

## COMPONENT F: HEALTH

### INTRODUCTION TO HEALTH

Environmental Health Services covers the assessment, correction, control and prevention of factors in the environment that can adversely affect human health. On 1st July 2014, Provincial officials were transferred to District Municipalities to address fragmentation and overlapping of Environmental Health Services in the District. The National Health Act, 2004 defines Municipal Health Services in terms of nine key competencies viz. Water quality monitoring, food control, waste management, health surveillance of premises, Environmental pollution control, surveillance and prevention of communicable disease, vector control, Disposal of the Dead and chemical safety.

The 9 listed Municipal Health Services are considered to be of equal significance, however the following took precedence, water quality monitoring in support of our

core mandate; food safety and control and health and hygiene education. Drinking water from protected sources e.g. boreholes etc are regularly bacteriological analysed to ensure compliance in terms of SANS 241. As a water and sanitation Authority and provider, the municipality continues to provide quality drinking water and final effluent discharges into water courses according to the National Norms and standards is monitored. Vigilant and continuous monitoring of food outlets, events caterers has resulted in positive outcomes as no food poisoning cases were reported. Health education awareness continues to be intensified focusing on poor communities in high risk areas by means of disease profiling. Our health education component has always played a pivotal role in sensitizing the disadvantaged communities on communicable diseases water and sanitation, chemical safety etc.

## 3.11 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION; ETC

### INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENSING AND INSPECTIONS, ETC

The provision of safe foods and food products from the point of handling, storage, transportation and preparation has constantly improved which could largely be attributed to food safety and control in terms of Regulation R962. Informal and formal food outlets, events caterers are vigilantly monitored to ensure compliance. Intersectoral collaboration with Provincial and other stakeholders has resulted in desired outcomes as all imported foods including sea foods are inspected at district level. The District also participates in Provincial Food Runs where food products are Bacteriologically analyzed. Unsound food are detained and condemned.

### SERVICE STATISTICS FOR HEALTH INSPECTION

OBJECTIVE	TARGETS	ACTUAL
Water quality monitoring	800	1010
Sanitation compliance	10	50
Workshops, awareness and campaign sessions	16	473
National /Provincial Food Run	2	2
Food handlers education workshops sessions	8	71
Food Premises monitoring	320	796
Pauper burials	100%	100%
Building Plans	100%	100%
Health compliance non- food premises	320	705
Communicable diseases	100%	100%

Table 3.19.2

Health Inspection and Etc Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2		Year 3
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
<b>Water quality monitoring</b>	No. of samples tested	400	381	400	800	1010	1000	1000	1010
<b>Food safety</b>	No of food premises inspected	160	203	160	320	796	320	320	350
Food handlers workshop	No of food handlers workshop conducted	4	4	4	8	71	16	16	18
Sanitation compliance	No of projects attended for compliance	16	16	16	10	50	10	10	12

Table 3.19.3

## PERFORMANCE OF HEALTH INSPECTIONS OVERALL

Generally all objectives in terms of inspections conducted were achieved

## 3.11 DISASTER MANAGEMENT

### OVERVIEW OF DISASTER MANAGEMENT

The Disaster Management function within the district is coordinated in partnership with the six Local Municipalities, namely: Umdoni, Ezingoleni, Umzombe, Vulamehlo, Hibiscus Coast and Umuziwabantu.

The area covered by the District Municipality is 5046 km<sup>2</sup> and includes a coastline of some 112 kilometers with 42 estuaries. The topography of the district is severe, characterised by extensive river gorges and hilly areas. These characteristics make the development of infrastructure difficult and costly as well as making rescue operations difficult in the event of an emergency.

The District currently promotes an integrated and multi-disciplinary approach to disaster management in the municipal area and also facilitates disaster management planning activities and the implementation of disaster risk reduction and preparedness programmes with special emphasis on prevention and mitigation.

#### DISASTER MANAGEMENT PRIORITIES

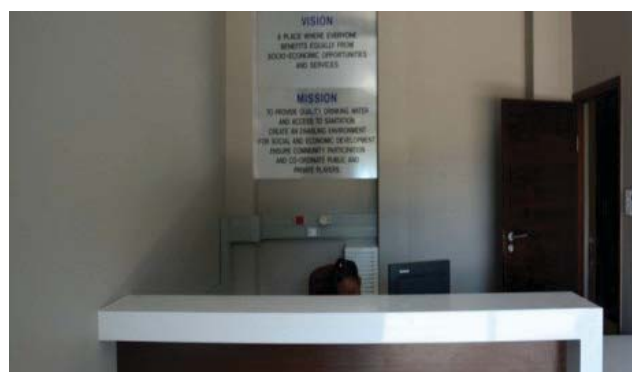
- Establishment of the New District Disaster Management Centre
- Institutional Capacity in Disaster Management & Fire Service within both District and Local Municipalities.
- Risk Assessment and Risk Reduction

#### Status of the Disaster Management Centre

The District established a Disaster Management Centre in 2005, which specialises in issues concerning disasters and disaster management. The centre is promoting an integrated and coordinated approach to disaster management, with special emphasis on prevention and mitigation, by the department and other internal units within the administration of the District and Local Municipalities.

With the support from the Provincial Disaster Management Centre, the District has managed to complete Phase 1 of the construction of the District Disaster Management Centre which was completed in April 2015

The satellite centre is situated in Umzinto area and functioning very well. It also provides support to the nearby Local Municipalities which are Umzombe and Vulamehlo. The satellite centre is also utilized as a training centre for fire fighters and volunteers.



### Details of the Current DM-Centre:

- The centre is located at R102 Ext 2, Marburg in the Hibiscus Coast municipal area
- The centre has two floors with 8 offices, kitchen, boardroom that can accommodate 50pp, reception area, camera room, server room and control room.
- We are currently using four (4) lockable stalls located at the Ugu Fresh Produce Market for stock keeping.

### Operational Functions

The Disaster Management is placed under the Portfolio Committee on Sound Governance and Human Resources, where the committee takes decisions and further makes recommendations to the Executive Committee and Council.

### District Disaster Management Advisory Forum (DDMAF)

The District Disaster Management Advisory Forum is fully operational and was formed in terms of the Disaster Management Act No. 57 of 2002, Section 51 coupled with Section 42, which require the municipality to establish a multi-disciplinary structure consisting of representatives from the District Municipality, all Category B municipalities within the district, provincial departments who have a role to play in disaster management and have district offices within the area, senior representatives of national departments within the area and other role-players i.e. NGOs in the district.

The Forum is being utilised as “a body in which a municipality and relevant disaster management role players in the municipality consult one another and coordinate their actions on matters relating to disaster management.” The Forum meets at least four times per annum. All 6 Local Municipalities also have their Local Disaster Management Advisory Forum.

### District Practitioners Forum Meetings

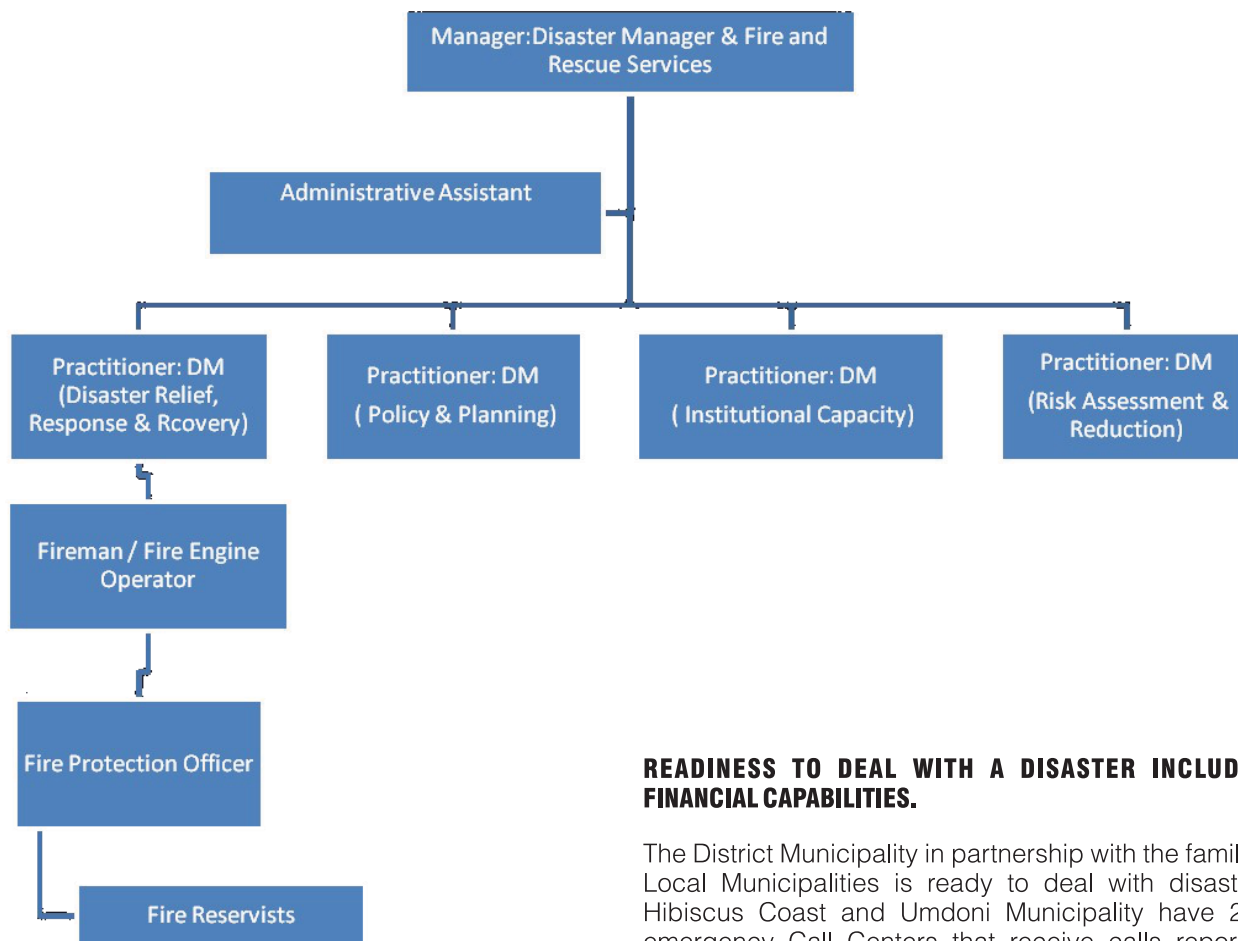
The District together with Cogta Support Team as well as the Local Municipalities convenes the District Disaster Management Practitioners Meetings. The Practitioners' Forum is a platform planning group with the main objective being the coordination of the daily operations of disaster risk management. This group allows the municipalities to engage with one another and share their experiences, lessons learnt and planning exercise. At the same time it enables the district to coordinate the functions and operations on a district level to ensure that there is no duplication of activities and all aspects of disaster management are dealt with by a responsible authority.

The District Practitioners Forum meetings are convened bi - monthly at the Disaster Management Centre where all Local Municipality Practitioners participate and report on Disaster Management programs and projects.



*District Practitioners Meetings*

## DISASTER MANAGEMENT INSTITUTIONAL CAPACITY



In terms of personnel, the current structure is as follows:

- Manager Disaster Management
- 2 x Disaster Management Practitioners (2 Vacant)
- 1 x General Assistant
- 1 x Fire Engine Operator
- 6 x Trainee Fire Fighters
- 3 x Cogta Support Team members

### STATUS OF DISASTER MANAGEMENT POLICIES

The District has the following adopted plans in place:-

- District Disaster management Plan
- Disaster Management Sector Plan
- A Policy Framework for Disaster Risk Management
- Disaster Management Bylaw
- Fire and Rescue Bylaw

The District Fire and Rescue Bylaw, Disaster Management Bylaws were developed and adopted by Council. The bylaws were published in the Provincial Extra Ordinary Gazette. The district further supports the local municipalities with the development of their disaster management plans and these have been completed in all six Lms.

### READINESS TO DEAL WITH A DISASTER INCLUDING FINANCIAL CAPABILITIES.

The District Municipality in partnership with the family of Local Municipalities is ready to deal with disasters. Hibiscus Coast and Umdoni Municipality have 24hr emergency Call Centers that receive calls reporting emergency incidents. The Call Centres also support the other local municipalities who do not have Call Centers by recording incidents reported and allow for the necessary response. The Control Centers are operating on a shift system, with two controllers on each shift. Each local municipality has one or two staff members dedicated to disaster management duties and available for 24 hours.

### STATUS OF DISASTER RISK ASSESSMENTS UNDERTAKEN

Ward Based Risks Assessments and prioritization were conducted in all six local municipalities within the District. In order to address the IDP objective on mitigation against disasters, Ugu District Municipality adopted a strategy on municipal ward based risk assessment which resulted into prioritisation and implementation of the project on hazard identification and risk prioritisation. The Ugu family of Municipalities working with communities of Ugu has identified below listed risks and prioritised them accordingly. Emanating from these risks, projects towards mitigating same were identified and integrated into the IDP.

The Disaster Management Ward Based Risk Assessment and the Risks prioritized per ward within 6 LMs in Ugu District.



# Chapter 3

## SERVICE DELIVERY PERFORMANCE

### RISK PROFILE PER LOCAL MUNICIPALITY

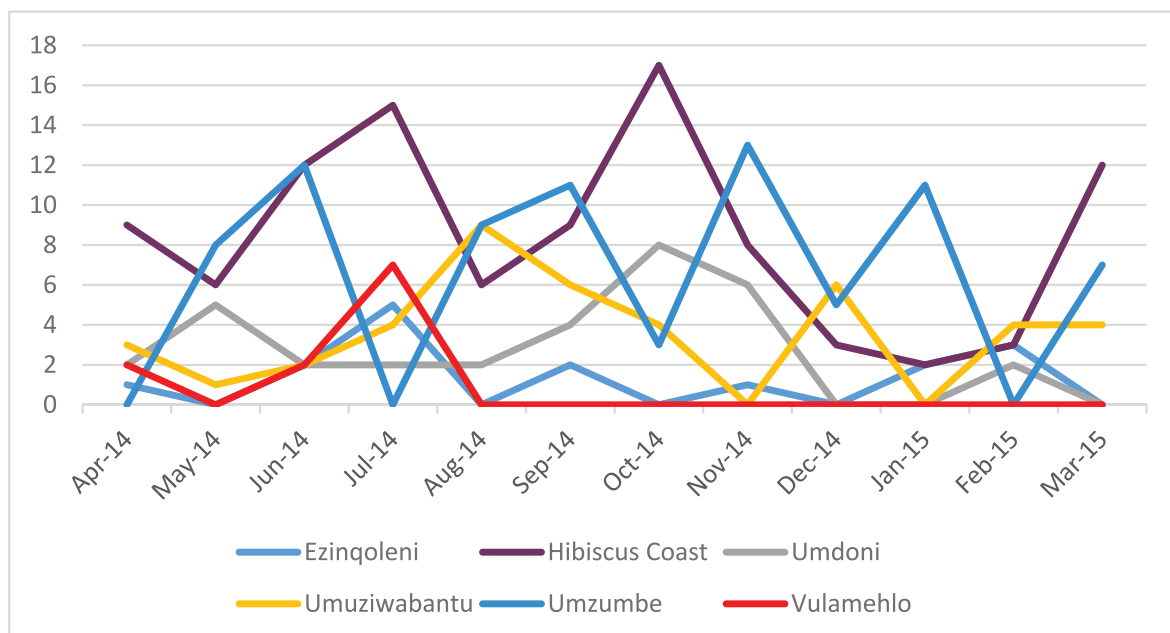
Ugu	Ezingqoleni	Umdoni	Hibiscus Coast	Umuziwabantu	Umzumbe	Vulamehlo
	Fire(Veld/Structural)	Drought	Fire (Veld/Structural)	Fire (Veld/Structural)	Fire (Veld/Structural)	Fire (Veld/Structural)
	Drought	Fires	Floods	Drought	Drought	Drought
	Water Pollution	Floods	Drought	Floods	Floods	Floods
	Human diseases	Cholera	Hail Storms	Lightning/Thunderstorms	Lightning/Thunderstorms	Cholera
	Floods	Water pollution	Tidal Wave	Air pollution	Deforestation	Lightning/Thunderstorms
	Lightning/Thunderstorms	Strong Winds	Illegal Connection	Hazmat	Hazmat	Wild Pigs
	Illegal Connections	Rabies	Strong Winds	Water pollution	Waste management	Rabies
	Air Pollution	Tidal waves	Lightning/Thunderstorms	Wind storm	Human diseases	Severe storm
	Wild Pigs	Severe storms	Water pollution	Human Diseases	Water pollution	Wind storm
	Hazmat	Air pollution	Land Degradation	Rabies	Severe storm	Water pollution

