water Resource Upgrade	R 7 000 000	R 7 000 000	0	5,936,219.70	WSIG
Water Supply for Identified Villages under Umzimkhulu Jurisdiction					WSIG
Ngujini,Sdadeni/Nguse,Guje ndlini,KwaSenti 02,Chancele,Pholanyoni,Th onjeni,Ngwagwane,Tsaule/ Mbovini & Gaybrook	R 11 500 000	R 18 776 520	R 7 276 520	21,697,000.00	WSIG
uMzimkhulu Sanitation				7,065,805.00	WSIG
Umzimkhulu Clydesdale				3 918 366.80	WSIG

Water Supply					
TOTAL EXPENDITURE FOR WSIG 2016/17	R 62 771 520	R 19 238 045			53,871,174.24
GREATER BULWER- DONNYBROOK WATER SUPPLY: CONSTRUION OF BULK LINE FROM EMERGENCY INTERVENTION TO EXISTING 500KL GALA RESERVOIRS	R 60 000 000	R 48 000 000	R 12 000 000		21,076,034.78
GREATER BULWER- DONNYBROOK WATER SUPPLY: CONSTRUION OF BULK LINE FROM EMERGENCY INTERVENTION TO PROPOSED 5ML RESERVOIR					8,654,310.00
TOTAL EXPENDITURE FOR RBIG 2016/2017	R 60 000 000	R 48 000 000			29,730,344.78

APPENDIX O: CAPITAL PROGRAMME BY PROJECTS AND BY WARD CURRENT YEAR

PROJECT DESCRIPTION	EXPENDITURE 2016/2017	SOURCE OF FUNDING	WARD	Progress to date
Underberg Bulk Water Supply Upgrade Phase 2 (AFA) MIS 180557: Mechanical equipment installation and diesel generator installed, upgrading of rising main	1,008,335.29	MIG	3	Submission of tender document to Specification Committee for advertisement
Kokstad Bulk Water and Sewer Upgrade	8,156,562.29	MIG	1	N/A
Mqatsheni Stepmore Water Project (AFA) MIS 201756 (AFA) MIS 224919	390,153.15	MIG	1	Project completed (testing outstanding)
Eradication of Sanitation Backlog in Ubuhlebezwe	3,523,069.45	MIG	1,5,6,7,8,9,10 &12	none
Greater Umzimkhulu Sanitation Project	7,065,805.00	MIG	1,4,6,11 & 13	Adverisment and Re-advertisement was done.
Ingwe Household Sanitation Project	6,555,776.76	MIG	1,2,4,5,6,8,10 & 11	none
Horseshoe Sanitation Project-New (AFA) MIS 224972	189,210.01	MIG	1	Additional Funding Application (AFA)SAC recommendatio n by Department of Water &

				Sanitation (DWS). Presentation of DWS SAC recommendation to COGTA MBPAC (Municipal Business Plan Appraisal Committee) for MIG Approval. Site establishment of Contractors in Horseshoe
Makhoba Housing Bulk (Argylle)	500,560.90	MIG	5	1ML and 0.5 ML reservoirs complete, water treatment works 97%, raw water abstraction 50%, pumpstation and chlorine room complete, steel pipe 98%, UPVC pipe complete
Santombe (Mnqumeni) Water Supply - Phase 4	47,707,372.60	MIG	12,13, & 14	Complete 16km reticulation of 2 reservoirs(150kl and 100kl)

Ufafa Water Supply Project Phase 2	18,076,220.50	MIG	3	Complete 123 communal standpipes, 60.395 km reticulation pipeline
Ufafa Water Supply Project	4,749,207.66	MIG	3	Complete 123 communal standpipes, 60.395 km reticulation pipeline
Greater Kilimon Water Supply Project	6,740,053.53	MIG	1	Installation of Mechanical and Electrical Works completed.
Greater Mbhulelweni Water Supply	11,312,538.39	MIG	3	Project Complete
Umkhunya Water Supply Schemes (AFA) MIS 224801	10,997,635.71	MIG	5	500kl reservoir completed, 13km reticulation pipeline completed and 29 standpipes completed"
Greater Nomandlovu Water Supply Project Phase 2	2,141,278.94	MIG	11	Completion of 45% Upvc 110mm diameter class 16 pipeline.

Bulwer-Nkelabantwana-Nkumba Water Supply Project	14,895,260.29	MIG	10	Second lift of Reservoir walls Completed
Greater Summerfield Water Project	7,341,247.01	MIG	15	6.6km bulk pipeline completed .Reservoir roof slab is 100% complete.
Ncakubana Water Phase 2	3,614,111.01	MIG	1	Project completed
Ncakubana Water Supply Scheme	785,831.14	MIG	1	Project Complete
KwaMay-Theekloof Water Supply Project (Ward 11,13 and 14)	17,507,989.59	MIG	11,13 & 14	Treatment works-90% complete.
KwaMay-Theekloof Water Supply Project (Ward 11,13 and 14)	13,374,768.79	MIG	11,13 & 14	Treatment works- 90% complete.
Greater Paninkukhu(Kwamthwane) Bulk Water Supply Project (Ward 6,7,8,9,10,12,13,14,18,19): Feasibility study	326,324.99	MIG	6,7,8,9,10,12,13,14,18,19	5.3km pipeline
PMU	4,107,687.00	MIG		
TOTAL EXPENDITURE ON MIG 2016/2017FY	191,067,000.00			

Hlokozi Water Supply Phase 4	1,872 469.19	WSIG	6 & 8	Address social and community issues. excavating, laying pipelines and backfilling 9km
Nokweja/Mashumi Water Supply scheme Upgade	3,998 442.57	WSIG	11	Borehole drilling is at 55% complete
KwaSpheni Water Supply Scheme	10,995,223.15	WSIG	5	Completed 45% Upvc 110mm diameter class 16 pipeline.
Mqatsheni Stepmore water supply	8,176,926.39	WSIG	1	Project Phase completed
Ndawana Water Resource Upgrade	5,936,219.70	WSIG	1	90% complete(pipeline 100% complete,borehole and reservoir complete) chambers and testing outstanding.
Water Supply for Identified Villages under Umzimkhulu Jurisdiction		WSIG		
Ngujini,Sdadeni/Nguse,Gujendlini,KwaSenti 02,Chancele,Pholanyoni,Thonjeni,Ngwagwane,Tsaule/Mbov	21,697,000.00	WSIG	5,6,	92% complete

ini & Gaybrook				
uMzimkhulu Sanitation	7,065,805.00	WSIG	1,4,6,11 & 13	none
Umzimkhulu Clydesdale Water Supply	3 918 366.80	WSIG	17	complete
TOTAL EXPENDITURE FOR WSIG 2016/17	53,871,174.24			
GREATER BULWER-DONNYBROOK WATER SUPPLY: CONSTRUCTION OF BULK LINE FROM EMERGENCY INTERVENTION TO EXISTING 500KL GALA RESERVOIRS	21,076,034.78	RBIG	7 & 10	Site establishment , 3.8km pipeline to Gala completed and 0.8km(800M) pipeline to Mawuleni"
GREATER BULWER-DONNYBROOK WATER SUPPLY: CONSTRUCTION OF BULK LINE FROM EMERGENCY INTERVENTION TO PROPOSED 5ML RESERVOIR	8,654,310.00	RBIG	9,10 &13	Site establishment , 3.8km pipeline to Gala completed and 0.8km(800M) pipeline to Mawuleni"
TOTAL EXPENDITURE FOR RBIG 2016/2017	29,730,344.78			

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOL AND CLINIC

N/A

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICES PROVISION

- Roads
- Bridges
- Clinics
- Schools
- Cellular networks
- Youth centres

APPENDIX R: DECLARATION OF LAONS AND GRANTS MADE BY THE MUNICIPALITY

None

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71

None

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

INTRODUCTION TO THE NATIONAL DEVELOPMENT PLAN

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

WATER

- A comprehensive management strategy including an investment programme for water resource development, bulk water supply and wastewater management for major centres by 2012, with reviews every five years.

- Timely development of several new water schemes to supply urban and industrial centres, new irrigation systems in the Umzimvubu river basin and Makhathini Flats, and a national water conservation programme to improve water use and efficiency. Create regional water and wastewater utilities, and expand mandates of the existing water boards (between 2012 and 2017).
- Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry, recognizing the trade-offs in the use of water.

ECONOMY AND DEVELOPMENT

- Public employment programmes should reach 1 million by 2015 and 2 million people by 2030. Broaden the expanded public works programme to cover 2 million fulltime equivalent jobs by 2020.
- Gross Domestic Product (GDP) should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4 percent over the period. GDP per capita should increase from about R50 000 per person in 2010 to R110 000 per person in 2030 in constant prices.
- Rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, service to small and micro farmers, a review of mining industry commitments to social investment, and tourism investments
- An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro processing and related sectors by 2030.

CROSS CUTTING

- Strong and efficient spatial planning system, well integrated across the spheres of government.

- Upgrade all informal settlements on suitable, well located land by 2030.
- More people living closer to their places of work.
- Better quality public transport.
- More jobs in or close to dense, urban townships.

THEREFORE

- Reforms to the current planning system for improved coordination.
- Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements.
- Substantial investment to ensure safe, reliable and affordable public transport.
- Introduce spatial development framework and norms, including improving the balance between location of jobs and people.

INSTUTIONAL ARRANGMENT

- A state that is capable of playing a developmental and transformative role.
- A public service immersed in the development agenda but insulated from undue political interference.
- Staff at all levels have the authority, experience, competence and support they need to do their jobs.

- Relations between national, provincial and local government are improved through a more proactive approach to managing the intergovernmental system.

PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY

This PDGS provides KwaZulu-Natal with a responsive strategic framework for accelerated and shared economic growth through catalytic and development interventions, within a coherent equitable spatial development architecture, putting people first, particularly the poor and vulnerable, and building sustainable communities, livelihoods and living environments.

SEVEN KZN PROVINCIAL OBJECTIVES

- Job creation
- Human Resource Development
- Human and Community Development
- Strategic Infrastructure
- Environmental Sustainability
- Governance Policy
- Spatial Equity

APPENDIX U: AUDITOR GENERAL'S ACTION PLAN

HARRY GWALA DISTRICT MUNICIPALITY <u>DRAFT AG's ACTION PLAN</u> <u>AUDIT REPORT 2016/2017</u>							
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
TRADE AND OTHER RECEIVABLES							
REVENUE-SERVICE CHARGES							
Inaccurate revenue recognition relating to water services	To uncover, repair, and read water meters on a monthly basis.	HOD: Water Services & CFO	Monthly			Meter sheets, Job cards and monthly reports	
	Assess the consumption rate over three months after the identification of spikes to form the basis for adjustments.	Director: Income	Monthly			Monthly consumption report	
	Centralise and passing of journals	Director: Income	Monthly			Journals with supporting	

	<p>on debtor's accounts. Investigate the over crediting of debtors accounts as well as prior period error and pass corrective journals.</p> <p>Compile a list with pictures of households with boreholes.</p>	<p>Director: Income</p> <p>Director: Income</p>	<p>Third quarter (March 2018)</p> <p>Third quarter (March 2018)</p>			<p>documents</p> <p>Journals with supporting documents</p> <p>Updated schedule with pictures</p>	
REVENUE-INTEREST ON OUTSTANDING DEBTORS							
Incorrect interest rate charged on outstanding debtors	<p>Recalculate interest charged on arrear accounts for 2016/2017.</p> <p>Adjust accumulated surplus as well debtors accounts.</p>	Director: Income	Third quarter (March 2018)			Journals with supporting documentation	

	Ensure that the interest rate charged is in line with the Council adopted credit control and debt management policy for 2017/2018.					Credit control and debt management policy and print out reflecting parameters set on the billing system.	
Trade and other receivables from exchange transactions							
Limitation of scope	<p>Implement consumer data cleansing project.</p> <p>Enter into an agreement with all water consumers.</p> <p>Open and update individual debtor files.</p> <p>Buy filing cabinet and employ temporary filing clerks.</p>	<p>Director: Income</p> <p>Chief accountant: Income</p> <p>Chief accountant: Income</p> <p>HOD: Corporate Services</p>	<p>Third quarter (March2018)</p> <p>Monthly</p> <p>Third quarter (March2018)</p> <p>Third quarter (March2018)</p>			<p>Monthly reports on progress.</p> <p>Signed agreements Files.</p> <p>Filing cabinet and appointment letters.</p>	

Indigent status granted incorrectly	<p>Obtain application forms from indigent water consumers</p> <p>Validate information provided by the indigent applicants.</p> <p>Update indigent register on a yearly basis</p> <p>Review the indigent register to identify further instances of indigent debtors not supported by approved applications and supporting information.</p>	<p>Chief accountant: Income</p> <p>Chief accountant: Income</p> <p>Chief accountant: Income</p> <p>Director: Income</p>	<p>Monthly</p> <p>Monthly</p> <p>Monthly</p> <p>Monthly</p>			<p>Application forms and registers</p>	
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
FINANCIAL SUSTAINABILITY							

Current liabilities exceeded current assets	Development of cash flow projections and cash flow management on conditional grants so that no accruals are incurred by the municipality.	HOD: Infrastructure Services	June 2018			Reports to Manco	N/A
	Increase our current assets through increasing debt collection Implement restriction programme on accounts of defaulting debtors.	Chief Financial Officer Director: Income	Monthly Monthly			Job cards Job cards	N/A
Reported indicators not consistent with planned indicators	All HOD's to sign quality assurance certificate on performance management to ensure that HOD's report based on the planned	ALL HOD's	Quarterly	The activity is in progress.		Quality Assurance Certificate.	N/A

	indicators.						
	All quarterly performance reports will be submitted to the internal audit unit for review and provide recommendations on corrective measures.	PMS Specialist	Quarterly	Quarter 3 performance reports and portfolios of evidence were submitted to the internal audit on the 12 th of April 2017.		Internal Audit report on quarterly performance report	N/A
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
Reported Performance information not reliable	HOD'S to ensure that portfolio of evidence is in line with the actual achievement	ALL HOD's	Quarterly	Quality Assurance Certificate has been developed		Signed Quality Assurance Certificate.	N/A
	Municipal Manager to design quality assurance certificate to be signed by all HOD'S confirming that the reported	Municipal Manager	December 2016	Done		Quality Assurance certificate	N/A

	achievements are supported by valid and credible Portfolio of Evidence						
PROPERTY, PLANT & EQUIPMENT							
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
Long outstanding WIP not considered for impairment	To identify projects that have a high probability of completion.	HOD: Infrastructure & CFO	March 2018			Progress report	
			March 2018			Completion certificate and final BOQ's	
	If found to be completed obtain completion certificates and final BOQ's thereof.	HOD: Infrastructure	March 2018			Conditional assessment report	
		HOD: Infrastructure	March 2018			Impairment schedule	
	Verify and perform conditional assessment for	Director: SCM	March 2018			Fixed asset register	
		Director: SCM	March 2018				

	<p>impairment.</p> <p>Effect impairment where necessary.</p> <p>Componentise and transfer to PPE.</p> <p>Affix barcodes on completed projects and other assets.</p> <p>Investigate WIP that has no movement, provide findings and recommendations.</p> <p>Verify and perform conditional assessment for impairment.</p> <p>Effect impairment where necessary.</p>	<p>HOD: Infrastructure</p> <p>HOD: Infrastructure</p> <p>Director: SCM</p>	<p>March 2018</p> <p>March 2018</p> <p>March 2018</p>			<p>Report</p> <p>Conditional Assessment report</p> <p>Impairment schedule</p>	
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	HOD Water Services to present monthly progress reports on status of physical verification to MANCO	HOD: Water Services	Monthly			Minutes, Attendance register	N/A
	Determine the recoverable amount of each component or asset for impairment purpose	HOD: Water Services	June 2018			Asset Verification Report	N/A
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
	Affix barcodes on completed projects and other assets, on existing assets we will create a register and paste it in the	Director: SCM	June 2018			Asset Register	N/A

	safe area.						
GOVERNMENT GRANTS AND SUBSIDIES							
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
No movement in unspent conditional grant	Establish liability by HGDM with Cogta and other institutions. Identify programmes that are in compliance with the conditions of the grant, implement them from own funds and report accordingly.	CFO	June 2018			Correspondence report with respective institutions.	
PROCUREMENT AND CONTRACT MANAGEMENT							
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
Procurement of goods and services under contract secured by other organ of	The user department to submit a written motivation for services required and state reasons	All HOD's					N/A

state	for Reg. 32 and the benefit to be derived from the use thereof to SCM prior regulation 32 being implemented.						
Awards to persons in service of the state (false declaration)	Deactivate all suppliers who have falsely declared.	Director SCM					N/A
Suppliers in which close family members / business partners or associates of employees have an interest	Deactivate all suppliers who have falsely declared regards with their close family relations.	Director SCM					N/A
	Memo will be written to all Directors / Managers / Area Managers requesting that they ensure that declaration forms are filled in by all	HOD: Corporate Services					

	employees reporting to them						
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
Inadequate contract and consultant management	The Service Level Agreement will be reviewed to include monitoring mechanism and penalty clause in the event of failure to deliver as per the SLA. The service provider will be part of the meetings that are held weekly by the finance department.	Chief Financial Officer					N/A
TRADE AND ACCOUNTS PAYABLE							
Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done

Accounts payable discrepancies	<p>Generate and review creditor's age analysis.</p> <p>Reconcile individual creditor's accounts.</p>	<p>Chief accountant: Financial systems</p> <p>Chief accountant: Financial systems</p>	<p>Monthly</p> <p>Monthly</p>			<p>Age analysis</p> <p>Individual creditors reconciliations</p>	
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APPENDIX V: AN ASSESSMENT BY THE ACCOUNTING OFFICER ON ANY ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES, INCLUDING MUNICIPAL ENTITY

- Billing indigent consumers
- Faulty meters
- Insufficient credit control unit staff
- Consumers not willing to pay due to on and off of water supply – Drought
- Total billing inclusive of water leaks which consumers are disputing
- Water quality
- Inherited debts from local municipalities

2016-2017 ANNUAL PERFORMANCE REPORT

VOLUME 1

HARRY GWALA DISTRICT MUNICIPALITY



[2016/2017 ANNUAL PERFORMANCE REPORT]

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ACCRONYMS

NDP	National Development Plan
PGDS	Provincial Growth and Development Strategy
NSDP	National Spatial Development Plan
IDP	Integrated Development Plans
SDBIP	Service Delivery Budget and Implementation plan
MFMA	Municipal Finance Management Act
MTEF	Medium Term Expenditure Framework
KPI	Key Performance Indicators
PMS	performance Management System
APR	Annual Performance Report
AFs	Financial Statements
KPAs	Key Performance Areas
MPAC	Municipal Public Accounts
PAC	Performance Audit Committee
WSDP	Water Service Development Plan
O&M	Operations and Maintenance
EEP	Employment Equity Plan
SALGA	South African Association Local Games
LMs	Local Municipalities
CoGTA	Corporate Government and Traditional Affair
AFMS	Application Filling and Monitoring System
SDF	Spatial Development Framework
LED	Local Economic Development
BTO	Budget and Treasury Office
EXCO	Executive Committee

Background

The constitutional commitment mandates all spheres of government to ensure that the lives of the South African citizens are improved and their dignity is restored. As a sphere of government which is closer to the people we are striving to ensure that the needs of the communities residing within the Harry Gwala district area of jurisdiction finds expression in the Integrated Development Plan (IDP) which is a five year strategic plan of the municipality.

Harry Gwala district municipality as a water service authority has a quest to provide clean drinkable water to all people living within this district and to restore the people's dignity by providing decent sanitation system. Since 1994, when the present government took over, Harry Gwala district municipality have managed to provide piped water to more than 51 000 people. Over the past 21 years government has massively expanded access to basic service, but backlog remains and the quality of services is uneven. Improvement of the quality and consistency of services requires improvement in the performance of the municipality and its service providers.

SUMMARY

In pursuit for a sustainable development, the Service Delivery Budget and Implementation plan (SDBIP) was developed to ensure the realisation of the municipality's vision that " By 2030 Harry Gwala will be a leading water services provider in the KZN province with its communities benefitting from vibrant agriculture and tourism sector" strategic objectives, key performance indicators and targets were set to be achieved in a period of year and they got expression in the form of the organisational SDBIP which is the management tool for the municipality.

In 2009 government re-affirmed its intention to shift its high-level management focus from being compliant to outcome focus. Therefore, accountability also shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes. The National Treasury's mandate which is informed by section 215 and 216 of the Constitution as well as the MFMA of 2003 is to ensure that information on inputs, activities, outputs and outcomes underpinning planning, budgeting, implementation and reporting promotes efficiency and effectiveness, transparency and expenditure control.

The cabinet took a decision in 2013 that the 2014-2019 performance indicators and targets should be set relating to the budget year and the Medium Term Expenditure Framework (MTEF) period in respect of strategic objectives and activities in the Service Delivery Budget and Implementation plan. Hence the Service Delivery Budget and Implementation plan was developed as the management tool to inform the annual strategic planning and budgeting in the municipality. Targets and key performance indicators (KPIs) were set in the IDP and the SDBIP are now being reported on a quarterly basis in order to comply with Regulation 28(1) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006, section 46 of the Systems Act, 2000

1. Strategic Summary of 2015/2016-2016/2017 Financial Year

Annual Performance Report (APR) presents the performance results for the 2016/2017 financial year that contributed to the achievement of goals identified in the MTSF priorities which was adopted by the cabinet in 2013. The performance measures in this report were initially outlined in

municipal IDP which is a five year strategic document. To ensure the realization of the objectives in the IDP, the Service Delivery Budget and Implementation plan was developed with clear targets and key performance indicators to be achieved in a period of a year. Performance targets are revised annually to reflect changes in accordance with the budget adjustment.

The APR contains details of the municipality`s projects performance, showing the historical targets and results of the 2014/2015 financial year. This report fulfills the statutory requirements of the Municipal Financial Management Act (MFMA) of 2003 that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and each external service provider during that financial year and compare the targets set for and performance of the previous financial year.

The 2015/2016 performance reporting is based on the 2014-2018 IDP, which serves as a blueprint for enhancing service delivery and economic growth within the district. We are currently in the 3rd generation of the IDP. On its adoption, the service delivery budget and implementation plan is developed and is reviewed annually.

The APR shows the historical performance of the municipality for the financial year 2013/2014-2015/2016 financial year. With the core function of providing water and sanitation, there are other functions provided by the municipality that cuts across the district to ensure that the lives of the residents are improved. The municipality is comprised of Infrastructure services department, Water services department, Budget and Treasury Office, Corporate services, Office of the Municipal Manager and Social services and Development planning.

2. Management Processes

Performance management is defined as a strategic process to management (or system of management), which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact. Regulation 7 of the 2001 Performance Regulations requires that every municipality develop a performance management system (PMS) which consists of a performance framework that describes and represents how the municipality`s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, and must set out the roles and responsibilities of the different stakeholders. The regulations further provide in Regulation 13 that a municipality must, after consultation with the community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and targets set by it.

During the IDP process a corporate vision and mission was formulated for the Harry Gwala District Municipality, together with broad key performance areas (KPA`s), development objectives and key performance indicators (KPI`s) which feed into the vision and mission. The process was taken further into the performance management system, by developing an organizational or strategic scorecard that will encompass all the relevant areas or concepts that will allow measurement of the performance of the organization using this scorecard. This was done using relevant concepts to

populate the organizational and service scorecards of the Harry Gwala District Municipality. This process of developing the organizational and departmental scorecards is followed every year after adoption of the IDP and the budget and after evaluation of the previous year scorecard or municipal performance.

3. Reporting Process

Accountability shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes after the government re-affirmed its intention to shift its high-level management from focusing on compliance but outcomes to ensure effective and efficient service delivery. Guided by the legislation a reporting mechanism was developed to promote efficiency and effectiveness as well as transparency and expenditure control. Performance reporting is a critical step because it determines what is to be reported, when to be reported and to whom to be reported. To assess the achievement of results in relation to the set goals/objectives an indicator were set. Performance indicators and targets were set relating to the budget year and the Medium Term Expenditure Framework (MTEF) period in respect of strategic objectives and activities in the Service Delivery Budget and Implementation plan. When preparing the reports priorities, objectives, indicators, targets, measurements and analysis of the municipality were taken into consideration and present this information in a simple and accessible format, relevant and useful to the specified target group.

7.1. The table below illustrates the details on the nature of reporting, to whom they were submitted and when they were submitted.

DETAILS OF REPORTS	STAKEHOLDERS	TIMEFRAMES
First Quarter report	PMS Unit	5 th of October
	Internal Audit Unit	15 th October
	Portfolio Committee	Quarterly
	Exco	Quarterly
	Performance and Audit Committee	Quarterly
	Council	Quarterly
	PMS Unit	5 th of January
	Internal Audit Unit	15 th January
	Portfolio Committee	Quarterly

Second Quarter Report	Exco	Quarterly
	Performance and Audit Committee	Quarterly
	Council	Quarterly
	National Treasury & Provincial Treasury	25 th January
Third Quarter	PMS Unit	5 th of October
	Internal Audit Unit	15 th October
	Portfolio Committee	Quarterly
	Exco	Quarterly
	Performance and Audit Committee	Quarterly
	Council	Quarterly
Fourth Quarter	PMS Unit	5 th of July
	Internal Audit Unit	15 th July
	Portfolio Committee	Quarterly
	Exco	Quarterly
	Performance and Audit Committee	Quarterly
	Council	Quarterly
	National Treasury & Provincial Treasury	July
	Provincial Cogta	July
	Auditor General	July

8.1. The legend used to report performance is as follow:

- Blue** – Performance exceeded
- Green** – Performance target met
- Red** – performance target not met

Traffic Light Status	2015/2016 Performance	2014/2015 Performance	2013/2014 Performance
Blue – Exceeded target	0	0	0
Green – target met	89%	89%	75%
Red – Target Not met	11%	11%	25%

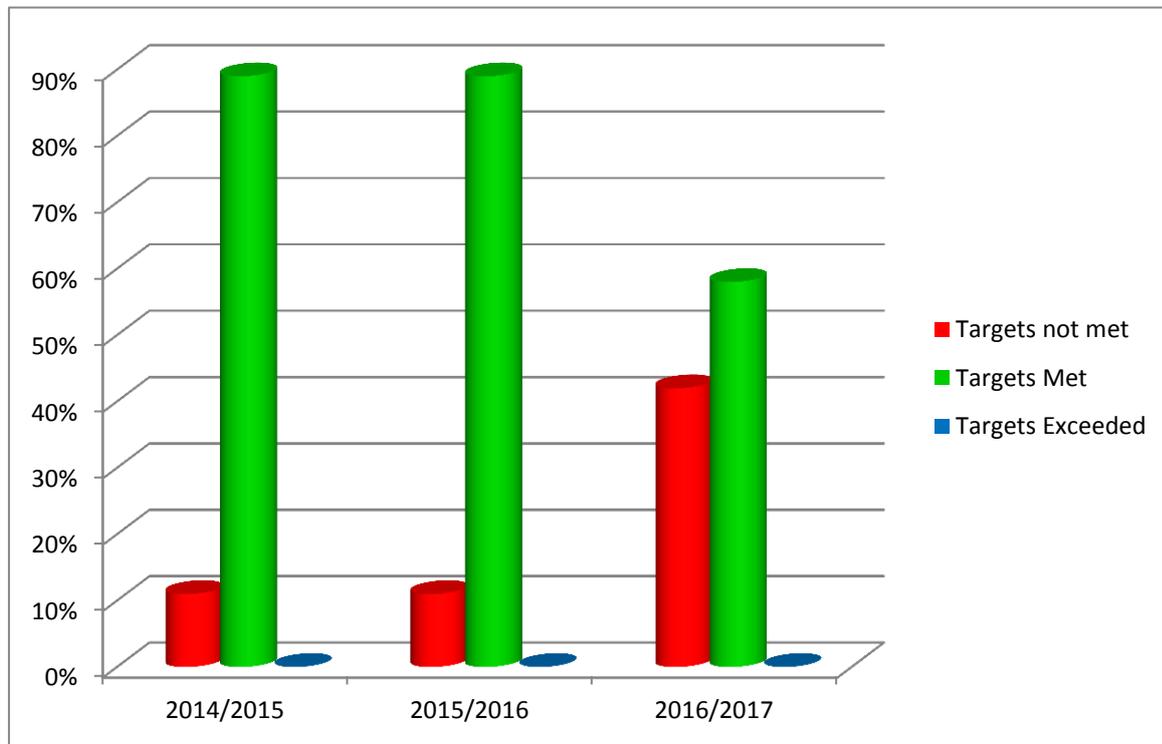
9. ORGANISATIONAL SCORECARD

9.1.1. ORGANISATIONAL Performance Highlights for 2014/2015 – 2016/2017

The report includes the organisational performance highlights from the key performance measures included in the 2014/2015 – 2016/2017 IDP. The municipal scorecard reflects the 6 KPAs and local priorities. It enables a wider assessment of how the municipality is performing. This performance report is based on measures included within the municipal scorecard. It incorporates priority measures selected from the IDP. It reflects the previous performance level comparative to the financial year under review. These targets were submitted to the council and were reviewed during the budget adjustment. The internal Audit unit audited the reports and they were submitted to the Performance Audit Committee (PAC) and the Municipal Public Accounts Committee (MPAC)

	2014/2015				2015/2016				2016/2017			
Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	
9	8	0	4	9	8	1	1	12	7	0	5	
100%	89%	0	11%	100%	89%	11%	11%	100	58%	0%	42%	

9.1.2. The bar chart below illustrate performance highlights of the Organisational Scorecard in comparison with 2014/2015-2016/2017 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2016/2017 IDP in comparison with the 2015/2016 and 2014/2015 financial year. In 2016/2017 financial year the Organisational score card had 12 planned targets. 7 targets were achieved and 5 could not be achieved. Compared to performance of the previous financial years, the performance achievement of these KPAs in 2014/2015 financial year was about 75%. In 2015/2016 it was 89% up by 14%. The overall performance achievement of these KPAs in 2016/2017 was 89%. The performance trend of the past 3 years demonstrates that 89% of planned targets were achieved in past two consecutive years. This means that performance achievement in the organisational score card has declined by 31% in 2016/2017 financial year.