### INCIDENTS OCCURRED DURING THE YEAR

The district experienced the following incidents in 2014/15 financial year:

- Fires: structural
- Veld fires
- Heavy rains and
- Strong winds
- Drought
- Lightning

Month	Ezingqoleni	Hibiscus Coast	Umdoni	Umuziwabantu	Umzumbe	Vulamehlo
	Strong Winds –SW; Veld Fires – VF; Heavy Rains – HR; Lightning – L; Fire - F					
	SW, VF,SF,L	L,SF,HR,SW	F, SF	F,SW,L	L,SF,HR	F,SW,HR
Apr-14	1	9	2	3	0	2
May-14	0	6	5	1	8	0
Jun-14	2	12	2	2	12	2
Jul-14	5	15	2	4	0	7
Aug-14	0	6	2	9	9	0
Sep-14	2	9	4	6	11	0
Oct-14	0	17	8	4	3	0
Nov-14	1	8	6	0	13	0
Dec-14	0	3	0	6	5	0
Jan-15	2	2	0	0	11	0
Feb-15	3	3	2	4	0	0
Mar-15	0	12	0	4	7	0
TOTAL	15	102	33	43	79	11



## 9. DISTRICT FIRE SERVICES



The District identified and prioritized four (4) Local Municipalities within the District to be assisted with Fire fighting shared services namely:

- Umuziwabantu LM
- Ezingolani LM
- Umzumbe LM and
- Vulamehlo LM

Each Local Municipality was allocated a fire truck (except Umuziwabantu) and a total funding of R317 162.50 was allocated per Local Municipality which was utilized towards the purchase the necessary fire equipment, protective clothing and also for the appointment of a minimum of four (4) Trainee Fire Fighters per Local Municipality.

The district municipality is currently in the process of establishing a fully functional Fire and Rescue Unit. These are the approved positions in line with the organogram:

- Fire Engine Operator
- Fire Protection Officer
- Reservists

The position of the Fire Engine Operator has been filled in line with the approved organogram. The District has further proposed District's Reservist who will be supporting the District Fire Team and also serving as a backup to Local Municipalities. The district has seven (7)

trainee fire fighters who will also form part of the reservist. These trainees are currently undergoing extensive training which comprise of theory and practical.

### 10.1 Local Municipalities Fire Services

- The district further provided basic training for the fire fighter trainees at a local Level.
- The purpose of the training was to provide the new recruits with an insight of Fire and Disaster Management.
- The training provided included Basic Fire and Disaster Management training, Hazmat Awareness and Incident Management.
- The Provincial Disaster Management Centre supported the district in rolling out some of the trainings.

### CONCLUSION

The centre is there to give guidance in the municipal area to assess and prevent or reduce the risk of disasters. It is a legislative requirement for the centre to submit annual reports to the Municipal Council, the Provincial Disaster Management Centre, and the National Disaster Management Centre and to each Local Municipality in the area of the District Municipality.

The above is within the ambit of collaboration and cooperative governance as required by the Constitution of the Republic of South Africa and legislation regulating the local government dispensation.



Financial Performance 2014/2015 : Disaster Management R'000					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		5891	11288	7277	19%
Expenditure:					
Employees		0	0	0	0
Repairs and Maintenance		0	0	0	0
Other		5523	5674	3323	-66%
<b>Total Operational Expenditure</b>	0	5523	5674	3323	-66%
<b>Net Operational Expenditure</b>	0	-368	-5614	-3954	91%

Table 3.22.5

## COMPONENT H: SPORT AND RECREATION

### Service Statistics for Sport and Recreation

Sports and Recreation is not a function of the district municipality however the district municipality co-ordinates participation of local municipalities and district players in some sport events such as Salga Games, Golden Games and Employee wellness games which are conducted at least once a year.

In addition, the district municipality owns Ugu Sports and Leisure Centre where sport games are held by the public and other sectors including the public and private sectors. The sport centre has a number of sportfields for various sporting codes, ranging from soccer, netball etc.

### 3.12 SPORT AND RECREATION

#### Service Statistics for Sport and Recreation

UGU SPORTS AND LEISURE 2014/2015		
MONTH	SPORT CODE	NUMBER OF GAMES
Jul-14	Net Ball, indoor, Net Ball Court All Field A & Field B	24
Aug-14	Volley Ball , Indoor Hall, Morabarab ,net ball, Field A, Field C, Field B & Suite 2	29
Sep-14	Doctor's Room, Volley Ball, Field A, Field B , Indoor Hall & Suite 1	25
Oct-14	No sport	0
Nov-14	Net Ball, Volley Ball, indoor, Net Ball Court All Field A & Field B	14
Dec-14	Field A, Field B, Volley Ball court & Net Ball Court	10
Jan-15	No Sport	0
Feb-15	VIP Suit. Field A, Field B	3
Mar-15	Net Ball, Doctor's Room, indoor, Net Ball Court 4, Field A & Field B	22
Apr-15	Net Ball, Doctor's Room, indoor, Net Ball Court 4 ,Field A & Field B	36
May-15	No Sport	0
Jun-15	No sport	0

Table 3.23.2

Employees: Sport and Recreation					
Job Level	2013/2014	2014/2015			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
0 - 3	0	1	1	0	0%
4 - 6	1	0	0	0	0%
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0%</b>

Table 3.23.3

Financial Performance Year 0: Sport and Recreation R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		600	360	309	-94%
<b>Expenditure:</b>					
Employees			119	120	100%
Repairs and Maintenance			290	289	100%
Other		3672	1028	76805	95%
<b>Total Operational Expenditure</b>	0	3672	1437	77214	95%
<b>Net Operational Expenditure</b>	0	3072	1077	76905	96%

Table 3.23.4

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.13 EXECUTIVE AND COUNCIL

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

Every municipal council has the right to determine its internal procedures; this right is protected by S160 of the Constitution, which allows the municipal council to decide how to structure the internal operations of the municipality and what mandate or area of responsibility it assigns to political structures, office-bearers and the Municipal Manager.

This right is coupled with an obligation in the Municipal Systems Act 32 of 2000, which instructs each municipality to define the roles and areas of responsibility of political office-bearers and political structures and this definition process is one which is done through the terms of reference. The terms of reference will seek to precisely outline the roles and responsibilities identified in legislation of the councillors, political structures and officials in a municipality.

The Purpose of the Executive Committee is that the council is responsible for all the decisions of a municipality but it may delegate specific functions to committees as provided for in Part 5: Section 79 of the Municipal Structures Act, 1998. The Executive Committee exercises oversight responsibilities in respect of the day to day activities of Council.

The council is responsible for all the decisions of a municipality but it may delegate specific functions to

committees as provided for in Part 5: Section 79 of the Municipal Structures Act, 1998. The object of the Council Committee is to perform the following functions:

- Formulating and developing legislation and policies pertaining to the functions of the administration;
- Provision of oversight in the implementation and monitoring of the approved legislations, by-laws, policies, municipal budget as well as the council strategic plans;
- Consider any report on legislation, policies (budget and integrated development planning included), and by-laws in regard to the administration;
- Ensure that the inputs from the communities and sector forums are given due consideration and are taken into account where applicable; and
- Obtain expert advice where deemed necessary.

For the Municipality to perform and implement resolutions taken by Council, the municipal manager was tasked with the responsibility of ensuring that capacity and availability of resources to enable such to happen.

Further the Executive and Council has placed Water, Sanitation and Environment as core priorities of the municipality. Apart from challenges experienced, the municipality has performed well in these areas.

#### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Please see the 2014/2015 annual performance report on 1.3

Financial Performance 2014/2015: The Executive and Council R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	7608	1184	1214	38471	97%
<b>Expenditure:</b>					
Employees	31194	24220	26269	22701	-7%
Repairs and Maintenance	0		0	0	0
Other	42419	19817	21846	16657	-19%
<b>Total Operational Expenditure</b>	73613	44037	48115	39358	-12%
<b>Net Operational Expenditure</b>	66005	42853	46901	887	-4731%

Table 3.24.5

#### COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

Performance has been measured against the 5 year targets set out in the council adopted IDP document for the provision of households with access to water, provision of households with access to sanitation, upgrade and repair of aging infrastructure, reduction of non-revenue water and the treatment and production of blue drop complaint water supply. These targets with emphasis on the provision with access to water and production of blue drop compliant water supply could not be attained due to limited budget. The municipality plans to review the targets within the affordable budget while meeting the required regulatory standards. The municipality prioritized the Mhlabatshane Bulk Scheme, the KwaXolo Water Supply, the Mathulini Water Supply, the Thoyane Water Supply and the uMzimkhulu Bulk Water Augmentation Scheme. An additional budget was incurred for uMzimkhulu Scheme was incurred due to poor performance of service provider affecting the performance of the project, this however has been rectified and the project is closely monitored to meet the revised targets.



### 3.14 FINANCIAL SERVICES

#### INTRODUCTION FINANCIAL SERVICES

The municipality implemented a debt collection strategy during the year under review whereby the consumers were offered a discount on payment of the old outstanding debt. This incentive encouraged consumers to settle their old outstanding debt and it produced positive results in terms of cash collection.

Debt Recovery R' 000							
Details of the types of account raised and recovered	2013/2014		2014/2015			2015/2016	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Service Charges	507 690 413	92%	487 600 595	487 600 595	92%	407861122	92%

Table 3.25.2

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
0 - 3		7	7	0	0
4 - 6		18	10	8	44.44
7 - 9		47	37	10	21.28
10 - 12		23	21	2	8.7
13 - 15		4	4	0	0
16 - 18		13	13	0	0
19 - 20		0	0	0	0
Total		112	92	20	

Table 3.25.4

Financial Performance 2014/2015: Financial Services R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	110495	139911	143697	140442	0%
Expenditure:					
Employees	16191	18025	19490	17530	-3%
Repairs and Maintenance	0		0	0	0
Other	22320	12017	12636	49967	76%
Total Operational Expenditure	38511	30042	32126	67497	55%
Net Operational Expenditure	-71984	-109869	-111571	-72945	-51%

Table 3.25.5

#### COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

There were no major capital projects under the Financial Services except for the ICT Network refreshments projects that were implemented in the reporting period. The management changed their decision to replace the computer desktops and laptops for staff and opted to leave these equipments.

80.44% of allocated capital expenditure was spent by the Finance and administration in the reporting period.

## 3.15 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources Management Services rendered by the Municipality aims to achieve the following:

- Attend to the human resources requirements of the various municipal departments
- Establish and maintain a working environment that encourages personal growth, development, enrichment and job satisfaction.
- Ensure that human resources policies and procedures are administered in such a way as to protect the interests of both the Municipality and its employees. To accomplish this purpose, professional support services are rendered in respect of the following functional areas:
  - Recruitment and selection
  - Induction of newly appointed staff
  - Personnel administration – administration of staff benefits and maintaining employee records
  - Maintaining and monitoring Conditions of Service in terms of the applicable legislation, Bargaining Council agreements and Council policies
  - Placement at the behest of the institution
  - Staff movement
- EHSW Unit ensures compliance with the Occupational Health and Safety Act 85 of 1993, and ensures employee wellness.
- General administration

Ugu District Municipality values all its employees and commits itself to promoting their wellbeing. It is therefore

the aim of the Employee Health, Safety and wellness Programme to improve the quality of life of all employees by providing support and helping to alleviate the impact of everyday work and personal and family problems. It is therefore intended, that, with this Employee Health, safety and Wellness Strategy that the Municipality will be effective in providing employees with a programme that provides innovative methods of managing performance related problems.

The explicit aim of the EHSW Strategy is to improve the quality of life of all employees by providing support and helping to alleviate the impact of everyday work and personal and family problems. EHSW Strategy offers new and exciting prospects to assist in the well being of employees while at the same time increasing the effectiveness of the Organisation. Participation in the programme is voluntary and will not jeopardise job security. The programme does not intend to interfere with workers' private lives; however when a member does not perform according to the standard expected, management has a right to intervene.

The programme is a cost free worksite based programme providing confidential and professional assistance to employees of UGU District Municipality employees. EHSW Strategy does not replace any existing procedures, but provides innovative methods of managing performance related problems.

### Service Statistics For Human Resource Services

Employees: Human Resource Services				
Job Level	2014/2015			
	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
0 - 3	1	1	0	0
4 - 6	11	6	5	45
7 - 9	6	6	0	0
10 - 12	5	3	2	40
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>24</b>	<b>17</b>	<b>7</b>	

Table 3.26.4

Financial Performance 2014/2015: Human Resource Services R'000				
Details	2014/2015			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	3	123	23833	100%
Expenditure:				
Employees	10326	9850	10416	1%
Repairs and Maintenance		0	0	0
Other	15488	16577	13424	-15%
<b>Total Operational Expenditure</b>	<b>25814</b>	<b>26427</b>	<b>23840</b>	<b>-8%</b>
<b>Net Operational Expenditure</b>	<b>25811</b>	<b>26304</b>	<b>7</b>	<b>-368629%</b>

Table 3.26.5

## 3.16 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Municipality remains committed to providing a reliable and sustainable ICT environment that supports its goals and objectives, as defined in the Integrated Development Plan and ICT Strategy.

#### SERVICE STATISTICS FOR ICT SERVICES

ICT services can be classified into three categories: Application Development; Technical Services; and Enterprise Programmes.

- In terms of Application Development, application programmes are provided to suit the user requirements and ensuring that these application programmes assist users in achieving their specific objectives as set out in the IDP, harmoniously, efficiently and timeously. Multiple business unit use of single application programmes is being prioritized to ensure the best return on investment to the Municipality and uniformity.
- In terms of Technical Services, the hardware and network infrastructure that enables all departments to electronically communicate both internally and externally, are provided and maintained by ICT services.
- In terms of Enterprise Programmes, all new requirements identified by the various departments within the Municipality are researched and developed, in conjunction with Application Development and Technical Services functions and existing applications maintained and managed.

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

During the 2014/15 financial year, priority projects that were included in the IDP and monitored through the financial year were;

- Upgrade of wireless infrastructure. This project will be completed and implemented during the 2015/16 financial year, however all processes and research was completed during the 2014/15 financial year to ensure that the Municipality had a long term sustainable network solution.
- Upgrade of Desktops and Laptops of officials of the Municipality. This project will be completed and implemented during the 2015/16 financial year and during the 2014/15 financial year; all processes were developed towards the advertisement of leasing this equipment. A business decision was made wherein all personal computer equipment of users be leased for a period of 36 months which ensures that users have relatively current hardware to perform their duties with.
- Upgrade of Server infrastructure was completed for 6 servers during this financial year.
- Key policy reviews were done, including the ICT Security, User Management, Hardware & Software, Internet & E-mail user, Disaster & Recovery Policies.