9.2.1. BASIC SERVICE DELIVERY
9.2.2. INFRASTRUCTURE SERVICES

Water and sanitation constitutes the human right of every individual, without discrimination, to sufficient, safe, acceptable, accessible and affordable water and sanitation for personal use. It is well known that safe water and adequate sanitation are the bases for sustainable solution to the threat of water related diseases.

Sources of water within this district are categorized into boreholes, protecting springs, rainwater collection and abstraction of water from the rivers and currently implementing the Stephen Dlamini dam. High priority is given to sanitary waste disposal because human excreta always contain large numbers of microorganisms, some of which may cause diseases such as cholera, typhoid and hepatitis. Lack of proper sanitation facilities lead to contamination of water sources. To ensure that Harry Gwala residents are protected from the risk of drinking contaminated water, the municipality

had put aside a budget for infrastructure department to implement the water and sanitation projects. Projects were identified by the communities during the IDP road shows and they find expression in the IDP. Most of the water projects are multi-year and the spring protection, rain water collection and sanitation have targets that can be accomplished in a period of month to a year.

9.2.3. KEY CHALLENGES

Performance management is about managing for results. It guides the department’s approach to planning budgeting, monitoring and reporting. It is designed to link planning and budgeting; to institutionalise evidence into planning and project design and budget decision- making. Performance is also about nurturing innovative ways to cope with tight budget, prioritise resources and better inform taxpayers and the community of our progress in carrying out the vision of the municipality. Every year the respective departments state the challenges that affect their ability to effectively engage diplomatically or deliver services.

Some of the significant challenges experienced by the Infrastructure department are budget constraints which tremendously hinders completion of the planned projects within the stipulated timeframe. This problem is experienced mostly in the multi-year projects. Slow progress by the contractors is also a contributing factor to non-completion of projects. The analysis of this situation concludes that there is lack of capacity when it comes to project management and expenditure control.

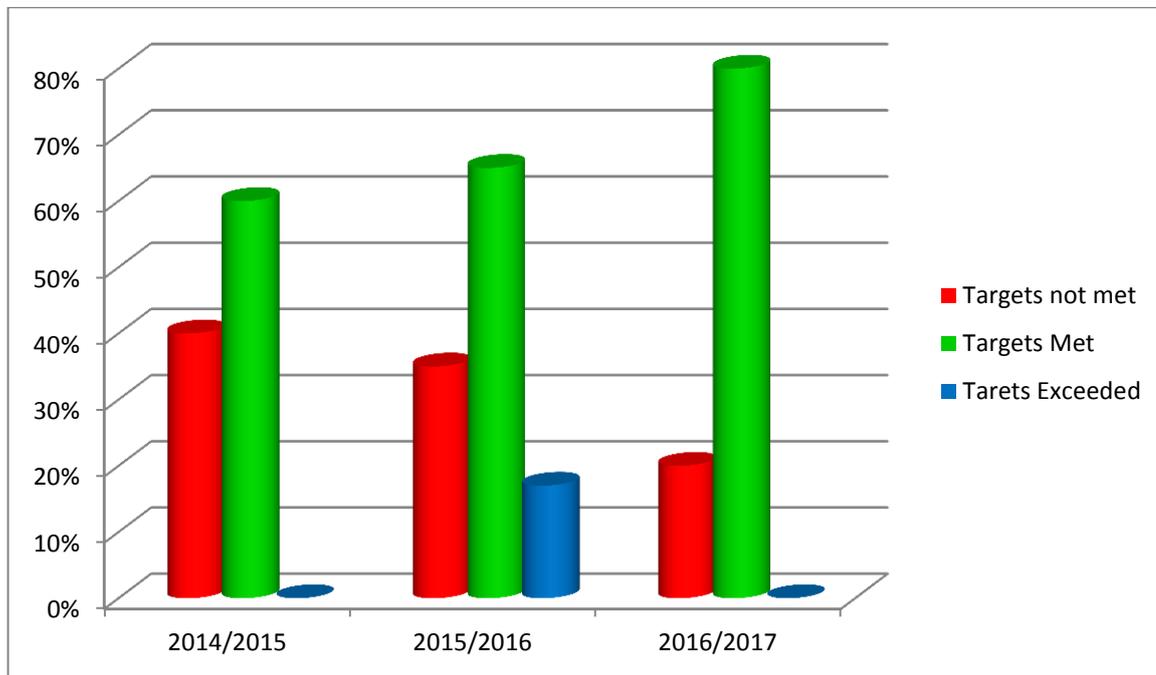
9.2.3. Corrective Measures

A sound financial management system will be implemented to ensure that water supply system is financially viable. This will be achieved by controlling expenditure and ensure that preparation of the annual budget is based on realistic estimates. A service provider has been appointed to assist this particular department on project management and the department will ensure that the skills are transferred to the technical personnel.

9.2.4. INFRASTRUCTURE SERVICES DEPARTMENT Performance Highlights for 2015/2016 – 2016/2017

2014/2015				2015/2016				2016/2017			
Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved
30	18	0	12	23	15	4	8	20	16	0	4
100%	60%	0%	40%	100%	65%	17%	35%	100%	80%	0%	20%

9.2.5. The bar chart below illustrate performance highlights of Infrastructure Department in comparison with 2014/2015- 2016/2017 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2016/2017 IDP in comparison with the 2015/2016 and 2014/2015 financial year. In 2016/2017 financial year the Infrastructure Service department planned to achieve 20 targets in this KPA. 16 targets were achieved and 4 targets could not be achieved. Compared to performance of the previous financial years, the performance achievement of this KPA in 2014/2015 financial year was about 60%. In 2015/2016 it was 65% up by 5%. The overall performance achievement of this KPA in 2016/2017 is 80%. This means that performance achievement in this KPA has increased by 15% since 2015/2016 financial year.

9.10.1. WATER SERVICES

The main objective of this department is to ensure efficient operation and maintenance of a water supply schemes in order to provide safe drinking water as per designed quality and quantity. The functions of this department include planning and design, Operation and maintenance of water schemes and Good Governance.

9.10.1.1. Planning and Design Unit

To ensure the availability of sufficient good quality water, it is tremendously imperative to plan and design suitable water supply schemes. These water schemes should be able to provide portable water to the various sections of communities residing within the Harry Gwala district municipality in accordance with the demands and requirement. The provision of such a scheme should ensure constants and reliable water supply to the people to which it has been designed and ensuring better living standard. The unit is also responsible for ensuring that the water consumed by the

communities is of good quality by taking water samples for analysis and testing for the control of bacteriological quality and ensure that the water schemes have water use licences for compliance with the Department of water and sanitation requirements.

9.10.2. Operation and Maintenance

By Operation" we refer to timely and daily operation of the components of a Water Supply schemes such as treatment plant, machinery and equipment, conveying mains, service reservoirs and distribution of water effectively by various technical personnel, as a routine function.

Whereas "Maintenance" is defined as the act of keeping the structures, plants, machinery and equipment and other facilities in an optimum working condition. Maintenance also includes preventive /routine maintenance and also breakdown maintenance, replacements, correction of defects. The department has developed the Operation and maintenance plan to ensure that the water schemes are fully functional and attended to when faults are reported by the community. Job cards are issued as when the fault is reported for repairs and maintenance. The budget was set aside for water schemes due for refurbishment. To ensure effective and efficient service delivery, a budget for the installation of smart water meters was set aside. This will assist the municipality to be able to make collections to the water users who are not indigent.

9.11. Good Governance

Efficient and effective operation depends upon sound water supply strategies made up of water safety plans to ensure good quality water supply. The focus of this unit is on ensuring that the water and sanitation related regulations are adhered to, developing water by-laws and policies. Conducting awareness campaigns for conservative use of water and Health and Hygiene education are amongst the functions of this unit. The customer care unit was established to ensure that the water and sanitation related issues are reported and attended to timeously by the relevant personnel.

7.4.1. Key Challenges

It has been observed that there is a lack of attention given to the budget allocated to this department which leads to non- reviewed Water Service Development Plan (WSDP). Failure to review this plan contributes to inaccurate reporting about the sanitation and water backlog and the demand within the district. Dilapidated infrastructure is a major contributor to the huge losses of water and money. Some of the key issues contributing to the poor Operation & Maintenance (O&M) have been

Identified as follows:

- Inaccurate co-ordinates which makes it difficult to identify the infrastructure assets
- Lack of finance, equipment, material, and inadequate data on Operation & Maintenance
- Inadequate Workmanship
- Aged Infrastructure
- Illegal connections of water
- Drought

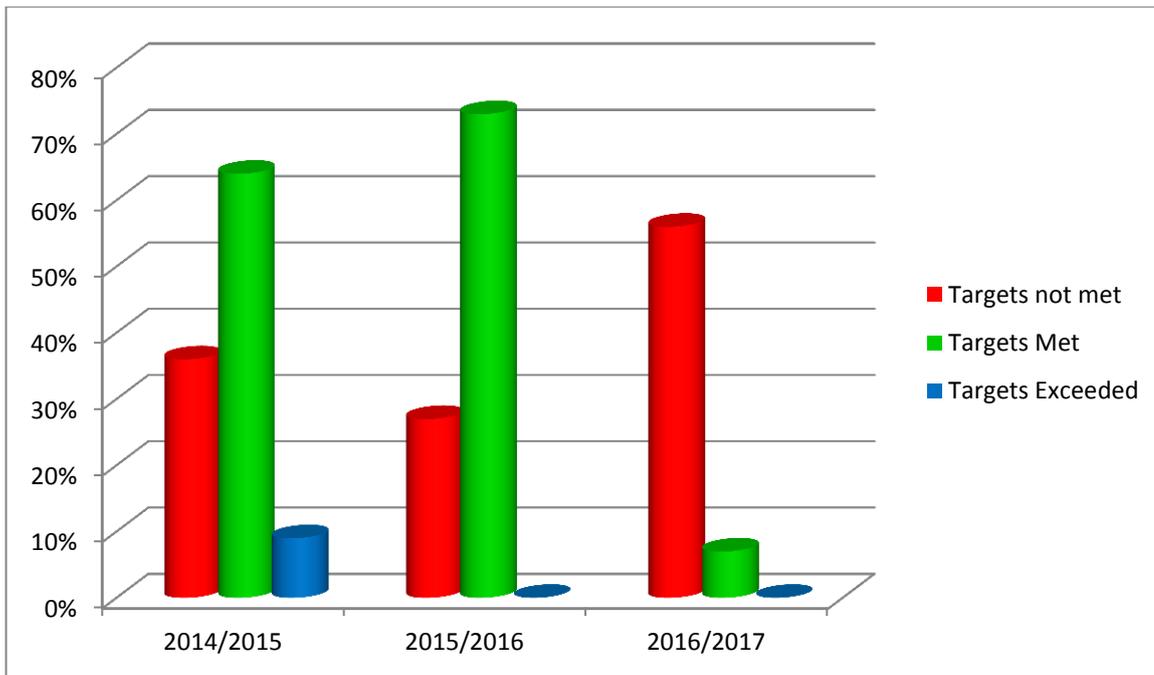
7.4.2. Corrective measures

An amnesty was implemented to enhance revenue collection, but there is still a challenge of insufficient funds to deal with issues of operation and maintenance. Considering the financial status of the municipality, a budget was set aside to start the process of reviewing the WSDP in the 2016/2017 financial year. Management is committed to knock to all possible doors to source funds in order to expedite service delivery. The GIS position is in the 2016/2017 priority list of vacancies to be filled. The candidate will to ensure that the infrastructure assets are verified to ensure that they are captured accurately. Implementation of the Stephen Dlamini dam will improve the situation of water scarcity. The installation of smart meters will assist in reducing the percentage of uncounted for water which will improve the revenue collection.

7.4.3. WATER SERVICES DEPARTMENT Performance Highlights for 2014/2015 – 2016/2017

2014/2015				2015/2016				2016/2017			
Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved
33	21	3	12	22	16	0	6	16	7	0	9
100%	64%	9%	36%	100%	73%	0%	27%	100%	44%	0%	56%

7.4.4. The bar chart below illustrate performance highlights of Water Services Department in comparison with 2014/2015- 2016/2017 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2016/2017 IDP in comparison with the 2015/2016 and 2014/2015 financial year. In 2016/2017 financial year the Water Service department planned to achieve 16 targets in this KPA. 7 targets were achieved and 9 targets could not be achieved. Compared to performance of the previous financial years, the performance achievement of these KPA in 2014/2015 financial year was about 64%. In 2015/2016 it was 73% up by 9%. The overall performance achievement of this KPA in 2015/2016 is 73%. This means that performance achievement in this KPA has decreased by 29% since 2015/2016 financial year.

8. Municipal Institutional Development and Transformation

8.1. CORPORATE SERVICES

The department is comprised of two directorates each dealing with an aspect of the internal functions of the administration. Firstly, the Human Resource Management and secondly the Administrative support which will assist in increasing service delivery. To ensure the realisation of the vision of the Harry Gwala district municipality Corporate Services directorate ensures that there is enough human resource for effective and efficient service delivery. One of the focus areas of this department is agenda setting for the Council, Executive committee meetings and Portfolio committees where politicians have to take serious decisions on service delivery and compliance issues. Municipal Structures Act, No. 117 of 1998 states that the municipal council must meet at least quarterly.

The Employment Equity Plan (EEP) was developed to comply with section 10(e) of the regulations which states that target groups must be employed in the three highest levels of management in the municipality. To Provide training of Councillors and Employees, the Workplace Skill Plan was develop and a budget was set aside to ensure that a certain percentage of the municipality`s budget is spent on skill development.

8.2. Human Resource Management

This unit is responsible for implementation of the Employee wellness programs: HIV and Aids in the implementation of Workplace Skills plan and amongst other things are the following programmes:

- Occupational Health and Safety and
- Recruitment and
- Skills development

8.3. Administrative Support

- IT Support and Systems Administration, and
- Networking, Software and hardware maintenance
- Procurement of Stationery
- Cleaning and security services
- Fleet management of the organization

8.4.1. Key Challenges

The department could not achieve some of the projects planned due to insufficient funds. The staff compounds could not be procured due to the delays caused by the Water service department in submitting the specification to the corporate services.

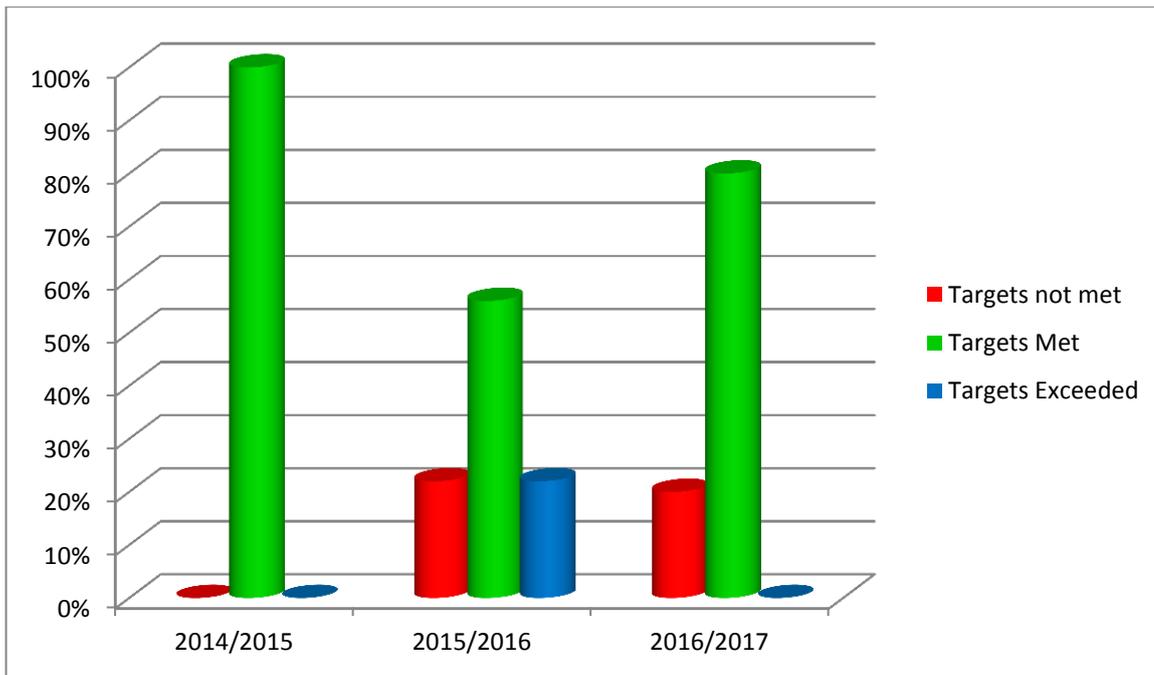
8.4.2. Corrective Measures

The funds will be allocated for this project to be completed in the next financial year which is 2016/2017 financial year. The staff compounds will also be procured in the next financial year.

8.5. CORPORATE SERVICES Performance Highlights for 2014/2015 – 2016/2017

2014/2015				2015/2016				2016/2017			
Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Target Exceeded	Actual Achieved	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved
4	0	4	0	9	5	2	2	10	8	0	2
100%	0%	100%	0%	100%	56%	22%	22%	100%	80%	0%	20%

8.6. The bar chart below illustrate performance highlights of Corporate Services Department in comparison with 2014/2015- 2016/2017 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2016/2017 IDP in comparison with the 2015/2016 and 2014/2015 financial year. In 2016/2017 financial year the Corporate Service department planned to achieve 10 targets in this KPA. 8 targets were achieved and 2 targets were not achieved. Compared to performance of the previous financial years, the performance achievement of this KPA in 2014/2015 financial year was about 100%. In 2015/2016 it was 78% declined by 22%. The overall performance achievement of this KPA in 2016/2017 80%. This means that performance achievement in this KPA has increased by 2% since 2015/2016 financial year.

8.7. SOCIAL SERVICES AND DEVELOPMENT PLANNING

8.7.1. Local Economic and Social Development

8.7.2. Cross-Cutting Interventions

The Constitution assigns developmental duties to municipalities. Section 152 provides that a municipality must strive within its financial and administration to promote social and economic development of the communities. Social service as the second largest services within local government is mainly responsible for providing and managing social services. It is comprised of 4 directorates: Social Services, IDP/PMS, Planning and Development and Special programs unit.

8.8. Social Services Directorate

The Social Services Directorate is responsible for Disaster Management and the Municipal Health services. The unit mainly focus on social wellbeing aspect of our communities as per the South African Constitution section 24 and performs its function guided by the Disaster Management Act and the National Health Act. However, there are policies developed by the municipality to further define its function and services for the District. Some of these policies include the Disaster Management policy, Pauper burial Policy, Municipal Health Services Policy, the Health & Hygiene education strategy and the Draft Municipal Health Services By-laws.

During budgeting and planning priority is given to the basic needs of the people residing within Harry Gwala district municipality. Disaster management is one of the core functions for the municipality. Support is given to the families during disaster incidents, providing lightning conductors in areas prone to lightning, conducting disaster awareness campaigns to ensure that Harry Gwala communities as required by the Disaster Management Act. Harry Gwala is a rural municipality and it exposed to field fire, therefore the disaster management unit ensures that there is budget provision for procurement and distribution of fire beaters to the communities to enable them to control field fires.

8.9. Municipal Health Services

Men have used water since the dawn of history; but the realization of its importance and, in some instances, of its danger, to health is a relatively a recent development. Even today this knowledge is not complete, particularly the incidence of certain communicable diseases. Early investigation conducted were principally concern with Cholera and Typhoid fever and later diarrhoeal diseases. More recently an increasing attention has been given to the role of water in transmitting certain virus diseases. Harry Gwala as water service authority has a functional Municipal Health service unit with 7 professional health practitioners. The main focus of this unit, guided by their polies and the National Health act is to monitor water quality consumed by the community. This is conducted through taking the water samples for testing and analysis on a monthly basis. This process assist the municipality to detect early any water related diseases and conduct awareness of any outbreak to the community.

Inspection of business premises is conducted on monthly basis to ensure compliance with relevant legislation and By-laws. Conducting clean up campaigns to encourage the community to keep their towns clean at all times. A pauper burial policy is in place to ensure that destitute are buried in dignified manner. To comply with National Health Act exhumation application requests are processed in conjunction with the relevant department.

8.10. Special Programs Unit

This directorate is mainly responsible for sport & Recreation, Youth and Special programs for men, women, elderly people and people living with disability. It`s functions ranges from supporting the cultural events and Umkhosi womhlanga. Promoting healthy living style through women and men`s forums. Currently South Africa is highly dependent on social grants resulting in few people contributing to the GDP. These forums plays an enormous role in encouraging men and women to get educated through adult learning facilities in order to be able to get decent jobs and enabling them to establish and manage their own businesses.

In order to achieve the constitutional objectives in section 153 of the constitution youth and elderly people participate in national and provincial development programmes. Youth participate in KZN- South African Association Local Games (SALGA) to sure case their talent and sometimes get an opportunity to be selected to participate in the National games and being selected to play in other teams where they get paid huge amounts of money for their talent. The elderly citizens are given a chance to participate in provincial and national golden games to keep their bodies healthy and fit.

Horse riding event which is conducted in conjunction with Sports and Recreation department is annually hosted in Dundee under the Umzinyathi District Municipality. Young people residing within the district are able to raise their concerns and ensure that the municipality plans and budget for

their programmes through Youth Indaba. Programmes for People living with disabilities are implemented to ensure that they get all the support required. Social services deal with all ages and all members of the Harry Gwala population.

8.11. Planning and Development unit

This unit is responsible for municipal planning and geographic information system. To improve planning administration, the HGDM, CoGTA and Local Municipalities (LMs) are working together to implement the Application Filing and Monitoring System (AFMS) to enable municipalities to process development applications within the specified timeframes as stated in the Planning and Development Act. To indicate the future development and significant economic opportunities the Spatial Development Framework (SDF) was developed and reviewed annual.

This unit is also responsible for the Geographic Information System (GIS) which is used as planning and strategic tool to acquire the base data in preparation of the SDF. GIS assist the Harry Gwala district municipality to identify the projects that falls in and outside the boundaries of this district.

8.11.1. KEY CHALLENGES

Insufficient financial resources to complete the projects planned for this financial was a challenge. Funds to support the codes to participate in the club championships are limited which makes it difficult to achieve this target. The lightning conductors could not be procured due to budget limitations. SMART principle was applied when setting some of the targets which were not achieved.

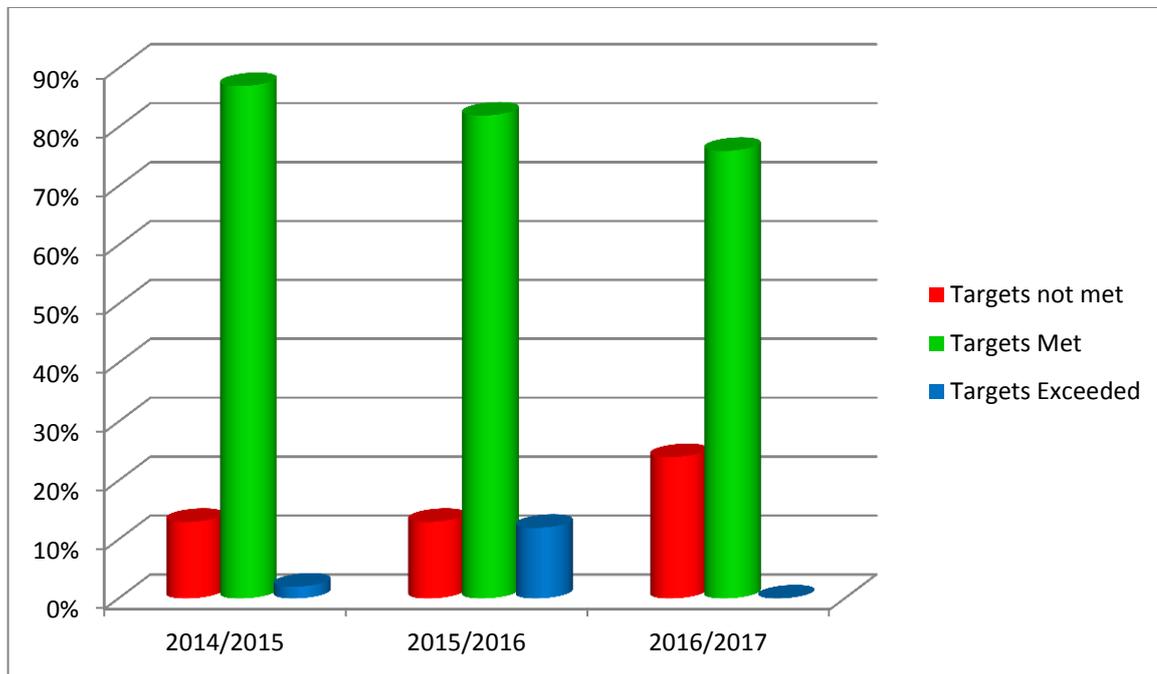
8.11.2. CORRECTIVE MEASURES

When looking at the club championship, the planned target for the current financial year was supporting 4 teams, but due to budget constraints the target for 2016/2017 financial year was reduced to supporting one team to participate in the club championship. The number of the lightning conductors was also reduced to ensure that the planned target for 2016/2017 financial year is achieved. The performance management unit has assisted the department to ensure that application of the SMART principle when setting targets for the next financial year.

8.8.1. SOCIAL SERVICES AND DEVELOPMENT PLANNING Performance Highlights for 2014/2015 – 2016/2017

2014/2015				2015/2016				2016/2017			
Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved
45	39	1	6	40	33	5	7	37	28	0	9
100%	87%	2%	13%	100%	82%	12%	18%	100%	76%	0%	24%

8.8.2. The bar chart below illustrate performance highlights of Social Services and Development Planning Department in comparison with 2014/2015- 2016/2017 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2016/2017 IDP in comparison with the 2015/2016 and 2014/2015 financial year. In 2016/2017 financial year the Social Service and Development Planning department planned to achieve 37 targets in these KPAs. 28 targets were achieved and 9 targets were not achieved. Compared to performance of the previous financial years, the performance achievement of these KPA in 2014/2015 financial year was about 87%. In 2015/2016 it was 82%.The overall performance achievement of this KPA in 2016/2017 was 76%. This means that performance achievement in this KPA has increased by 6% since 2015/2016 financial year.

Municipal Financial Viability and Management

9.1. BUDGET AND TREASURY OFFICE

This department is made up of 4 directorates: Budget and Reporting, Creditors, Income and Supply chain management unit. To comply with the Municipal Finance Management Act 56 of 2003, the Budget and Salaries prepared budget for the municipality which was approved by council before the start of the current financial year. To manage the affairs of the municipality and assess its

9.1.2. Budget and Reporting Unit

To comply with section 21 of the MFMA, the accounting officer of a municipality ensured that the budget is prepared as stipulated in section 68 of the Act and took reasonable steps to ensure that funds are spent accordingly as per section 69 of the Act.

Prospective Investors need Financial Statements (FS) to assess the viability of investing in a company. Investors may predict future dividends based on the profits disclosed in the Financial Statements. Furthermore, risks associated with the investment may be gauged from the Financial Statements. Therefore, the municipality produced the Financial Statements to provide a basis for the investment decisions of potential investors. The decisions to lend are also supported by a

sufficient asset base and liquidity. Governments require Financial Statements to determine the correctness of tax declared in the tax returns. Government also keeps track of economic progress through analysis of Financial Statements of businesses from different sectors of the economy.

9.1.3. Income Unit

Due to the level of unemployment and poverty within Harry Gwala municipal areas, there are both households and citizens who are unable to access or pay for basic services; this grouping is referred to as the "indigent". A municipality has developed and adopted an indigent policy to ensure that the indigent can have access to the package of services included in the FBS programme.

The indigent are those people who have an income of less than the old age grant who are entitled to free basic services from government. The municipality has started developing the Indigent Register.

9.1.4. Supply Chain Management Unit

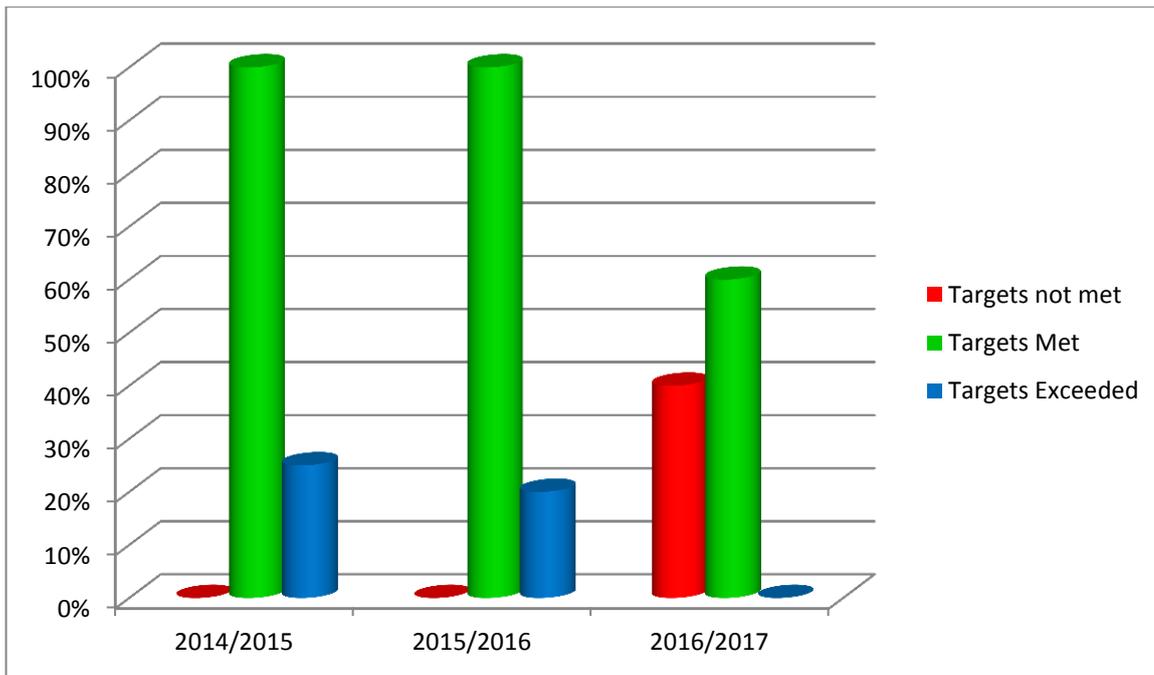
An Assets Register was developed for municipal assets like infrastructure assets and office assets. These assets were verified on quarterly basis for administrative purposes. Most of these assets are expected to be used for more than one accounting period.