Employees: ICT Services					
Job Level	2013/2014	2014/2015			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
0 - 3		1	1	0	0
4 - 6		5	3	2	40
7 - 9		5	3	2	40
10 - 12		0	0	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total		11	7	4	

Table 3.27.4

Financial Performance 2014/2015: ICT Services R'000					
Details	2013/2014	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		6	184	35752	100%
Expenditure:					
Employees		15488	14776	15623	1%
Repairs and Maintenance			1883	2466	100%
Other		23232	22982	18086	-28%
<b>Total Operational Expenditure</b>	0	38720	39641	36175	-7%
<b>Net Operational Expenditure</b>	0	38714	39457	423	-9052%

Table 3.27.5

Capital Expenditure 2014/2015: ICT Services R' 000					
Capital Projects	2014/2015				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	24990	7652	1700	-1370%	
AX and RMS Projects	4738	1490	300	-1479%	280
Networks Infrastructure Refresh	7257	2386	600	-1110%	150
New Laptops and PC's	1100			0	320
Server Infrastructure Refresh	11895	3776	800	-1387%	90

Table 3.27.6

## ICT Overall Performance

Two major ICT investment projects that municipality embarked on in the 2014/2015 financial year are as follows:

- Microsoft enterprise agreement - the municipality signed a Microsoft enterprise licensing agreement through SITA for a period of three years ending in 2015/2016. This agreement has ensured that the municipality is covered for the three years with regards to Microsoft licensing. It also came with many technological benefits that the ICT section can and has taken advantage of to improve its infrastructure and services to the municipality. One of those benefits was the free consulting hours with experts in the IT industry as well as free training using the agreement's voucher system.
- Central data centre infrastructure upgrade - ICT embarked on a project to replace its ageing data centre infrastructure for its central data centre at the main office. The project involved a redesign of the data centre and that it took longer than expected as it required extensive planning and consulting experts. This delayed the project a lot and the capital budget ended up being cut for fear that it wouldn't be spent in full by the end of the financial year. So, with what was left, ICT used the SITA tender 153 to procure the required equipment and rescheduled the implementation part to the following financial year.
- There were no capital budget variations in the financial year concerned. There was some additional funding that was requested and granted on the operating budget during the mid-term budget adjustment. The budget was used for Human resources and infrastructure capacity upgrade.

## 3.17 PROPERTY: LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

### INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This is not applicable to Ugu District Municipality as it applies at a local municipality.



## COMPONENT J: MISCELLANEOUS

### INTRODUCTION TO MISCELLANEOUS

The required information under this component is not applicable to the financial year of 2014/15 and therefore there is no data to report

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## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Ugu District Municipality broke down the organisational scorecard into departmental scorecards for ease of performance monitoring and review. The Mayor approved the 2014/2015 departmental scorecard on 27 June 2013. The scorecards were then advertised for 21 days. The municipal quarterly performance reviews for 2014/2015 were done using the scorecards. Performance plans for S57 employees were also done in alignment with the departmental scorecards.

The 2014/2015 departmental scorecards were reviewed during the 2014/2015 midyear review and were adopted by Council on 28 February 2015.

## CHAPTER 4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

### INTRODUCTION

The Municipality initiated the process of an organisational review during the financial year 2014/15. This process was time consuming and ensured full consideration of each functional unit and department and was discussed in a number of meeting sessions prior to finalisation.

At this stage the reviewed organisational structure is pending Council's adoption. The Organisational Development is a key transformation agent dealing with the structure of the Municipality to ensure that it remains aligned to its strategy, job evaluation process and change management philosophy.

## 4.1 INTRODUCTION TO THE MUNICIPAL PERSONNEL

### EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2013/14	2014/15			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Corporate Services	61	101	70	18	25.7
IED	35	42	37	7	18.9
Municipal Manager's Office	45	84	42	8	19
Treasury	116	112	89	30	33.7
Water Services	605	672	621	131	21
<b>Totals</b>	<b>862</b>	<b>1011</b>	<b>859</b>	<b>194</b>	<b>22.5</b>

Table 4.1.1

Vacancy Rate: Year 2014/15			
Designations	*Total Approved Posts No.	*Vacancies No. (Total time that vacancies exist using fulltime equivalents)	*Vacancies % (as a proportion of total posts in each category)
Municipal Manager	0	0	0
CFO	0	0	0
Other S56 Managers (excluding Finance Posts)	0	0	0
Other S54 Managers (Finance posts)	0	0	0
Senior management: Levels 2-4 (excluding Finance Posts)	67	9	13.4
Senior management: Levels 2-4 (Finance posts)	9	1	11.1
Highly skilled supervision: levels 5-9 (excluding Finance posts)	134	70	52.2
Highly skilled supervision: levels 5-9 (Finance posts)	59	18	30.5
<b>Total</b>	<b>275</b>	<b>98</b>	<b>35.6</b>

Table 4.1.2

Turn-over Rate 2014/2015			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2013/2014	104	76	4.80%
2014/2015	97	72	1.90%

Table 4.1.3

The municipality has made enormous progress on filling critical posts. All S54 and 56 posts have been filled except for the position of a Deputy Municipal Manager, which is not filled due to financial constraints. Every year the municipality embarks on a process of reviewing the organogram and identifies posts to be funded during that year on the bases of criticality. All budgeted posts are filled with priority being placed on internal staff members on merit.

# COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

## INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998. Workforce management is a core function of each Manager in the Municipality. In order to ensure reasonable standardisation and consistency in the handling of the workforce, staff policies, procedures and conditions of service are developed at central level and are then implemented by line management. Conditions of service of Senior Management are based up on the regulations promulgated by the Minister of Cooperative Governance and approved by Council.

Conditions of staff below senior management level are negotiated at central level by the National and Provincial divisions of the South African Local Bargaining Council (SALGBC) and, where relevant, at a local level between management and the representative unions SAMWU and IMATU. A wide range of policies, procedures and directives are approved by relevant approval authorities after due consultation with stakeholders such as Council, Local Labour Forum and Management. These policies, procedures and directives are then circulated to all staff for implementation and compliance. Policies, procedures and directives are revised as the need arises.

## 4.2 POLICIES

HR Policies and Plans 2014/2015				
	Name of Policy	Completed %	Reviewed %	Date adopted by council
1	Recruitment and Selection Policy	-	100%	30-May- 15
2	Acting and Acting Allowance Policy	-	100%	30-May-14
3	Leave Regulations Policy	-	100%	30-May-14
4	Bonus Policy	-	100%	30-May-14
5	Car Allowance Policy	-	100%	30-May-14
6	Employment Equity Policy	-	100%	30-May-14
7	Bursary Policy	-	100%	30-May-14
8	Internship Policy	-	100%	30-May-14
9	Disciplinary Procedure and Code	100%	-	30-May-14
10	Gifts, favours and rewards Policy	100%	-	30-May-14
11	In service training policy	-	100%	30-May-14
12	S & T Policy	-	100%	30-May-14
13	<b>Human Resource Policy and Procedures Manual:</b>			
	- Human Resources Framework			
	- Organisational Design			
	- Recruitment, Selection, Appointment, Promotion, Transfer, Secondment			
	- Employment Remuneration			
	- Allowances			
	- Hours of work and attendance			
	- Leave Management			
	- Relocation Expenses for newly appointed staff			
	- Occupational Health & Safety and Employment Wellness			
	- Legal Aid to Employment			
	- Conditions of permission to private work			
	- Human Resource Development			
	- Staff Retention, succession planning and Performance Management			
	Labour Relations			

Table 4.3.2

### COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The Municipality has developed a well – developed staff policy framework. The Human Resources Policies and Procedures Manual which has been finalised will close a major gap which exists in the organisation, where there are no clear procedures to follow.

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty 2014/2015					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion of employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	21	0	0	WCL - Payment
Temporary total disablement	35	11	1%	3.18	-
Permanent disablement (medical boarding sick leave)	0	0	0	0	-
Fatal	0	0	0	0	-
<b>Total</b>	<b>35</b>	<b>32</b>	<b>1%</b>	<b>3.18</b>	Fund Payment not known

Table 4.3.1

There were no permanent disablements and fatalities during this 2014/2015 Financial Year.

Number of days and Cost of Sick Leave (excluding injuries on duty) 2014/2015						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 18-16)	985	70%	147	296	3.32	352 779.21
Skilled (Levels 15-13)	474	32%	150	245	1.93	218656.81
Highly skilled production (levels 12-9)	311	57%	89	176	1.76	256802.23
Highly skilled supervision (levels 8-6)	289	35%	72	102	2.83	363566.24
Senior management (Levels 5-3)	128	17%	13	22	5.81	245301.95
MM and S57	14	29%	4	5	2.8	55191.62
<b>Total</b>	<b>2201</b>		<b>475</b>	<b>846</b>		<b>1492298.06</b>

Table 4.3.2

## COMMENT ON INJURY AND SICK LEAVE

### Occupational Health; Safety and Wellness

The Ugu District Municipality, the District Councillors, the Municipal manager and the Business Unit Managers acknowledge the moral, legal and financial responsibility to protect and safeguard our employees and other persons affected by our activities, against occupational risk to their health or safety arising from any of the operations associated with the business of the Ugu District Municipality.

The Ugu District Municipality, the District Councillors, the Municipal manager and the Business Unit Managers commit the required resources to the development and continuous improvement of an occupational safety and health management programme.

All employees must, at all times, comply with the health and safety provisions. It is an inherent part of every employee's job to eliminate unsafe conditions and acts.

The Ugu District Municipality expects management and employees to ensure, at all times, that safe working conditions are maintained and the goal of eliminating all accidents and occupational disease at the workplace.

### Principles

All managers and employees of the Ugu District Municipality, including Contractors and Visitors have a shared responsibility for contributing to the health and safety of all persons in the workplace. The promotion and maintenance of occupational health and safety, and the dissemination of occupational health and safety information is primarily the responsibility of management. Management at all levels, in consultation with employees, have the responsibility for developing, implementing and keeping under review the Municipality's Occupational Health and Safety programme.

### Objectives:

The SHE policy provides the framework for:

- The development of safe methods of work;
- The achievement of a safe working environment;
- The promotion of good health within the workforce;
- Reducing the number and severity of injuries in the workplace;
- Complying with all relevant Acts, Regulations, Standards and Codes of Practice.



### RISK MANAGEMENT

- The Municipality will establish and maintain a documented occupational health and safety system with procedures for identifying, assessing and controlling workplace hazards.

#### Consultation

- An Occupational Health and Safety Committee comprising of employee and management representatives will be maintained to provide an effective consultative mechanism. Employees are able to provide input into the occupational health and safety policy and programme. Management representatives who have the necessary power to authorize committee recommendations have been appointed to the Committee.
- Management will consult with contractors when planning the work to determine the most effective means of ensuring both parties fulfill their Occupational Health and Safety responsibilities.

#### Occupational Health and Safety Plan

- In order to implement the general provisions of the SHE policy an annual Occupational and safety Plan will be developed and implemented.

### RESPONSIBILITIES

#### Municipal Manager

- The Municipal Manager is accountable for ensuring that all legal Occupational Health and Safety responsibilities are fulfilled. Therefore, the Municipal Manager must ensure that sufficient Occupational Health and Safety resources are made available in all business operations, financial forecasts and budgets, and performance measurement and management systems. Occupational Health and Safety is an integral part of every operation and activity.

#### General Managers

- The responsibilities of managing the Occupational Health and Safety programme can be delegated to a person/s appointed by the Municipal Manager to co-ordinate the OH&S Programme in terms of Section 16(2) of the OHS Act 85 of 1993, without absolving the Municipal Manager of his/her responsibilities and accountability for overall OH&S compliance.
- The appointee/s will ensure total compliance with the Occupational Health and Safety Legislation by all parties in his/her control – Employers, Employees, Committee, Contractors, Visitors, the public/community, Suppliers, Installers, and Distributors.
- Implementation of this policy and the associated programme activities will be evaluated as part of the Performance Contract.

#### Senior Managers & Managers

- Each Manager is required to ensure that this policy and the Occupational Health and Safety Programme are developed and effectively implemented in areas under their control, and to support Supervisors and hold them accountable for their specific responsibilities.
- Implementation of this policy and the associated programme activities will be evaluated as part of the Performance Management System.
- Implementation of the Municipality's Occupational Health and Safety Risk Management procedures shall be a primary responsibility for managers in each area.

#### Supervisors

- Each first line Supervisor is responsible, and will be responsible, for taking all practical measures to ensure that the workplace under their control is safe and without risks to health, and that the behavior of all persons in the workplace is safe and without risk to health.
- The Supervisor will be held responsible for detecting any unsafe or unhealthy conditions or behavior. If Supervisors do not have the necessary authority to fix a problem, they will be responsible for reporting the matter promptly, together with any recommendations for remedial action to a Manager with the necessary authority to effect a remedy.

#### Employees

- All employees are required to comply with the Occupational Health and Safety Policy and Programme to ensure their own health and safety and the health and safety of others in the workplace.
- All Employees will carry out their work according to the safe systems of work, use personal protective equipment (PPE) provided and use all plant, materials, tools and substances in the manner for which they are intended.

#### Contractors, Sub-Contractors and Visitors

- All visitors, contractors and sub-contractors engaged to perform work on Municipal premises or locations are required, as part of their contract, to comply with the Municipality's Occupational Health and Safety Policies, procedures and programmes and to observe directions on health and safety from designated officers of the Ugu District Municipality.
- Failure to comply or observe a direction will be considered a breach of the contract and sufficient grounds for termination of the contract.

#### Awareness Campaigns

This is an ongoing commitment to ensure employees are informed and updated on workplace risks, legal compliance and safe working procedures.

### Workplace incidents and accidents

The Occupational Health and Safety Act (OHS Act) is minimum standard legislation providing among others for the health and safety of persons at work, and for the health and safety of persons in connection with the use of plant and machinery. The Act could be described as a pro-active attempt by government to avoid or prevent work related incidents, illness and diseases. Unfortunately due to a number of reasons work related incidents may still occur. The reporting; recording and investigation of work related incidents are therefore strictly regulated, and should form an essential part of any occupational health and safety program.

We will be focusing on the prescriptions of the OHS Act that relate to the "reporting of work related incidents".

Firstly we need to have a closer look at the term "incident". Section 24(1) stipulates that certain types of incidents, occurring at work or arising out of or in connection with the activities of persons at work, or in connection with the use of plant or machinery, in which persons are involved must be reported to the provincial director.

Reportable incidents include events where any person:

- dies;
- becomes unconscious;
- suffers the loss of a limb or part of a limb; or
- is otherwise injured or becomes ill to such a degree that he is likely either to die; or
- suffer a permanent physical defect; or
- is likely to be unable for a period of at least 14 days either to work or to continue with the activity for which he was employed or is usually employed.

In terms of Section 24(a), of the Occupational Health and Safety Act. Section 24(1)(b) similarly provides for the compulsive reporting of any major incident that occurred. That is an occurrence of catastrophic proportions, resulting from the use of plant or machinery, or from activities at a work place.

In terms of Section 24(b), of the Occupational Health and Safety Act

According to subsection ©, the following incidents endangering the health and safety of any person must also be reported to an inspector:

- where a dangerous substance was spilled;
- where the uncontrolled release of any substance under pressure took place;
- where machinery or any part thereof fractured or failed resulting in flying, falling or uncontrolled moving objects; or
- where machinery ran out of control.

In terms of Section 24©, of the Occupational Health and Safety Act

General Administrative Regulation 8(3) similarly stipulates that whenever an incident arising out of or in connection with the activities of persons at work occur to persons other than employees, the employer must notify the provincial director of the occurrence.

The last mentioned report must contain the following information:

- a) The name of the injured person;
- b) The address of the injured person;
- c) The name of the user, employer or self-employed person;
- d) The address of the user, employer or self-employed person;
- e) The telephone number of the user, employer or self-employed person;
- f) The name of a contact person;
- g) The details of the incident:
  - i) What happened?
  - ii) Where it happened (place);
  - iii) When it happened (date and time);
  - iv) How it happened;
  - v) Why it happened; and
- h) The names of witnesses.

In terms of Section GAR 8(3) of the Occupational Health and Safety Act. We also need to look at the reporting of workplace incidents where machinery is involved.

According to regulation 7 of the General Machinery Regulations, the following incidents involving machinery must be reported to an inspector:

- Where machinery ran out of control as a result of the failure of a control or safety equipment and could have caused an injury to a person who had been conveyed on or in such machinery or had been in the vicinity thereof; or
- The fracture or failure of any part of machinery in which gas is under pressure resulted in the sudden release of such gas.

# SCHEDULE OF INJURIES ON DUTY

**REPORT FROM: 1 July 2014 to 30 June 2015**

Employment. No.	Department	Date & Time of Incident	Ceased Duties	Resumed Duties	Working Days Off	Injury & Short Description of Incident
07/00729	Water Services	17 December 2014 – 11h30	17-Dec-14	17-Dec-14	03 Days	(b) eyes)– whilst Refilling the pipe, it moved from position and the chemical splashed his (b) eyes
96/00201	Corporate Services	10 November 2014 – 12h30	12-Nov-14	13-Nov-14	01 Day	(b) wrists– whilst walking to the parking lot, slipped and fell
08/00955	Special Programmes	30-Sep-14	30-Sep-14	4-Oct-14	03 Days	Closed wound - Fell
10/01204	Water Services	28 April 2015 – 09h30	Did not cease work	28-Apr-15	0 Days	Multiple injuries - MVA
10/01129	Water Services	15 April 2015 – 12h30	15-Apr-15	20-Apr-15	5 Days	Swollen (l) knee– MVA
00/00273	Water Services	19 February 2015 – 17h45	19-Oct-15	23-Feb-15	04 Days	Laceration above (L) eye - MVA
10/01202	Water Services	28 November 2015 – 15h55	Did not cease work	Did not cease work	0 Days	(R ) upper limb , tenderness and fractures - MVA
02/00357	Water Services	15-Jul-14	15-Jul-14	31-Jul-14	16 Days	Twist (RT) ankle – slipped & fell
		14h00	12h00	12h00		
		9-Feb-15	12-Feb-15	12-Feb-15	03 Days	Head & Neck Injury - MVA
		12h00				
06/00673	Water Services	19-Mar-15	19-Mar-15	21-Mar-15	02 Days	Soft Tissue Injuries (L) Knee- Slipped and fell into a man hole
		19h45				
07/00756	Water Services	20-May-15	20-May-15	27-May-15	07 Days	Injury (L) Leg, Hip, Knee & Foot – Ladder slipped & fell 3.5 m
		13h30				
08/00830	Corporate Services	28-May-15	28-May-15	29-May-15	01 Days	Soft Tissue & Laceration (B) Legs & Knees – Slipped & Fell
		12h40				
91/00119	Water Services	31-May-15	31-May-15	Did not cease work	0 Days	Tenderness –Chamber closed itself and clamped him.
		13h00				
03/00463	Water Services	18-Jun-15	18-Jun-15	21-Jun-15	2	Injuries (b) eyes – chemical splashed him on his face
		10h30				
04/00557	Water Services	7-May-15	7-May-15	10-May-15	3	Burned (L) hand - chocked by electric circuit and sustained electric burns
07/00752	Water Services	29-Jan-15	29 February 2015	2-Feb-15	2	Back injury whilst lifting -
10/01199	Water Services	18-Feb-15	18-Feb-15	26-Feb-15	8	Chest wall , tenderness (L) side, (L) wrist + abrasion - MVA
		12h30				
94/00175	Water Services	18-Feb-15	18-Feb-15	25-Feb-15	6	Soft tissue injury - MVA
		12h30				
91/00048	Water Services	17-Dec-15	19-Dec-15	19-Dec-15	2	Injuries (b) eyes – chemical splashed him on his face
			11h30			
10/01158	Water Services	23-Nov-14	23-Nov-14	27-Nov-14	4	Slipped & fell - Soft tissue injury
		11h30				
91/00063	Water Services	17-Dec-14	17-Dec-14	20-Dec-14	3	Injuries (b) eyes – chemical splashed him on his face
		11h30				
02/00358	Water Services	15 August 2014– 19h00	Did not cease work	15-Aug-14	0	Truck fell over and overturned - MVA
13/01321	Water Services	23-Jul-14	23-Jul-14	28-Jul-14	5	Multiple injuries - MVA
		15h10				
09/00970	Water Services	23-Jul-14	23-Jul-14	28-Jul-14	05 Days	Multiple injuries , Cervical injury ,Contusion to nose & (L) shin, - MVA
		15h10				
08/00877	Water Services	4-Aug-14	4-Aug-14	Did not cease work	0 Days	Injury to (R) arm -MVA
91/00066	Water Services	20 November 1014	20 November 1014	13 November 1014	06 days	Soil collapsed on him - Injury (R) Knee
		23h00				
91/0070	Water Services	17-Sep-14	17-Sep-14	20-Sep-14	03 Days	Left to chest wall - soft tissue - MVA
		10h45				
09/01068	Water Services	9-Nov-14	9-Nov-14	Did not cease work	09 Days	Edged his (M) finger – locking padlock door
		14h00				

### Description of incidents

1. Motor Vehicle Accidents – 12 cases were reported with a multitude of injuries. Some of these cases were as a result of negligence on the part of the employees. Remedial action – disciplinary action in cases of negligence (supervisors need to monitor their staffs driving actions using the tracker system).
2. Slip and fall incident – 6 cases were reported with wrist or ankle injuries. This is as a result of unstable surfaces, slippery surfaces or high heel shoes. Remedial action – Caution on the part of employees.
3. Chemical incidents – 3 cases were reported and all the case involved eye injuries. Staff working with chemicals have access to protective equipment (goggles in this case). Remedial action – Supervisors should enforce the usage of Personal Protective Equipment.
4. Chamber lid and door – 2 injuries were reported were a chamber lid had closed on top of the employee or a door injured an employee's finger. Remedial action – Ensure doors or chamber lids are secure before entry.
5. Incorrect lifting using the back and not the legs – 1 case was reported. Remedial action – Awareness campaigns regarding the correct lifting methods.
6. Electrical burns – 1 case reported. Employee was electrocuted thus causing the burns. Remedial action – Ensure electricity has been isolated before working on any panel

Number and Period of Suspensions 2014/2015				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
DRIVER	Assault	2 July 2014	Withdrawal of charges	15 January 2015
LR Co-ordinator	Negligence	6 Oct 2014	Case Finalised	6 February 2015
S Accounts Clerk	Dishonesty	18 Sept 2014	Case continuing	Pending
Accounts Clerk	Dishonesty	18 Sept 2014	Case Continuing	Pending

Disciplinary Action Taken on Cases of Financial Misconduct 2014/2015			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
S Accounts Clerk	Dishonesty	Case continuing	Pending
Accounts Clerk	Dishonesty	Case continuing	Pending
Registry Clerk	Dishonesty	Case Continuing	Pending

### COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

The Municipality has set strict standards for disciplinary action to be taken in all cases of serious misconduct. Where such serious misconduct is identified, accused staff members are suspended on a precautionary basis. However the Municipality faces challenges in affecting

speedy resolution of such cases. As a result, extended suspension periods – beyond three months which has been set are experienced. In many cases continuous delays are caused by the affected parties' non – availability requests. There is also a general non-adherence by parties to the established time limits. There were no cases of suspension for more than four (4) months during the 2014/2015 Financial Year

## 4.4 PERFORMANCE REWARDS

Motivating and recognising employees is vital to the development of an effective and positive work environment. In 2014/2015 the organisation has started a culture of recognising and awarding best performing employees in the different departments of the organisation through the Employee Performance Awards.

These awards have been incepted with the rationale of motivating and recognising employees who give 100

percent and more in their work. These awards which will become a bi- annual affair for the organisation are said to be vital as they will ensure an effective and positive working environment for employees.

The performance awards were categorised in Best Department of the term, Best Sections of the term, Employee of the term and Municipal Manager's Award. The Corporate Services Department led by the General Manager: Corporate Services, Ms Vuyiwe Tsako was



awarded the Best Department for the Term. Best Sections for the Term were given to Corporate Services' Secretariat, Registry and Auxiliary Services Section, Treasury Department's Supply Chain Management Section, Office of Municipal Manager's Special Programmes Section, Water Services' Area North and IED's Ugu Sport & Leisure Centre Unit of the LED Section.

Every Department of the Municipality was afforded an opportunity to nominate employee/s of the Section with different Sections in each department. There were ratios allocated to each, as to the number of employees they were to nominate as the best among all within different sections of the department. The Corporate Services had to nominate two employees, and Ms Edna Enock and Russell Maphelo Jali were nominated best employees of the term for Corporate Services, The Municipal Manager's Office had to nominate one employee, Ms Nonkululeko Portia Cele was nominated the best employee of the term for the Office Municipal Manager, The Treasury Department had to nominate two employees, Mr. Guy Arthur Ravenscroft and Lindani Derrick Mavundla were the nominees for Treasury, The IED Department had to nominate one employee Ms Zamantuli Faith Thandaza Cele, was awarded the best

employee of the term for this department and the Water Services had to nominate twelve employees of the term, Mr. Mzanyelwa Elliot Ntlangoti from Water Services Authority (WSA), Mr. Sizwe Malinga from the Project Management Unit (PMU), Ms Silindile Cherron Machi from Water Services Management, Mr. Sphelele Brilliant Mkhize, Mr. Zamokuhle Wiseman Gasa and Visvanathan Govender from Area North, Mr. Reggie Nero, Mr. Mduduzi Percyvall Makhaye from Area South - West and Mr. Thulani Nhlanhla Blose, Mr. Bright Donald Mnguni, Samuel Daniel Schutte and Thembeke Jacqueline Nondaba from Area South. The Municipal Manager's Award was awarded to Ms Norma Grobler.

Under the same umbrella of the performance awards, the municipality also had Long Service Awards, recognising employees that have been in the services of the municipality for 10 to 45 years. The Long Service Awards are aimed at appreciating the employees who have been in the employment of the Municipality for 10 years and more. These employees are awarded with certificates and on their anniversary months when they reach these periods, get a number of days encashed as per the provisions of the Collective Agreement on Conditions of Service.

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards	Proportion of
				Year 1	beneficiaries within
				R' 000	group
Lower skilled (Levels 16-18)	Female	71	0	-	0%
	Male	229	1	Certificate	0.44%
Skilled (Levels 13-15)	Female	18	0	-	0%
	Male	125	0	-	0%
Highly skilled production (levels 9-12)	Female	87	2	Certificate	2.30%
	Male	165	6	Certificate	4.00%
Highly skilled supervision (levels 6-8)	Female	40	1	Certificate	3.00%
	Male	45	5	Certificate	11.00%
Senior management (Levels 2-5)	Female	31	3	Certificate	10.00%
	Male	43	1	Certificate	2.33%
MM and S57	Female	4	0	-	0%
	Male	1	0	-	0%
Total			19		

Table 4.4.1

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipality develops and implements a Workplace Skills Plan on an annual basis. This is based on the capacity- building and development needs identified by employees and Managers, and is then effected through a training plan. Although these needs are identified by Managers and employees, the alignment of such needs

with formal development needs, identified in terms of performance management is lacking. This challenge is anticipated to be addressed by the implementation of the IPMS and alignment with identified capacity gaps and interventions which are then contained in individual employees' Personal Development Plans (PDPs).

Skills Matrix 2014/2015													
Management level	Gender	Employees in post as at 30 June 2014/2015	Number of skilled employees required and actual as at 30 June 2014/2015										
			Learnerships			Skills programmes & other short courses			Other forms of training			Total	
		No.	Actual: End of Year - 2013/2014	Actual: End of Year - 2014/2015	Year 0 Target 2014/2015	Actual: End of Year - 2013/2014	Actual: End of Year - 2014/2015	2014/2015 Target	Actual: End of 2013/2014	Actual: End of 2014/2015	2014/2015 Target	Actual: End of 2013/2014	Actual: End of 2014/2015
MM and s57	Female	4	0	1	1	3	2	2	0	0	0	3	3
	Male	1	0	1	1	2	0	0	0	0	0	2	1
Councillors	Female	13	5	0	0	5	5	3	0	0	0	10	5
	Male	22	11	0	0	13	11	10	0	0	0	13	11
Sen. Managers	Female	0	0	1	1	0	0	0	0	0	0	0	1
	Male	4	0	1	1	3	2	2	0	0	0	3	3
Managers	Female	9	5	5	5	3	3	9	0	0	0	8	8
	Male	11	1	1	1	5	4	11	0	0	0	6	5
Technicians and Trade Workers	Female	34	0	2	2	1	9	1	0	2	2	1	12
	Male	131	0	0	0	40	18	21	0	15	12	40	33
Professionals	Female	5	0	0	0	4	2	4	0	0	0	4	2
	Male	5	2	0	0	5	1	5	0	0	0	7	1
Community & Personal Workers	Female	0	0	0	0	1	1	1	0	0	0	1	1
	Male	4	0	0	0	1	0	0	0	0	0	1	0
Clerical & Administrative Workers	Female	111	3	1	1	15	12	15	38	0	0	18	52
	Male	59	0	0	0	10	6	10	25	0	0	35	6
Machine Operators	Female	11	5	3	3	1	5	1	1	2	1	7	7
	Male	107	15	9	9	1	20	9	1	2	1	17	31
Elementary Workers	Female	66	2	4	4	11	8	4	11	0	0	24	12
	Male	267	1	4	4	10	33	1	10	0	3	21	37
Sub total	Female	253	20	17	17	44	47	40	50	4	3	76	103
	Male	611	30	16	16	90	95	69	36	17	16	145	128
Total		864	50	33	33	134	142	109	86	21	19	221	231

Table 4.5.1

Financial Competency Development: Progress Report*									
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B		Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))		Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))		Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials									
Accounting officer	1	1	2	0	0	2	2	1	1
Chief financial officer	1	1	2	0	0	2	2	2	2
Senior managers	3	1	4	0	0	4	4	3	3
Finance Managers	3	0	3	0	0	0	0	3	3
Other Financial Officials	17	0	0	0	0	0	0	17	17
Supply Chain Management Officials	3	0	3	0	0	0	0	3	3
Heads of supply chain management units	0	0	0	0	0	0	0	0	0
Supply chain management senior managers	1	0	1	0	0	0	0	1	1
TOTAL	29	4	15	0	0	8	8	30	30

Table 4.5.2

R'000											
Management level	Gender	Employees as at the beginning of the financial year	Learnerships (N/A)		Skills programmes & other short courses		Other forms of training		Total		
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S57	Female	4	R43,867.00	R48,000.00	0	0	0	0	R43,867.00	R48,000.00	
	Male	1	0	0	0	0	0	0	0	0	
Legislators, senior officials and managers	Female	22	R336,000	R336,000	R204,000	R203,078	0	0	R540,000	R539,078	
	Male	37	R96,000	R96,000	R177,694	R177,694	0	0	R273,694	R273,694	
Professionals	Female	5	0	0	0	0	0	0	0	0	
	Male	5	0	0	0	0	0	0	0	0	
Technicians and associate professionals	Female	34	R96,000	R96,000	R76,000	R75,385	0	0	R172,000	R171,385	
	Male	131	0	0	R188,500	R188,572	0	0	R188,500	R188,500	
Clerks	Female	111	0	0	R60,000	R62,000	0	0	R60,000	R62,000	
	Male	59	0	0	R56,000	R58,540	0	0	R56,000	R58,540	
Service and sales workers	Female	0	0	0	0	0	0	0	0	0	
	Male	0	0	0	0	0	0	0	0	0	
Plant and machine operators and assemblers	Female	11	R179,200	R179,200	0	0	0	0	R179,200	R179,200	
	Male	107	R313,600	R313,600	0	0	0	0	R313,600	R313,600	
Elementary occupations	Female	66	R297,931	R297,931	0	0	0	0	R297,131	R297,131	
	Male	267	R500,000	R500,000	0	0	0	0	R%00,000	R500,000	
Sub total	Female	253	R952,998	R957,131	R340,000	R340,463	0	0	R1,292,998	R1,297,594	
	Male	611	R909,600	R909,600	R422,194	R422,806	0	0	R1,331,794	R1,334,406	
Total		684	R1,862,598	R1,866,731	R762,194	R765,269	0	0	R2,624,702	R2,632,000	
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.										1%*R	T4.5.3

### COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The municipality has developed a long term strategy on training and development of its employees. Emanating from that strategy, an annual workplace plan was developed according to the requirements of LGSETA. It is in this plan, where budget equivalent to 1% of the total personnel costs is set aside for training purposes. The total budget for the year under review was R 2,400,000.00 and a total of R 2 610 491.80 was spent on skills development during the period under review. The WSP makes provision for the implementation of accredited training programmes such as Process controller training, plumbing, electrical, financial competency, computerised ABET, computer training and other training programmes. Implementation of these programmes has proven to be meaningful and effective and has improved service delivery. The Bursary Scheme has given opportunity to employees to acquire/improve qualifications. The UGU District Training and Development committee has played a very good oversight role in ensuring that programmes are implemented in a fair manner and as planned. This committee sits on a monthly basis and receive reports from the Human Resources Department on the progress made.