The supply chain Management Policy was developed to comply with section 217 of the Constitution of the Republic of South Africa which states that that, when government contracts for goods and services it must do so in a way which is fair, equitable, transparent, competitive and cost-effective and is currently implemented.

9.2. BUDGET AND TREASURY OFFICE Performance Highlights for 2014/2015 – 2016/2017

2014/2015				2015/2016				2016/2017			
Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved
4	4	1	0	5	5	1	0	5	3	0	2
100%	100%	25%	0%	100%	100%	20%	0%	100%	60%	0%	40%

9.3. The bar chart below illustrate performance highlights of Budget and Treasury Office in comparison with 2014/2015- 2016/2017 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2016/2017 IDP in comparison with the 2015/2016 and 2014/2015 financial year. In 2016/2017 financial year the Budget and Treasury Office planned to achieve 5 targets in these KPAs. 3 targets were achieved and 2 targets were not achieved. Compared to performance of the previous financial years, the performance achievement of these KPA in 2014/2015 financial year was about 100%. In 2015/2016 it was 100%. The overall performance achievement of this KPA in 2016/2017 was 60%. The performance trend of the past 3 years demonstrates that the department achieved 100% of planned targets in this KPA for past two consecutive years. Hence, the performance achievement in this KPA has declined by 6% since 2016/2017 financial year.

9.4.1 Key Challenges

There were no challenges encountered regarding achieving the planned targets. One of the reasons for meeting all the targets was that the office had planned to achieve only 4 targets which had financial implications or budgeted for. The few planned targets were the result the Internal Audit findings for the 2014/ 2015 financial year.

9.5.1. Corrective Measures

In consultation with Provincial Cogta and the Audit and Performance committee, the decision was taken that the BOT report on all the targets reflected in the Performance Plan of the CFO since there is no direct legislation referring to reporting to targets with budget.

9. MUNICIPAL MANAGER `S OFFICE

The Municipal Manager, as the Head of Administration and the Accounting Officer of the municipality has played a major role in ensuring that the administration of the affairs of the municipality are governed by the democratic values and principles enshrined in the Constitution, but

not limited to the local Government Municipal Systems Act, 32 of 2000 and chapter 8 of the MFMA, No. 56 of 2003. As the head of administration, she ensured that the administration is attended to at all the time. With her extensive statutory and delegation of powers and duties, the necessary reports for the Executive committee and council were prepared by the corporate services and checked by the Municipal Manager before they were submitted to council structures. To ensure credible public participation process is followed, the "Izimbizo" were held before the adoption of the IDP and the budget.

10.1. Development of performance management system and Implementation of the IDP

As per section 55(1) (c) of the Local Government: Municipal Systems Act, No. 32 of 2000, the municipal manager is, subject to the policy directions of the council, responsible for and accountable for the implementation of the municipality's integrated development plan, and the monitoring of progress with implementation of the plan as well as the development of the municipality's performance management system. Hence the preparation of the IDP and Performance management system were delegated to the Social Services and Development Planning department. The service Delivery Budget and Implementation plan for 2015/2016 was prepared and submitted to the mayor as required by the section 69(3)(a) of the Local Government Municipal Finance Management Act .

10.2. Performance Reporting

In 2009 government re-affirmed its intention to shift its high-level management focus from being compliant to outcome focus. Therefore, accountability also shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes. Following the adoption of the NDP, the cabinet took a decision in 2013 that the 2014-2019 Performance indicators and targets should be set relating to the budget year and the Medium Term Expenditure Framework (MTEF) period in respect of strategic objectives and activities in the Service Delivery Budget and Implementation plan. The accounting officer of the municipality established the procedures for quarterly reporting to the council in order to facilitate performance monitoring, reporting and evaluation as well as ensuring that corrective actions were taken to improve performance. The municipality report to the Executive committee and council on a quarterly basis as required by the legislation. A uniform quarterly reporting template was developed guided by the Department of Corporate Governance and Traditional Affairs (CoGTA) as part of their support to municipalities to be utilised for reporting purposes. This report took into consideration the priorities of the organisation, objectives, indicators, targets, measurements and analysis and presented them in a simple and accessible format, relevant and useful to the specified target group. The Mid-year budget and performance assessment were conducted and the assessment report was submitted to National and Provincial Treasury on the 25th of January as required by section 72 of the MFMA.

10.3. Internal Audit and Risk Management unit

As per section 165 of the MFMA, the Internal Audit unit prepared the risk-based audit plan and the internal audit programme for each financial year. The IA reports on implementation of the internal audit plan were submitted to Audit Committee and council. The Internal audit unit is directly accountable to Municipal manager to maintain their independence and objectivity and functionally report to the audit committee as per the Internal audit Charter.

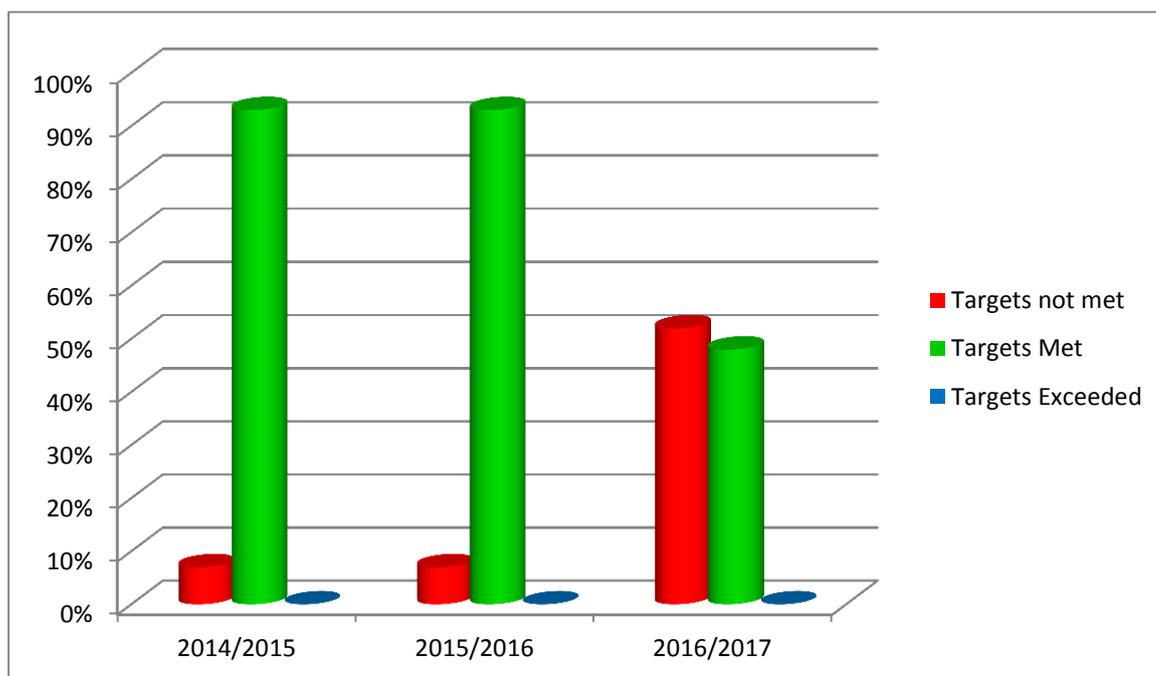
The Risk and control self-assessment workshop was conducted and the Risk register and profile was compiled in order to identify potential events that may affect the institution, evaluate and address risks on a continuous basis before such risks can impact negatively on the institution's service delivery capacity.

To show case Harry Gwala Infrastructure, LED and tourism projects the videos were taken and the media tour was conducted with local media and mainstream media. The Nyusi volume annual event was held in December 2016.

10.4.1. OFFICE OF THE MUNICIPAL MANAGER Performance Highlights for 2014/2015 – 2016/2017

2014/2015				2015/2016				2016/2017			
Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved	Planned Targets	Actual Achieved	Target Exceeded	Not Achieved
14	13	0	1	14	13	0	1	21	10	0	11
100%	93%	0%	7%	100%	93%	0%	7%	100%	48%	0%	52%

10.4. 2. The bar chart below illustrate performance highlights of the Office of the Municipal Manager in comparison with 2014/2015- 2016/2017 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2016/2017 IDP in comparison with the 2015/2016 and 2014/2015 financial year. In 2016/2017 financial year the Office of the Municipal Manager planned to achieve 21 targets in these KPAs. 10

targets were achieved and 11 could not be achieved. Compared to performance of the previous financial years, the performance achievement of these KPA in 2014/2015 financial year was about 82%. In 2014/2015 it was 93%.The overall performance achievement of these KPAs in 2015/2016 was 93%. The performance trend of the past 3 years demonstrates that the department achieved 93% in past two consecutive years. This means that performance achievement in this KPA has improved by 11% since 2014/2015 financial year. However, the performance has decreased in 2016/2017 financial year.

10.5.1. Key Challenges

The office of the municipal manager could not achieve two targets. They have planned to conduct 4 media briefings. The target was noted as not met due to insufficient documentation to be submitted as the Portfolio of Evidence. The risk register could not be completed due to delays in conducting the risk assessments.

10.5.2. Corrective Measures

The office will ensure that in all the media briefings and conferences evidence is gathered and filed accordingly. The Risk Management Unit will ensure that they stick to their risk easements plan in order to achieve the planned target.

B2B Ref.	Focus Area or			Project Name	KPI	COMPARISON WITH PREVIOUS FINANCIAL YEAR			CURRENT FINANCIAL YEAR							
	Key Challenge	Objective	Strategy			(Annual Target) 2015/2016	(Annual Actual) 2015/2016	(Annual Target) 2016/2017	(Revised Annual Target) 2016/2017	(Annual Actual) 2016/2017	STATUS Target met / Target Not met	MEASURES TAKEN TO IMPROVE PERFORMANCE	POR TFOL IO OF EVIDENCE	Approved Budget	Adjustment Budget	Expenditure to date
INFRASTRUCTURE SERVICES DEPARTMENT																
B2B-B_DC 43	Water	To implement bulk water supply for augmentation of existing	By providing of sustainable bulk water resources	Underberg Bulk Water Supply	6.1.1. Date in which the Tender document was submitted to specification	Upgraded water treatment plant and pump house	4000m rising main has been completed and 88% of mechanical work has been done	6.1.5.1. Pump station completed by June 2017 6.1.5.2. Gravity main pipeline completed by June 2017	6.1.5.1. Submission of tender document to Specification Committee for advertisement by June 2017.	6.1.5.1. Tender document was submitted to Specification Committee for advertisement by June 2017.	Target met	N/A	6.1.4 .1. Draft Tender Document , Advert.	5 000 000	R -2 150 000	R 2 850 000

		water supply by June 2017			committee for advertisement submitted			6.5.1.3. 200 KL reservoir completed by June 2017								
B2B-B_DC 43	Sanitation	To implement bulk sewer to benefit 9500 households by October 2016	By constantly monitor and evaluate implementation of water project	Kokstad Bulk Water and Sewer Upgrade (Bhongweni and Shayamoya) phase 2	6.2. Number of metre sewer pipeline completed	Phase 1 (2600m sewer pipeline upgrade) completed	phase 2 - completion of 3100m of 250 mm diameter sewer pipeline	None	None	The project was completed on the 8 of September 2016	Target met	N/A	Completion Certificate	R 99 781 841,00	R 7 239 324	R 0 00

B2B- B_DC 43	Sanitation	To implement waterborne sewer by 2016	By providing improved waterborne sewer system	Horseshoe Sanitation Project - New	6.3.1. Date in which the Additional funding application was submitted to Cogta for MIG approval 6.3.2. Date on which Site establishment was completed	60 household connected to waterborne sewer system	Contractor appointed, site establishment done and 15 VIP toilets converted to waterborne system (flushable toilets)	6.3.5 3.8 KM sewer pipeline network completed 6.3.5 Installation of plumbing furniture to 108 VIP Toilets Completed by June 2017. 6.3.5 Emptying/sealing 200 VIP Toilets Pits completed by June	6.3.5.1. Additional Funding Application (AFA) SAC recommendation by Department of Water & Sanitation (DWS). Presentation of DWS SAC recommendation to COGTA MBPAC (Municipal Business Plan Appraisal Committee) for MIG Approval by June 2017. 6.3.5.2 Site establishm	6.3.4.1. Additional Funding Application (AFA) SAC recommendation by Department of Water & Sanitation (DWS). Presentation of DWS SAC recommendation to COGTA MBPAC (Municipal Business Plan Appraisal Committee) for MIG Approval by June 2017.	Target Met	N/A	6.3.4.1. DWS SAC Recommendation Letter	10 000 000	R -4 961 502	R 5 038 498
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B2B-B_DC 43	Water	To implement water supply scheme to service 641 households by June 2017	By constantly monitor the implementation of water project	Khukhulela Water Supply	6.4.1. Date on which final design were completed	Design	Design completed	6.4.5.1. Final Design completed by May 2017	None	Final Design completed by 30 May 2017	Target met	N/A	6.4.4.1. Final Engineering design report from Consultant	R 4 999 897	R -4 549 897	R 450 000
B2B-B_DC 43	Water	To implement water supply to service 5944	By constantly monitoring the implementation of water and sanitation project	Greater Kilimon Water Supply Project	6.5.1 Date in which the installation of mechanical and	1 Completion of 300kl elevated reservoir. 2. Completion of pump	1. Completion of 300kl elevated reservoir	6.5.5. Installation of mechanical and electrical work completed by June 2017	6.5.6. Installation of mechanical and electrical work completed by June 2017	Mechanical and Electrical Works Installation was completed by June 2017	Target met	N/A	Engineers report and Infrastructure report	R 17 729 375	R -5 799 774	R 9 929 601

		households by 2030			electrical work was completed	house. 3.completion of 15 000 m pipeline		6.5.5.Project commissioning completed by June 2017									
B2B-B_DC 43	Sanitation	To implement all the VIP sanitation project identified by the business plan by 2017	By providing of improved ventilated pits toilets	Ingwe Households Sanitation Project	6.6. Number of units completed	375 Units completed	182 HH benefited from sanitation facilities by June 2015	6.6.5. 100 units completed	6.6.6. The target was revised to zero due to financial constraints as a result of accruals incurred in the year 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the year 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the year 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the year 2015/2016 financial year	N/A	R 8 000 000	R -3 879 648	R 4 120 352	

B2B-B_DC43	Water	To implement water supply scheme by 2017	By constantly monitoring the implementation of water and sanitation project	Bulwer to Nkelabantwana and Nkumba Water	6.7.1. Date in which the Second lift of Reservoir walls was Completed	Completion of 4.2 km pipeline and 2ML reservoir concrete base	Completion of 4.8 km pipeline and 2ML reservoir concrete base	6.7.5. Steel fixing concrete casting completed by June 2017 6.7.5. Project completed handed over by June 2017	6.7.8. Second lift of Reservoir walls Completed by June 2017	Reservoir Second lift walls were Completed by June 2017	Target met	N/A	6.7.2 .1..Professional Engineers Progress report 6.7.2 .2. Infrastructure Committee Progress report.	R 9061724	R 700000	R 9761724
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B2B-B_DC 43	Water	to implement water supply scheme by 2017	By constantly monitoring the implementation of water and sanitation project	Greater Mbhuleweni Water Supply Project	6.8.1. Date in which the project scope as per contract was completed.	1. Installation of 2x pumps to pump house. 2. Completion of scour and air valves. 3. Installation of 30 marker posts 4. Completion of 500kl steel reservoir. 5, Completion of pump house. 6.	1. Installation of 2x pumps to pump house. 2. Completion of scour and air valves. 3. Installation of 42 marker posts 4. Completion of 500kl steel reservoir. 5, Completion of pump house. 6. completion 12500	6.8.5. Completion of Project Commissioning by June 2017	6.8.6. Completion of Project scope as per contract by June 2017	Project scope completed as per contract by June 2017	Target met	N/A	6.8.4 .1. Engineers report and Infrastructure report 6.8.4 .2. Project Plan	R 10 000 000	R 2 000 000	R 12 000 000
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						completion 6500 km pipeline	km pipeline										
B2B- B_DC 43	Water	To implement water supply scheme by 2018	By constantly monitoring the implementation of water and sanitation project	Greater Nomandlovu Water Supply Project Phase 2	6.9.2. % of UPVC 110mm diameter class 16 pipe laying completed	Commissioning of the treatment plant	Eskom is on site finalising the installation of transformer	6.9.5. Project Commissioned completed by June 2017	6.9.5. 10% pipe laying, Upvc 110mm diameter class 16 completed	45% Upvc 110mm diameter class 16 pipeline Completed.	Target met	N/A	Engineers report and Infrastructure report	R 5 000 000	R -2 828 818	R 2 171 182	
B2B- B_DC 43	Water	To implement all the VIP sanitation	By constantly monitoring the implementation of water and	Ubuhlebezwe Sanitation backlog eradication	6.10. Number of VIP units completed	333 Units completed	100 units completed	6.10.5. 50 VIP units completed	6.10.6. The target was revised to zero due to financial constraints as a result of accruals	The target was revised to zero due to financial constraint	The target was revised to zero due to financial constraint	The target was revised to zero due to financial constraint	N/A	R 5 665 783,26	R -3 000 000	R 2 665 783	

		project identified by the business plan by 2017	sanitation project						incurred in the year 2015/2016 financial year	s as a result of accruals incurred in the year 2015/2016 financial year	s as a result of accruals incurred in the year 2015/2016 financial year	s as a result of accruals incurred in the year 2015/2016 financial year				
B2B-B_DC 43	Water	To implement water supply scheme by 2020	By constantly monitoring the implementation of water and sanitation project	Highflats Town Bulk Project	6.11. Number of design Completed for Highflats Town Bulk Project	Design	Design completed	6.11.5.1 Final design for Highflats Town Bulk Project completed	6.11.6. The project was adjusted to zero due the land issue that could not be resolved by Buhlebezwe and Dep. Of Human settlement.	The project was adjusted to zero due the land issue that could not be resolved by Buhlebezwe and Dep. Of Human settlement.	The project was adjusted to zero due the land issue that could not be resolved by Buhlebezwe and Dep. Of Human settlement.	The project was adjusted to zero due the land issue that could not be resolved by Buhlebezwe and Dep. Of Human settlement.	N/A	R 2 990 000	R -2 990 000	R -

B2B-B_DC43	Water	To implement water supply scheme	By ensuring sustainable water supply	Ncakubana Water Supply Project Phase 2	6.12.1 Date in which Mechanical and electrical equipment installation was completed	1. Installation of mechanical equipment. 2. Completion of 200kl reservoir 3. Completion of pump house building	1. Mechanical equipment installed. 2. 500kl reservoir completed 3. 200kl reservoir completed 3. Completed pump house building	6.12.1 30 KM water reticulation pipeline completed 6.12.2 8 break pressure tanks constructed 6.12.3 120 of communal standpipes installed 6.12.4 project commissioned completed by June 2017	6.12.6. Completion of Mechanical and electrical equipment installation by June 2017	Only Mechanical work was completed	Target not Met	Due to land ownership dispute, the HGDM was denied access to site. The issue is currently handled by Hedder Attorneys	6.12.4.1. Professional Engineers Progress report 6.12.4.2. Completion certificate	R 13 009 519,25	R -4 895 408	R 8 114 111
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B2B-B_DC 43	Water	To implement water supply scheme	By constantly monitor and evaluate implementation of water project	Ufafa Water Supply Project	6.13.1 Number of km reticulation pipeline completed 6.13.2 Number of standpipes completed	Installation of 22 standpipes, installation of mechanical equipment and completion of pump house	Installation of 25 standpipes completed, installation of mechanical equipment completed and completion of pump house	6.13.5.1 . 39000m bulk pipeline completed 6.13.5.2 . Completion of 66 standpipes, 6.13.5.3 . 250kl reservoir completed by June 2017 6.13.5.4. Project commissioned completed by June	6.13.6.1. 30.6 km reticulation pipeline completed 6.13.6.2. Completion of 119 standpipes	1. 60.395 km reticulation pipeline was completed 2. 123 communal standpipes were completed	Target Met	N/A	6.13.4.1. Professional Engineers Progress report 6.13.4.2. Project Plan	R 23 369 191	R -7 000 000	R 16 369 191
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								2017									
B2B-B_DC 43	Water	To implement water supply scheme by June 2017	By constantly monitoring the implementation of water and sanitation project	Mnqumeni (Santombene) Water Supply Project Phase 3	6.14.1 Number of kl reservoirs completed 6.14.2. Number of km reticulation pipeline completed	2ML and 100kl reservoir completed. 16km bulk pipeline completed, 42 standpipes installed and pump house completed	2ML, 500kl and 100kl reservoir completed. 16km bulk pipeline completed, 80 standpipes installed and pump house completed	6.14.5.1 . 2 reservoirs completed (150kl and 100kl) 6.14.5.2 .16km water pipelines completed	None	6.14.6.C 16km reticulation and 2 reservoirs (150kl and 100kl) completed	Target Met	N/A	6.14.4.1. Professional Engineers Progress report 6.14.4.2. completion certificate	20 000 000	R 13 704 547	R 33 704 547	

B2B-B_DC 43	Sanitation	To implement all the VIP sanitation project identified by the business plan by 2020	By providing of ventilated improved pit latrines	Greater Umzimkulu Sanitation Project	6.15.1. Date on which the service provider was appointed 6.15. Number of units constructed	666 units completed	1019 units completed	6.14.5 300 units complete	6.15.6.1. Service provider appointed by June 2017 6.15.6.2. Construction of 190 units under Water Services Infrastructure Grant (WSIG) completed	Advertisement and Re-advertisement was completed by June 2017	Target not met	Advertisement were done but all tenderer were non-responsive and Re-advertisement done and appointments will be done in quarter 1 of 2017/2018 financial year.	6.15.4.1. Beneficiary list	R 5 000 000	R -3 689 280	R 1 310 720
B2B-B_DC 43	Water	To implement water supply scheme	By providing clean drinkable water	Greater Summerfield Water Project	6.16. Number of km raw water pipeline completed	2ML reservoir and 3.6km bulk pipeline. Completed.	6.6km bulk pipeline completed .Reservoir roof slab is 100% complete.	6.16.5. 2.5 km raw water pipeline Completed	None	Target not met Zero (0)	Target not met	The Consultant could not finish design on time. Meeting will be held with the	N/A	R 12 028 663	R -6 384 159	R 5 644 504

		by 2020										consultant to finalise designs.				
B2B-B_DC43	Water	To implement water supply scheme	By ensuring the provision of sustainable water supply	Greater Paninkukhu(Kwamthwane) Bulk Water Supply Project (Ward 6,7,8,9,10,12,13,14,18,19)	6.17. Date in which the feasibility study was completed	Feasibility study: completed water resources report	completed Feasibility study for water resources report	6.17.5.F easibility study completed by 30 May 2017	6.17.5.The project has now been taken over by the Dept. of Water and Sanitation for both planning and implementation	The project has now been taken over by the Dept. of Water and Sanitation for both planning and implementation	The project has now been taken over by the Dept. of Water and Sanitation for both planning and implementation	The project has now been taken over by the Dept. of Water and Sanitation for both planning and implementation	N/A	6,042,000.00	R -4 050 000	R -

B2B-B_DC 43	Sanitation	To upgrade existing infrastructure to service 1392 households by June 2017	By Providing of waterborne sanitation system	Umzimkulu Sewer Upgrade Phase 2	6.18. Date on which the Final Engineering design and technical report was completed	Design report completed	6.18.5. Final Design completed by 30 May 2017	6.18.6. Final Engineering design and technical report completed by 30 May 2017	Final Engineering design and technical report was completed by May 2017	Target met	N/A	6.18.4.1. Final Engineering design and Technical report signed off by the professional Engineer and accepted by the HOD	R 2 000 000	R 2 000 000
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B2B-B_DC 43	Water	To plan and implement	By constantly monitoring the implementation of water and sanitation project	Kwa Meyi/TEE KLOOF Water Supply (phase 4)	6.19.1. Date in which the water treatment works was completed 6.19.2. Number of km pipeline completed 6.19.3. Number of standpipes completed	1. Completion of 1.5 ML reservoir walls. 2. Completion of 1 ML reservoir walls. 3. 35 km reticulation completed.	1. Walls of 1.5ML and 1ML concrete reservoirs were completed	6.19.5.1. Water treatment works upgrade completed by June 2017 6.19.5.2. 52.2km pipeline completed 6.19.5.3. 450 standpipes completed	6.19.6.1. Water treatment works completed. 6.19.6.2. 45km pipeline completed 6.19.6.3. 50 standpipes completed	6.19.7.1. Treatment works was not completed by June 2017. It was only 40% complete. 6.19.7.2. 45km pipeline was not completed. It was only 86% 6.19.7.3. Zero(0)	Target not met	The project could not be completed due to delays in material supply. Meeting will be held between Contractor, Consultant and the Municipality.	6.19.4.1. Professional Engineers Progress report 6.19.4.2. Project plan	R 10 490 427,60	R 21 893 074	R 32 383 502
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B2B-B_DC43	Water	To implement water supply scheme by July 2017	By ensuring that the community have access to clean drinkable water	Hlokozi Water Project Phase 4	6.20.1. Date in which Excavating, laying and backfilling of pipelines completed 6.20.2. Date in which the social and community issues were addressed	Phase 3 complete. Business plan approval for phase 4	Phase 3 completed. Business plan and approval for phase 4.	6.20.5. 18,4km water pipelines complete 6.20.5.2 boreholes equipped 6.20.5.58 communal standpipes installed 6.20.5 Project Commissioning completed by June 2017	6.20.6.1. Address social and community issues by June 2017. 6.20.6.2. Contractor to commence with excavating, laying pipelines and backfilling of 500m by June 2017	6.20.7.1. Social and community issues were addressed by June 2017. 6.20.7.2. Contractor to commence with excavating, laying pipelines and backfilling of 7475 m by June 2017	Target met	N/A	6.20.4.1. Professional Engineers Progress report	13,346,479.75	R -1 988 045	R 11 358 435
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B2B-B_DC43	Water	to implement water supply scheme	By constantly monitoring the implementation of water and sanitation project	Nokweja/Mashumi community water supply scheme	6.21.3. Date in which river abstraction was upgraded 6.21.5. Date in which the Borehole drilling and testing was completed	Business plan approval	Business plan approved	6.21.5.1 . 900 metres of rising main upgrade completed 6.21.5.2 . Booster pump upgrade completed by June 2017 6.21.5.3 . River abstraction upgrade completed by June 2017 6.21.5.4 . Pump station upgrade	6.21.5.1. River abstraction upgrade completed by June 2017 6.21.5.2. Borehole drilling and testing (as per the tender document) completed by June 2017	6.21.5.1. River abstraction upgrade was not completed by June 2017.Only 10% completed. 6.21.5.2. Borehole drilling was not completed by June 2017. It was only 55% complete.	Target Not Met	Water levels at Umzimkhulu river were high which resulted to change the programme and river abstraction upgrade activity target moved to September 2017	6.21.4.1. Professional Engineers Progress report	17 000 000,00	R -4 761 955	R 12 238 045
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								comple ted by June 2017 6.21.5.5 . 200kl reservoi rs upgrade complet ed							
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B2B-B_DC 43	Water	To service provide clean drinkable water	By implementing sustainable water supply	Mkhunya (Nkwelets heni/Siqandulweni) Water Project	6.22.1. Number of kl reservoir completed, 6.22.2. Number of km reticulation pipelines completed 6.22.3. Number of stand pipes completed	1. Phase 2. 65 standpipes installed. 2. Commissioning of phase 1 and 2 3. Reservoir foundation completed	1. Phase 2. 65 standpipes installed. 2. Commissioning of phase 1 and 2, 3. Reservoir foundation completed	6.22.5.1 . 500kl reservoir completed, 6.22.5.2 . 13km reticulation pipeline completed. 6.22.5.3 . 29 standpipes completed	Water tightness of the reservoir completed by June 2017	500 kl reservoir is complete. Water tightness test was done by June 2017 but leaks were identified which requires re-sealing of the reservoir	Target met	The main contractor was requested to hire the specialist to re-seal	6.22.4.1. Professional Engineers Progress report	10 000 000,00	R -1 200 000	R 11 695 745
B2B-B_DC 43	Water	To implement water	By ensuring the provision of sustainable	Greater Paninkukhu	6.23. Number of km pipeline	1. Completion of 3500 m rising main.	4000m rising main has been complete	6.23.5 4300 m of pipeline completed	6.23.5 5.3km pipeline completed	7.3km pipeline was completed	Target met	N/A	Engineers report	R 37 771 520.25	R 6 750 000	R 20 076 520

	supply scheme	e water supply		completed	2. Completion of mechanical equipment	d and 88% of mechanical work has been done	ed									
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B2B-B_DC43	Water	To improve water supply in Ingwe and uBuhlebezwe areas	By ensuring the construction of advanced infrastructure for Stephen Dlamini dam	Stephen Dlamini Dam(GAL A DONNYBROOK)	6.24.1. Date on which the site establishment was completed 6.24.2. Number of km pipeline completed	1. Advance excavation 50% complete and 2. 2500m access road completed 3. completion of bush clearing 4. Box culvert will be completed in the next financial year 2016/17	1. Advance excavation 100% complete and 2. 2500m access road completed 3. Bush clearing is at 80% 4. Box culvert will be completed in the next financial year 2016/17	6.24.5.1 . Advance dam infrastructure design completed by 30 June 2017 6.24.2. Advances excavation completed by 30 June 2017 6.24.5.3 . Access road completed by 30 June 2017 6.24.5.4 . Bush clearing	6.24.6.1. Site establishment completed by June 2017 6.24.6.2. 1km pipeline to Gala completed and 0.5km pipeline to Mawuleni	6.24.1. Site establishment was completed by June 2017 6.24. 2. 3.8km pipeline to Gala completed and 0.8km (800M) pipeline to Mawuleni completed.	Target met	N/A	6.24.2.1. Professional Engineers Progress report	60 000 000,00	0,00	0,00
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								completed by 30 June 2017 6.24.5.5 . Box culvert and gabions completed by 30 June 2017								
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B2B-B_DC 43	Water & Sanitation	To fence water & sanitation schemes	By ensuring fencing of water & sanitation infrastructure	Fencing	6.25. Number of Water schemes fenced	New Enabler	New Enabler	6.25.5. Fencing of 5 water schemes	6.25.5. The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 1 000 000)	R -1 000 000,00	R 0,00
B2B-B_DC 43	Road	To provide access water schemes	By gravelling all access roads	Access Road	6.26. Number of km access roads to water schemes gravelled 6.26.2 Numb	New Enabler	New Enabler	6.26.5. Graveling of 1km access roads to water schemes 6.26.5. 4 Access road gravelled	6.26.6. The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 500 000	R -500 000	R 0,00

					er of Access road constr ucted and gravell ed.					6 financial year	6 financial year	6 financial year				
B2B- B_DC 43	Water	To provide storage facility for rain water collection within the district	By providing jojo tanks to the households within the district	Rain water harvesting	6.27. Number of jojo tanks supplied, delivered and installed to various households within the district	New Enabler	New Enabler	6.27.5. 1070 jojo tanks supplied, delivered and installed to households within the district	6.27.3. The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 5 000 000	R -5 000 000	R 0