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

Employee expenditure is closely monitored and controlled each month by the respective Managers. The budget office submits monthly reports on any over or under expenditure and Managers are required to take the necessary corrective actions in order to comply with the amounts that are on the budget. The Municipality seeks to obtain value for money from its workforce expenditure through various initiatives, such as

enforcing the disciplinary actions on employees who are continuously absent at work as well as the introduction of incapacity due to ill – health procedure. Managers are required to ensure that employees are productive. The implementation of the IPMS will assist with ensuring employees' performance is managed. In addition to these, when a vacancy arises Managers are required to motivate the reasons for the post to be filled again.

### 4.6 EMPLOYEE EXPENDITURE

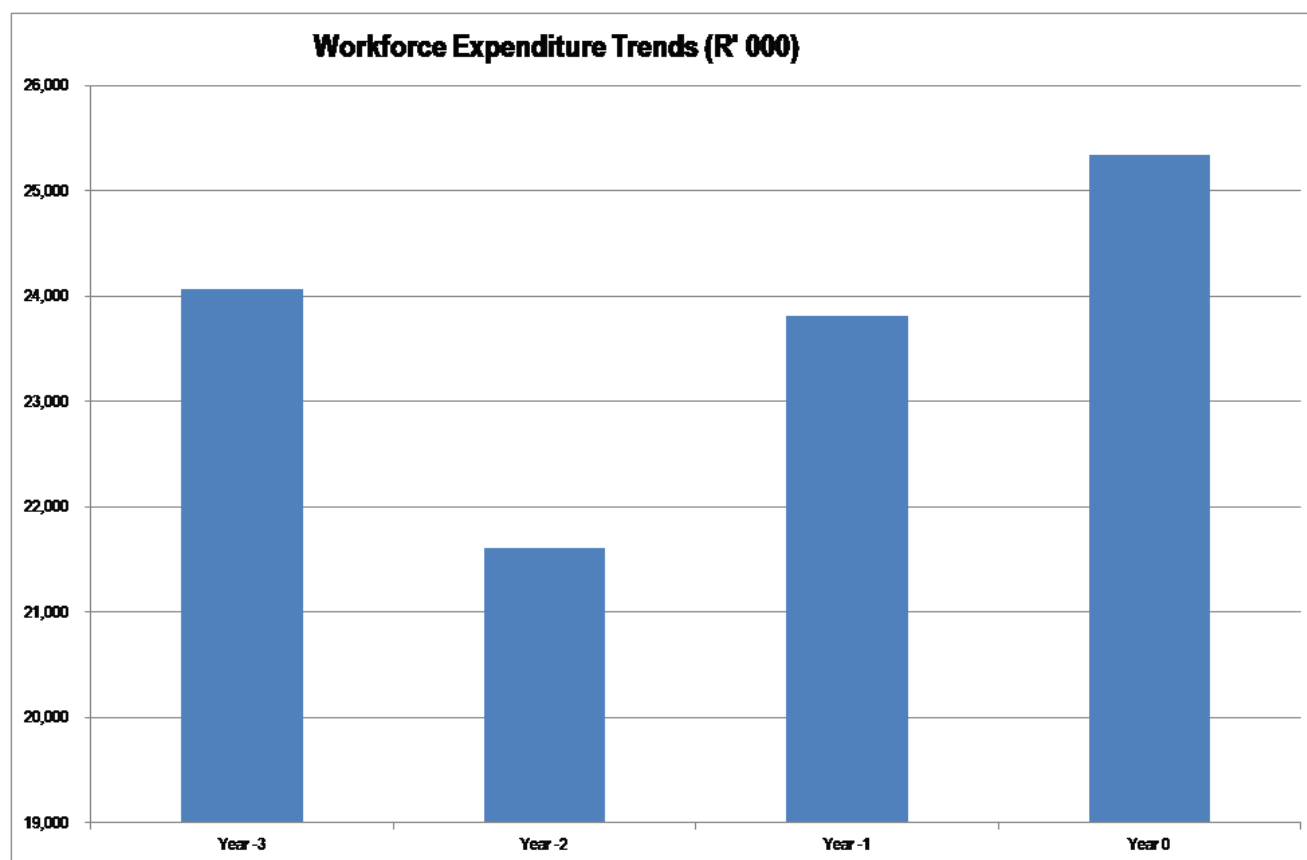


Table 4.6.1

### COMMENT ON WORKFORCE EXPENDITURE

The expenditure trends are as follows: 2011/12 = R 198 727 494, 2012/13 = R 211 133 317 and 2013/14 = R 207 572 956. The 2011/12 Financial Year experienced a low expenditure increases because there was a moratorium on filling of vacancies, and the number of employees did

not increase. The increase in expenditure for the 2012/13 Financial Year was due to the annual salary increase and number of employees in the Municipality. During the 2013/14 Financial Year the Municipality experienced a decrease in expenditure because there were resignations from middle management to top management positions.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	N/A
	Male	N/A
Skilled (Levels 3-5)	Female	N/A
	Male	N/A
Highly skilled production (Levels 6-8)	Female	N/A
	Male	N/A
Highly skilled supervision (Levels 9-12)	Female	N/A
	Male	N/A
Senior management (Levels 13-16)	Female	N/A
	Male	N/A
MM and S 57	Female	N/A
	Male	N/A

Table 4.6.2

## COMMENT

The job evaluation process has not been concluded as such no salaries have been increased due to salary upgrade

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Table 4.6.3

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

Table 4.6.4

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

- There were no upgraded positions.



## DISCLOSURES OF FINANCIAL INTEREST

The disclosures of financial interests have been made on Appendix J below.

Disclosures of Financial Interests		
Period 1 July to 30 June of 2014/2015		
Position	Name	Description of Financial interests* (Nil / Or details)
<b>Mayor</b>	NH Gumede	NONE
<b>Member of Mayors Committee / EXCO</b>	MA Chiliza	Taxi Owner
	IM Mavundla	None
	N Shusha	Shares – Rossimine
		Member : Gamalakhe & Zamokuhle
		Directorship : Greenville Invest
		Other Butransport Plant Hire & Logistics
	JS Mbuthuma	None
<b>Councillor</b>	GD Henderson	None
	JP Van Vuuren	Giotex Paints
	E Moosa Bux	Member :Matliwala Industries
		Trustee: Essop Bux Family Trust
	LN Myende	None
	TN Dzingwa	None
	NA Madlala	Shares: Old Mutual
	DH Njoko	None
	ST Gumede	None
	NY Dlamini-Mweshe	None
	NP Mpanza	None
	KBM Mbele	None
	Y Nair	Shares : Nits
	FB Shezi	
	SM Zuma	None
	SA Khawula	None
	L Ntanza	None
	M Gavu	None
	B E Machi	None
<b>Municipal Manager</b>	DD Naidoo	Business Partner – Sak Investments
		GC Reddy Via Super Auto Midas
<b>Deputy MM and General Managers</b>	N/A	
<b>GENERAL MANAGER: CORPORATE SERVICES</b>	Vuyiwe Tsako	None
<b>GENERAL MANAGER: TREASURY</b>	Sibongile Mbili	None
<b>GENERAL MANAGER : IED</b>	Zakithi Mbonane	Board Member: South Africa Institute For Urban Managers
		Director: KZN Development Consultant Cc
<b>GENERAL MANAGER: WATER SERVICES</b>	Lungile H Cele	None

# FINANCIAL PERFORMANCE

## INTRODUCTION

The most expensive professional services cost being incurred by the municipality, includes the chemistry and the engineering services. The consulting chemistry service is used in compliance with the blue drop standards which is compulsory for all the registered water service providers. The engineering consultants are utilized to monitor the quality of the work of the contractors who are implementing the municipality's projects on site. More of the municipality's own personnel are obtaining the necessary qualifications to perform the work that is currently being formed by the

consultants; therefore the municipality will be able to reduce the cost appointing the external consultants in the near future.

The Annual Financial Statements have been prepared in accordance of the Standard of Generally Recognized Accounting Practice (GRAP), including the interpretations, guidelines and directives issued by the Accounting Standards Board. The Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgment and estimates.

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### Introduction to Financial Statements

The Surplus for the year 2014/15 dropped to 13.96% of total revenue from 24.25% of the previous financial year. The major contributing factor to this decrease in surplus is the increase in Employee Related costs and the Impairment losses on municipal assets. The breakages of our ageing infrastructure and staff shortages resulted in more overtime work being done by the existing staff.

The management re-assessed the collectability of the old outstanding debts and decided to write down the book debt to the recoverable amount and as a result, the municipality has made a huge provision for impairment in the year under review.

In overall, the municipality collected 95% of its targeted revenue as reflected on Appendix K. The 5% under-collection rate can be attributed to various reasons, including the debt collection strategy that was implemented in the reporting period, whereby the municipality waived the penalties and interests on the old outstanding debts to encourage the consumers to settle their debts. Therefore, although the strategy helped to improve collections, it also increased the debt impairment.

The cash flow situation of the municipality is also improving every year since 2013

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The municipality has spent 78% of its capital budget in the year under review compared to 88% in the previous year. This poor result on the capital expenditure can be attributed to the challenges that the municipality experiences with the ownership of land that was earmarked for the construction of certain capital

projects. Some additional grant funding, including the MWIG were also made available to the municipality late during the financial year under review. Hence the municipality did not have sufficient time to plan for the expenditure of these additional allocations.

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

2014/2015										
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
1	2	3	4	5	6	7	8	9	10	11
378 551	15 250	393 801			393 801	320 234		73 567	81.32%	84.59%
4 857	2 616	7 474			7 474	15 986		(8 512)	213.89%	329.10%
340 769	2 679	343 448			343 448	384 646		(41 199)	112.00%	112.88%
16 012	(3 658)	12 354			12 354	26 695		(14 341)	216.08%	166.72%
740 189	16 887	757 076	–	–	757 076	747 561		9 516	98.74%	101.00%
254 616	12 450	267 067			267 067	274 824	(7 758)	(7 758)	102.90%	107.94%
10 467	892	11 359			11 359	9 146		2 213	80.52%	87.38%
21 119	-50	21 069			21 069	18		21 051	0.08%	0.08%
64 203	13	64 216			64 216	331 607	(267 391)	(267 391)	516.40%	516.50%
18 952	–	18 952			18 952	12 813		6 139	67.61%	67.61%
57 684	7 127	64 811			64 811	105 264	(40 453)	(40 453)	162.42%	182.48%
107 959	(14 741)	93 218			93 218	54 692		38 526	58.67%	50.66%
191 386	17 066	208 453			208 453	140 835		67 618	67.56%	73.59%
726 387	22 757	749 143	–	–	749 143	929 199	(315 602)			
13 803	(5 870)	7 933	–	–	7 933	(181 638)		189 571	-2289.66%	-1315.96%
307 576	101 877	409 453			409 453	324 482	84 971	84 971	79.25%	105.50%
		–			–			–		
321 379	96 007	417 386	–	–	417 386	142 844		274 542	34.22%	44.45%
		–			–					
307 576	101 877	409 453			409 453	324 482	84 971	84 971	79.25%	105.50%
		–			–			–		
		–			–			–		
307 576	101 877	409 453	–	–	409 453	324 482		84 971	79.25%	105.50%
								–		
370 313	71 395	441 708			441 708	424 939		16 769	96.20%	114.75%
(336 966)	(45 258)	(382 224)			(382 224)	(326 530)		(55 694)	85.43%	96.90%
259	(19 188)	(18 929)			(18 929)	(20 484)		1 555	108.22%	-7900.06%
33 607	6 949	40 555	–	–	40 555	77 925		(37 369)	192.14%	231.87%

Table 5.1.1

# Chapter 5

## FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	425 736	432 079	439 512	569 770	24.17%	22.86%
Waste Water (Sanitation)	42 761	76 280	80 414	68 577	-11.23%	-17.26%
Electricity	–	–	–	–	0.00%	0.00%
Waste Management	–	–	–	–	0.00%	0.00%
Housing	–	–	–	–	0.00%	0.00%
Component A: sub-total	468 497	508 360	519 927	638 347	20.36%	18.55%
Waste Water (Stormwater Drainage)	–	–	–	–	0.00%	0.00%
Roads	–	–	–	–	0.00%	0.00%
Transport	–	–	–	–	0.00%	0.00%
Component B: sub-total	–	–	–	–	0.00%	0.00%
Planning	–	–	–	–	0.00%	0.00%
Local Economic Development	60 399	53 825	58 784	119 970	55.13%	51.00%
Component B: sub-total	60 399	53 825	58 784	119 970	55.13%	51.00%
Planning (Strategic & Regulatory)	–	–	–	–	0.00%	0.00%
Local Economic Development	–	–	–	–	0.00%	0.00%
Component C: sub-total	–	–	–	–	0.00%	0.00%
Community & Social Services	–	–	–	–	0.00%	0.00%
Environmental Protection	8 938	15 096	15 278	14 487	-4.20%	-5.46%
Health	–	–	–	–	0.00%	0.00%
Security and Safety	7 364	5 523	5 674	3 323	-66.20%	-70.74%
Sport and Recreation	1 549	3 672	1 437	919	-299.46%	-56.35%
Corporate Policy Offices and Other	129 770	139 912	147 716	152 153	8.05%	2.92%
Component D: sub-total	147 620	164 202	170 104	170 882	3.91%	0.46%
<b>Total Expenditure</b>	<b>676 516</b>	<b>726 387</b>	<b>748 814</b>	<b>929 199</b>	<b>21.83%</b>	<b>19.41%</b>

Table 5.1.2

## COMMENT ON FINANCIAL PERFORMANCE

Some remarkable variances in the financial performance of the municipality have been identified and explained by the nature of expenditure below:-

### Remuneration of Councillors – 20.23% Positive Variance

The councillor's remuneration was not increase in the year of reporting due to the negative audit report that was received by the municipality in the prior years, while a provision for an increase had been made in the budget.

### Depreciation and Amortisation

Some old infrastructural assets were identified during the asset verification project that was conducted during the year and after this exercise, the provision for depreciation and amortisation was adjusted to account for depreciation on the addition of old assets in the fixed asset register

### Debt Impairment losses

Some old infrastructural assets were identified during the asset verification project that was conducted during the year and most of these assets were assessed and impaired as they were very old.

### Repairs and Maintenance

More repairs and maintenance was required on the ageing infrastructure than it was anticipated in the budget.

### Interest Paid

The municipality had planned to take up additional loan to construct a new administration building, however the provincial treasury did not discouraged the municipality from taking new loans. The municipality had already provided for the increased finance cost in the budget, hence a saving on the interest paid was realised as no new loans were taken.

### Contracted Services

Less maintenance work was outsourced during the year than it was anticipated in the budget.

### Grants and Subsidies Paid

Less expenditure was incurred on the VIP toilets as it was anticipated in the budget.

### General Expenses

The municipality implemented some cost cutting measures, especially on the non-core related expenditures.

## 5.2 GRANTS

Grant Performance R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>288 174</b>	<b>325 846</b>	<b>325 846</b>	<b>325 528</b>		
Equitable share	236 862	264 748	264 748	264 748	100.00%	100.00%
Municipal Systems Improvement	747	934	934	727	77.84%	77.84%
Department of Water Affairs	240	300	300		0.00%	0.00%
Levy replacement	50 290	54 816	54 816	54 816	100.00%	100.00%
Other transfers/grants [insert description]	35	5 048	5 048	5 237	103.75%	103.75%
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants [insert description]						
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
[insert description]						
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
[insert description]						
<b>Total Operating Transfers and Grants</b>	<b>288 174</b>	<b>325 846</b>	<b>325 846</b>	<b>325 528</b>		

Table 5.2.1

## COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality receives conditional grants and subsidies from the National Government for various projects. The total grant income for 2014/15 was R354 444 364.32. All grants received were utilized as per Division of Revenue Act (DORA) condition.

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The Asset Management Unit was established to manage, control and safeguard all the municipal assets in an efficient and effective manner. This is carried out in accordance with approved fixed assets management policy and the disposal policy as well as legislation. This unit was been in existence since January 2014 and is currently composed of the following staff member:

- Asset manager
- Administrative Assistant
- 2 x Accountant: Assets Register
- 2 x Data capturers
- 3 x Technician: Assets Management
- Asset Management Clerk
- Insurance clerk

The unit is located in the Treasury department and its organogram was approved by Council.

The main objective of this unit is to ensure that all responsible parties are aware of their roles and responsibilities regarding the management of the assets of the municipality.

The main functions of unit are to ensure that:-

- all movable assets are properly tagged and accounted for;
- the verification report is compiled after every physical verification movable asset;
- the Fixed Asset Register is reconciled to the general ledger monthly basis; and
- all the necessary information relating to the assets of the municipality is provided to the office of the Auditor-General of South Africa on request.



# Chapter 5

## FINANCIAL PERFORMANCE

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2014/2015				
Asset 1				
Name	Mhlabatshane Regional Water Supply Scheme			
Description	Water supply scheme			
Asset Type	Infrastructure Assets			
Key Staff Involved	Project Management Unit			
Staff Responsibilities	Project Planning and implementation			
Asset Value	2011/2012	2012/2013	2013/2014	2014/2015
	R13 769 676.10	R14 175 107.06	R54 842 837.30	R 42 552 166.84
Capital Implications	Funded through MIG			
Future Purpose of Asset	Water Supply			
Describe Key Issues	None			
Policies in Place to Manage Asset	Fixed Asset Management Policy			
Asset 2				
Name	Mathulini Water Supply Phases 4 - 7			
Description	Water supply scheme			
Asset Type	Infrastructure Assets			
Key Staff Involved	Project Management Unit			
Staff Responsibilities	Project Planning and implementation			
Asset Value	2011/2012	2012/2013	2013/2014	2014/2015
	R11 804 516.28	R10 924 204.75	R3 082 691.08	R185 900
Capital Implications	Funded through MIG			
Future Purpose of Asset	Water Supply			
Describe Key Issues	None			
Policies in Place to Manage Asset	Fixed Asset Management Policy			
Asset 3				
Name	Harding Weza Regional Water Supply Scheme			
Description	Water supply scheme			
Asset Type	Infrastructure Assets			
Key Staff Involved	Project Management Unit			
Staff Responsibilities	Project Planning and implementation			
Asset Value	2011/2012	2012/2013	2013/2014	2014/2015
	-	-	R1 200 935.77	R 288 64.77
Capital Implications	Funded through MIG			
Future Purpose of Asset	Sanitation			
Describe Key Issues	None			
Policies in Place to Manage Asset	Fixed Asset Management Policy			

Table 5.3.2

## COMMENT ON ASSET MANAGEMENT

The projects were managed and implemented by the Project Management Unit of the municipality. The necessary feasibility studies were carried out where the costs implications to carry out the project; service potential as well as maintain it were established.

Repair and Maintenance Expenditure: 2014/2015				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	48704835	39628250	52560496	-8%

Table 5.3.4

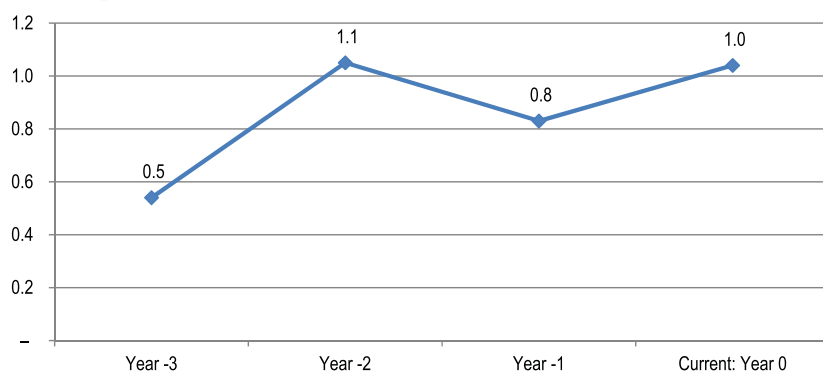
### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

Although the table above shows that the expenditure on repairs and maintenance exceeded the original budget by 8%, this expenditure is still far below the National Treasury norm of 8% of the Carrying value of the depreciable assets. This shows that the municipality is investing less on the maintenance of its revenue generating assets.

The municipality was compelled to cut its budget for repairs and maintenance further down by 18.64% during the adjustments budget due to the low collection rate.

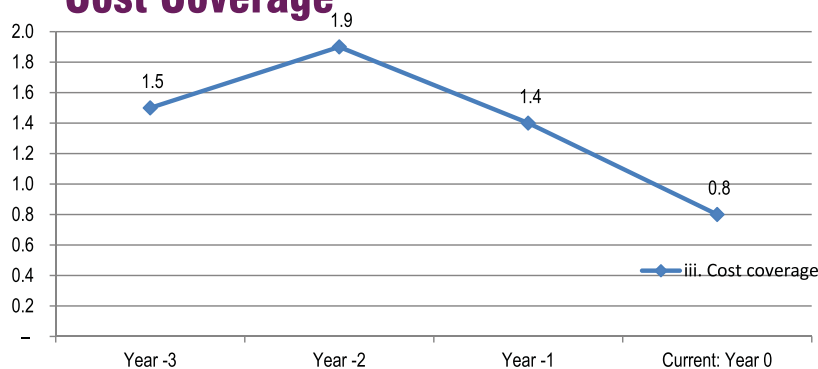
## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### Liquidity Ratio



Data used from MBRR SA8

### Cost Coverage

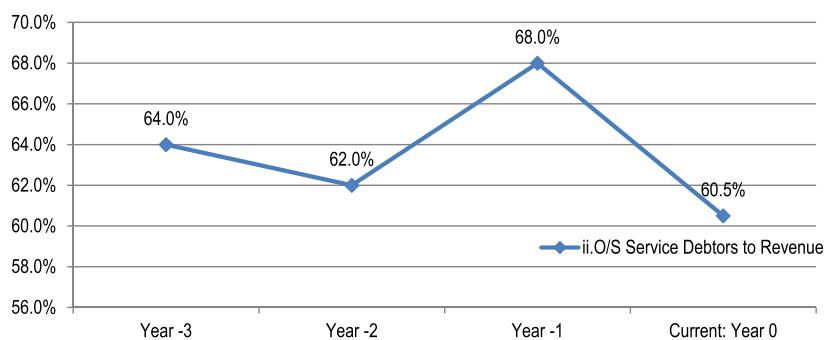


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

# Chapter 5

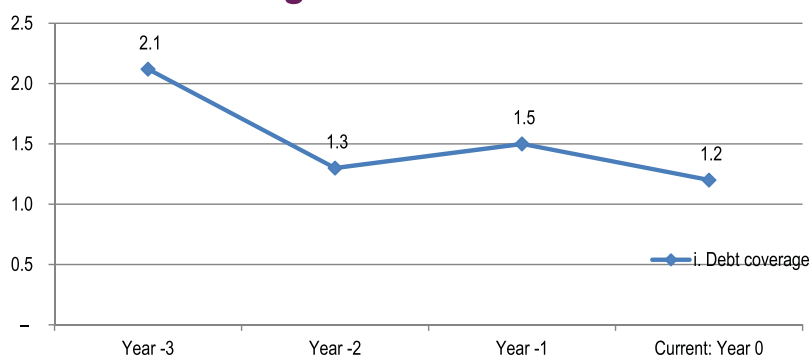
## FINANCIAL PERFORMANCE

### Total Outstanding Service Debtors



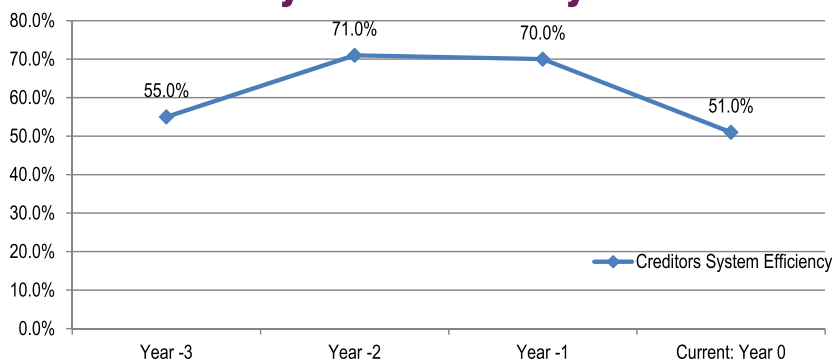
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

### Debt Coverage



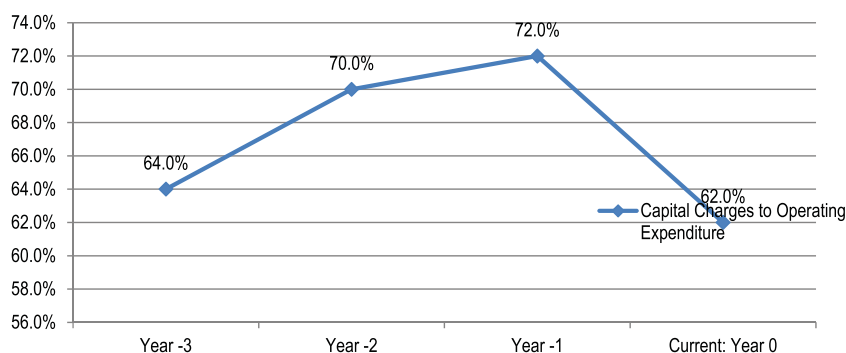
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

### Creditors System Efficiency



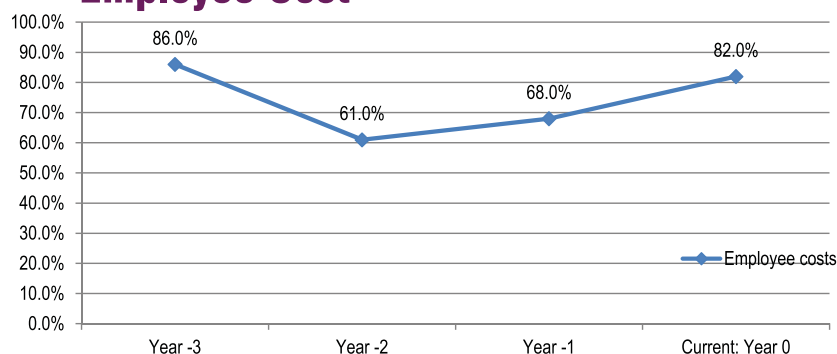
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

### Capital Charges to Operating Expenditure



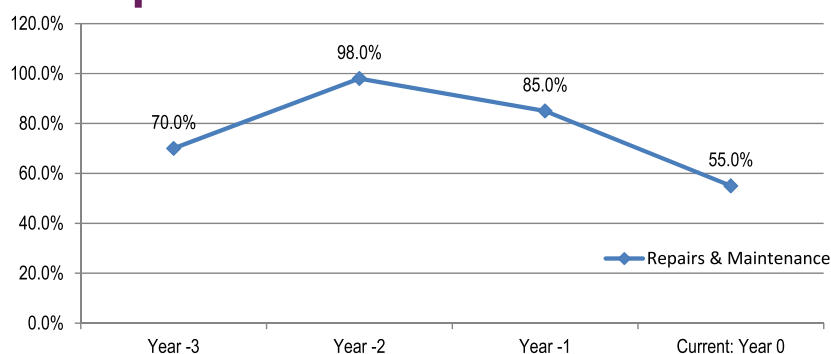
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

### Employee Cost



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.

### Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

### COMMENT ON FINANCIAL RATIOS

There has been an improvement in the cash flows of the municipality in the reporting period compared to the negative cash flows situation that was experienced by the municipality in the previous years. The cash collection strategy that was implemented in the reporting period reaped positive results. The debt coverage has also improved as the municipality is slowly re-building its cash reserves.

The municipality has not reached its target in terms of the creditor's payment ratio; however the challenges thereon are operational in nature and are not affected by cash flows.

No new loans were taken in the reporting period and the municipality has paid off some of its financing commitments, therefore the capital charges ratio of the municipality was fairly positive in the current year.

The employee costs and the repairs and maintenance are the main operating costs that require the management's intervention and control. Although the employee cost ratio is currently below the National treasury norm, the overtime and related cost is increasing considerably. On the other hand the municipality is failing to provide adequate funds to provide for repairs and maintenance of its ageing infrastructure in the annual budget.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

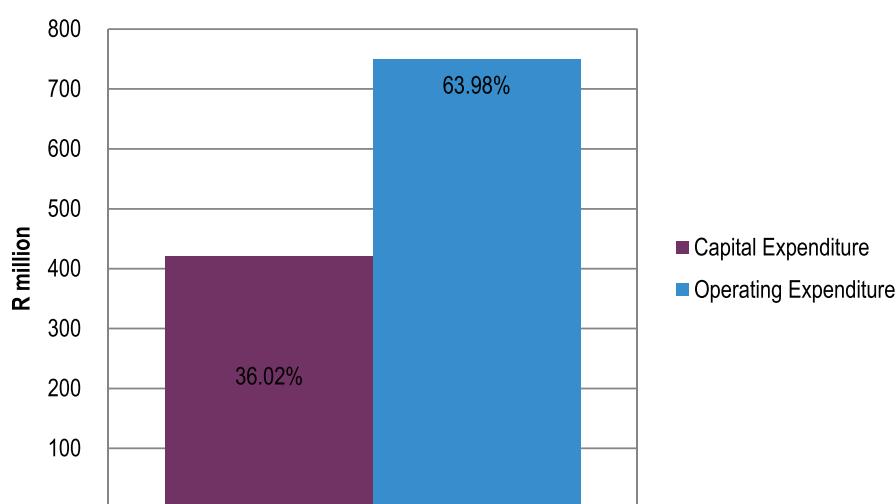
### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The municipality has spent 78% of its capital budget in the year under review compared to 88% in the previous year. This poor result on the capital expenditure can be attributed to the challenges that the municipality experiences with the ownership of land that was earmarked for the construction of certain capital

projects. Some additional grant funding, including the MWIG were also made available to the municipality late during the financial year under review. Hence the municipality did not have sufficient time to plan for the expenditure of these additional allocations.