B2B-C_DC43	Planning document	To provide proper disposal of waste	By reviewing and updating the Integrated Waste Management Plan (IWMP)	Integrated Waste Management Plan	6.28. Date in which the Draft Integrated Waste Management Plan report was completed	New Enabler	New Enabler	6.28.5 Integrated Waste Management Plan completed by 30 May 2017	6.28.5. Draft Integrated Waste Management Plan report submitted by 30 May 2017	Draft Integrated Waste Management Plan report was submitted by 30 May 2017.	Target Met	N/A	Draft IWMP	R 200 000	R -200 000	R 0
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B2B-B_DC43	Building	To prepare plan and design new offices	By preparing plan and design for new offices	Umgeni new offices technical design	6.29. Date in which New Umgeni offices planning and designs were completed	New Enabler	New Enabler	6.29.5. Planning and design of new Umgeni offices completed by 30 May 2017	6.29.6. The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was revised to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 540 000	R -540 000	R 0
WATER SERVICES DEPARTMENT																
B2B Ref.	Focus Area or			Project Name	KPI	COMPARISON WITH PREVIOUS FINANCIAL YEAR			CURRENT FINANCIAL YEAR							
	Key Challenge	Activity	Strategies			(Annual Target) 2015/2016	(Annual Actual) 2015/2016	(Annual Target) 2016/2017	(Revised Annual Target) 2016/2017	(Annual Actual) 2016/2017	STATUS Target met / Target Not met	MEASURES TAKEN TO IMPROVE PERFORMANCE	POR FOL IO OF EVIDENCE	Approved Budget	Adjustment Budget	Expenditure to date

B2B-B_DC43	Water & Sanitation Health and Hygiene	To improve customer relationship management, Water conservation Health Hygiene promotion and revenue enhancement Through	By conducting public participation campaigns on all water and sanitation related matters	Health and Hygiene educational programs	4.1 Number of awareness campaigns conducted in Health and Hygiene educational programs	20 awareness campaigns conducted	24 Awareness campaigns were conducted	4.1.5. 16 awareness campaigns conducted in Health and Hygiene educational programs	4.1.6. 16 awareness campaigns conducted	22 Awareness campaigns were conducted	Target Met	N/A	4.1.4 .1 Attendance Registers	4.1.4 .2. Minutes of the meetings	4.1.4 .3. Reports to the Portfolio Committee	R 400 000,00	R 0,00	R 400 000,00
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		community outreach programmes															
B2B-B_DC43	Water & Sanitation Services	To improve consultation with stakeholders that have been established in the Water Services Forum	By conducting meetings with key stakeholders that are affected by the water and sanitation services	Stakeholder Consultation Meetings	4.2. Number of Stakeholder Meetings conducted	4 Stakeholder Meetings conducted	NIL	4.2.5.4 Stakeholder Meetings Conducted	4.2.5.4 Stakeholder Meetings Conducted	29 Stakeholder Meetings conducted	Target Met	N/A	4.2.4.1. Attendance Register 4.2.4.3. Minutes of meetings conducted	R 10 550,00	R 0,00	R 10 550,00	

		ms															
B2B-B_DC43	Policy Development and Review	To review two policies to give effect to water services intermediaries and free basic water policy	By engaging with the other departments on the challenges encountered with the implementation of these policies	Review of Policy on Water Monitors, Water Services Intermediaries and Free Basic Water Policies	4.3. Date in which final documentation was submitted to the Executive Committee and Council for adoption	Policy reviewed and adopted by September 2015	2 Policies Reviewed, Adopted and Workshopped to Stakeholders	4.3.5.1. 3 Free Basic Water Policies reviewed 4.3.5.2. RPMS Strategy reviewed by March 2017 4.3.5.3. Adopted Reviewed Polices and Strategy by Council Committees by June	4.3.6. The final documentation was submitted to the executive Committee and Council for adoption	The final document was submitted to the executive Committee and Council for adoption by June 2017	Target Met	N/A	4.3.4.1. Council Resolutions	R 316 500,00	R 0,00	R 0,00	

								2017								
B2B-B_DC 43	Reviewal of Plans	To ensure that the municipality is complying with the South African National Standards of the drink	By reviewing the Waste water Risk Abatement Plan (WWRAP) and the Water Safety Plan	Waste water Risk Abatement Plan (WWRAP) and Water safety plan Review	4.4 Date in which the Waste water Risk Abatement Plan (WWRAP) and Water safety (WS) plans are reviewed and tabled to Exco	Reduction of risks identified on (WWRAP) by June 2016	WWRAP Review Conducted	4.4.5. Waste water Risk Abatement Plan and Water Safety Plan reviewed and submitted to Portfolio Committee, Exco and Council for adoption	4.4.5. Waste water Risk Abatement Plan and Water Safety Plan reviewed and submitted to Portfolio Committee, Exco and Council for adoption by June 2017	Waste water Risk Abatement Plan and Water Safety Plan were reviewed and submitted to Portfolio Committee, Exco and Council for adoption by June 2017	Target Met	N/A	4.4.4 .1.Council Resolution	R 316 500,00	R 0,00	R 316 500,00

		ing and waste water quality														
B2B-B_DC43	Water Quality	To ensure that Water and waste water quality is in compliance with SANS	By compiling and Monitoring of Action Plan for Incident Management & Out of Range Reports.	Water Quality monitoring	4.5 Number of Water Quality Reports submitted to EXCO	12 Water Quality Reports submitted to EXCO	12 Reports submitted to EXCO	4.5.5. 12 Water Quality Reports submitted Portfolio Committee and Exco	4.6.9. 9 Water Quality Reports submitted to EXCO	5 Reports submitted to EXCO	Target not Met	Due to financial constraints, this target couldn't be met. Fast tracking the payment of the outstanding amount to Umngeni Water	4.5.4 .1.Minutes of the EXCO	R 2 110 000,00	R 2 800 918,00	R 4 910 918,00

		241 (11)										Board by the WSA				
B2B- B_DC 43	Busin ess Plans	To ensu re that the muni cipali ty has a clear plan linke d to IDP on Wate r and Sanit ation Servi ces	By updating the Water Services Developm ent Plan	Water Services Developm ent Plan (WSDP) Review in line with DWS New Guideline s	4.6 Date in the Data collect ion for Water Servic e Levels was compl eted	2 projects with DWA Approva ls	Two Business Plans are ready to be presented to the Portfolio Committe e	4.6.5 Date in which upgrade of GIS softwar e and licensing and reviewal of Water Services Develop ment Plan (WSDP) by June 2017 4.6.5 data collectio n complet	4.6.6. Data collection for Water Service Levels completed by June 2017	Data collection was complete d but not updated informati on on WSDP Modules.	Target not met	Very slow progress of obtaining informati on from Ward Committe es Project will be fast- tracked next financial year with assistance of Service Provider.	4.6.4 .1. Progr ess repo rt pres ente d to Portf olio Com mitte e Minu tes of Portf olio Com mitte e	R 300 000,00	R 0,00	R 300 000,00

								ed by June 2017.									
B2B- B_DC 43	Meter Audit	To ensure that the functionality status of all customers is known to the	By updating the Water Meter Audit Report that has been compiled for the WSA	Updating of Meter Audit Report	4.7 Date in which the Meter Audit Report was updated	New enabler	NIL	4.7.5 Meter Audit Report updated by June 2017	4.7.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 133 000,00	-R 133 000,00	R 0,00	

		municipality															
B2B-B_DC43	Business Plans	To ensure that all prioritised projects in the IDP have approved Business Plans	By Compiling Business Plans for new projects in the IDP	Compilation of business plans	4.8. Number of completed business plans for 2 Augmentation Systems (Ixopo and Kokstad)	2 projects with DWA Approvals	Two Business Plans are ready to be presented to the Portfolio Committee	4.8.5. 1 Business Plan and Feasibility study for 2 Augmentation Systems (Ixopo and Kokstad) completed	4.8.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 844 000,00	-R 844 000,00	R 0,00	

B2B-B_DC43	Municipal Assets	To update the Infrastructure Asset Register for Accountability and Maintenance Purposes	By assembling a team of engineers to do physical and conditional assessment of assets	Assets verification	4.9. Date in which Infrastructure Asset Register was updated.	complete Asset register	Assets have been verified.	4.9.5.1.4 Infrastructure asset Verification completed. 4.9.5.2. Asset register completed by June 2017	4.9.6. Infrastructure Asset Register update by June 2017	Infrastructure Asset Register was updated by June 2017	Target met	None	4.9.4.1. completed asset register	R 844 000,00	R 2 110 885,00	R 2 954 885,00
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B2B-B_DC43	Approved Licence	To obtain water abstraction and effluent discharge licences	Registration of water use licence with DWA	Water use licence	410. Number of schemes with approved water use licences	1 approved licence	Application Report was compiled	4.10.5.1 scheme with approved water use license 4.10.5.1 Completion of submission of Environmental Impact Assessment by June 2017.	4.10.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 700 000,00	-R 700 000,00	R 0,00
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B2B-B_DC43	ECSA REGISTRATION	To ensure registration of technical staff with ECSA	By sourcing the mentor to support technical staff not registered with ECSA	ECSA registration	4.11.Number of Technical Staff with ECSA Registration	2 ECSA mentorship programme	Application to ECSA were reviewed by the consultant	4.11.5.3 Technical staff with ECSA registration 4.11.5.3. Number of mentorship meeting conducted	4.11.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 100 000,00	-R 100 000,00	R 0,00
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B2B- B_DC 43	REFURBISHED SCHEMES	To ensure functionality of water and sanitation infrastructure	By identifying aging schemes and prioritising them for refurbishment	Ubuhlebezwe scheme Refurbishment	4.12 Number of water schemes refurbished	Refurbishment of 4 water scheme	7 water schemes were refurbished: 1. 2 Spring water schemes were refurbished in Ward 4. 2. 1 spring water at Sprentza 3.1 spring water at Mhlabashane 4.1 spring water at Springvale 5. 1 spring water at Madunge	4.12.5. 5 water schemes refurbished	4.12.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 3 237 500,00	-R 3 237 500,00	R 0,00
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						ni 6. I refurbish ment at Khoza farm 7. Upgradin g of Jolivet water scheme										
B2B- B_DC 43				Umzimkh ulu Schemes refurbish ments	4.13. Numb er of Water Schem es refurbi shed	Refurbis hment of 4 water scheme	9 Water schemes were refurbish ed 1. Egugwini water scheme 2. Bondrand water scheme 3. Summerfi eld water	4.13.5. 6 water schemes refurbis hed	4.13.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	N/A	R 3 865 000,00	-R 3 865 000,00	R 0,00

B2B- B_DC 43				Ingwe Schemes Refurbish ment	4.14. Numb er of Water Schem es refurbi shed	Refurbis hment of 4 water scheme	5 water schemes were refurbish ed at Ingwe: 1. Masamini water scheme 2. Hlafuna water scheme 3. Hlabeni water scheme 4. Gxalingen wa water scheme 5. Hlangana ni water Scheme	4.14.5. 10 water schemes refurbis hed	4.14.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	N/A	R 3 265 000,00	-R 3 265 000,00	R 0,00
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B2B- B_DC 43				Greater Kokstad Schemes Refurbish ments	4.15. Numb er of Water Schem es refurbi shed	Refurbis hment of 4 water scheme	4 water scheme were refurbish ed 1. Ezemvelo (Crystal spring dam) 2. Emergenc y Kokstad Shayamo ya 3. Emergenc y work at Golf course 4. Upgradin g of sewer line in Kokstad.	4.15.5. 3 water schemes refurbis hed	4.15.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	N/A	R 3 765 000,00	-R 3 765 000,00	R 0,00
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B2B- B_DC 43				KwaSani Schemes Refurbish ments	4.16. Numb er of Water Schem es refurbi shed	Refurbis hment of 4 water scheme	4 water scheme were refurbish ed 1. Centocow water scheme 2. Ntekanen i water scheme 3. Mphithini water scheme 4. Sonyong wana water scheme 5, Underbeg water supply(installatio n of 100k va gensel)	4.16.5. 3 water schemes refurbis hed	4.16.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	N/A	R 1 655 000,00	-R 1 665 000,00	R 0,00
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B2B-B_DC43	Maintained schemes	Ensure functionality of water and sanitation infrastructure	By identifying ageing schemes and prioritising them for maintenance	Ubuhlebezwe Schemes maintenance	4.17. Turnaround time response to reported complaints.	12 schemes maintained	13 Schemes Maintained and 732 Maintenance Job Cards attended	4.17.5. respond to reported complaints within 24 hours.	None	Reported complaints were not attended to within 24 hours	Target not Met	Due to lack of material as the budget was exhausted to be able to purchase more material. The material list has been submitted for this financial year and deal with the ageing infrastructure.	4.17.4.1.C	R 1 982 500,00	1 517 823,00	R 3 500 323,00
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B2B-B_DC 43				Umzimkhulu Schemes maintenance	4.18. Turnaround time response to reported complaints.	80 schemes maintained	81 Schemes Maintained and 138 Maintenance Job Cards attended	4.18.5. respond to reported complaints within 24 hours.	None	Reported complaints were not attended to within 24 hours	Target not Met	Due to lack of material as the budget was exhausted to be able to purchase more material. The material list has been submitted for this financial year and deal with the ageing infrastructure.	4.18.4.1. Customer care reports	R 3 437 500,00	2 515 471,00	R 5 952 971,00
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B2B-B_DC43				Greater Kokstad Schemes maintenance	4.20. Turnaround time response to reported complaints.	13 schemes maintained	16 Schemes Maintained and 106 Maintenance Job Cards attended	4.20.5. Respond to reported complaints within 24 hours.	None	Reported complaints were not attended to within 24 hours	Target not met	Due to lack of material as the budget was exhausted to be able to purchase more material. The material list has been submitted for this financial year and deal with the ageing infrastructure.	4.20.4.1.C customer care reports	R 3 037 500,00	3 885 160,00	R 6 922 660,00
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B2B- B_DC 43					KwaSani Schemes maintena nce	4.21. Turnar ound time respon se to report ed compl aints.	6 schemes maintai ned	7 Schemes Maintaine d and 81 Maintena nce Job Cards attended	4.21.5. Respon d to reporte d complai nts within 24 hours.	None	Reported complai nts were not attended to within 24 hours	Target not met	Due to lack of material as the budget was exhauste d to be able to purchase more material. The material list has been submitted for this financial year and deal with the ageing infrastruc ture.	4.21. 4.1.C ustome r care repo rts	R 1 244 000,00	1 107 018,00	R 2 351 018,00
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B2B-B_DC43	Water Tanker	To Ensure alternative water supply in cases where there is a reported problem within the schemes	By providing tanked water to affected communities	Emergency Water Intervention through Hire of Water Tankers	4.22 Turnaround time to respond to water emergencies	Respond to water emergencies within 24 hrs	The complaint was lodged and responded to within 24 hours	4.22.5. Respond to water emergencies within 24 hrs	None	Reported complaints were not attended to within 24 hours	Target not met	The trucks for water delivery are not enough for the whole district. To purchase more trucks going forward.	4.22.4.1. Water Delivery Sheets	R 1 000 000,00	22 720 716,00	R 23 720 716,00
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B2B-B_DC43	Jet Cleaning and Honey sucking	To ensure prompt response in dealing with sewer spillages in town area	By adhering to the turnaround time of 6 hours in compliance with municipal services commitment charter	Emergency Sewer Intervention through Jet Cleaning and Honey sucking	4.23 Turnaround time to respond to sewer emergencies	To respond hours to sewer emergencies within 6	The complaint was lodged and responded to within 24 hours	4.23.5.R respond to sewer emergencies within 6 hrs	None	Reported complaints were not attended to within 6 hours	Target not met	The municipality is having only two jet cleaners for the whole district which causes the delays in attending to sewer blockages on time. The municipality is in the process of upgrading the pipeline.	4.23.4.1.C customer care reports	R 1 000 000,00	8 141 425,00	R 9 141 425,00
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B2B-B_DC43	Trucks	To Ensure alternative water & wastewater services in cases where there is a reported problem within the schemes	By increasing the number of municipal owned Water Tankers, Honey suckers and Jet Cleaners	Procurement of Water Tanker, Honey Sucker and Jet Cleaner	4.24. Number of Trucks Procured	New enabler	NIL	4.24.5. 3 trucks Procured and delivered (Water Tanker, Honey Sucker and Jet Cleaner)	4.24.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 2 642 000,00	R 0,00	R 2 642 000,00
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B2B-B_DC 43	Water Meters	To deal with the water loss and unaccounted for water in HGD M main towns schemes	By installing domestic meters and implementation of Water Conservation Strategies	Installation of Water Meters	4.25. Number of domestic water meters installed	400 water meters to be installed	300 water meters were installed	4.25.5. 450 domestic water meters installed	4.25.6. 45 domestic meters installed	57 domestic meters were installed	Target Met	N/A	4.25.4.1.Job Cards	R 1 500 000,00	R 0,00	R 1 500 000,00
B2B-B_DC 43	Water Loss			Installation of Water flow restrictors	4.26. Number of Water Restrictors installed	New enabler	NIL	4.26.5. 1000 Water Flow Restrictors installed	4.26.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 422 000,00	-R 422 000,00	R 0,00

B2B-B_DC43	Water Monitors	Job creation on rural communities benefiting from rural water supply schemes monitoring	Employment of water Monitors to operate rudimental water supply schemes in rural areas	Employment of water monitors	4.27. Number of Quarterly progress reports of all Water Monitors submitted to portfolio Committee	234 Water Monitors recruited	277 water monitors were recruited. Their contracts expires in November 2017.	4.27.5. 204 Water Monitors recruited 4.27.5.4 quarterly progress Report of all Water Monitors submitted to Portfolio Committee	4.27.6. 4 Quarterly Progress Report of all Water Monitors submitted to Portfolio Committee	1 Quarterly Progress Report of all Water Monitors submitted to Portfolio Committee	Target Met	N/A	4.27.4.1. Minutes of Portfolio Committee	R 333 000,00	R 7168 800,00	R 10501 800,00
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B2B-B_DC 43	Illegal Connections	Development of an action plan to address illegal connections	By disconnecting all the illegal connections	Disconnection of illegal connections	4.28. Percentage of discovered Illegal Connections disconnected	New enabler	NIL	4.28.5. 100% disconnections of Illegal Connections discovered	4.28.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	Nil	Nil	Nil
B2B-B_DC 43	Blue Drop	Improve the percentage of the Blue and Green statuses	By implementing the Blue and Green action plan	Blue and Green drop	4.29. Percentage improvement in the Blue drop status	New enabler	NIL	4.29.5. 15% Improvement on Blue Drop Status 4.29.5. Analysis of BDS and implementation of analysis	4.29.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A	R 1 000 000,00	-1 000 000,00	R 0,00

							BDS Action plan was comple ted by June 2017		year	year	year			
B2B- B_DC 43	Green Drop			4.30. Percen tage improv ement in the Green drop status	New enabler	NIL	4.30. 100% improve ment in the GDS 4.30.2 analysis of GDS and imple mentation of analysis GDS Action plan was comple ted by June 2017	4.30.6. Target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	Target was adjusted to zero due to financial constraint s as a result of accruals incurred in the 2015/201 6 financial year	N/A		R 0,00

B2B-B_DC 43	Sewer Leakages	To identify sewer leaks and development of business plan for funding	By having the plumbing teams to hot spot to detect any sewer leaks at least once a day	Dealing with Sewer leaks	4.31. Turnaround time in attending sewer leaks	New enabler	Nil	4.31.5. 24hrs turnaround time on Sewer Leakages attended	4.31.6. 24hrs turnaround time on Sewer Leakages attended	Sewer leakages were not attended to within 24 hrs	The municipality is having only two jet cleaners for the whole district which causes the delays in attending to sewer blockages on time. The municipality is in the process of upgrading the pipeline.	4.31.4.1. Customer care reports	Nil	Nil	Nil
MUNICIPAL MANAGERS OFFICE															

B2B Ref.	Focus Area or			Project Name	KPI	COMPARISON WITH PREVIOUS FINANCIAL YEAR			CURRENT FINANCIAL YEAR							
	Key Challenge	Activity	Strategies			(Annual Target) 2015/2016	(Annual Actual) 2015/2016	(Annual Target) 2016/2017	(Revised Annual Target) 2016/2017	(Annual Actual) 2016/2017	STATUS Target met / Target Not met	MEASURE S TAKEN TO IMPROVE PERFORMANCE	POR TFOL IO OF EVID ENCE	Appro ved Budget	Adjust ment Budget	Expen diture to date
B2B-B_DC 43	Municipal Video System	To have an updated municipal Video system	Updating of the municipal Videography system	Videography	5.1. Number of Updated Videos	4 videos produced	4 Videos	5.1.5. 4 videos updated	None	4 videos were updated	Target met	N/A	5.1.4 .1. Video	150 000 00	R 50 000	R 9 000,00
B2B-B_DC 43	Public Relations	To showcase Harry Gwala	By conducting Media tour with the local and mainstream	Media tour	5.2. Number of media tours conducted	2 Media tours conducted	2 Media tours conducted	5.2.5. 2 Media tours conducted	5.2.5. 1 Media tour conducted	1 Media tour was conducted	Target met	N/A	5.2.5 .1. Media tour report	500 000 00	R 239 750	R 40 000,00

		Infrastructure, LED and tourism projects	m media													
B2B-B_DC 43	Marketing and Branding	To improve the image of the municipality and enhance social cohesion	Improve the image of the municipality and enhance social cohesion	Marketing and Branding	5.3.1. Number of banners procured	20 banners procured	24 Banners procured	5.3.1.5 20 banners procured	5.3.1.5 10 banners procured	0 banners procured	Target not met	Target will be met in next financial year subject to availability of the budget.	5.3.1 .5.1. Invoice 5.3.1 .5.2. Photo of Banner	400 000 00	R 220 750	R 10 000

B2B-B_DC 43	Marketing and Branding	To improve the image of the municipality and enhance social cohesion	Improve the image of the municipality and enhance social cohesion		5.3.2. Number folders procured	1500 folders procured	1500 Folders procured	5.3.2.5. 4000 folders procured	5.3.2.5. 1200 folders procured	500 folders were procured	Target not met	Target will be met in next financial year subject to availability of the budget.	4.3.2 .5.1 Invoice 4.3.2 .5.2. Photo of Folder	R 220 750	R 10 000	
B2B-B_DC 43	Marketing and Branding	To improve the image of the municipality and enhance	Improve the image of the municipality and enhance social cohesion	Mayoral Slots	5.4. Number of Mayoral slots in SABC Radio stations booked	12 mayoral slots	12 Sound clips	5.4.5. 12 mayoral slots booked at SABC radio station	5.4.5. 12 mayoral slots booked at SABC radio station	6 mayoral slots were booked at SABC radio station (each disk contains 3x recordings)	Target not met	Target will be met in next financial year subject to availability of the budget.	5.4.5 .1 Sound clips	R300 000 00	R 309 668,00	R - 126 879,20

		social cohesion														
B2B-B_DC43	Marketing and Branding	To improve the image of the municipality and enhance social cohesion	Improve the image of the municipality and enhance social cohesion	Nyusi Volume	5.5. Date in which Nyusi volume event was held	Nyusi volume held by December 2015	Nyusi volume was held by December 2015	5.5.5. Nyusi volume event held on December 2016	None	Nyusi volume event was held on December 2016	Target net	N/A	5.5.5.1 Expenditure Report 5.5.5.2. Photos	1000 000 00	R 1 000 000	R 122 807

B2B-B_DC 43	Marketing and Branding	To improve the image of the municipality and enhance social cohesion	Improve the image of the municipality and enhance social cohesion	Press Conference & Media Briefings	5.6. Number of Press Conference and Media Briefing held	4 Press Conferences & Media Briefings conducted	1 Press Conference & Media Briefings	5.6.5. 4 Press Conferences and media briefings held	None	3 Press Conferences and media briefings were held	Target not met	N/A	5.6.4 .1 Media reports/Article	211 000 00	R 36 140,00	R 15 058,29
B2B-B_DC 43	HIV & AIDS	To implement all HIV and AIDS programs to combat the	By ensuring that all HIV & AIDS programs and projects are implemented	HIV/AIDS Awareness	5.7.1. Number of HIV/AIDS awareness programmes held 5.7.2 Number of	4 HIV/AIDS awareness programmes held	4 HIV/AIDS awareness programmes held	5.7.5.1. 4 HIV/AIDS awareness programmes held 5.7.5.2. 1 District World	None	4 HIV/AIDS awareness programmes was held	Target met	N/A	5.7.4 .1 Attendance Register 5.7.4 .2 Photos 5.7.4 .3	1000 000 00	R 284 063,00	R 49 999,01

		scourge of the diseases in the District			District World Aids day event held			Aids day event held					Expenditure Report			
B2B-B_DC 43	Sukuma Sakhe	To implement Sukuma Sakhe programs in order to fight poverty and hunger	By ensuring that all Sukuma Sakhe programs are implemented	Operation Sukuma Sakhe	5.8. Number of Local and District Operation Mbo held	4 operation Mbo held	4 Operation Mbo	5.8.5. 3 Local and 1 Operation Mbo held	None	4 Local and 1 Operation Mbo were held	Target met	N/A	5.8.5.1 Attendance Register 5.8.5.2 Photos	1001000 00	R 284 063,00	R 49 999,01

B2B-B_DC 43	Mayoral Imbizo	To enhance democracy through Mayoral imbizo	By conducting Mayoral imbizo	Mayoral Imbizo	5.9. Number of Mayoral Imbizo held	5.9.5. 9 Mayoral Imbizo held	9 Mayoral Imbizo	5.9.5. 18 Mayoral Imbizo held	5.9.5. 9 Mayoral Imbizo held	9 Mayoral Imbizo were held	Target met	N/A	5.9.5 .1 Attendance Register 5.9.5 .2. Photos	100 000 00	R 484 320,00	R 50 000,00
B2B-B_DC 43	Enterprise Risk Management	To provide a comprehensive approach to better integrate risk	By providing a methodology for managing institution-wide risks in a comprehensive and integrated manner.	Development, approval of Risk Management Framework and Strategy	5.10. Number of Approved and reviewed risk management framework and policy	1 Approved risk register and Risk Management plan	Reviewed & approved risk management framework	5.10.5. 1 Approved risk management framework and policy	None	5.10.5. 1 Draft Risk Management Framework was completed.	Target not met	Facilitation of risk assessment workshop was conducted but the framework was not submitted to Council for approval.	5.10.4.1. Draft risk management framework	300 000 00	R 100 000,00	R 100 000,00

		man age ment into strat egic decis ion maki ng		Implemen tation of a Risk Managem ent Framework Strategy and Plan	5.11 Numb er of report s submit ted to the RISK/ MANCO and Audit Comm ittee	8 Reports submit ted to Risk/Ma nco and 4 Reports submit ted to Audit Commit tee	8 Reports to Risk/Man co and 4 Reports submitted to Audit Committe e were submitted	5.11.5. 8- Reports submit ted to RISK/M ANCO 4- Reports submit ted to Audit Commit tee	None	3- Reports submit ted to RISK/MA NCO 4- Reports submit ted to Audit Committe e	Target not met	Risk managem ent unit to draft a schedule for RISK MANCO meeting to avoid non- convenin g.	5.11 .4.1 MAN CO RISK Com mitte e meet ing atten danc e regis ter 5.11 .4.2. Signe d minu tes of the MAN CO risk com mitte e	R 100 000,00	R 100 000,00
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Impl eme ntati on of effec tive risk moni torin g proc esses	To ident ify pote ntial even ts that may affect the instit ution , evalu ate and addr ess risks on a conti nuous basis befor e such risks can	Regular assessme nt and monitorin g of relevant risks by continuously identifying g, measurin g and managing risks	1. Conduct Risk and control self- assessme nt workshop 2.Compile a Risk register and profile	5.12.1. Date in which the Strate gic Risk assess ment report, Operat ional risk assess ment report and Fraud risk assess ment report is Appro ved by Intern al Audit commi	Risk manage ment framew ork was reviewe d and approve d	Approved risk register and risk managem ent plan	5.12.5.1 Approve d Strategi c Risk assessm ent report, Approve d Operati onal risk assessm ent report and Approve d Fraud risk assessm ent report by June 2016. 5.12.5.2 All risk assessm ent worksho p	None	Draft Risk Managem ent Policy, Risk Managem ent Strategy and Fraud Preventio n & Anti- Corruptio n by June 2016	Target not met	Draft Strategic ; Operational & Fraud risk assessme nt are available and awaiting approval by Audit Committee	5.12. 4.1.A pproved Strat egic Risk asses men t repo rt 5.12. 4.2.A pproved Oper ation al risk asses men t repo rt 5.12. 4.3, Appr	300 000 00	R 100 000,00	R 100 000,00
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		<p>impacted negatively on the institution's service delivery capacity.</p>		<p>the June 2016</p> <p>5.12.2. Date in which the risk assessment workshop was facilitated.</p>		<p>facilitated by June 2016.</p>					<p>oved Fraud risk assessment report</p>			
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B2B-B_DC 43	Audit Committee	To assist the municipality and the accounting officer in fulfilling its oversight responsibility with regard to the integrity of internal	By convening audit committee meetings	Audit Committee	5.13 Number of audit committee meetings held	4 Audit Committee meeting held	4 audit committee meetings	5.13.5. 4 Audit Committee meetings held	None	4 Audit Committee meetings were held	Target met	N/A	5.13.4.1. Minutes of the Audit Committee meeting 5.13.4.2. Attendance Register	600 000 00	R 484 294,00	R 34 543,40
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control and accounting function, internal auditing and external auditing and reporting practices of the municipality and other such

	Risk Audit Plans	To provide comprehensive and integrated value - added internal audit services by 2016	By bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process	Development and approval of a risk-based internal audit plan	5.14.1. Approval of the Risk based Internal Audit plan by the Audit committee in August 2016 5.14.2. Preparation of Draft Risk based Internal Audit Plan by 30 June 2017	Risk based Internal Audit Plan in place	Risk based plan	5.14.5.1 . Risk based Internal Audit plan is approved by the Audit committee in August 2016 5.14.5.2 . Draft Risk based Internal Audit Plan prepared by 30 June 2017	None	Risk based Internal Audit plan is approved by the Audit committee in August 2016	Target met	N/A	5.14.4.1.Draft Risk based Internal Audit plan	500 000	R 484 294,00	R 34 543,40
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				Implementation of the risk - based internal audit plan 3) Report to the audit committee regularly	5.15 Number of quarterly Internal Audit reports completed as per the approved audit plan submitted to Audit Committee	4 Internal audit reports submitted to Audit committee	4 Internal audit reports	5.15.4 quarterly Internal audit reports completed submitted to Audit committee as per approved internal audit plan	None	4 quarterly Internal audit reports were completed and submitted to Audit committee as per approved internal audit plan	Target met	N/A	5.15.4.1 Minutes of the Audit Committee meeting. 5.15.4.2 Proof of submission(Agenda Item)	R 484 294,00	R 34 543,40
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B2B-B_DC 43	Legal Services	To formulate immediate short and medium term for the legal Services and Labour Relations Unit.	By conducting labour research on the subject and interpret legislation, case and law and general legal position.	Provision of legal advice	5.16. Date in which legal services and labour relations unit were established	New Enabler	New Enabler	5.16.5. Establishment of legal services and labour relations unit by March 2017.	None	The Director:- Legal Services has been appointed. Pending is the development of a Labour Relations Unit which will be finalized once prioritization is completed.	Target not met	The Director:- Legal Services has been appointed. Pending is the development of a Labour Relations Unit which will be finalized once prioritization is completed.	5.16.5.1. Exo report.	Nil	R 773 534,00	R -32 727,50
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		To draft new bylaws, Vet agreements and Policies	By receiving policy /information for drafting a new bylaws/ receive draft bylaws from relevant department	Draft vet agreements and managing By-laws	5.17. Date in which the draft bylaws , vet agreements and policies were submitted to the Council	New Enabler	New Enabler	5.17.5. Draft bylaws, vet agreements and policies completed and submitted to Council by January 2017	None	Only Council policies were completed and submitted to Council for approval.	Target not met	Only Council policies were drafted and completed and submitted to Council for approval.	5.17. 5.1.Council Resolution	Nil	R 773 534,00	R -32 727,50
		To scrutinise debt collection files reaching point of exhaustion	By liaising with debtors on settlement of claims and recommend writes off.	Debt recovery	5.18. Number of debtors files scrutinised	New Enabler	New Enabler	5.18.5. 40 debtors files scrutinised	5.18.5. 20 debtors files scrutinised	Demand letters were prepared and issued to debtors.	Target not Met	No debtor's files were scrutinised because no files were submitted	5.18. 5.1. Dem and letters register.	Nil	R 773 534,00	R -32 727,50

	n															
	To ensure compliance and provision of legal support to the Council.	By update Management and Executive Committee on Policy issues and the reviewal of all policies derived from legislation , repeals / amendments	Municipal policies	5.19. Date in which municipal policies were approved by Council	New Enabler	New Enabler	5.19.5. Municipal policies were approved by Council in June 2017	None	Municipal policies were approved by Council by June 2017.	Target Met	N/A	5.19. 5.1. Council Resolution	Nil	R 773 534,00	R -32 727,50	

	To formulate Service Level Agreements for contracted Service Providers to avoid unnecessary claims where possible.	By ensuring that all Service Level Agreements are being signed by both parties	Service level agreements	5.20. Date in which the legal binding service level agreement were developed	New Enabler	New Enabler	5.20.5. Binding Legal service level agreement completed and developed by June 2017	None	No binding level service agreements were developed and signed.	Target not met	No binding level service agreements were developed and signed during quarter 4. However the target will be met should there be SLA's developed and signed.	5.20. 4.1.Signed Level Agreements	Nil	R 773 534,00	R -32 727,50
BUDGET AND TREASURY OFFICE															

B2B Ref.	Focus Area or	Activity	Strategies	Project Name	KPI	COMPARISON WITH PREVIOUS FINANCIAL YEAR			CURRENT FINANCIAL YEAR		STATUS Target met / Target Not met	MEASURES TAKEN TO IMPROVE PERFORMANCE	POR FOL IO OF EVIDENCE	Approved Budget	Adjustment Budget	Expenditure to date
	Key Challenge					(Annual Target) 2015/2016	(Annual Actual) 2015/2016	(Annual Target) 2016/2017	(Revised Annual Target) 2016/2017	(Annual Actual) 2016/2017						
B2B-B_DC43	Revenue Management	To increase revenue collection by 80% 2016	By replacing credit meter billing to token sales	Debt collection	1.1.Total percentage of revenue collected	85%	118% (Receipts / Net billing)	1.1.5. 85% revenue collected	None	192% revenue collected	Target not met	The block installation of smart meters in targeted financially capable areas will have to be implemented. Tokens will be sold to those water users resulting	Report of monthly receipts	R 650 000	- 65000 0	R 0,00

B2B- B_DC 43	To increase revenue collection	By replacing credit meters billing to token sales	Smart meter tokens	1.2 % of tokens activated to consumers	New enabler	2016/17 Budget was approved on the 27 May 2015.	1.2.5. 100% of token activated by June 2017	None	0% of token activated by June 2017	Target not met	Owing to budgetary constraints smart meters could not be procured so that they could be installed in targeted areas that have not got financial capability to pay. The project will be transferred to Water Services Department in 2017/18 financial	Report of monthly receipts	R 650 000	- 65000 0	R 0,00
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B2B-B_DC 43	Budgeting, Reporting & Financial Systems	To facilitate the effective and efficient allocation of financial resources.	By coordinating the budget preparation process in line with the approved Schedule of Key deadlines.	Budget preparation	1.3 Date in which the approval of the 2017/18 budget by council was completed.	Approved 2016/17 Budget by May 2016.	Policy were adopted by council by May 2016.	1.3.5. Approval of 2017/18 Budget completed by May 2017,	None	Budget was Approved in May 2017	Target met	N/A	council resolution	R 200 000	R -	R 200 000

B2B-B_DC 43	Annual Financial Statements	To prepare monthly financial statements	By preparing monthly financial statements to ensure reliable and timeous financial information	Accounting Services (AFS)	1.4. Date in which preparation, consolidation of AFS and submission to Auditor General were completed	AFS prepared, consolidated and submitted to Auditor General by 30 September.	AFS Submitted were submitted to AG by 31 August 2015.	1.4.5. Preparation, consolidation of AFS and submission to Auditor General completed by 30 September.	None	Consolidation of AFS and submission to Auditor General was completed by 30 September.	Target Met	N/A	Proof of submission to AG and Copy of AFS	3 000 000 00	R 0,00	R 2 145 000,00
B2B-B_DC 43	Finance Policies	To Review financial management policies in term	By analysing the existing policies to assess if they are still relevant for operation	Review of financial management policies	1.5. Date in which the reviewal and adoption of the policie	Policy adopted by council by June 2015	Planned target was training of 10 official trained and the target was adjusted	1.5.5. Policy reviewed and adopted by council by June 2017	None.	Policies were reviewed and adopted by May 2017	Target met	Target met	council resolution	0.00	R -	0.00

		s of the MFM A	s of the municipality.		s by council were completed		during budget adjustment									
CORPORATE SERVICES DEPARTMENT																
B2B Ref.	Focus Area or			Project Name	KPI	COMPARISON WITH PREVIOUS FINANCIAL YEAR			CURRENT FINANCIAL YEAR							
	Key Challenge	Activity	Strategies			(Annual Target) 2015/2016	(Annual Actual) 2015/2016	(Annual Target) 2016/2017	(Revised Annual Target) 2016/2017	(Annual Actual) 2016/2017	STATUS Target met / Target Not met	MEASURES TAKEN TO IMPROVE PERFORMANCE	POR FOL IO OF EVIDENCE	Approved Budget	Adjustment Budget	Expenditure to date
B2B-B_DC43	Workplace Skills Plan	To develop the Workplace Skills Plan in	By developing the Workplace Skills plan and submitting it to	Workplace Skills Plan (WSP)	2.1..Number of WSP developed and submitted to	1 WSP submitted	An extension was requested and 1 WSP was submitted on 23	2.1.5.1 WSP developed and submitted to LGSETA 2.1.5 Memo	None	1 WSP was submitted	Target met	N/A	Signed WSP	R 1 800 000	R 994 520,00	R 750 948,86

		order to address skills shortage within the District	LGSETA		LGSETA 2.1.1 Date in which Memo for skills audit was completed		May 2016	for skills audit completed by June 2017								
B2B-B_DC 43		By collecting information through skills audit	Implementation of workplace skills plan	2.2. Number of people trained	170 people trained	325 people were trained.	2.2.5. 200 people trained	2.2.5. 160 people trained	233 people were trained	Target met	N/A	2.2.4 .1. Attendance register				

B2B-B_DC 43	Communications	To ensure effective communication	By developing Newsletter on quarterly basis	Newsletter	2.3. Number of Newsletters developed and published by 30 June 2017	Four (4) Newsletters developed and published	5 newsletters published	2.3.5. Four (4) Newsletters developed and published by 30 June 2017	None	Two (2) newsletters published	Target not met	THE Service Provider was not appointed due to the fact no bidder met the requirement. The Tender was advertised.	2.3.4 .1. 1 newsletter of the previous quarter (3) published	R 990 000	R 765 000,00	R 225 807,92
B2B-B_DC 43			By preparing a response to negative publicity in newspapers within 7 days in accordance with services commitment	Upholding of the services commitment charter	2.5.% of provision of responses to the media in response to negative publicity	100% provision of responses to the media in response to negative publicity	100% provision of responses to the media in response to negative publicity	2.5.5. 100% provision of responses to the media in response to negative publicity	None	100% provision of responses to the media in response to negative publicity	Target met	N/A	2.5.4 .1. Response to negative publicity	Nil	Nil	Nil

			ent charter		ty												
B2B- B_DC 43	Coun cil Supp ort	To track impl eme ntati on of Coun cil resol ution s	By tracking implemen tation of Council resol ution s	Council resol ution s	2.6. Numb er of progre ss report again st the imple menta tion of Coun cil resol ution s submi tted quarte rly by	4 Progress reports against the imple mentati on of Council resol ution s submi tted quarte rly	4 Progress reports	2.6.5. 4 progress reports against the imple mentati on of council resol ution s submi tted quarte rly by 30 June 2017	None	4 progress reports against the imple mentati on of council resol ution s were submi tted quarte rly by 30 June 2017	Target met	N/A	2.6.4 .1. Tem plate of resol ution s 2.6.4 .2. Sign ed extra ct of Coun cil resol ution	Nil	Nil	Nil	

					30 June 2017											
B2B-B_DC 43	SHE reps and First Aiders training	To ensure that SHE reps and first Aiders are trained on Occupational Health	By appointing the service provider to train the SHE reps and First Aiders	SHE reps and First Aiders training	2.7.Number of SHE reps and First Aiders trained	23 SHE reps and 21 First Aiders trained on Occupational Health and Safety matters	13 SHE Representatives were trained.	2.7.5. 20 SHE reps and 20 First Aiders trained	None	15 SHE Reps, 5 Supervisors on SHE and 4 Supervisors on First Aiders and 16 First Aiders were trained	Target met	N/A	N/A	R 100 000	R 0,00	R 100 000

		and Safety matters														
B2B-B_DC43	Verification of qualifications	To verify qualifications of employees (that are in the service of the municipality) to ensure that they are	By verifying qualifications of all senior managers and middle management who are already employed .	Verifications of qualifications	2.8 Number of verifications of qualifications performed	15 Verifications performed	23 Verifications were performed.	2.8.5. 24 verifications of qualifications performed	None	24 verification of qualifications were performed	Target met	Financial constraints	2.8.4 .1. MIE reports	R 30 000	R 0,00	R 30 000

		not fraudulent														
B2B-B_DC43	Staff compounds	To provide accommodation for standby employees in the Water Services department	By procuring staff compounds for standby employees in the Water Service department	Staff compound	2.9. Number of staff compounds procured	Planned target was to procure 2 staff compound. During budget adjustment the project was adjusted to zero. The project will be completed in the next financial year due to budget that	The specification was prepared and submitted to Supply Chain unit.	2.9.5. 1 staff compound procured	2.9.5.Moved to Infrastructure Services	Moved to Infrastructure Services	Moved to Infrastructure Services	Moved to Infrastructure Services	N/A	R 600 000	-R 600 000,00	R 0

						adjusted to zero											
B2B-B_DC 43	Microphones	To improve communication and recording in the council chamber	By procuring additional microphones	Microphones	2.10. Number of microphones procured and installed	Planned target was 5 Microphones. Due to insufficient funds the project was adjusted to zero in the 3rd Quarter	A request for quotation was submitted to SCM	2.10.5. 5 microphones procured and installed	2.10.5. 7 microphones procured and installed	4 microphones were procured and installed	Target Not met	Budget Constraints. Will procure the 3 microphones in 2017/2018 financial year	N/A	R 30 000	R 0,00	R 30 000	

B2B-B_DC 43	Employment Equity	To ensure that the number of people from employment equity target groups are employed in the three highest levels of	By reviewing the current employment Equity plan and ensure that the municipality complies	Employment Equity	2.11. Number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved Employment	2 people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2017		2.11.5. 2 people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2017	2.11.5. Target adjusted to zero due to financial constraints will be implemented in the next financial year	N/A	None	N/A	None	Nil	Nil	NIL
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		management in compliance with the municipality's approved Employment Equity Plan			Equity Plan by 30 June 2017												
B2B-B_DC 43	To ensure that the Employment Equity	By compiling and submitting the Employment Equity Report	Employment Equity Report	2.12. Number of Employment Equity Reports submitted to	1 Employment Equity Report submitted to the Department of	1 Employment Equity Report submitted	2.12.5. 1 Employment Equity Report submitted to the Depart	2.12.5. Target adjusted to zero due to financial constraints will be implemented in the next	Target adjusted to zero due to financial constraints will be implemented in the	Target adjusted to zero due to financial constraints will be implemented in the	Target adjusted to zero due to financial constraints will be implemented in the	N/A	Nil	Nil	NIL		

		Report (EER) is compiled and submitted to the Department of Labour			the Department of Labour by 15 January 2017	Labour by 15 January 2017		ment of Labour by 15 January 2017	financial year.	next financial year	next financial year	next financial year				
B2B-B_DC43	Backup Server	To provide backup for electronic data	By procuring backup server	Backup Server	2.13.C ompletion of the procurement and installation of backup server	Backup server installed	Service provider for the commissioning of a Server room has been appointed . Project kick-off has taken plan. A	2.13.5. Backup server was procured and installed by June 2017	2.13.5. Target adjusted to zero due to financial constraints will be implemented in the next financial year	Target adjusted to zero due to financial constraints will be implemented in the next financial year	Target adjusted to zero due to financial constraints will be implemented in the next financial year	Target adjusted to zero due to financial constraints will be implemented in the next financial year	None	R 949 500	-R 994 500	R 0,00

							draft project plan has been provided by service provider									
B2B-B_DC 43	Information Technology	To ensure the implementation of ICT Audit Action plan	By preparing monthly progress reports to Exco	Implementation of ICT Audit action plan (ICT Strategic Support)	2.14. Number of ICT Audit Plan progress reports submitted to Exco	4 ICT Audit plan progress reports submitted to Exco	2 Progress Reports	2.14.5. 4 ICT Audit plan progress reports submitted to Exco	None	4 ICT Steering Committee meetings were held	Target met	N/A	2.14.4.1. Attendance register	R 1 055 000	R 928 449,00	R 591 107,64
B2B-B_DC 43	Training	To capacitate Supply Chain Man	By conducting training	Capacity Building	2.15 Number of officials trained on SCM	27 officials trained on SCM	27 officials trained	2.15.5. 27 officials trained on SCM	2.15.5. Target adjusted to zero due to financial constraints will be implemented in the	N/A	None	N/A	None	R 300 000	-R 300 000,00	R 0,00

		agement officials and Bid Committee members							next financial year.							
B2B-B_DC 43	Administration	To ensure proper management of municipal fleet	By monitoring vehicle tracking system	Fleet management	2.16. Number of reports submitted to EXCO by 30 June 2017 subject to the sitting of the Portfolio Committee	11 reports submitted to EXCO by 30 June 2017 subject to the sitting of the Portfolio Committee	11 reports submitted to EXCO	2.4.5. 10 reports submitted to EXCO by 30 June 2017 subject to the sitting of the Portfolio Committee	2.4.5. 10 reports submitted to EXCO by 30 June 2017 subject to the sitting of the Portfolio Committee	11 reports submitted to EXCO by 30 June 2017 subject to the sitting of the Portfolio Committee	Target met	N/A	2.4.4 .1. Signed extract of EXCO resolution	Nil	Nil	Nil

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**SOCIAL SERVICES AND DEVELOPMENT
PLANNING DEPARTMENT**

B2B Ref.	Focus Area or	Activity	Strategies	Project Name	KPI	COMPARISON WITH PREVIOUS FINANCIAL YEAR			CURRENT FINANCIAL YEAR		STATUS Target met / Target Not met	MEASURES TAKEN TO IMPROVE PERFORMANCE	POTENTIAL OF EVIDENCE	Approved Budget	Adjustment Budget	Expenditure to date
	Key Challenge					(Annual Target) 2015/2016	(Annual Actual) 2015/2016	(Annual Target) 2016/2017	(Revised Annual Target) 2016/2017	(Annual Actual) 2016/2017						
B2B-B_DC43	Disaster Management	To facilitate the procurement of Gym Equipment for	By developing the specification and submitting to SCM unit to facilitate the procurement	Disaster Management Equipment	3.1. Date in which the Gym equipment is procured	Target was adjusted to zero.	nil	3.1.5. Gym equipment procured and installed by December 2016	3.1.5. The project was adjusted to zero due to insufficient funds	N/A	NONE	N/A	N/A	R 316 500	R -316 500	R 0,00

		the DMC													
B2B-B_DC 43	To facilitate the Procurement of rescue and fire equipment	By developing the specification and submitting to SCM unit to facilitate the procurement	Procurement of Fire beaters	3.2. Number of fire beaters procured and distributed to relevant stakeholders	200 fire beater procured	300 fire beaters were procured	3.2.5. 75 Fire beaters and knapsack tanks procured and distributed to relevant stakeholders	None	40 Fire beaters and knapsack tanks were procured and distributed to relevant stakeholders	Target not met	They were only distributed to the areas where they were requested. Awaiting for local municipalities to send request.	3.2.3 .1. Delivery note signed by the chief or councillor 3.2.3 .2. Attendance register	R 84 000	R 0,00	R 84 000

B2B-B_DC 43			Procurement of Fire equipment	3.3. Number of fire equipment procured	New enabler	New enabler	3.3.5. 3 fire equipment procured	3.3.5. The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year			
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B2B-B_DC 43	To ensure that the Disaster Management Forum convenes once a quarter	By coordinating and facilitating the meetings of the Forum	Disaster Management Forum	3.4. Number of Disaster Management Forum meetings held	4 Disaster Management Forum meetings held	4 Disaster Management Forum meetings held	3.4.5. 4 Disaster Management Forum meetings held	None	5 Disaster Management Forum meetings were held	Target met	N/A	3.3.4 .1. Attendance register	R 35 000	R -35 000	R 0,00
B2B-B_DC 43	To respond and conduct assessments within 5 hour	By engaging DMV depending on the magnitude of the incidents	Effective response to disasters	3.5. Turnaround time in response to disaster incidents occurred and	Responded to disaster incidents occurred and reported within 5 hours	Responded to Disasters within 5 hours	3.5.5. Responded to disaster incidents occurred and reported within 5 hours	None	Disaster incidents occurred and reported were responded within 5 hours	Target met	N/A	3.5.4 .1. Assessment forms	R 150 000	R 0,00	R 150 000

B2B-B_DC 43	To acquire Disaster Relief Material	By developing the specification and submitting to SCM unit to facilitate the procurement	Disaster Relief Material	3.6. Turnaround time in delivering relief material to the affected communities .	1600 blankets, 1200 mattresses, 100 plastic sheets and 200 food parcels	550 blankets; 500 sponge mattresses; 60 food parcels and 0 plastic sheets were procured	3.6.5. Delivery of relief material within 48 hours to the affected communities	None	Target not met	Target not met	Due to financial constraints. The project will be done in the 2017/2018 financial year	3.6.4 .1. Delivery note 3.6.4 .2. Invoice	R 738 500	R 0,00	R 738 500	
B2B-B_DC 43	To install cluster Lightning Conductor Infrastructure	By identifying areas prone to Lightning	Supply and Installation of cluster Lightning Conductors	3.7. Number of cluster lightning conductors installed	Procurement of 5 lightning conductors	Specification was prepared and the project was advertised	3.7.5. 5 cluster Lightning Conductors Installed	3.7.5. 20 cluster lightning conductors installed	20 cluster lightning conductors were received from COGTA but not installed	Target not met	Due to financial constraints. The project will be done in the 2017/2018 financial	3.7.4 .1. Delivery note 3.7.4 .2. signed confirmation	R 211 000	R 0,00	R 211 000	

		ture									year	on of instal latio n by the ward coun cillor			
B2B- B_DC 43	To cond uct educ ation al awar enes s camp aign to com muni ties and scho ols (Disas ter man age	By conductin g awarenes s campaign and distributi on of education al material	Education al awarenes s campaign	3.8. Numb er of aware ness campan igns on disaste r condu cted	12 Awar eness campan igns condu cted	12 Awar eness campan igns condu cted	3.8.5. 12 Awar eness campan igns condu cted	None	11 Awar eness campan igns were condu cted	Target not met	Only 11 Awar eness campan igns were condu cted	3.8.4 .1. Atte ndan ce regis ter	nil	nil	nil

		ment and fire rescue)														
B2B-B_DC43	MUNICIPAL HEALTH	To amend and gazette municipal health by-laws	By engaging the municipal legal team to assist in amending and gazetting the By-laws	By-laws amendment and gazetting	3.9. Date on which the Municipal Health By-laws were amendment and gazetted	Gazetted documents by June 2016	Terms of reference were developed	3.9.5. Amendment and gazetting of Municipal Health By-laws completed by June 2016	3.9.5. The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraint s as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraint s as a results of accruals incurred in the 2015/2016 financial year	N/A	R 500 000	R -500 000	NIL

B2B-B_DC 43	To conduct 12 Health and Hygiene Awareness Campaigns Annually	By conducting Health and Hygiene Awareness Campaigns to communities	Health and Hygiene Awareness Campaigns	3.10. Number of Health and Hygiene awareness campaigns conducted	12 Health and Hygiene Awareness Campaigns conducted	15 Health and Hygiene awareness campaigns were conducted	3.10.5. 12 Health and hygiene Awareness Campaigns	None	15 Health and hygiene Awareness Campaigns were conducted	Target met	N/A	3.10.4.1. Attendance register	R 52 750	R -	R 52 750
B2B-B_DC 43	To manage, control and monitor exhumations and disposal	By attending all exhumations, burial of destitute corpses in terms of policy	Disposal Of the dead (Human Remains)	3.11. Percentage of exhumations and destitute reburial	100% of exhumations, reburial, pauper and destitute burial conducted when budget allows	100% of exhumations, reburial, pauper and destitute conducted.	3.11.5. 100% of exhumations, reburial, destitute burial conducted	None	No applications were received	Target not met	No applications received	3.11.4.1. Correspondence received	R 52 750 00	R 0,00	R 52 750 00

	sal of human remains														
B2B-B_DC43	To facilitate Investigation of Reported Communicable Disease, Food and Chemical Poisoning	By working hand in hand with health institutions to investigate reported communicable diseases, Food and Chemical Poisoning	Investigation of Communicable diseases, Food and Chemical Poisoning	3.12. % of cases of Communicable diseases, Food and Chemical Poisoning received and Investigated	100% of cases of Communicable diseases, Food and Chemical Poisoning received and Investigated	100% of cases of communicable diseases. Food and chemical Poisoning received and investigated were attended too.	3.12.5. 100% of cases of Communicable diseases, Food and Chemical Poisoning received and Investigated	None	100% of cases of Communicable diseases, Food and Chemical Poisoning received and Investigated	Target met	N/A	3.12.4.1. Correspondence reporting Case 3.10.4.2. Investigation Report	R 21 100	R 0,00	R 21 100

B2B-B_DC 43	To prevent the spread of food poisoning	By building capacity of food handlers (street traders and caterers)	Capacity building of Street traders	3.13. Number of street traders and caterers workshops on food safety conducted.	8 street traders' workshops on food safety conducted.	10 street traders workshop on food safety were conducted	3.13.5. 8 street traders and caterers workshops on food safety conducted.	3.13.5. 4 street traders and caterers workshops on food safety conducted..	6 street traders and caterers workshops on food safety were conducted.	Target met	N/A	3.13. 4.1 signed attendance registers	R 55 810	R 0,00	R 55 810
B2B-B_DC 43	To Monitor water quality	By taking water samples to laboratory for analysis	Water Quality monitoring	3.14. Number of water samples taken for analysis	200 water samples taken for analysis	220 water samples were taken for analysis	3.14.5. 200 water samples taken for analysis	None	221 water samples were taken for analysis	Target met	N/A	3.14. 4.1. copies of Water samples results	R158 250 00	R 0,00	R158 250 00
B2B-B_DC 43	To promote clean	By conducting clean up and	Clean-up awareness campaign	3.15. Number of clean	4 clean-up campaign	5 clean-up campaigns were	3.15.5. 4 Clean up and awaren	3.15.5. The target was adjusted to zero due to	The target was adjusted	The target was adjusted	The target was adjusted	N/A	R100 000 00	R -100 000,00	R 0,00

		lines in our towns and communities	awareness campaigns	s	up and campaigns conducted	conducted	conducted	ess campaigns	financial constraints as a results of accruals incurred in the 2015/2016 financial year	to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year				
B2B-B_DC43	Youth Development	To promote the culture of learning	By identifying schools that will be visited and to partner with the local municipalities	Back to School Drive.	3.16. Date in which the Back to school drive held	Back to school drive held by January 2016	Back school drive was held in January 2016	3.16.5. Back to school drive conducted in January 2017	None	Back to school drive were conducted on January 2017 and 6 schools were visited	Target met	N/A	3.16.3.1. Photos taken during school visits 3.16.3.2. Attendance regis	R 158 250 00	R 0,00	R 158 250 00

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B2B-B_DC43			By working together with schools to promote culture of learning	Matric Excellence awards	3.17. Date in which the Matric Excellence awards held	60 learners assisted with finance for enrolment in Higher Education institutions	60 learners were assisted with finance for enrolment in Higher Education institutions	3.17.5. Matric Excellence awards were held by January 2017	None	Matric Excellence awards were held on the 31st of January 2017	Target met	N/A	3.17. 2.1. Photos 3.17. 2.2. Expenditure report	R 200 000	R 0,00	R 200 000