## 5.5 CAPITAL EXPENDITURE

### Capital Expenditure: 2014/2015





R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	138	135	133	4.00%	1.50%
	<b>337</b>	<b>422</b>	<b>341</b>	-1.10%	19.20%
Operating Expenditure	982	986	987	-0.50%	-0.10%
	<b>726</b>	<b>749</b>	<b>929</b>	-27.90%	-24.10%
<b>Total expenditure</b>	<b>1 063</b>	<b>1 170</b>	<b>1 270</b>	-19.40%	-8.50%
Water and sanitation	312	408	328	-5.10%	19.70%
Electricity	–	–	–		
Housing	–	–	–		
Roads, Pavements, Bridges and storm water	–	–	–		
Other	25	13	13	47.80%	1.20%
	<b>138</b>	<b>135</b>	<b>133</b>	4.00%	1.50%
External Loans	20	–	–	100.00%	
Internal contributions	4	–	–	100.00%	
Grants and subsidies	308	409	341	-10.80%	16.70%
Other	–	–	–		
	<b>138</b>	<b>141</b>	<b>141</b>	-1.80%	0.00%
External Loans	–	–	35		
Grants and subsidies	308	409	341	-10.80%	16.70%
Investments Redeemed					
Statutory Receipts (including VAT)					
Other Receipts					
	<b>1 182</b>	<b>1 189</b>	<b>1 192</b>	-0.80%	-0.20%
Salaries, wages and allowances	265	276	277	-4.60%	-0.60%
Cash and creditor payments	298	287	303	-1.80%	-5.90%
Capital payments	337	422	329	2.40%	22.00%
Investments made	–	–	–		
External loans repaid	20	19	17	14.00%	12.40%
Statutory Payments (including VAT)	–	–	–		
Other payments	19	15	13	32.40%	14.70%
	<b>1 115</b>	<b>1 198</b>	<b>1 183</b>	-6.10%	1.30%
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	–	–	–		
Service charges					
Other own revenue					
	<b>982</b>	<b>984</b>	<b>984</b>	-0.20%	0.00%
Employee related costs					
Provision for working capital					
Repairs and maintenance					
Bulk purchases					
Other expenditure					
	<b>982</b>	<b>986</b>	<b>987</b>	-0.50%	-0.10%
Service charges: Electricity					
Grants & subsidies: Electricity					
Other revenue: Electricity					
	<b>343</b>	<b>356</b>	<b>358</b>	-4.40%	-0.70%
Employee related costs: Electricity					
Provision for working capital: Electricity					
Repairs and maintenance: Electricity					
Bulk purchases: Electricity					
Other expenditure: Electricity					
	<b>242</b>	<b>266</b>	<b>267</b>	-10.30%	-0.40%
Service charges: Water	394	394	320	18.70%	18.70%
Grants & subsidies: Water	298	298	206	31.00%	31.00%
Other revenue: Water	9	9	25	-187.30%	-187.30%
	<b>177</b>	<b>178</b>	<b>180</b>	-1.80%	-0.80%
Employee related costs: Water	159	159	284	-78.50%	-78.50%
Provision for working capital: Water	85	85	332	-290.10%	-290.10%
Repairs and maintenance: Water	36	36	0	100.00%	100.00%
Bulk purchases: Water	55	55	53	4.40%	4.40%
Other expenditure: Water	187	187	261	-39.30%	-39.30%
	<b>156</b>	<b>156</b>	<b>157</b>	-0.10%	-0.10%

Table 5.5.1

## 5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2013/2014 to Year 2014/2015 R' 000							
Details		Year -1	Year 0				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>							
	External loans	0	20000	0	0	-100.00%	-100.00%
	Public contributions and donations	0	0	0	0	0	0
	Grants and subsidies	294998	311749	409121	329004	31.23%	5.53%
	Other	14022	5217	12424	11803	138.14%	126.24%
<b>Total</b>		<b>309020</b>	<b>336966</b>	<b>421545</b>	<b>340807</b>	<b>0</b>	<b>0</b>
<b>Percentage of finance</b>							
	External loans	0.00%	5.90%	0.00%	0.00%	0	0
	Public contributions and donations	0.00%	0.00%	0.00%	0.00%	0	0
	Grants and subsidies	95.50%	92.50%	97.10%	96.50%	0	0
	Other	4.50%	1.50%	2.90%	3.50%	0	0
<b>Capital expenditure</b>							
	Water and sanitation	303356	311576	408128	327553	30.99%	5.13%
	Electricity	0	0	0	0	0	0
	Housing	0	0	0	0	0	0
	Roads and storm water	0	0	0	0	0	0
	Other	5664	25390	13417	13254	-47.16%	-47.80%
<b>Total</b>		<b>309020</b>	<b>336966</b>	<b>421545</b>	<b>340807</b>	<b>0</b>	<b>0</b>
<b>Percentage of expenditure</b>							
	Water and sanitation	98.20%	92.50%	96.80%	96.10%	0	0
	Electricity	0.00%	0.00%	0.00%	0.00%	0	0
	Housing	0.00%	0.00%	0.00%	0.00%	0	0
	Roads and storm water	0.00%	0.00%	0.00%	0.00%	0	0
	Other	1.80%	7.50%	3.20%	3.90%	0	0

Table 5.6.1

## COMMENT ON SOURCES OF FUNDING

The provincial treasury had discouraged the municipality from taking additional loans during the 204/205 financial year, therefore all capital projects were funded from grants and internal funds.

### 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Name of Project	Current: 2014/2015			Variance: Current 2014/2015	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Water Pipeline Replacements	705,000,000.00	-	107,672,521.58	15.27%	0.00%
B - UMzimkhulu Bulk Water Augmentation Scheme Stage	149,587,369.00	-	97,740,461.91	65.34%	0.00%
C - UMzimkhulu Off-Channel Storage Dam	59,632,000.00	-	58,249,406.29	97.68%	0.00%
D - Mhlabatshane Regional water supply scheme	153,803,192.00	-	91,860,024.22	59.73%	0.00%
E - Greater Vulamehlo Water Scheme	88,922,027.00	-	87,103,339.17	97.95%	0.00%

\* Projects with the highest capital expenditure in Year 0

<b>Water Pipeline Replacements - A</b>	
Objective of Project	Rehabilitation of water infrastructure
Delays	None
Future Challenges	Allocation for MIG funding
Anticipated citizen benefits	142 176 HH's
<b>UMzimkhulu Bulk Water Augmentation Scheme Stage - B</b>	
Objective of Project	Water Supply
Delays	Cession of Contract
Future Challenges	
Anticipated citizen benefits	84 000 (HH's)
<b>UMzimkhulu Off-Channel Storage Dam - C</b>	
Objective of Project	Allocation for MIG funding
Delays	Sanitation
Future Challenges	None
Anticipated citizen benefits	Allocation for MIG funding
Anticipated citizen benefits	50 000 (HH's)
<b>Mhlabatshane Regional water supply scheme - D</b>	
Objective of Project	Water Supply
Delays	None
Future Challenges	Allocation for MIG funding
Anticipated citizen benefits	15 298 (HH's)
<b>Greater Vulamehlo Water Scheme - E</b>	
Objective of Project	Water Supply
Delays	None
Future Challenges	Allocation for MIG funding
Anticipated citizen benefits	9 813 (HH's)

Table 5.7.1

### COMMENT ON CAPITAL PROJECTS

The projects were managed and implemented by the Project Management Unit. The necessary feasibility studies were carried where the costs implications to carry out the projects, service penitential and maintenance were established.

None of these assets were completed and commissioned at the end of the financial year 2014/2015 and therefore were reported as work in progress in the AFS

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Backlogs are as a result of migration into an area resulting into bigger populations; the trend towards disaggregation of families into more than one housing unit and in some cases the increasing cost of upgrades to infrastructure. By the time a project is completed, as a response to the needs analysis, a community may have grown following the availability of services.

The Municipality uses the midyear budget adjustments to accommodate the growth as far as possible as indicated in table 5.8.2 below. With every new budget, plans are made to complete a specific percentage of the backlog. The master plan is further used to cater for infrastructure needs. This plan outlines the amount of development to be done over specified periods.

Municipal Infrastructure Grant (MIG)* Expenditure Year 2014/2015 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
Infrastructure - Water	204 617 303	218 282 581	218 282 581	6.20%	13 665 278	N/A
Infrastructure - Sanitation	40 571 697	46 906 419	46 906 419	14%	6 334 722	N/A
<b>Total</b>	<b>245 189 000</b>	<b>265 189 000</b>	<b>265 189 000</b>	<b>7.50%</b>	<b>20 000 000</b>	<b>N/A</b>

Table 5.8.2

Service Backlogs as at 30 June 2014/2015					Households (HHs)
	*Service level above minimum standard (Access)		**Service level below minimum standard (Backlogs)		
	No. HHs	% HHs	No. HHs	% HHs	
Water	120 604	66.4	60 989	34	
Sanitation	127 872	70.4	53 721	29.6	

Table 5.8.3

### COMMENT ON BACKLOGS

The municipality utilised MIG funding for various infrastructure projects including Mhlabatshana Regional Water Scheme where 1078 households benefitted. Other projects included bulk supply such as Umzimkhulu Water Treatment Works Augmentation Scheme, Murchison Bulk water scheme and Gamalakhe bulk water scheme.

The infrastructure projects were not only limited to water but also on sanitation where Harding phase 3 reticulation and bulk sanitation, Umzinto Water Works Treatment Works phase 01, Margate Bulk Sewer Pipeline in Margate were implemented and Malangenani sanitation where 169HH benefitted.

Another portion of the budget was also used on Planning for future years.

# COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

## INTRODUCTION CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality did not have any long-term investments during the year under review. Surplus funds were held in short term deposits in order to earn interests but could not be invested for longer periods due to operational requirements.

## 5.9 CASH FLOW

Cash Flow Outcomes R'000				
Description	2013/2014	2014/2015		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	282 823	299 208	311 482	336 046
Government - operating	435 140	336 596	328 586	383 072
Government - capital	234 306	311 749	346 948	323 181
Interest	32 940	4 857	6 786	19 476
Dividends				
<b>Payments</b>				
Suppliers and employees	(247 351)	(514 154)	(525 729)	(569 331)
Finance charges	(15 818)	(18 952)	(15 027)	(12 813)
Transfers and Grants	(295 666)	(48 992)	(37 407)	(54 692)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>426 374</b>	<b>370 313</b>	<b>415 640</b>	<b>424 939</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				2 615
Decrease (Increase) in non-current debtors	63			
Decrease (increase) other non-current receivables				-263
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(309 218)	(336 966)	(353 884)	(328 882)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(309 155)</b>	<b>(336 966)</b>	<b>(353 884)</b>	<b>(326 530)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing		20 000		
Increase (decrease) in consumer deposits			447	
<b>Payments</b>				
Repayment of borrowing	(23 480)	(19 741)	(19 375)	(20 484)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(23 480)</b>	<b>259</b>	<b>(18 929)</b>	<b>(20 484)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>93 739</b>	<b>33 607</b>	<b>42 827</b>	<b>77 925</b>
Cash/cash equivalents at the year begin:	74 886	156 050	168 625	168 625
Cash/cash equivalents at the year end:	168 625	189 657	211 452	246 549

Table 5.9.1

## COMMENT ON CASH FLOW OUTCOME

During the year under review, the municipality adopted a cash and investment policy in terms of the Municipal Finance Management Act, Act 56 of 2003. The purpose of the policy is to ensure that the cash resources of the municipality is managed effectively, efficiently and economically. The competitive and effective management of the cash and investment will ultimately result in the long term viability and sustainability of the municipality.

The municipality did not have any long term investments during the year under review. Surplus funds were held in short term deposits in order to earn interest as and were released to operations as and when required.

The cash held at the end of the year increased from R157 327 897 in 2014 to R232 922 238 in 2015. The increase in cash can be attributed to the effective implementation of the Cash and Investment policy by the management of the municipality. The cash collection was also improved in the current year despite the challenges that were experienced with the billing system.



## 5.10 BORROWING AND INVESTMENTS

### INTRODUCTION BORROWING AND INVESTMENTS

The necessary feasibility studies were carried out where the cost implications to implement the project and maintain it were established.

Actual Borrowings: 2012/2013 to 2014/2015 R' 000			
Instrument	2012/2013	2013/2014	2014/2015
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	196417	180428	163447
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	6939	6568	3064
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	<b>203 356</b>	<b>186 996</b>	<b>166 511</b>

Table 5.10.2

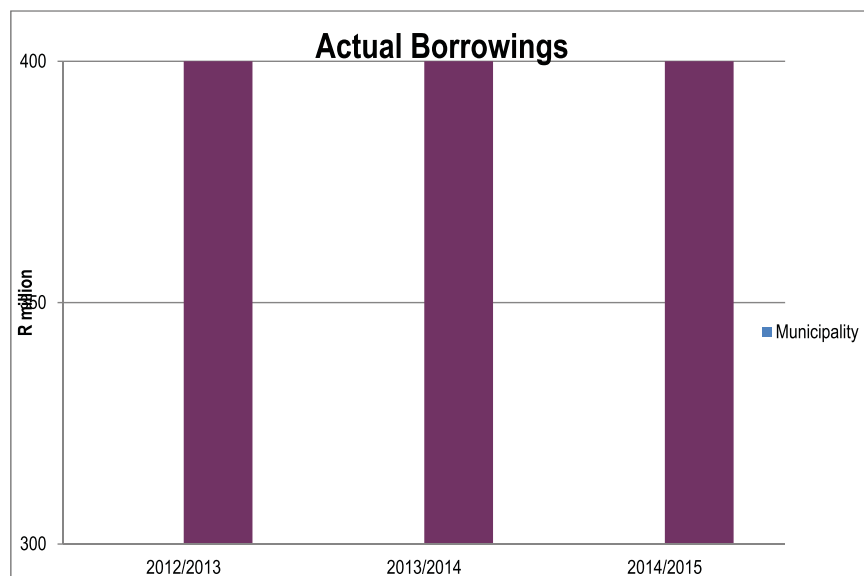


Table 5.10.3

### COMMENT ON BORROWING AND INVESTMENTS

During the year under review the municipality took over one municipal entity, the South Coast Development Agency from Hibiscus Coast Municipality at a cost of R100. No new loans were taken over during the year under review.

## 5.11 PUBLIC PRIVATE PARTNERSHIPS

The municipality did not have any public private partnerships during the 2014/2015 financial year.

## COMPONENT D: OTHER FINANCIAL MATTERS

## 5.12 SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy and Standard Operating Procedures are in place and are reviewed annually with the other budget related policies.

All the contracts of the municipality are procured through the SCM process, and they are formalised in writing vetoed through the municipality's Legal Compliance Office. A contracts administrator is responsible for the management of all the municipal contracts. The municipality maintains a contract register that is updated with all contracts that have been awarded on a regular basis.

All officials in the Supply Chain Management Unit meet the prescribed minimum competency levels as required by the Municipal Finance Management Act, Act 56 of 2003.

The demand management is managed through the procurement plan that was adopted by council as a working document of the Municipality.

There is still a great need for improvement in the following areas:

- Contracts awarded within 75 days;
- Limited or decreased irregular expenditure; and
- Skills development for the current staff in the SCM unit

## 5.13 GRAP COMPLIANCE

### GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The Consolidated Annual Financial Statements have been prepared in accordance with the Standard 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. The Consolidated Annual Financial Statements have been prepared on an accrual basis of accounting and in accordance with the historical convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, the accounting policy for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP3 as read with Directive 5.

Assets, liabilities revenue and expenses were not off-set, except where offsetting is either required or permitted by a Standard of GRAP.