B2B-B_DC 43		By working together with schools to promote culture of learning	Career Exhibition	3.18. Number of Career Exhibitions conducted	New enabler	New enabler	3.18.5. 1 Career Exhibition conducted	3.18.5. The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	N/A	nil	NIL	NIL
B2B-B_DC 43	To assist learners that cannot afford enrolment fees in the	By providing financial assistance to the prospective learners	Community Bursaries	3.19. Number of learners assisted with finance for enrolment in Higher Education institutions	60 learners assisted with finance for enrolment in Higher Education institutions	60 learners were assisted with finance for enrolment in Higher Education institutions	3.19.5. 100 learners assisted with finance for enrolment in Higher Education institutions	None	93 Learners were assisted with finance for enrolment in Higher Education institutions	Target not met	The budget was affected due to high number of student that were awarded full bursary.	3.19.3.1. List of students paid for	R 400 000	NIL	R 400 000

		institutions of higher learning			ion institutions			ons				In the next financial year the budget will be increase in order to finance full bursaries.			
B2B-B_DC 43	To contribute positively towards skills development of our youth and	By proving bursaries to deserving and needy learners	Medical Bursaries	3.20. Number of deserving and needy learners funded to study medicine in Cuba	6 deserving and needy learners funded to study medicine in Cuba	5 deserving and needy learners were funded to study medicine in Cuba	3.20.5. 5 deserving and needy learners funded to study medicine in Cuba	None	All the necessary documents were submitted to the Finance department	Target not met	The payment was not made due to financial constraints	3.20.2.1. Proof of payment	R189 900 00	nil	R189 900 00

		investing in scarce skills													
B2B-B_DC 43	To address socio Economic issues areas that characterises HGD M Youth	By prioritising and implementing projects in the Youth Development Plan	Youth Development plan	3.21.1. Number of Stakeholders meeting conducted. 3.21.3 Conducting Youth Indaba held by June 2017.	District Youth Indaba held by June 2016	Youth Indaba was held at Umzikhulu Park on the 16 June 2016	3.21.5. 3 projects implemented as per the plan. 3.21.2. 2 Stakeholders meeting were conducted 3.21.3 Youth Indaba was conducted by June	3.21.1. 2 Stakeholders meeting conducted 3.21.3 Youth Indaba conducted by June 2017.	1 Stakeholders meeting held on the	Target not met	The project was put on hold due to financial constraints	3.21.2.1. Attendance register	500 438 00	nil	500 438 00

				ICT Hub	3.23. Date on which the ICT HUB was Developed	Youth involved in the ICT learnership by June 2016	Specification for the procurement of computers was done and the project was advertised and bids were received.	3.23.5. ICT HUB Developed and installation of Computers completed by Dec 2016	3.23.5. The target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a result of accruals incurred in the 2015/2016 financial year	N/A			
B2B-B_DC 43	Special Programmes	To encourage healthy living and fitness among senior	By hosting district senior citizens golden games and participating in Provincial senior citizens golden	Senior citizens programmes	3.24. Date on which Harry Gwala District Municipality participated in district	Participated in 1 district golden games By July 2015	Both the District and Provincial Golden games were held in August 2015	3.24.5. HGDM participated in district senior citizens golden games by July 2016	None	Harry Gwala District Municipality participated in the district senior golden games by August 2016	Target met	N/A	3.24.1.1. Signed attendance registers by participants and	R200 000 00	nil	R200 000 00

	citizens	games		senior citizens golden games								3.22.1.2. photos			
B2B-B_DC43	To unearth new talent focusing on cultural music	By hosting festival	Cultural Festival	3.25. Date on which the Cultural festival held	August and September 2014	1 Cultural Festival was held in December 2015 at Ingwe LM	3.25.5. 1 cultural festival held	3.25.5. 1 cultural festival held November 2016	Cultural festival was held in December 2016	Target met	N/A	3.25.1.1. Attendance register	R 300 000	nil	R 300 000

B2B-B_DC 43	To promote moral regeneration through Umkhosi womhlanga	By ensuring participation of Harry Gwala District Municipality maidens in Umkhosi Womhlanga	Umkhosi Womhlanga	3.26. Date on which Harry Gwala District Municipality participated in umkhosi womhlanga	August and September 2014	Umkhosi Womhlanga was held in August and September 2015	3.26.5. HGDM participate in umkhosi womhlanga by Sep 2016	None	HGDM participated in umkhosi by September 2016	Target met	N/A	3.26.1.1. Dated photos	R50 000 00	nil	R50 000 00
B2B-B_DC 43	To ensure that forums that deal with	By convening quarterly meeting with the elderly forum	Elderly Forum meetings	3.27. Number of Elderly forums meetings held	3 meetings will be held	3 meetings held	3.27.5.4 Elderly forum meetings held	None	4 elderly forums meetings were held	Target met	N/A	3.27.4.1. Attendance register	R 316 500	NIL	R 316 500

B2B-B_DC 43	special programs elderly, disability, and men's forum are convened to deliberate on issues facing them	By organising disability programs	Disability Forum meetings	3.28. Number of disability forums meetings held	4 meetings will be held	4 meetings held	3.28.5. 4 disability forum meetings held	None	4 Disability forums meetings were held	Target met	N/A	3.28.4.1. Attendance register	NIL	
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B2B-B_DC 43	To educate people living with Disability on their social responsibility within our communities	By hosting disability day	Disability day and programmes	3.29. Date in which the disability day was held	Held by Dec 2015	Disability day was held in December 2015	3.29.5. Disability day was held by Dec 2016	None	Disability Day was held in November 2016	Target met	N/A	3.29.2.1. Attendance register 3.2.2.2. photos		nil	
B2B-B_DC 43	To educate men on their social resp	By hosting an annual men's summit	Men's summit	3.30. Date on which the Men's summit was	July 2015	Men's Summit was held by July 2015	3.30.5. Men's summit was held by July 2016	None	Men's summit was hosted in July 2016	Target met	N/A	3.30.1.1. Photos	R 210 000,00	NIL	R 210 000,00

		onsibility within our communities			hosted										
B2B-B_DC43	To Empower women on how to deal with the challenges that are currently facing them	By implementing or hosting one women's programme	Women's empowerment programmes	3.31. Number of Women's month programme implemented by August 2016	August 2015	Women's Summit was held in August 2015	3.31.5.1 Women's month programme implemented by August 2016	None	1 women's month programme was held in August 2016	Target met	N/A	3.31.1.1. Attendance register 3.31.2.2. Photos	R 301 000,00	NIL	R 301 000,00

B2B-B_DC 43	Forums	To get all the religious sector involves in fighting social ills	By convening quarterly meetings with the religious forum	Religious forum	3.32. Number of Religious forum meeting held	4 forum meetings per annum	4 Religious forum meeting held	3.32.5. 4 Religious forum meeting held	None	4 Religious forums were meeting held	Target met	N/A	3.32. 4.1. Attendance register	50 000	NIL	50 000
B2B-B_DC 43	Sport Development	To identify suitable candidates that will participate in the gam	By hosting mayoral games	Mayoral cup	3. 33. Date on which the Mayor al cup was hosted by Harry Gwala District Municipi	Mayoral Cup held in August 2015	Mayoral Cup was held in August 2015 at Ubuhlebe zwe LM	3.33.5. Mayoral Cup hosted in August 2016 in preparation of the SALGA games	3.33.5. Mayoral Cup held in August 2016	Mayoral Cup was held in August 2016	Target met	N/A	3.33. 1.1. Photos 3.33. 1.2. Attendance register	R 3 190 000	NIL	R 3 190 000

		es			pality										
B2B-B_DC43			By coordinating district selection tournament and participate in the provincial tournament.	IG tournament	3.34. Date on which Harry Gwala District Municipality participated in the Indigenous Games (IGs) competition	District selections in preparation for the provincial tournament	District selection for the preparation of Indigenous Games were done in August and further participated in the Provincial tournaments held at Umkhanyakude DM	3.34.5. Harry Gwala District Municipality participate in the Indigenous Games(IGs) competition by September 2016	None	Harry Gwala District Municipality participated in the Indigenous Games(IGs) competition by August 2016	Target met	N/A	3.34.1.1. Photos 3.34.1.2. Attendance register	NIL	

B2B-B_DC 43			By ensuring a successful participation in the SALGA games	SALGA games	3.35. Date on which Harry Gwala District Municipality participated in SALGA games	Participated in the SALGA games by December 2015	HGDM participated in SALGA games December 2015 in Ilembe District	3.35.5.H GDM Participated in the SALGA games by December 2016	None	Harry Gwala District Municipality participated in SALGA games in December 2016	Target met	N/A	3.35.2.1. Photos 3.35.2.2. Attendance register	nil	
B2B-B_DC 43	To develop athletics as a sport code that will promote healthy	By Inviting the participants through website and media	Harry Gwala Marathon	3.36. Date in which the Harry Gwala marathon held	Marathon held by March 2015	Harry Gwala Marathon was held in March 2016	3.36.5. Harry Gwala Marathon held by March 2017	None	Harry Gwala Marathon was held by March 2017	Target met	N/A	3.36.2.1. Minutes and 3.36.2.2. Attendance register	R 1 000 000	nil	R 1 000 000

		living , tourism, social cohesion as well as enabling participants to qualify for the comrades marathon														
B2B-B_DC 43	To promote rural horse riding	By hosting and participating in the HGDM Summer	Summer Cup (Rural Horse Riding)	3. 37. Date on which Harry Gwala Distric	Participated in the Summer Cup by Novemb	HGDM Participated in the Summer Cup in Novembe	3.37.5. Summer Cup was held by November 2016	None	Harry Gwala District Municipality participated in	Target met	N/A	3.37.1.2.1 . Photos 3.37.1.2.2	R691 337 00	nil	R691 337 00	

		g withi n the distri ct	Cup		t Munici pality partici pated in the Summ er Cup compe tition	er 2015	r 2016			summer cup in Novembe r 2016			. Atte ndan ce regis ter			
B2B- B_DC 43			By participati ng in the Dundee July	Dundee July	3. 38. Date on which Harry Gwala Distric t Munici pality partici pated in the Dunde e July horse riding compe tition	Particip ated in the Dundee July Event By July 2016	HGDM Participat ed in the Dundee July Event in July 2016	3.38.5. Dundee July Event was held By July 2016 3.38.5 Conduct ed .District Selectio n for Dundee July Horse riding complet ion by	3.38.5. Participate d in the Dundee July Event By July 2016	HGDM Participat ed in Dundee July by 2016	Target met	N/A	3.38. 4.1. Phot os 3.38. 4.2. Atte ndan ce regis ter 3.38. 4.3. Signe d minu tes	R 100 000.00	0,00	R 100 000.00

							June 2016									
B2B-B_DC 43			By constructing Rauka race course	Rauka race course	3.39. Date on which the race course is completed	New enabler	New enabler	3.39.5. Rauka Race course designs completed and implemented by 2018	3.39.5. Project was moved to Infrastructure Services Department	N/A	R 1 000 000,00	-R 1 000 000,00	R 0,00			
B2B-B_DC 43	Geographical information system	To comply with Geographical Information System operation license requi	By improving the operating systems annually	Geographical Information System and Computer Aided Design operating Licenses	3.40. Date on which the Geographical Information System and Computer Aided Design operat	June 2016	The CAD system is not yet renewed	3.40.5. Geographical Information System and Computer Aided Design operating licence system renewed by Decemb	3.40.5. The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	N/A	R 200 000 00	-R 200 000,00	NIL

		rements			ing system is renewed			er 2016							
B2B-B_DC 43		To improve the quality of Geographical Information System data for water and sanitation	By continuously updating Geographical Information System Data for water and sanitation is improved	Geographical Information System data update	3.41. Date in which a more accurate and updated Geographical Information System for water and sanitation is improved	New enabler	New enabler	3.41.5. More accurate and updated Geographical Information System for water and sanitation is improved by June 2017	3.41.5. The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	N/A		NIL

B2B-B_DC 43		To improve the quality of Geographical Information System data for disaster information	By improving the Data survey, collection and system for disaster	Improving the disaster data, prone areas and incidents	3.42. Date on which accurate and informative disaster Geographical Information System data is improved	New enabler	New enabler	3.42.5. Geographical Information System data for disaster improved and updated was completed by June 2017	3.42.5. The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	N/A			NIL
B2B-B_DC 43	SPATIAL PLANNING	To have a strategic spatial form line	By preparing the Spatial Development Framework	Spatial Development Framework	3.43. Date on which the Spatial Development Framework	June 2016	The item is being tabled to the Executive Committee on 06/07/2016. Exco	3.43.5. Spatial Development Framework developed and approved	3.43.5. Spatial Development Framework developed by June 2017	Spatial Development Framework was developed and approved by	Target met	N/A	3.43.4.1. Council resolution	R 750 000	R -	R 750 000

		with the IDP.			work was developed		Resolution available.	d by Council By June 2017 3.43.5 Public consultation and IDP/Izim bizo conducted by June 2017.		Council in May 2017						
B2B-B_DC 43		To facilitate the process of Subdivision and Zoning of the portion of	By managing and facilitate the Subdivision and Zoning Application through relevant legislations	Approved Subdivisional and Zoning application for Umngeni Farm	3.44. Date on which Planning application approved.	Advert and appointment of Service Provider	The appointment was made on the 23rd of November 2015.	3.44.5. Approved Development Planning Application by LM'S by June 17	3.44.5. The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertake the task	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertak	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertak	The project has been adjusted to zero due to insufficient funds to appoint GIS practitioner who was going to undertak	N/A	R 540 000	-R 540 000,00	NIL

		Umngeni Farm where the Office Complex is to be built							e the task	e the task	e the task				
B2B-B_DC43	To ensure compliance with legal requirements of Spatial Planning and Land	By setting up and participating in relevant structures and ensuring their functionality thereof	Convene MPT for consideration of development applications	3.45. Percentage of development applications processed within the set legal time frame by convening MPT	MPTs in place and functional by June 2016	nil	3.45.5. 100% of applications processed within the set legal time frame by convening MPT as set in SPLUMA	3.45.5. The project has been adjusted to zero. The local municipalities took a decision to form their own tribunal (MPTs). District Growth and development Plan	The project has been adjusted to zero. The local municipalities took a decision to form their own tribunal (MPTs). District Growth and development Plan	The project has been adjusted to zero. The local municipalities took a decision to form their own tribunal (MPTs). District Growth and development Plan	The project has been adjusted to zero. The local municipalities took a decision to form their own tribunal (MPTs). District Growth and development Plan	N/A	R 390 000,00	-R 390 000,00	NIL

		Use Management Act			as set SPLU MA				(DGDP) is required for the Local MPTs to make decisions.	(DGDP) is required for the Local MPTs to make decisions.	(DGDP) is required for the Local MPTs to make decisions.	(DGDP) is required for the Local MPTs to make decisions.				
B2B-B_DC 43		To improve coordination of planning activities within the DM	By keeping IGR (Planning and Development Forum) functional	Planning and Development Forum	3.46. Number of District Planning and Development forums held	4	4	4	3.46.5. The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	N/A	NIL	NIL	NIL
B2B-B_DC 43	Environmental management	To consider the impact of	By developing Climate change response and	Climate change and response strategy	3.47. Date in which the climat	New enabler	New enabler	3.47.5. Climate change strategy was develop	3.47.5. Due to budget constraints the project has been adjusted to	3 Due to budget constraints the project has been	Due to budget constraints the project has been	Due to budget constraints the project has been	N/A	NIL	NIL	NIL

		Clim ate chan ge with in the Distri ct.	adaptatio n strategy		e chang e strateg y was develo ped			ed and approve d status quo report by June 2017.	zero.	adjusted to zero.	adjusted to zero.	adjusted to zero.				
B2B- B_DC 43		To man age and prote ct the envir onm ent with in the distri ct	By developin g an environm ental managem ent tool	Environm ental Managem ent Framewo rk	3.48. Date in which Status Quo Report on Enviro nment al Managem ent Frame work is Finalis ed	New enabler	New enabler	3.48.5. Environ mental Managem ent Framew ork (EMF) complet ed by June 2017	3.48.5.Stat us Quo Report on Environme ntal Managem ent Framework finalised by June 2017	Backgrou nd Informati on Documen t (Status quo) on EMF has been finalised.	Target met	N/A	3.48. 2.1. Statu s Quo Repo rt	R 1 000 000.00	R 1 000 000 grant	R 1 000 000.00

B2B-B_DC 43		To encourage greening and proper waste management practices	By hosting the Greenest Town Municipal awards ceremony	Greenest Town Municipal Competition	3.49. Number of Greenest competition held	1 Greenest competition held	1 Greenest Competition held in January 2016	3.49.5. One Greenest Municipality Competitions Held	None	One Greenest Municipal Competition was Held on 31 January 2017	Target not met	Only Two out three proposals were received, and are still at procurement stage as they were received late from winning Municipalities. The third proposal is being requested. In the meanwhile HGDM is processing the two proposals that have been received.	3.49.4.1. Submitted Proposals	R 369 250	NIL	R 369 250
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B2B-B_DC 43	Intergrated development plan	To develop the IDP as per the Municipal Systems Act	By adhering to all the legislative prescripts governing the formulation of IDP's.	IDP alignment meetings	3.50. Number of IDP Alignment meetings held	4 meetings held	4 meetings held	3.50.5. 4 meetings IDP alignment meetings held	None	6 meetings held	Target met	None	3.50.4.1. Attendance register	R 1 500 000	R 0,00	R 0,00
B2B-B_DC 43				IDP Roadshows	3.51. Number of IDP road shows held	14 IDP road shows held	20 IDP road shows held	3.51.5. 14 IDP road show meetings held	None	16 IDP road shows were held	Target met	None	3.51.4.1. Attendance register			R 1 500 000
B2B-B_DC 43		To determine the results and the Impact of the services	By conducting the baseline study and analysing the findings and reporting	SDBIP	3.52. Date in which the Baseline study was conducted	New enabler	New enabler	3.52.5. Completed data collection and analyse data and Baseline study report by June 2017	3.52.5. The target was adjusted to zero due to financial constraints as a results of accruals incurred in the 2015/2016 financial year	Data was collected in 2015/2016 financial year	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the	The target was adjusted to zero due to financial constraints as a results of accruals incurred in the	N/A	R 300 000,00	-R 300 000,00	NIL

		delivered to the community residing within the HGD M` area of jurisdiction									2015/2016 financial year	2015/2016 financial year				
B2B-B_DC 43	To ensure that the annual report is submitted on	By ensuring that the first draft is submitted by the 31 August and the final draft by the 31 January	Annual report	3.53. Date in which the Annual report was submitted to AG, Nation	Annual report adopted by council August 2015	The Annual Report was noted by Council in August 2015 and submitted to AG, in January 2016 it	3.53.5 Annual report(Oversight report) to Council, AG, National Treasury and to	3.53.5. Annual report noted by council August 2016 and adopted by council in March 2017	Annual report was Adopted by March 2017	Target met	None	council resolution	R 200 000 00	R 0,00	R200 000 00	

	time to the AG, National Treasury and to COGTA	of each financial year.		al Treasury and to COGTA	was adopted by Council	COGTA submitted by March 2017							
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Assessment of the performance of External Service Provider

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Assessment Key

Good (G)		<i>The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract</i>										
Satisfactory (S)		<i>The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract</i>										
Poor (P)		<i>The service has been provided below acceptable standards</i>										
Department	Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
						Target	Actual	Target	Actual	G	S	P
Corporate Services	HGDM455/H GDM/2015	Dwala Catering and Construction	01/07/2015	Provision of Cleaning Services	R 600 000,00	None	Nil					

Water Services	HGDM446/HGDM/2014	HTB Consulting	01/07/2015	Supply Electronic Monitoring and Evaluation System	R 2 88 5568,00	None	Nil				
Infrastructure Services	HGDM 449/HGDM8 2015	Thetha Traders T/A LG Construction	28/08/2015	Horseshoe Sanitation Project: Construction of 160mm DIAMETER x 3.0KM long uPVC Sewer Reticulation pipelines and Conversion of 308 VIP Toilets to waterborne.	R 10 934 139,86	None	Nil				
Infrastructure Services	HGDM448/HGDM2012	Engxeni Engineering	28/08/2015	UMzimkhulu Bulk Water	R 5 818 672,23	None	Nil				
Corporate Services	HGDM 456/HGDM/2 015	Work wear Depot	28/08/2015	Supply and Delivery of Protective Clothing and Equipment	As per Bill of Quantities	None	Nil				
Corporate	HGDM 451/HGDM/2	TWF Corporate	28/08/2015	Provision for	As per tendered	None	Nil				

Services	015	Travel		Travel Agent	services						
Infrastructure Services	HGDM 447/HGDM/2 015	B & B Transport	01/09/2015	Mnqumeni Water Supply: Construction of Internal Bulk and Reticulation Infrastructure for the Villages of Makhaleni and Kiliver	R 10 911 417,66	<i>None</i>	<i>Nil</i>				
Corporate Services	HGDM 407/HGDM/2 015	Luandi Media Marketing	01/09/2015	Supply and Delivery of News-Letter 2015/2016	R 990 000,00	<i>None</i>	<i>Nil</i>				
Infrastructure Services	HGDM462/H GDM/2015	Engxeni Engineering	01/09/2015	Ufafa Water Supply:	R 19 122 158,20	<i>None</i>	<i>Nil</i>				
Social, Economic Development , Disaster & Planning	HGDM 459/HGDM/2 015	Fana Manufacturing cc	01/09/2015	Supply and Delivery of SALGA Games Apparel	R 301 214,00	<i>None</i>	<i>Nil</i>				
Corporate Services	HGDM452/H GDM/2015	Ayanda Mbanga Communication (pty) ltd	09/09/2015	Advertising Agent	As per pricing schedule in the media	<i>None</i>	<i>Nil</i>				

					house						
Infrastructure	HGDM 457/HGDM/2 015	Conrite Walls pty Ltd	09/09/2015	Supply and Delivery VIP Top structure	R 99 335 052,54	<i>None</i>	<i>Nil</i>				
Infrastructure	HGDM 442/HGDM/2 015	Kulu Civils & Project Managers	09/09/2015	KwaMeyi Theekloof Water Supply phase 4	R 20 861 946,22	<i>None</i>	<i>Nil</i>				
Infrastructure Services	HGDM472/H GDM/2015	Akwande Civils	23/11/2015	Mkhunya Water Supply	R 9 203 255,85	<i>None</i>	<i>Nil</i>				
Infrastructure Services	HGDM465/H GDM/2015	Sibgem Management and Cunsulting Engineers	23/11/2015	Design and Project Management of Rauka Rural Horse Riding Track	R 672 144,00	<i>None</i>	<i>Nil</i>				
Infrastructure Services	HGDM 466/HGDM/2 015	Impande Consulting Engineers (PTY) LTD	23/11/2015	Technical Consultant: Provision for Engineering Consulting for Planning, Design and Development of Infrastructure Projects	As per rates attached and as per service required	<i>None</i>	<i>Nil</i>				

Infrastructure Services	HGDM 476/HGDM/2016	Msalela Transport cc	11/03/2016	Ndawana Water Supply: Source Augmentation Within Ward 1	R 5 786 915,31	None	Nil				
Infrastructure Services	HGDM 475/HGDM/2016	Mabona Civils	11/03/2016	Mqatsheni Water Supply: Construction of 4.5KM Rising Main, 30 Standpipes, 1 Borehole Pump and Administration Building	R 6 882 934,68	None	Nil				
Infrastructure Services	HGDM 479/HGDM/2016	Ndlelampa General Trading	11/03/2016	Mbomvini - Tsaule Water Supply: Construction of Pump house Equipping of Borehole, Supply and Installation of 100KL	R 1 226 963,76	None	Nil				

				prefabricated steel reservoir							
Corporate Services	HGDM 477/HGDM/2016	Sizwe IT Group	13/05/2016	Commissioning of Server Room	R 420 902,92	<i>None</i>	<i>Nil</i>				
Infrastructure		LLTDS Training and safety Consultants	13/05/2016	Provision for Occupational health and Safety on Projects	As per rates attached and as per service required	<i>None</i>	<i>Nil</i>				
Infrastructure	HGDM 478/HGDM/2016	S.B Homes	13/05/2016	General Building Maintenance	As per rates attached and as per service required	<i>None</i>	<i>Nil</i>				
Corporate Services		Afrent (PTY) LTD	13/05/2016	Leasing of Vehicles	As per rates attached and as per service required	<i>None</i>	<i>Nil</i>				
Corporate Services	HGDM 468/HGDM/2016	Page First Product and Trading	13/05/2016	Supply and Delivery of Stationery	As per rates attached and as per service required	<i>None</i>	<i>Nil</i>				

ANNUAL FINANCIAL STATEMENT

VOLUME II



**HARRY GWALA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

INDEX

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

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ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out in pages 4 to 63 in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 34 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mrs AN Dlamini
Municipal Manager

November 22, 2017

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Statement of Financial Position as at June 30, 2017

Figures in Rand

	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Inventories	3	179,844	191,663
Receivables from non-exchange transactions	4	4,610,451	2,995,815
VAT receivable	5	17,065,901	18,504,086
Trade and other receivables from exchange transactions	6	28,642,624	25,219,196
Cash and cash equivalents	7	24,272,551	5,818,976
		74,771,371	52,729,736
Non-Current Assets			
Property, plant and equipment	8	1,802,821,001	1,662,907,829
Intangible assets	9	1,348,836	643,359
Investment in entity	10	100	100
		1,804,169,937	1,663,551,288
Total Assets		1,878,941,308	1,716,281,024
Liabilities			
Current Liabilities			
Borrowings	11	5,792,884	5,462,675
Finance lease obligation	12	6,059,905	2,062,078
Payables from exchange transactions	13	133,429,217	208,713,341
Trade and other payables from non-exchange transactions	14	235	873,929
Consumer deposits	15	1,441,387	1,345,978
Unspent conditional grants and receipts	16	53,521,925	6,676,908
Provisions	17	567,617	599,421
		200,813,170	225,734,330
Non-Current Liabilities			
Borrowings	11	12,353,357	15,683,478
Finance lease obligation	12	13,853,986	1,547,823
Provisions	17	20,947,488	19,938,185
		47,154,831	37,169,486
Total Liabilities		247,968,001	262,903,816
Net Assets		1,630,973,307	1,453,377,208
Accumulated surplus		1,630,973,307	1,453,377,208

* See Note 48

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	39,650,966	42,926,545
Interest on outstanding debtors		16,394,536	8,663,846
Other income	19	2,130,035	2,188,758
Interest received - Investments	20	5,281,409	3,070,961
Total revenue from exchange transactions		63,456,946	56,850,110
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	21	564,162,755	532,133,173
Total revenue	22	627,619,701	588,983,283
Expenditure			
Bulk purchases	23	8,334,938	8,866,067
Community participation	24	3,103,300	4,570,360
Contracted services	25	54,663,860	66,541,497
Contribution to bad debt provision	26	34,877,132	25,567,149
Depreciation and amortisation	27	48,479,184	45,142,026
Employee related costs	28	136,169,805	125,030,438
Finance costs	29	4,312,671	2,883,661
General Expenses	30	72,699,524	92,378,003
Grants and subsidies paid	31	17,333,333	16,096,020
Impairment loss/ Reversal of impairments	35	3,876,195	83,340
Operating grant expenditure	32	35,120,920	27,547,384
Remuneration of councillors	33	5,451,994	6,037,608
Repairs and maintenance	34	25,559,768	46,280,166
Total expenditure		449,982,624	467,023,719
Operating surplus		177,637,077	121,959,564
Loss on disposal of assets and liabilities	36	(40,983)	(1,529,100)
Surplus for the year		177,596,094	120,430,464

* See Note 48

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1,337,816,615	1,337,816,615
Adjustments		
Prior year adjustments	(4,869,871)	(4,869,871)
Balance at July 1, 2015 as restated*	1,332,946,744	1,332,946,744
Changes in net assets		
Surplus for the year	120,430,464	120,430,464
Total changes	120,430,464	120,430,464
Opening balance as previously reported	1,471,019,137	1,471,019,137
Adjustments		
Prior year adjustments	(17,641,924)	(17,641,924)
Restated* Balance at July 1, 2016 as restated*	1,453,377,213	1,453,377,213
Changes in net assets		
Surplus for the year	177,596,094	177,596,094
Total changes	177,596,094	177,596,094
Balance at June 30, 2017	1,630,973,307	1,630,973,307
Note(s)		

* See Note 48

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		21,729,534	13,767,097
Grants		610,134,070	531,530,158
Interest income		5,281,409	3,070,961
		<u>637,145,013</u>	<u>548,368,216</u>
Payments			
Employee costs		(139,233,351)	(126,608,742)
Suppliers		(293,415,293)	(192,800,073)
Finance costs		(4,312,671)	(2,883,661)
		<u>(436,961,315)</u>	<u>(322,292,476)</u>
Net cash flows from operating activities	37	200,183,698	226,075,740
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(178,540,766)	(242,358,293)
Proceeds on disposal of property plant and equipment		2,031,750	-
Net cash flows from investing activities		(176,509,016)	(242,358,293)
Cash flows from financing activities			
Repayment of borrowings	11	(2,999,912)	(803,065)
Repayment of financial liabilities	12	(2,221,195)	(2,966,717)
Net cash flows from financing activities		(5,221,107)	(3,769,782)
Net increase/(decrease) in cash and cash equivalents		18,453,575	(20,052,335)
Cash and cash equivalents at the beginning of the year		5,818,976	25,871,310
Cash and cash equivalents at the end of the year	7	24,272,551	5,818,975

* See Note 48

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

APPROPRIATION STATEMENT

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2017											
Financial Performance											
Service charges	60,553,354	(8,298,846)	52,254,508	-	-	52,254,508	39,650,966	-	(12,603,542)	76 %	65 %
Investment revenue	3,500,000	2,000,000	5,500,000	-	-	5,500,000	5,281,409	-	(218,591)	96 %	151 %
Transfers recognised - operational	277,631,675	23,230,575	300,862,250	-	-	300,862,250	296,479,662	-	(4,382,588)	99 %	107 %
Other own revenue	9,109,252	8,105,281	17,214,533	-	-	17,214,533	18,524,571	-	1,310,038	108 %	203 %
Total revenue (excluding capital transfers and contributions)	350,794,281	25,037,010	375,831,291	-	-	375,831,291	359,936,608	-	(15,894,683)	96 %	103 %
Employee costs	(125,313,141)	(8,284,785)	(133,597,926)	-	-	(133,597,926)	(136,169,805)	(2,571,879)	(2,571,879)	102 %	109 %
Remuneration of councillors	(7,906,204)	-	(7,906,204)	-	-	(7,906,204)	(5,451,994)	-	2,454,210	69 %	69 %
Debt impairment	(25,393,852)	-	(25,393,852)	-	-	(25,393,852)	(34,877,132)	(9,483,280)	(9,483,280)	137 %	137 %
Depreciation and asset impairment	(31,874,428)	(10,659,264)	(42,533,692)	-	-	(42,533,692)	(52,355,379)	(9,821,687)	(9,821,687)	123 %	164 %
Finance charges	(1,925,613)	(84,048)	(2,009,661)	-	-	(2,009,661)	(4,312,671)	(2,303,010)	(2,303,010)	215 %	224 %
Materials and bulk purchases	(10,709,409)	-	(10,709,409)	-	-	(10,709,409)	(8,334,938)	-	2,374,471	78 %	78 %
Contracted services	(44,922,825)	16,848,277	(28,074,548)	-	-	(28,074,548)	(54,663,860)	(26,589,312)	(26,589,312)	195 %	122 %
Transfers and grants	(20,000,000)	2,666,667	(17,333,333)	-	-	(17,333,333)	(17,333,333)	-	-	100 %	87 %
Other expenditure	(114,358,320)	(55,647,246)	(170,005,566)	-	-	(170,005,566)	(136,483,512)	-	33,522,054	80 %	119 %
Total expenditure	(382,403,792)	(55,160,399)	(437,564,191)	-	-	(437,564,191)	(449,982,624)	(50,769,168)	(12,418,433)	103 %	118 %
Surplus/(Deficit)	(31,609,511)	(30,123,389)	(61,732,900)	-	-	(61,732,900)	(90,046,016)	-	(28,313,116)	146 %	285 %

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	335,772,325	(26,671,575)	309,100,750	-		309,100,750	267,683,093		(41,417,657)	87 %	80 %
Surplus (Deficit) after capital transfers and contributions	304,162,814	(56,794,964)	247,367,850	-		247,367,850	177,637,077		(69,730,773)	72 %	58 %
Surplus/(Deficit) for the year	304,162,814	(56,794,964)	247,367,850	-		247,367,850	177,637,077		(69,730,773)	72 %	58 %
Capital expenditure and funds sources											
Sources of capital funds											
Transfers recognised - capital	167,886,163		167,886,163	-		167,886,163			(167,886,163)	- %	- %
Internally generated funds	6,141,000		6,141,000	-		6,141,000			(6,141,000)	- %	- %
Total sources of capital funds	174,027,163		174,027,163	-		174,027,163			(174,027,163)	- %	- %

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	164,632,252	-	164,632,252	-	-	164,632,252	200,183,698	-	35,551,446	122 %	122 %
Net cash from (used) investing	(155,471,323)	-	(155,471,323)	-	-	(155,471,323)	(176,509,016)	-	(21,037,693)	114 %	114 %
Net cash from (used) financing	(1,410,967)	-	(1,410,967)	-	-	(1,410,967)	(5,221,107)	-	(3,810,140)	370 %	370 %
Net increase/(decrease) in cash and cash equivalents	7,749,962	-	7,749,962	-	-	7,749,962	18,453,575	-	10,703,613	238 %	238 %
Cash and cash equivalents at the beginning of the year	5,818,976	-	5,818,976	-	-	5,818,976	5,818,976	-	-	100 %	100 %
Cash and cash equivalents at year end	13,568,938	-	13,568,938	-	-	13,568,938	24,272,551	-	(10,703,613)	179 %	179 %

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Appropriation Statement

Figures in Rand

Reported unauthorise d expenditur e	Expenditure authorised terms of section 32 of MFMA	Balance to inbe recovere daudited	Restated outcome
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VARIANCE EXPLANATIONS

1. Service charges - Decreased due to the municipality engaging in the process of capturing actual meter readings and adjusting consumer accounts..
2. Interest investment - Higher interest earned on positive bank balances.
3. Other revenue - Actual performance higher due to lower projected debtors book
4. Government grants and subsidies - Variance within limits.
5. Employee related costs - Staff increases.
6. Remuneration of councillors - Over budgeting for Councillors allowance due to late determination receipt.
7. Depreciation and asset impairments - Additional assets procured through a new finance lease entered into with Afrirent.
8. Finance costs - Excess due to a new lease agreement entered into with Afrirent which was classified as a finance lease.
9. Material and bulk purchases - Lower than projected bulk water consumption due to drought.
10. Transfers and grants - Budget equal actual.
11. Other expenditures - Reduction due to reclassification of actual expenditure from general expenditure vote to contracted services.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The municipality changes an accounting policy only if the change:

- a) is required by a Standard of GRAP; or
- b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

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

1.1 PRESENTATION CURRENCY

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

1.2 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Errors are corrected retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

1.3 CRITICAL JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Revenue Recognition

Accounting Policy on Revenue from Exchange Transactions and Accounting Policy on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

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

Financial assets and liabilities

The classification of financial assets and liabilities into categories is based on judgment by management.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.3 CRITICAL JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

Impairment of Financial Assets

Accounting Policy on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments. The management of the municipality is satisfied that the impairment of financial assets recorded during the year, is appropriate.

Useful lives of Property, Plant and Equipment (“PPE”)

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

Impairment: Write down of PPE

Significant estimates and judgments are made relating to PPE impairment tests.

Defined Benefit Plan Liabilities

As described in Accounting Policy on employee benefits, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19: Employee Benefits. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes to the Annual Financial Statements.

Multi-employer defined benefit funds are accounted for as defined contribution plan.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.4 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	30 years
• Office		
Transport Assets	Straight line	7 years
• Motor vehicles		10 years
• Trailers and accessories		10 years
• Trucks		
Furniture and office equipment	Straight line	7 years
• Office equipment (including fax machines)		10 years
• Office furniture		10 years
• Paintings, sculptures, ornaments (home and office)		10 years

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.4 PROPERTY, PLANT AND EQUIPMENT (continued)

Computer Equipment	Straight line	
• Computer hardware including operating systems		5 years
• Networks		10 years
• Computer software		5 years
Dams/structure	Straight line	
• Concrete		100 years
• Earth		50 years
River	Straight line	
• Structure - Weir		50 years
• Borehole Establishment		30 years
Pump Stations	Straight line	
• Structure - buildings		55 years
• Structure - Clarifiers		55 years
• Structure - Filters		55 years
• Electrical		20 years
• Mechanical		15 years
• Containers - Diesel		15 years
• Structure - Carports		15 years
Perimeter protection	Straight line	
• Palisade - Concrete		25 years
• Palisade - Steel / Razor wire / Weld mesh		15 years
Reservoirs	Straight line	
• Structure - Concrete		50 years
• Structure - Galaxy		30 years
• Structure - Steel Tank		30 years
• Structure - Jojo		15 years
• Electrical		20 years
• Mechanical		15 years
Underground	Straight line	
• Chambers		30 years
• Manholes		30 years
Water purification works	Straight line	
• Structure		55 years
• Ponds		55 years
• Electrical		20 years
• Mechanical		15 years
Spring protection	Straight line	
• Spring		20 years
• Jojo tank		15 years
• Reticulation		40 years
• Standpipes		20 years
Sewerage pump stations	Straight line	
• Structure - Buildings		55 years
• Structure - Reactors		55 years
• Structure - Drying beds		55 years
• Structure - Clarifiers chambers		35 years
• Structure - Maturation Ponds		35 years
• Electrical		20 years
• Mechanical		15 years
• Containers - Diesel		15 years
• Structure - Carports, ect.		15 years
• Rising mains		40 years
• Gravity mains		40 years
Other machinery and equipment	Straight line	
• Audiovisual equipment		10 years
• Building air conditioning systems		5 years
• Domestic equipment		5 years
• Kitchen appliances		10 years

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

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.4 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

1.5 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.6 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:

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

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

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

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

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

Cash and cash equivalents include cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables..

Classification

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

Class	Category
Short-term Investment Deposits	Financial asset measured at amortised cost
Bank Balances and Cash	Financial asset measured at amortised cost
Long-term Receivables	Financial asset measured at amortised cost
Consumer Debtors	Financial asset measured at amortised cost
Other Debtors	Financial asset measured at amortised cost
Investments in Fixed Deposits	Financial asset measured at amortised cost

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

Class	Category
Long-term Liabilities	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Bank Overdraft	Financial liability measured at amortised cost
Short-term loans	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.6 FINANCIAL INSTRUMENTS (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

An allowance for impairment based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable and are recognized in surplus or deficit for the year:

An allowance for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. Changes in the carrying amount of the allowance for impairment are recognized in surplus or deficit for the year.

Derecognition

Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to nonrecoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

1.7 TAX

VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payments basis.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.8 LEASES

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

Finance leases - lessee

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

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

Operating leases - lessee

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

1.9 INVENTORIES

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

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

Useful life is either:

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.10 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

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

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

1.11 EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The municipality treats its provision for leave pay as an accrual.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.11 EMPLOYEE BENEFITS (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Pension obligations

The municipality and its employees contribute to 4 different pension funds, namely Natal Joint Municipal Pension Fund and South African Local Authority Pension Fund. The KSN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Provident, Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds. The Natal Joint Provident Fund and South African Local Authority Pension Fund are defined contribution funds.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The liability is the aggregate of the present value of the defined obligation and recognised actuarial gains and losses, adjusted by past service costs where applicable. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and an appropriate discount rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, as well as additional once-off leave calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.11 EMPLOYEE BENEFITS (continued)

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.12 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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

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

1.13 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

Measurement

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

Service Charges

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff:

Finance Income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Rentals

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straightline basis over the term of the lease agreement, where such lease periods span over more than one financial year.

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

Public contributions

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Services in-kind

Services in-kind are not recognised.

1.16 INVESTMENT INCOME

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

1.17 BORROWING COSTS

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

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

1.18 COMPARATIVE INFORMATION

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

1.19 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.20 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

ACCOUNTING POLICIES

1.21 IRREGULAR EXPENDITURE

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

1.22 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.23 EVENTS AFTER REPORTING DATE

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

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.24 GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

2.

New standards and interpretations

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

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

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

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

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

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

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

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

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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

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

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

The standard elaborates on the definitions and identification of:

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

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

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

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below:

General definitions:

The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or a significant decline in the potential of an asset.

Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after April 1, 2017.

The municipality expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 26 (as amended 2015): Impairment of cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Cash-generating Assets are outlined below:

General definitions:

The definitions of cash-generating assets and cash-generating unit have been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets below.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Disclosures:

The requirement to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after April 1, 2017.

The municipality expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after April 1, 2018.

The municipality expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
3. INVENTORIES		
Opening balance	191,663	262,552
Water reduction	(11,819)	(70,889)
	179,844	191,663
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Unauthorised expenditure	5,979	5,979
Debtor - Kokstad deposits	105,753	105,753
Other debtors	1,779,631	164,995
Cyclone construction - Farmers market	2,000,000	2,000,000
SARS - debtors/salaries	181,259	181,259
ACB/debtors	424,247	424,247
Councillors laptops	94,045	94,045
Councillors bursary	19,537	19,537
	4,610,451	2,995,815
<p>Included in the balance for other debtors is an amount of R 1 312 797.31 which was fraudulently paid to suppliers. Harry Gwala District Municipality instituted a claim against these suppliers to pay back the amounts. The matter was reported to the South African Police Services.</p>		
5. VAT RECEIVABLE		
VAT reconciliation	(35,265,083)	15,116,421
Year end creditors VAT reclaimable	70,460,653	18,762,097
VAT on consumer accruals	(18,129,669)	(15,374,432)
	17,065,901	18,504,086
<p>VAT is payable on a receipt basis. Only once payment is received from debtors is VAT paid over to SARS.</p>		
6. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Gross balances		
Rates		270,941
Water	2,862	74,339,713
Sewerage	89,537,584	19,663,361
Interest	41,061,522	15,374,432
Value added taxation	34,395,926	(72,000)
Debtors direct deposits	18,249,386	145,159,200
	(55,520)	
	183,191,760	
Less: Allowance for impairment		
Rates	(2,862)	(270,941)
Water	(71,374,542)	(57,972,162)
Sewerage	(37,858,907)	(32,220,655)
Interest	(30,012,399)	(16,853,742)
Value added taxation	(15,300,426)	(12,622,584)
	(154,549,136)	(119,940,084)

Harry Gwala District Municipality

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Figures in Rand	2017	2016
6. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
Net balance		
Water		16,367,551
	18,163,042	3,362,846
Sewerage		2,809,619
	3,202,615	2,751,848
Interest		(72,668)
	4,383,527	25,219,196
Value added taxation		
	2,948,960	
Debtors direct deposits		
	(55,520)	
	28,642,624	
Rates		
> 365 days	2,862	270,941
Water and Sewerage		
Current (0 -30 days)	11,000,669	5,405,855
31 - 60 days	4,902,934	1,779,726
61 - 90 days	3,551,127	1,826,139
>91 days	129,403,967	114,718,811
	148,858,697	123,730,531
Reconciliation of allowance for impairment		
Balance at the beginning of the year	(119,940,084)	(98,047,806)
Contributions to allowance	(34,877,132)	(25,567,149)
Debt impairment written off against allowance	268,080	3,674,871
	(154,549,136)	(119,940,084)
<p>The debtors direct deposits is an amount of debtors received via the bank account at year end but not yet captured to reduce the the respective individual debtors balance.</p>		
7. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	300	300
Bank balances	1,597,841	299,557
Short-term deposits	22,674,410	5,519,119
	24,272,551	5,818,976

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017			2016		
7. CASH AND CASH EQUIVALENTS (continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2017	June 30, 2016	June 30, 2015
FNB Ixopo branch Account Number 62022648169	1,597,841	299,557	72,517	1,597,841	299,557	72,517
FNB Call Account - 62032587331	13,504,348	2,099	485,210	13,504,348	2,099	485,210
FNB Call Account - 62095523281	5,870,388	231,610	7,131,803	5,870,388	231,610	7,131,803
FNB Call Account - 62138538692	1,000	47,173	1,145	1,000	47,173	1,145
FNB Call Account - 62398395204	1,000	9,922	415,126	1,000	9,922	415,126
FNB Call Account - 62434145331	5,076	2,735	3,045	5,076	2,735	3,045
FNB Call Account - 62434147072	2,769	11,748	3,977	2,769	11,748	3,977
FNB Call Account - 62434151239	1,005	5,243	6,172,847	1,005	5,243	6,172,847
FNB Call Account - 62414264797	3,134	8,996	9,022	3,134	8,996	9,022
Investec BANK - Call account - 50006688425	<u>3,285,691</u>	<u>5,199,592</u>	<u>11,576,318</u>	<u>3,285,691</u>	<u>5,199,592</u>	<u>11,576,318</u>
Total	<u>24,272,252</u>	<u>5,818,675</u>	<u>25,871,010</u>	<u>24,272,252</u>	<u>5,818,675</u>	<u>25,871,010</u>

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

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Figures in Rand			2017			2016
8.	PROPERTY, PLANT AND EQUIPMENT					
			2017			
	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17,080,597	-	17,080,597	-	-	17,080,597
Buildings	31,372,420	17,080,597		(6,497,306)		24,672,531
Plant and machinery	2,620,590	(7,449,927)	23,922,493	31,169,837	(2,021,475)	624,114
Furniture and fixtures	5,074,312	(2,140,946)	479,644	2,645,589	(3,778,977)	1,381,737
Motor vehicles	8,787,204	(4,084,462)	989,850	5,160,714	(6,841,122)	5,762,827
Infrastructure	2,090,108,264	(5,066,652)	3,720,552	12,603,949	(318,371,003)	1,600,938,026
Community	5,188,302	(356,754,533)	1,733,353,731	1,919,309,029	(1,502,124)	3,686,178
Other assets	6,468,460	(1,626,865)	3,561,437	5,188,302	(4,366,402)	2,212,239
Finance lease assets	27,191,897	(4,276,256)	2,192,204	6,578,641	(7,946,904)	6,549,580
Total	<u>2,193,892,046</u>	<u>(9,671,404)</u>	<u>1,802,821,001</u>	<u>2,014,233,142</u>	<u>(351,325,313)</u>	<u>1,662,907,829</u>

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand

8. PROPERTY, PLANT AND EQUIPMENT (continued)

8.1 Reconciliation of property, plant and equipment - 30 June 2017

	Opening balance	Additions	Disposals	Lease Modification	Depreciation	Impairment loss	Total
Land	17,080,597	-	-	-	-	-	17,080,597
Buildings	24,672,531	202,583	-	-	(952,621)	-	23,922,493
Plant and machinery	624,114	-	-	-	(144,470)	-	479,644
Furniture and fixtures	1,381,737	216,496	(32,823)	-	(575,560)	-	989,850
Motor vehicles	5,762,827	-	(638,913)	-	(1,403,362)	-	3,720,552
Infrastructure	1,600,016,974	177,303,862	(712,975)	-	(39,377,935)	(3,876,195)	1,733,353,731
Community	3,686,178	-	-	-	(124,741)	-	3,561,437
Other assets	2,212,239	817,825	(68,999)	-	(768,861)	-	2,192,204
Finance leases - Assets	6,549,580	16,642,264	(619,023)	(136,270)	(4,916,058)	-	17,520,493
	1,661,986,777	195,183,030	(2,072,733)	(136,270)	(48,263,608)	(3,876,195)	1,802,821,001

Reconciliation of property, plant and equipment - 30 June 2016

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	17,080,597	-	-	-	-	17,080,597
Buildings	25,619,525	-	-	(946,994)	-	24,672,531
Plant and machinery	2,172,910	-	(1,039,058)	(509,738)	-	624,114
Furniture and fixtures	1,384,806	535,593	-	(538,662)	-	1,381,737
Motor vehicles	7,346,799	-	-	(1,583,972)	-	5,762,827
Infrastructure	1,397,333,398	241,743,854	-	(38,055,886)	(83,340)	1,600,938,026
Community	3,810,919	-	-	(124,741)	-	3,686,178
Other assets	2,964,384	132,770	-	(884,915)	-	2,212,239
Finance lease assets	8,997,162	173,180	(490,042)	(2,130,720)	-	6,549,580
	1,466,710,500	242,585,397	(1,529,100)	(44,775,628)	(83,340)	1,662,907,829

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
8.		
PROPERTY, PLANT AND EQUIPMENT (continued)		
8.2 Work In progress Without Movement		
The following projects did not have movements in the current year		
Emacabazini	283,845	-
Horseshoe San - New Massification	13,699,057	-
Umzimkhulu Sewer Emergency Intervention	1,101,548	-
	-	-
The projects did not have movements as a result of catastrophic destruction of infrastructure under construction by criminals vandalism, theft		
	-	-
Bulwer Nkelabantwana To Nkumba W.P.	4,515,225	-
Paninkukhu Water Resource Development	1,390,347	-
Ebovini / Emazabekweni Comm Water Supply	766,920	-
Greater Khilimoni Water Project(Sdm)	851,231	-
Khukhulela Water_(Sdm)	499,333	-
	-	-
The projects did not have movements as a result of funding mechanism alignment for bulk capital infrastructure and sustainable water reticulation supply		
	-	-
Chibini Water Supply	5,033,760	-
Paninkukhu Water	30,688,017	-
	-	-
The projects did not have movements during the current financial year as a result of drought which affected projects commission schedule		
	-	-
Ndwana Water Project	803,539	-
Mangwaneni Water Supply-Mig	8,500,042	-
	-	-
The projects did not have movements during the current financial year as a result of defaulting in terms of quality of workmanship and time contractors prolong project duration to complete		
	-	-
Bhongweni Emer Sew Int-Trunk	4,789,849	-
Khukhulela Water_(Sdm)	15,553,781	-
Mbululweni Water Supply (Sdm)	12,317,337	-
	-	-
The projects did not have movements during the current financial year as a result of Planning and implementing water and sanitation projects in phases that are interdependent resulting in a number of phases remaining under WIP for longer period		
	-	-
Greater Summerfield Water Project	7,718,486	-
Gaybrook	11,303,652	-
Moyeni / Teekloof	4,546,974	-
Kwanomandlovu Water Project_(Sdm)	34,157,494	-
	-	-
The projects did not have movements during the current financial year as a result of downward adjustment of project allocation in a quest to control accruals		

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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8.

PROPERTY, PLANT AND EQUIPMENT (continued)

8.3 Other information

Expenditure incurred to repair and maintain property, plant and equipment included in the Statement of Financial Performance	2017	2016
Contracted services	18,680,118	40,089,909
Material consumed	6,879,650	6,190,257
	25,559,768	46,280,166

8.4 Reconciliation of Work-in-Progress 2017

	Included within Infrastructure	Total
Opening balance	757,960,632	757,960,632
Additions/capital expenditure	177,303,862	177,303,862
Transferred to completed items	(111,932,520)	(111,932,520)
	823,331,974	823,331,974

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

9. INTANGIBLE ASSETS

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3,603,718	(2,254,882)	1,348,836	2,682,665	(2,039,306)	643,359

Reconciliation of intangible assets - June 30, 2017

	Opening balance	Transfers	Amortisation	Total
Computer software	643,359	921,053	(215,576)	1,348,836

Reconciliation of intangible assets - 30 June 2016

	Opening balance	Amortisation	Total
Computer software	1,009,761	(366,402)	643,359

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
10. INVESTMENT IN ENTITY		
Residual interest at cost		
Unlisted shares	100	100
100 Ordinary shares @ R1 per share in Harry Gwala Development Agency (Pty) Ltd		
Non-current assets		
Residual interest at cost	100	100
11. BORROWINGS		
At amortised cost		
ABSA	18,146,241	21,146,153
The loan bears a nominal fixed interest rate of 11.59 % compounded bi-annually The loan is redeemable in twenty equal installments bi-annually in arrears on 31 May and 31 November each year until 31 June 2021 .		
Non-current liabilities		
At amortised cost	12,353,357	15,683,478
Current liabilities		
At amortised cost	5,792,884	5,462,675
12. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	9,973,545	2,601,176
- in second to fifth year inclusive	16,142,143	2,361,042
Present value of minimum lease payments	26,115,688	4,962,218
Present value of minimum lease payments due		
- within one year	6,059,905	2,062,078
- in second to fifth year inclusive	13,853,986	1,547,823
	19,913,891	3,609,901
Non-current portion	13,853,986	1,547,823
Current portion	6,059,905	2,062,078
	19,913,891	3,609,901

Harry Gwala District Municipality entered into a new lease with Afrient for the rental of Thirty two (32) vehicles.

The lease term is 4 years and the interest rate implicit in the lease varies per each vehicle. The lease payments escalate at 6% p.a and no arrangements have been entered into for contingent rent.

Harry Gwala District Municipality may purchase the leased vehicle at any time during the lease agreement from Afrient as an early termination. The settlement value is the capital balance outstanding plus a "re-purchase fee.

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
13. PAYABLES FROM EXCHANGE TRANSACTIONS		
Accounts payable	77,680,088	155,695,093
Provision for leave pay	10,983,923	9,572,975
Retention	36,614,603	36,211,325
Debtors with credit balances	4,441,657	2,955,170
Other creditors	241,160	4,092
Salary intergration	3,467,786	4,274,686
	133,429,217	208,713,341

The fair value of trade and other payables approximates their carrying amounts.

Debtors with credit amounts are accounts receivables who have overpaid their amounts and have have been reclassified to creditors.

14. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Municipal Systems Improvement Grant	-	10,269
Financial Management Grant	-	2,365
Energy Efficiency Demand Management Grant	-	861,060
Neighbourhood development grant	235	235
	235	873,929

15. CONSUMER DEPOSITS

Water	1,441,387	1,345,978
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16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Accredited Councillors Training Grant	62,803	62,803
Development Bank of South Africa	406,480	406,480
Development Planning Shared Services Grant	4,879,982	4,879,982
District Growth Summit COGTA	31,301	31,301
Energy Efficiency Demand Management Grant	4,809,200	-
Gijima Grant	235,810	235,810
Government Experts Grant	445,014	445,014
Local Govt. Sector Education Training Authority	-	172,099
Massification - COGTA	36,307	36,307
Municipal Water Infrastructure Grant	15,261,555	-
Public Transport Grant	66,587	66,587
Regional Bulk Infrastructure Grant	26,942,062	-
Rural Transportation Service Infrastructure Grant	4,299	-
Signage Grant - COGTA	98,112	98,112
Sihleza Maize Production Project (COGTA)	242,413	242,413
	53,521,925	6,676,908

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
17. PROVISIONS		
Non-current liabilities	20,947,488	19,938,185
Current liabilities	567,617	599,421
	21,515,105	20,537,606

The balance of R21 515 105 (2016 : R20 537 606) consists of post-retirement health care benefit liability of R16 962 824 (2016 : R16 172 855) and Long service awards liability of R4 552 281 (2016 : R4 364 751) as detailed below:

RETIREMENT BENEFIT LIABILITY

Post-retirement Health Care Benefit Liability

Balance at beginning of year	16,172,855	13,313,118
Contributions to Provision	836,421	2,906,189
Benefits paid	(46,452)	(46,452)
Balance at end of year	16,962,824	16,172,855
Less current portion	49,293	46,452
Non-current portion	16,913,531	16,126,403

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by Mr C Weiss Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the post-employment Medical Aid Benefit Plan are made up as follows:

In-service Members (Employees)	203	210
Continuation Members (Retirees, widowers and orphans)	1	1
Total Members	204	211

The liability in respect of past service has been estimated as follows:

In-service Members	16,516,860	15,700,487
Continuation Members	445,965	472,369
Total Liability	16,962,825	16,172,856

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

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Figures in Rand	2017	2016
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17. PROVISIONS (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	10.13 %	9.49 %
Health Care Cost inflation Rate	8.41 %	8.50 %
Net Effective Discount Rate	1.59 %	0.91 %
Expected Retirement Age - Females	55	55
Expected Retirement Age - Males	60	60

Movements in the present value of the Defined Benefit Obligations were as follows:

Balance at the beginning of the year:	16,172,856	13,313,118
Current service costs	1,580,289	1,459,896
Interest cost	1,532,106	1,237,725
Benefits paid	(46,452)	(46,452)
Actuarial losses	(2,275,974)	208,569
Present Value of Fund Obligation at the end of the year	16,962,825	16,172,856

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1,580,289	1,459,896
Interest cost	1,532,106	1,237,725
Actuarial losses	(2,275,974)	208,569
Total Post-retirement Benefit included in Employee Related cost	836,421	2,906,190

SENSITIVITY ANALYSIS

The results presented are based on a number of assumptions. The extent to which the actual liability faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumption which tends to have the greatest impact on the results is the rate of health care cost inflation relative to the discount rate.

Sensitivity Results

The liability at the Valuation Date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed rate of health care cost inflation;
- (ii) A 1% increase and decrease in the discount rate;
- (iii) A one-year age reduction in the assumed rates of post-retirement mortality;
- (iv) A one-year decrease in the assumed average retirement age; and
- (v) A 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement

Harry Gwala District Municipality

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17. PROVISIONS (continued)

The following table summarises the results of the sensitivity analysis.

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	In-service	Continuation	Total	% change
Central Assumptions	-	16.517	0.446	16.963	- %
Health care inflation	1%	17.652	0.446	18.098	7 %
	-1%	14.936	0.445	15.381	-15 %
Post-retirement mortality	- 1 yr	16.992	0.462	17.454	13 %
Average retirement age	- 1 yr	18.237	0.446	18.683	7 %
Continuation of membership at retirement	-10%	13.822	0.446	14.268	-16 %

Note: The post-retirement mortality adjustment assumes that someone aged 70 will experience the mortality of someone aged 69. The liability is expected to increase under this scenario because members are expected to live longer. The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 7% higher than that shown.

Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30/06/2017

Assumption	Change	Current service cost	Interest cost	Total	% change
Central Assumptions	-	1,580,300	1,532,100	3,112,400	- %
Health care inflation	1%	1,726,700	1,665,000	3,391,700	9 %
	-1%	1,373,900	1,359,600	2,733,500	-12 %
Post-retirement mortality	- 1 yr	1,629,400	1,582,300	3,211,700	3 %
Average retirement age	- 1 yr	1,630,700	1,614,700	3,245,400	4 %
Continuation of membership at retirement	-10%	1,315,700	1,281,600	2,597,300	-17 %

Harry Gwala District Municipality

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17. PROVISIONS (continued)

Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30/06/2018-

Assumption	Change	Current service cost	Interest cost	Total	% change	
Central Assumptions	-	1,483,600	1,716,700	3,200,300	- %	3,71
Health care inflation	1%	1,586,900	1,831,700	3,418,600	7 %	8,35
	-1%	1,324,300	1,556,500	2,880,800	-10 %	2
Post-retirement mortality	- 1 yr	1,523,900	1,766,500	3,290,400	3 %	96
Average retirement age	- 1 yr	1,541,000	1,891,000	3,432,000	7 %	0,10
Continuation of membership at retirement	-10%	1,240,800	1,443,600	2,684,400	-16 %	1
Long service awards liability				4,364,751		(313
Balance at beginning of year				740,499	2,969	,702)
Contributions to Provision				(552,969)	3,811,782	4,36
Benefits paid				4,552,281		4,75
Balance at end of year				518,324		1
Less current portion				4,033,957		55
Non-current portion						

The municipality operate an unfunded defined benefit plan for all its employees. Under the plan a Long-service Award is payable after 10 years thereafter to employees. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by Mr C Weiss, Fellow of the Actuarial Society of South Africa.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	8.45 %	8.57 %
Salary Cost inflation Rate	6.28 %	7.23 %
Net Effective Discount Rate	2.05 %	1.25 %
Expected Retirement Age - Females	55	55
Expected Retirement Age - Males	60	60

Movements in the present value of the Defined Benefit Obligations were as follows:

Balance at the beginning of the year:	4,364,751	3,718,352
Current service costs	539,556	484,083
Interest cost	350,987	288,602
Benefits paid	(552,969)	(313,702)
Actuarial losses	(150,044)	187,416
Present Value of Fund Obligation at the end of the year	4,552,281	4,364,751

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
17. PROVISIONS (continued)		
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	539,556	484,083
Interest cost	350,987	288,602
Actuarial losses	(150,044)	187,416
Total Post-retirement Benefit included in Employee Related cost	740,499	960,101

SENSITIVITY ANALYSIS

The results presented are based on a number of assumptions. The extent to which the actual liability faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made.

The assumptions which tend to have the greatest impact on the results are:

- (i) The general salary inflation rate assumption;
- (ii) The discount rate assumption;
- (iii) The average retirement age of employees; and
- (iv) Assumed rates of withdrawal of employees from service.

Sensitivity Results

The liability at the Valuation Date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed general salary inflation rate;
- (ii) A 1% increase and decrease in the discount rate;
- (iii) A two-year decrease and increase in the assumed average retirement age of employees; and
- (iv) A 50% decrease in the assumed withdrawal rates from service.

Harry Gwala District Municipality

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17. PROVISIONS (continued)

The following table summarises the results of the sensitivity analysis.

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	In-service	% change
Central Assumptions	-	4.552	- %
General salary inflation	1%	4.841	6 %
	-1%	4.289	-6 %
Average retirement age	+2 yr	4.074	-11 %
	- 2 yr	4.926	8 %
Withdrawal rate	-50%	5.776	27 %

Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30/06/2017

Assumption	Change	Current service cost	Interest cost	Total	% change
Central Assumptions	-	539,600	351,000	890,600	- %
General salary inflation	1%	584,100	375,600	959,700	8 %
	-1%	499,500	328,600	828,100	-14 %
Average retirement age	+2 yr	487,500	310,100	797,600	-4 %
	- 2 yr	583,100	385,600	968,700	21 %
Withdrawal rate	-50%	746,100	450,600	1,196,700	24 %

Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30/06/2018-

Assumption	Change	Current service cost	Interest cost	Total	% change
Central Assumptions	-	504,900	363,400	868,300	- %
General salary inflation	1%	544,400	387,800	932,200	7 %
	-1%	469,200	341,100	810,300	-13 %
Average retirement age	+2 yr	455,300	323,000	778,300	-4 %
	-2yr	544,300	393,600	937,900	21 %
Withdrawal rate	-50%	693,300	466,800	1,160,100	24 %

Harry Gwala District Municipality

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18. SERVICE CHARGES		
Sale of water	30,168,192	31,479,609
Sewerage and sanitation charges	9,482,774	11,446,936
	39,650,966	42,926,545
19. OTHER INCOME		
Clearance certificate	1,829	2,049
Conservancy tanks	74,346	133,230
Endowment fees	-	18,876
Insurance refunds	326,454	680,664
Onsite disposal - sanitation	16,134	55,467
Salary deductions	364,498	390,378
Sewer connection	19,145	37,538
Sundry Income	150	150
Tender documents	381,300	204,250
Vacuum tank - honeysucker	114,321	149,997
Water connection fees	33,697	54,703
Water sales - tankers	798,161	461,456
	2,130,035	2,188,758
20. INTEREST RECEIVED		
Interest revenue		
Interest on investments	5,281,409	3,070,961
21. GOVERNMENT GRANTS AND SUBSIDIES		
Operating grants		
Equitable Share	260,069,000	241,034,114
Expanded Public Works Programme	3,364,000	3,466,000
Rural Household Infrastructure Grant	-	4,500,000
Municipal Systems Improvement Grant	10,269	929,731
Financial Management Grant	1,252,365	1,247,635
Local Govt. Sector Education Training Authority	343,177	-
Municipal Infrastructure Grant Operating expenditure	12,911,693	7,441,804
Development Planning Shared Services	-	240,000
Rural Transportation Service Infrastructure Grant	2,090,701	2,040,000
Energy Efficiency Demand Management Grant	4,051,860	6,138,940
Drought Relief	974,080	14,102,906
Municipal Water Infrastructure Grant	11,412,517	-
	296,479,662	281,141,130
Capital grants		
Regional Bulk Infrastructure Grant	21,057,938	15,149,847
Municipal Infrastructure Grant	178,155,307	192,342,196
Municipal Water Infrastructure Grant	59,443,928	43,500,000
Drought Relief	9,025,920	-
	267,683,093	250,992,043
	564,162,755	532,133,173

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Harry Gwala District Municipality

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Figures in Rand	2017	2016
21. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
Municipal Infrastructure Grant		
Current-year receipts	191,067,000	199,784,000
Conditions met - transferred to revenue	(191,067,000)	(199,784,000)
	<u>-</u>	<u>-</u>
Drought Relief Grant		
Current-year receipts	10,000,000	14,102,906
Conditions met - transferred to revenue	(10,000,000)	(14,102,906)
	<u>-</u>	<u>-</u>
Municipal Systems Improvement Grant		
Current-year receipts	-	940,000
Conditions met - transferred to revenue	(10,269)	(929,731)
Adjustment to payables from non - exchange	10,269	(10,269)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 16).		
Public Transport Grant		
Balance unspent at beginning of year	66,587	66,587
Conditions still to be met - remain liabilities (see note 16).		
Development Bank of South Africa		
Balance unspent at beginning of year	406,480	406,480
Conditions still to be met - remain liabilities (see note 16).		
Financial Management Grant		
Current-year receipts	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,252,365)	(1,247,635)
Adjustment to payables from non - exchange	2,365	(2,365)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 16).		
Municipal Water Infrastructure Grant - DWA		
Current-year receipts	86,118,000	43,500,000
Conditions met - transferred to revenue	(70,856,445)	(43,500,000)
	<u>15,261,555</u>	<u>-</u>
Accredited Councillors Training		
Balance unspent at beginning of year	62,803	62,803
Conditions still to be met - remain liabilities (see note 16).		

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

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Figures in Rand	2017	2016
21. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
Rural Transport Service & Infrastructure Grant		
Balance unspent at beginning of year	-	195,134
Current-year receipts	2,095,000	2,040,000
Conditions met - transferred to revenue	(2,090,701)	(2,040,000)
Adjustment	-	(195,134)
	4,299	-
Conditions still to be met - remain liabilities (see note 16).		
Development Planning Shared Services		
Balance unspent at beginning of year	4,879,982	3,019,982
Current-year receipts	-	2,100,000
Conditions met - transferred to revenue	-	(240,000)
	4,879,982	4,879,982
Conditions still to be met - remain liabilities (see note 16).		
Local Government Sector Education Training Authority		
Balance unspent at beginning of year	172,099	-
Current-year receipts	171,078	172,099
Conditions met - transferred to revenue	(343,177)	-
	-	172,099
Conditions still to be met - remain liabilities (see note 16).		
Regional Bulk Infrastructure Grant		
Current-year receipts	48,000,000	15,149,847
Conditions met - transferred to revenue	(21,057,938)	(15,149,847)
	26,942,062	-
SIHLEZA Maize Production Project - COGTA		
Balance unspent at beginning of year	242,413	242,413
Conditions still to be met - remain liabilities (see note 16).		
Expanded Public Works Programme		
Current-year receipts	3,364,000	3,466,000
Conditions met - transferred to revenue	(3,364,000)	(3,466,000)
	-	-
Signage Grant - COGTA		
Balance unspent at beginning of year	98,112	98,112
Conditions still to be met - remain liabilities (see note 16).		

Harry Gwala District Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
21. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
Government Experts		
Balance unspent at beginning of year	445,014	445,014
Conditions still to be met - remain liabilities (see note 16).		
Gijima Grant		
Balance unspent at beginning of year	235,810	235,810
Conditions still to be met - remain liabilities (see note 16).		
Massification - COGTA		
Balance unspent at beginning of year	36,307	36,307
Conditions still to be met - remain liabilities (see note 16).		
Energy Efficiency Demand Side Management Grant		
Balance unspent at beginning of year	-	2,439,980
Current-year receipts	8,000,000	7,000,000
Conditions met - transferred to revenue	(4,051,860)	(6,138,940)
Adjustment	861,060	(2,439,980)
Adjustment to payables from non - exchange	-	(861,060)
	4,809,200	-
Conditions still to be met - remain liabilities (see note 16).		
District Growth Summit - COGTA		
Balance unspent at beginning of year	31,301	31,301
Conditions still to be met - remain liabilities (see note 16).		
Rural Household Infrastructure Grant		
Current-year receipts	-	4,500,000
Conditions met - transferred to revenue	-	(4,500,000)
	-	-
22. REVENUE		
Service charges	39,650,966	42,926,545
Interest on arrear accounts	16,394,536	8,663,846
Other income	2,130,035	2,188,758
Interest received - investment	5,281,409	3,070,961
Government grants & subsidies	564,162,755	532,133,173
	627,619,701	588,983,283

Harry Gwala District Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
22. REVENUE (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	39,650,966	42,926,545
Interest received on arrear accounts	16,394,536	8,663,846
Other income	2,130,035	2,188,758
Interest received - investment	5,281,409	3,070,961
	63,456,946	56,850,110
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	564,162,755	532,133,173
23. BULK PURCHASES		
Water	8,334,938	8,866,067
24. COMMUNITY PARTICIPATION		
Bursaries - Community	354,850	416,834
Ceremonial Activities	220,384	77,000
Cleaning Campaign	75,700	17,000
Conduct Greenest Municipality	193,435	311,540
Harry Gwala Community Radio	59,267	-
IDP Review	714,280	551,888
Mayoral Izimbizo	434,320	1,625,601
Mayoral Slots	152,789	549,737
Nyusi Volume	877,193	1,000,000
Press Conference and Media Briefings	21,082	20,760
	3,103,300	4,570,360

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
25. CONTRACTED SERVICES		
Annual Financial Statements	3,017,500	3,263,955
Assessment of Asset Register	3,740,291	3,772,481
Audit committee	506,329	488,828
Chemical Supply	2,841,838	3,641,527
Computer Licences and Financial Systems	913,135	1,156,686
Conferences and Services	2,123,130	710,886
E - Venus System Maintenance	1,253,754	866,960
Gardening Service	117,400	63,230
Ixopo Precinct Plan	-	105,257
Legal Fees	1,211,861	887,469
MFMA Capacity Building	48,185	200,756
Office Cleaning	345,578	399,243
PMS/SDBIP Review	53,040	391,240
Protective Clothing and Uniforms	1,220,313	1,066,579
Rain Water Harvesting	10,140,108	17,559,910
Rental of Office Equipment	316,899	534,313
Security Services	16,566,781	12,960,180
Sport Development	3,522,411	4,812,572
Indigent Register Compilation	991,159	2,488,812
Systems and Admin Support	3,844,144	4,815,703
Training	188,131	1,559,980
Upgrade And Maintenance	-	229,078
VAT Consultant	-	1,159,723
Water Meters Audit and Collection Costs	304,600	1,176,886
Water Quality Monitoring	1,397,273	2,229,243
	54,663,860	66,541,497
26. CONTRIBUTION TO BAD DEBT PROVISION		
Contributions to provision	34,877,132	25,567,149
27. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	48,263,608	44,775,624
Intangible assets	215,576	366,402
	48,479,184	45,142,026

Harry Gwala District Municipality

Annual Financial Statements for the year ended June 30, 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
28. EMPLOYEE RELATED COSTS		
Basic	84,041,233	78,368,690
Health care retirement benefit	789,969	2,859,737
Housing benefits and allowances	1,361,020	1,299,430
Leave pay provision charge	1,899,681	1,600,678
Long-service awards	187,530	646,399
Experimental learning	-	180,576
Overtime payments	15,055,738	12,964,155
SDL	1,195,814	1,090,924
Social contribution - SALGBC	31,205	29,754
Social contributions - medical aid	5,909,959	5,306,170
Social contributions - pension fund	10,810,820	9,965,133
Travel, motor car, accommodation, subsistence and other allowances	14,272,370	10,128,055
UIF	614,466	590,737
	136,169,805	125,030,438
Remuneration of Municipal Manager		
Annual Remuneration	961,598	915,324
Travel, motor car, accommodation, subsistence and other allowances	402,296	378,759
Cellphone Allowance	17,694	16,692
Contributions - UIF	1,785	1,784
Contributions - Medical Aid	43,417	43,417
Contributions - SALGBC	90	87
Skills	13,718	13,034
	1,440,598	1,369,097
Remuneration of Chief Financial Officer		
Annual Remuneration	882,350	844,735
Bonus	77,532	64,869
Acting Allowance	-	17,655
Travel, motor car, accommodation, subsistence and other allowances	327,420	312,250
Cellphone Allowance	17,694	16,692
Contributions - UIF	1,785	1,785
Contributions - Medical Aid	34,556	30,938
Contributions - SALGBC	90	87
Skills	13,081	12,572
	1,354,508	1,301,583
Remuneration of Community Services Manager		
Annual Remuneration	754,011	355,665
Travel, motor car, accommodation, subsistence and other allowances	243,305	114,767
Cellphone Allowance	16,536	7,800
Contributions - UIF	1,785	892
Contributions - SALGBC	61	-
Contributions - Skills	9,833	4,638
	1,025,531	483,762

Harry Gwala District Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
28. EMPLOYEE RELATED COSTS (continued)		
Remuneration of Corporate Services Manager		
Annual Remuneration	839,334	802,569
Bonus	73,386	62,222
Travel, motor car, accommodation, subsistence and other allowances	271,077	258,518
Cellphone Allowance	17,694	16,692
Contributions - UIF	1,785	1,785
Contributions - Medical Aid	32,432	28,183
Contributions - SALGBC	90	87
Contributions - Skills	11,977	11,337
	1,247,775	1,181,393
Remuneration of Water Services Manager		
Annual Remuneration	812,087	777,320
Travel, motor car, accommodation, subsistence and other allowances	419,098	399,680
Cellphone Allowance	17,692	16,692
Contributions - UIF	1,785	1,785
Contributions - SALGBC	90	87
Contributions - Skills	11,965	11,437
	1,262,717	1,207,001
Remuneration of Engineering Manager - Infrastructure		
Annual Remuneration	1,024,449	979,929
Bonus	80,538	83,867
Travel, motor car, accommodation, subsistence and other allowances	127,200	109,000
Cellphone Allowance	17,692	16,692
Contributions - UIF	1,785	1,785
Contributions - SALGBC	90	87
Contributions - Skills	12,244	11,677
	1,263,998	1,203,037
29. FINANCE COSTS		
External borrowings	4,312,671	2,883,661

Harry Gwala District Municipality

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Figures in Rand	2017	2016
30. GENERAL EXPENSES		
Advertising	645,843	483,541
Annual reports	28,000	5,504
Auditors remuneration	2,254,853	2,076,759
Bank charges	123,407	109,484
Books and publications	15,546	255,634
Bursaries	217,376	390,120
Chemicals supply	1,072,853	-
Cultural activities	189,900	252,300
Departmental electricity consumption	268,852	333,989
Disability awareness	86,164	298,237
Disaster management	421,449	894,504
Employee wellness programme	67,533	454,055
Engineering and mentorship skills	-	164,607
Financial assistance and school campaign	36,325	311,715
Fire beaters	49,350	89,280
Fuel and oil	5,135,202	5,725,077
Functions	503,219	1,533,392
Golden games	218,093	208,940
HIV and AIDS Sukumasakhe	234,064	980,972
Harry Gwala spatial development framework	689,509	85,868
Harry Gwala district marathon	1,045,375	1,018,926
ICT hub and strategic support	943,338	482,218
Implementation of internal audit plan	1,093	203,784
Installation of water meters	-	2,057,403
Insurance	790,833	676,773
Legal fees	(9,355)	-
MFMA capacity building programme	109,809	55,472
Marketing & branding	212,350	302,957
Media tour	199,750	399,075
Membership fees	31,239	49,078
Other expenses	1,226,578	880,361
Penalties	-	224,342
Planned projects as per priority	1,189,095	1,065,068
Postage	186,169	212,726
Printing and stationery	1,113,777	874,627
Protective clothing	-	(111,491)
Publication of newsletter	463,500	989,375
Rental offices	1,343,147	749,828
Rural horse riding games	301,010	511,188
SCM capacity building	194	-
SALGA fees	32,000	1,291,556
Sewer intervention	7,139,686	15,903,069
Other expenses	769,268	-
Sports development	12,500	-
Staff replacement and reallocation costs	-	20,675
Staff welfare	76,700	218,345
System and administration support	-	504,251
Technical support	488,246	71,244
Telephone and fax	4,079,845	4,625,260
Tracker	243,312	238,202
Training	419,789	184,211
Travel, accommodation and subsistence allowances	1,589,488	2,176,973
Umngeni farm detailed plan	-	26,180
Vehicle rental	3,645,362	251,826
Vehicles licences	186,146	155,157
Videography	36,000	93,290
Water conservation health and hygiene	-	715,507
Water expenses	17,371,932	24,631,666
Water intervention	14,836,743	15,364,624

Harry Gwala District Municipality

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Figures in Rand	2017	2016
30. GENERAL EXPENSES (continued)		
Website management	40,267	48,971
Women's day celebration	326,800	199,900
Youth council	-	28,750
Youth development empowerment plan	-	332,658
	72,699,524	92,378,003
31. GRANTS AND SUBSIDIES PAID		
Harry Gwala Development Agency	17,333,333	16,096,020
32. OPERATING GRANTS EXPENDITURE		
EPWP - Salaries	2,860,639	1,491,566
Energy efficiency Project management and consultation fees	7,772,860	5,385,035
Eradication of Sanitation Backlogs in Ubuhlebezwe	1,778,552	2,522,082
Eradication of Sanitation Backlogs in Umzimkhulu	878,594	8,066,635
FMG - Systems Administration and Support	399,371	617,685
FMG - Training	5,299	4,000
FMG - Travel and accomodation	78,843	73,151
WSIG - Sanitation	10,000,000	-
Ground water borehole drilling - Drought relief	854,456	-
Ingwe Household Sanitation Project	7,736,502	6,560,731
MSIG - Systems Administration and Support	-	568,898
MSIG - Training	-	58,817
MSIG - Travel and accomodation	-	191,429
PMU - Travel and accomodation	570,246	67,565
Rural roads site supervision and consulting fees	2,185,558	1,699,790
Salaries - Development Planning Shared Services	-	240,000
	35,120,920	27,547,384
33. REMUNERATION OF COUNCILLORS		
Salaries	4,243,615	5,382,257
Travelling allowance	769,903	332,678
Cellphone allowance	224,516	273,212
Meeting allowance	213,960	49,461
	5,451,994	6,037,608
34. REPAIRS AND MAINTENANCE		
Fire Extinguishers	40,793	-
Mechanical and electrical	8,156,815	9,017,354
Maintenance of Ingwe Schemes	606,328	5,835,956
Maintenance of Kokstad Schemes	7,285,398	4,173,922
Maintenance of Kwasani Schemes	1,687,472	591,012
Maintenance of Ubuhlebezwe Schemes	3,409,890	10,857,919
Maintenance of Umzimkhulu Schemes	2,462,224	14,162,175
Office Building	1,256,181	1,508,200
Server Room Maintenance	503,825	25,173
Vehicles	150,842	108,455
	25,559,768	46,280,166

Harry Gwala District Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
35. IMPAIRMENT OF ASSETS		
Impairments		
Property, plant and equipment	3,876,195	83,340
36. LOSS ON DISPOSAL OF ASSETS		
Loss on disposal of property plant and equipment	2,072,733	1,529,100
Proceeds on disposal of property plant and equipment	(2,031,750)	-
	40,983	1,529,100
37. CASH GENERATED FROM OPERATIONS		
Surplus	177,596,094	120,430,464
Adjustments for:		
Depreciation and amortisation	48,479,184	45,142,026
Loss on disposal of assets and liabilities	40,983	1,529,100
Impairment deficit	3,876,195	83,340
Debt impairment	34,877,132	25,567,149
Movements in provisions	977,499	3,506,136
Leave pay provision	1,410,949	953,168
Changes in working capital:		
Inventories	11,819	70,889
Receivables from exchange transactions	(38,300,560)	(25,082,215)
Other receivables from non-exchange transactions	(1,614,636)	2,080,255
Payables from exchange transactions	(76,695,067)	68,517,064
VAT	3,457,374	(17,080,981)
Trade and other payables from non-exchange transactions	(873,694)	873,694
Unspent conditional grants and receipts	46,845,017	(603,015)
Consumer deposits	95,409	88,666
	200,183,698	226,075,740
38. COMMITMENTS		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	194,685,663	199,527,221
Total capital commitments		
Already contracted for but not provided for	194,685,663	199,527,221

Harry Gwala District Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
39. CONTINGENCIES		
Harry Gwala District Municipality had the following litigations and claims as at 30 June 2017.		
Unitrade 1047 CC T/A Isidingo Security Services	-	25,000,000
National Treasury jobs Fund Project	5,821,160	-
Bhungane Built Environment	2,750,000	3,000,000
Fleetmatics vehicle management	-	80,000
Matatiele Local Municipality	2,941,249	2,941,249
Mdlebeni Trading (Pty) Ltd	1,400,000	1,500,000
Sektor Consulting and engineers	572,567	400,000
T.G Mazongolo	-	100,000
V.K Distributors	-	5,000
Mahlaselondwe Trading	4,200,000	-
Mondli Lukhozi	30,000	-
Shemuntu Trading CC	47,850	-
	17,762,826	33,026,249

Bhungane Built Environment

•

Action for professional services rendered was instituted against the Municipality. Municipality instituted a counter-claim for plaintiff to deliver supporting documents. Pleadings have closed and we await receipt of case flow management directives

• Matatiele Local Municipality

- This is a claim for rates for Matatiele Local Municipality.

• Mdlebeni Trading (Pty) Ltd

Action for damages arising from breach of contract was instituted against the Municipality. Pleadings have closed and we are in the process of exchanging pre-trial notices.

• Sektor Consulting CC

Action has been instituted against the Municipality. The matter is being defended.

• National Treasury Jobs Fund Project

This relates to a claim by National Treasury for Harry Gwala District Municipality to repay the amount transferred to the Municipality during the 2013/14 and 2014/15 financial years if the municipality fails to provide the project close out reports and the proof of expenditure.

• Shemuntu Trading CC

Action has been instituted against the Municipality. The matter is being defended.

• Mahlaselondwe Trading

Action instituted against the Municipality for professional services rendered. Matter currently pending as we await a condonation application to be filed for the late delivery of the Plaintiff's Replying Affidavit in the application to condone its failure to comply with section 3(2)(a) of Act 40 of 2002.

• Mondli Lukhozi

Action has been instituted against the Municipality. The matter is currently being defended.

Harry Gwala District Municipality

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Figures in Rand	2017	2016
40. RISK MANAGEMENT		
Financial risk management		
Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.		
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.		
Interest rate risk		
Call deposits	22,674,410	5,519,119
Bank balances and cash	1,597,841	299,557
ABSA loan	18,146,240	21,146,152
	<u>42,418,491</u>	<u>26,964,828</u>
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in the market interest rates.		
Credit risk		
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.		
Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, without taking account of the value of any collateral obtained:		
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument		
Cash and cash equivalents	24,272,251	5,818,676
Trade and other receivables	33,253,075	28,215,011
	<u>57,525,326</u>	<u>34,033,687</u>
41. UNAUTHORISED EXPENDITURE		
Opening balance	266,147,013	192,940,848
Add current year expenditure	50,769,168	73,206,165
	<u>316,916,181</u>	<u>266,147,013</u>
42. FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	514,239	87,365
Add current year expenditure	2,934,230	426,874
	<u>3,448,469</u>	<u>514,239</u>
43. IRREGULAR EXPENDITURE		
Opening balance	242,268,907	143,360,811
Add: Irregular Expenditure - current year	101,752,521	98,908,096
	<u>344,021,428</u>	<u>242,268,907</u>

Harry Gwala District Municipality

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44. RELATED PARTIES		
Controlled Entities		
The Harry Gwala District Municipality controls the following reporting entity:		
Harry Gwala Development Agency:		
Harry Gwala District Municipality has 100% shareholding in Harry Gwala Development Agency.		
Harry Gwala Development Agency is a registered (PTY) Ltd company in terms of the Company Act 71 of 2008.		
Related Party Transactions		
During the financial year Harry Gwala District Municipality transferred R17 333 333.34 (2016: R16 096 020) to Harry Gwala Development Agency.		
Key Management Personnel		
The key management personnel of Harry Gwala Development Agency are:		
The Chief Executive Officer Dr M A Mdletye		
The Chief Financial Officer Mrs N R Shabalala		
45. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
Contributions to organised local government		
Current year subscription / fee	32,000	1,291,556
Amount paid - current year	(32,000)	(1,291,556)
	<u>-</u>	<u>-</u>
Material losses Incurred		
Water losses	11,912,025	22,403,116
The water losses of 40.4 % (2015-16 : 50.47%) is calculated on the total consumption of 5 459 092kl (2016 : 8 966 620kl) purchased at an average price of R5.40 (2015-16 : R4.95) per kl. Total water stock losses amounts to 2 205 931 kl (2015-16 : 4 525 822kl)		
Water losses were made up of technical losses of R9.9million (2015-16: R18.59 million) and non-technical losses of R2.01 million (2015-16: R3.77 million).		
Audit fees		
Current year subscription / fee	2,254,853	2,076,759
Amount paid - current year	(2,254,853)	(2,076,759)
	<u>-</u>	<u>-</u>
PAYE and UIF		
Opening balance	1,647,481	-
Current year subscription / fee	23,045,711	18,981,337
Amount paid - current year	(21,151,764)	(17,333,856)
Amount paid - previous years	(1,647,481)	-
	<u>1,893,947</u>	<u>1,647,481</u>

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45. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

Pension and Medical Aid Deductions

Opening balance	1,725,244	-
Current year subscription / fee	16,720,779	15,271,303
Amount paid - current year	(16,720,779)	(13,546,079)
Amount paid - previous years	(1,725,244)	-
	-	1,725,224

VAT

VAT receivable	17,065,901	18,504,086
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VAT output payables and VAT input receivables are shown in note 5.

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

Councillors' arrear consumer accounts

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

June 30, 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Jojozi	577	2,019	2,596
June 30, 2016	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Ngcobo C.M	184	895	1,079

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the District Municipal Council.

Section 36 deviations transferred to Irregular Expenditure.

During the 2016/17 there were deviations on the SCM Procedures when acquiring goods and services from suppliers.

Incident

Wise Security	5,294,323	-
Judy Magwaza Trading Enterprise	1,000,000	1,000,000
ION Consulting	-	941,726
	6,294,323	1,941,726

Harry Gwala District Municipality

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46. FINANCIAL SUSTAINABILITY

The following indicators highlight that the municipality is facing financial sustainability concerns and a material uncertainty exists that may cast doubt on the municipality's ability to meet its short term financial obligations. The following indicators highlight that the municipality is facing financial sustainability concerns and a material uncertainty exists that may cast doubt on the municipality's ability to meet its short term financial obligations:

- The net current liability position has improved from R173 million to R126.04 million. Though the ratio improved, the short term liabilities are still more than the current assets.
- The cash balance at year end improved from R5,82 million to R24.27. The balance improved however the short term liabilities are still more than the cash and cash equivalence
- The debt impairment of R154,54 million (2015-16: R119,94 million) is significant and indicates challenges surrounding the recoverability of trade receivables.

Reasons for the movements

The increase in current liabilities is attributed to the overspending on the capital budget in relation to municipal infrastructure grant and over expenditure on operational budget.

The huge debt impairment is due to the water consumers not paying for the services and the fact that the infrastructure in use to measure water provision does allow for restriction in the event a debtor does not pay for services. The incentives that the municipality implemented did not achieve the set results.

Action Plan to improve the indicators

Management has prepared cash projection for capital budget in respect of municipal infrastructure grant such that the funds are spread through the financial year to avoid incurring of accruals relating to grant funding.

Management is implementing the cost containment measures that were introduced by National Treasury.

The municipality is planning to engage in an incentive program to improve the payment of outstanding amounts by consumers.

The municipality is in a process of replacing the credit water meters with smart meters which are versatile in that they are capable of being restricted; in particular; for households and business or used as credit water meters for government institutions. This approach will enhance revenue management strategy which is in place by improving debt collection and reduce the huge debt book.

47. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of financial position - extract

	Comparative figures previously reported	Reclassificatio n	After reclassification
Infrastructure Assets	851,484,928	758,881,684	1,610,366,612
Work In progress	758,881,684	(758,881,684)	-
Total	1,610,366,612		- 1,610,366,612

Harry Gwala District Municipality

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47. COMPARATIVE FIGURES (continued)

Statement of financial performance - extract

	Comparative figures previously reported	Reclassificatio n	After reclassification
Bulk purchases	8,576,718	289,349	8,866,067
Contracted services	83,410,899	(16,852,632)	66,558,267
Repairs and maintainance	26,938,721	19,341,444	46,280,165
Operating grant expenditure	30,325,545	(2,778,161)	27,547,384
Total	149,251,883	-	149,251,883

Harry Gwala District Municipality

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48. PRIOR PERIOD ERRORS

The Municipality made the following adjustments to figures reported previously.

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

Statement of financial position

Property, plant and equipment

Amount previously reported - Infrastructure Assets	-	851,484,928
Correction of depreciation start date as per the completion certificate	-	(9,428,585)
	-	842,056,343

Payables from exchange transactions

Amount previously reported	-	200,500,001
Prior year invoices not recorded	-	8,230,109
Invoices duplicated in the prior year.	-	(16,770)
Restated payables from exchange transactions	-	208,713,340

Statement of financial performance

Contracted Services

Amount after reclassification of indigent register compilation	-	66,558,267
Invoices duplicated	-	(16,770)
Restated Contracted Services	-	66,541,497

General Expenses

Previously reported	-	84,147,893
Prior year invoices not recorded for water schemes electricity	-	8,230,109
Restated General expenses	-	92,378,002

Depreciation

Amount previously reported	-	40,583,311
Correction of depreciation start date as per the completion certificate	-	4,558,715
	-	45,142,026

Accumulated Surplus

Balance previously reported	-	1,471,019,137
Prior year invoices not recorded for water schemes electricity	-	(8,230,109)
Invoices duplicated in the prior year.	-	16,770
Correction of depreciation start date as per the completion certificate	-	(9,428,585)
Restated Accumulated Surplus	-	1,453,377,213

49. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of leased vehicles from AVIS Car Rental was estimated in 2014 to be 7 years. In the current period

management have revised their estimate to 4 years due to the fact lease agreement was not going to be extended. The

effect of this revision has increased the depreciation charges for the current and future periods by R 314,679 and

R2 240 389.19 respectively.