# AUDITOR GENERAL AUDIT FINDINGS

## INTRODUCTION

Coming from a qualified audit opinion for 2013/2014 financial year, the municipality has managed to secure itself an unqualified audit opinion for 2014/2015. The performance management as a component of the audited municipal information also obtained an unqualified audit opinion for 2014/2015.

The municipality has improved considering the financial situation it comes from in the previous years. The unqualified report was one milestone towards the attainment of a clean audit report within 2 years.

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year 2012/13

### 6.1 AUDITOR GENERAL REPORTS YEAR 2012/13 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year 2013/2014	
Audit Report Status*	Qualified Opinion
Non-Compliance Issues	Remedial Action Taken
<b><u>Property Plant &amp; Equipment</u></b>  Land on the FAR did not have proper descriptions, ERF numbers and could not be reliably traced. Land indicated on the asset register was traced to other owners	Conduct a detailed verification to source documents, including physical verification, of all land recorded on the FAR to establish ownership and control.  For land that is not in the name of Ugu, facilitate the transfer of this land  conduct a deeds search of all land registered in the name of the municipality, to ensure that land is recorded in the FAR and the correct ERF numbers are reflected
Supporting documentation for adjusting journals on assets not provided	All Journals are to be scanned and filed in registry, with copies being maintained in Finance.  Allocate dedicated officials for filing and retrieval of journals, therefore ensuring accountability.  Original journals shall not be taken outside of registry, with copies being provided upon request for documentation  Verify all reported asset values, to ensure that the closing balances are supported by appropriate documentation.
Useful lives of assets not verifiable ( not in line with the accumulated depreciation brought forward from previous years)	Establish a dedicated infrastructure and movable asset verification team  Conduct a detailed physical verification of infrastructure and movable assets ensuring that completeness and existence of assets is addressed, including work in progress assets. This verification shall include a conditional assessment, impairment assessment and review all useful lives of assets.  Recalculate depreciation and accumulated depreciation based on reviewed useful lives and deemed cost for infrastructure  Perform asset reconciliation for each month, to ensure that all assets are accounted for on the FAR, at the correct value.  Workshop the Project Management Unit to ensure that they understand the requirements of Finance, and streamline the updating of the FAR  Appoint permanent officials in the asset management unit that have the required skill and competence.

<p><b><u>Revenue and Receivables from Exchange Transactions</u></b></p> <p>Consumers active on RMS but not billed</p>	<p>Meter audit to be conducted by the service provider with data being submitted to the Revenue section on a weekly basis</p> <p>Data cleansing exercise to be performed by interns of meter audit information received from Fuze-Idol (reconciliation of billing information on RMS and what is on the ground).</p> <p>Generate customer billings based on actual readings</p> <p>Establish a meter verification team to verify customer disputes and provide quality assurance on the data provided by the service provider</p> <p>Investigate all customer queries by utilising the meter verification team</p> <p>Identify all accounts for meters that are no longer in use and where estimates have been read, and obtain Council approval accordingly.</p> <p>Review and monitor the service provider's work plan to ensure that all meters in the District shall be read before the end of the financial year</p>
<p>New connection not in the consumer deposit register (no cash raised as debtors)</p>	<p>Review and correct the consumer deposit reconciliation/register to ensure that:</p> <ul style="list-style-type: none"> <li>(a) all consumer deposits received have been recorded in the register (completeness)</li> <li>(b) for all consumer deposits recorded in the register, payment has been received (existence)</li> </ul> <p>Notify all relevant officials in writing, that upon receipt of documentation that a new connection has been performed, the consumer shall then only be captured as a debtor. Further notify officials that once payment has been received, then a consumer deposit liability shall be raised.</p> <p>Supervisor to review monthly reconciliations to ensure that such deposits are recorded correctly and amendments have been made to address the errors.</p>
<p>Understatement of revenue (consumption not available for customers to be billed)</p>	<p>Meter audit to be conducted by the service provider with data being submitted to the Revenue section on a weekly basis</p> <p>Data cleansing exercise to be performed in terms of meter audit information received from Fuzeidol (reconciliation of billing information on RMS and what is on the ground).</p> <p>Generate customer billings based on actual readings</p> <p>Establish a meter verification team to verify customer disputes and provide quality assurance on the data provided by the service provider</p> <p>Investigate all customer queries by utilising the meter verification team</p> <p>Identify all accounts for meters that are no longer in use and where estimates have been read, and obtain Council approval accordingly.</p> <p>Review and monitor the service provider's work plan to ensure that all meters in the District shall be read before the end of the financial year</p>
<p>Monthly free standpipe journals are based on estimations</p>	<p>Service Provider to provide standpipe readings on a weekly basis to the revenue management team</p> <p>Meters are to be installed for all standpipes in the Ugu District</p> <p>Install zonal for accurate billing</p> <p>Revenue team to process correcting journals based on accurate readings</p>

# Chapter 6

## AUDITOR GENERAL AUDIT FINDINGS

<p><b><u>Value Added Tax</u></b></p> <p>Undeclared VAT output balance not verifiable</p> <p>Undeclared VAT input balance not verifiable ( did not meet the AG's reasonability test)</p>	<p>Review revenue generated from service charges since the year 2009 to determine whether VAT output declared was calculated correctly and adjusts any variances accordingly.</p> <p>Review all manual adjustments from the year 2009 to date, and correct the VAT portion allocated on each transaction on RMS</p> <p>Request the service provider to modify the system to avoid identified errors in the future</p> <p>Prepare the required working papers and engage an independent reviewer on work performed</p> <p>Engage with SARS on adjustments and the impact on the VAT payable/receivable</p> <p>Review all VAT input code allocations to ensure that the input VAT codes are correct.</p> <p>Reconcile the unclaimed VAT input control account from 2010 to date.</p> <p>Review the VAT allocated on retention and creditors, to ensure that this has been correctly reflected and address if required.</p> <p>Assess the impact on the VAT returns and accounts accordingly.</p>
<p>Consumers active on RMS but not billed</p>	<p>Meter audit to be conducted by the service provider with data being submitted to the Revenue section on a weekly basis</p> <p>Data cleansing exercise to be performed in terms of meter audit information received from Fuzeidol (reconciliation of billing information on RMS and what is on the ground).</p> <p>Generate customer billings based on actual readings</p> <p>Establish a meter verification team to verify customer disputes and provide quality assurance on the data provided by the service provider</p> <p>Investigate all customer queries by utilising the meter verification team</p> <p>Identify all accounts for meters that are no longer in use and where estimates have been read, and obtain Council approval accordingly.</p> <p>Review and monitor the service provider's work plan to ensure that all meters in the District shall be read before the end of the financial year</p>
<p>New connection not in the consumer deposit register (no cash raised as debtors)</p>	<p>Review and correct the consumer deposit reconciliation/register to ensure that:</p> <p>(a) all consumer deposits received have been recorded in the register (completeness)</p> <p>(b) for all consumer deposits recorded in the register, payment has been received (existence)</p> <p>consumer shall then only be captured as a debtor. Further notify officials that once payment has been received, then a consumer deposit liability shall be raised.</p> <p>Supervisor to review monthly reconciliations to ensure that such deposits are recorded correctly and amendments have been made to address the errors.</p>
<p><b><u>Capital Commitments</u></b></p> <p>Expenditure not accounted for in the schedule of commitments</p>	<p>Taking into account creditors at the end of the financial year, recalculate the commitments disclosure for the 2013/14 and 2012/13 financial years.</p> <p>Prior to an invoice being authorised, ensure that the invoice is captured on the individual project reconciliation against the service provider's budget&gt; This will update the commitments register</p> <p>Payment vouchers are to be scanned and maintained electronically</p> <p>Prepare a plan and document flow with controls for records and files of PMU Projects and vouchers, EFTs, journals and awards for 2014/15 current projects and workshop with all relevant officials</p>
<p><b><u>Cash Flow Statement</u></b></p> <p>Cash flow statement not fairly presented</p>	<p>Re-perform the cash flow statement once all adjusting journals to correct all audit qualification matters have been addressed</p>

Notify all relevant officials in writing, that upon receipt of documentation that a new connection has been performed, the

**Table 6.1.1**

Auditor-General Report on Service Delivery Performance: 2013/2014	
<b>Audit Report Status:</b>	<b>No Opinion was expressed</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<b>Measurability of indicators and targets</b>  Basic Service Delivery output not verifiable	The actual reported outcomes should be reviewed to ensure accuracy, validity and completeness of reported information  The actual number of km laid in the Bill of Quantity will be indicated in the annual report. The minutes of the site meetings where the progress in the project is discussed in the presence of all the stakeholders will also be used to verify the work done. All payment certificates will include the progress reports in them. The Technical Division will physically inspect and measure of kilometers completed, during the scheduled period of the project, linked to payment certificates and associated documents.

Table 6.1.2

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

### 6.2 AUDITOR GENERAL REPORT YEAR 2014/15

Auditor-General Report on Financial Performance 2014/2015	
<b>Status of audit report:</b>	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<b>Expenditure Management and compliance</b> Payment not made within 30 days of receiving the relevant invoice or statements	Centralisation of receiving of goods and invoices  Introduce electronic goods and services receipt feature on Dynamics AX and submit exception reports to MANCO.  Develop a standard template for statements and distribute to SMMEs Review and workshop contract management procedures Implementation of Dynamics AX Projects module

Table 6.2.1

Auditor-General Report on Service Delivery Performance: 2014/2015	
<b>Status of audit report**:</b>	No opinion was expressed
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
No issues noted	

Table 6.2.2

### AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2013/14

Ugu District Municipality had a number of challenges during 2013/2014, which resulted in it receiving a qualified audit opinion for 2013/2014 financial year.

#### COMMENTS ON AUDITOR-GENERAL'S OPINION 2014/15

The municipality is pleased with the improved audit opinion from qualified for 2013/2014 financial year to unqualified audit opinion for 2014/2015. The opinion was boosted by the attainment of an unqualified audit opinion for performance management as a component of the audited municipal information.

The municipality has improved considering the financial situation it comes from in the previous years. The unqualified report was one milestone towards the attainment of a clean audit report within 2 years.

#### COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

The Section 71 reports were submitted to both provincial and national treasuries on monthly bases.

Signed (Chief Financial Officer).....  ..... Dated..... 28 January 2016 .....

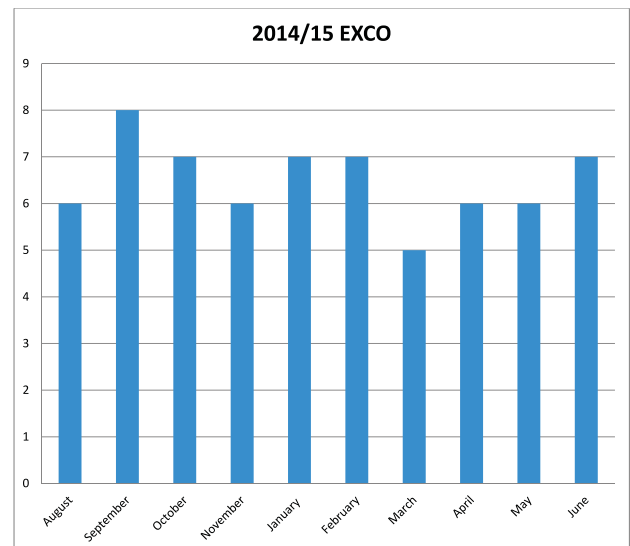
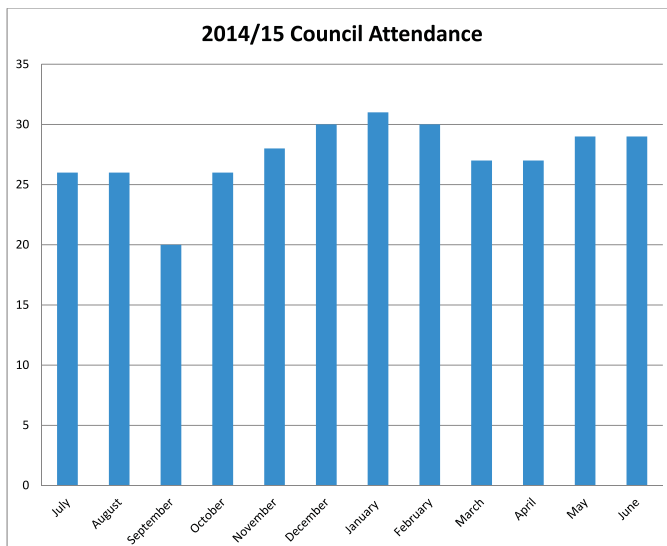


<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	• Service delivery & infrastructure
	• Economic development
	• Municipal transformation and institutional development
	• Financial viability and management
	• Good governance and community participation
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.
	Section 1 of the MFMA defines a “vote” as:
	a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
	b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

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

COUNCIL COMMITTEE	MONTH	NO. OF COUNCILLORS
Council	July	26
Council	August	26
Council	September	20
Council	October	26
Council	November	28
Council	December	30
Council	January	31
Council	February	30
Council	March	27
Council	April	27
Council	May	29
Council	June	29
EXCO	August	6
EXCO	September	8
EXCO	October	7
EXCO	November	6
EXCO	January	7
EXCO	February	7
EXCO	March	5
EXCO	April	6
EXCO	May	6
EXCO	June	7
LED	March	7
LED	April	7
P/C Finance on	March	6
P/C on Finance	July	5
P/C on Finance	August	7
P/C on Finance	September	6
P/C on Finance	October	7
P/C on Finance	November	5
P/C on Finance	February	8
P/c on Finance	April	6
P/C on Finance	May	7
P/C on Finance	June	7
P/C on LED	July	6
P/C on LED	August	7
P/C on LED	September	6
P/C on LED	October	6
P/C on LED	November	6
P/C on LED	February	6

P/C on LED	May	0
P/C on LED	June	4
P/C on Sound Governance	July	6
P/C on Sound Governance	August	0
P/C on Sound Governance	September	6
P/C on Sound Governance	October	5
P/C on Sound Governance	November	6
P/C on Sound Governance	February	6
P/C on Sound Governance	March	5
P/C on Sound Governance	April	6
P/C on Sound Governance	May	7
P/C on Sound Governance	June	6
P/C on Special Programmes	July	7
P/C on Special Programmes	August	4
P/C on Special Programmes	September	7
P/C on Special Programmes	October	4
P/C on Special Programmes	November	0
P/C on Special Programmes	February	8
P/C on Special Programmes	March	6
P/C on Special Programmes	April	0
P/C on Special Programmes	May	7
P/C on Special Programmes	June	5
P/C on Water & Sanitation	July	4
P/C on Water & Sanitation	August	6
P/C on Water & Sanitation	September	7
P/C on Water & Sanitation	October	6
P/C on Water & Sanitation	November	5
P/C on Water & Sanitation	February	6
P/C on Water & Sanitation	March	7
P/C on Water & Sanitation	April	2
P/C on Water & Sanitation	May	7
P/C on Water & Sanitation	June	8



## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

The information on committees and their purposes is narrated under 2.1 political governance, above.

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Services	Ms VP Tsako
Budget and Treasury Office	Ms SP Mbili
Water Services	Ms LH Cele
Environmental Health Management and Economic Planning & Development	Ms Z Mbonane

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Table C

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	Yes	No
Building regulations	No	
Child care facilities	No	
Electricity and gas reticulation	No	
Fire fighting services	Yes	
Local tourism		Yes
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Stormwater management systems in built-up areas	No	
Trading regulations	No	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	No	Yes
Billboards and the display of advertisements in public places	No	Yes
Cemeteries, funeral parlours and crematoria	No	No
Cleansing	No	No
Control of public nuisances	No	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	No	No
Local sport facilities	No	No
Markets	No	No
Municipal abattoirs	No	No
Municipal parks and recreation	No	No
Municipal roads	No	No
Noise pollution	No	No
Pounds	No	No
Public places	No	No
Refuse removal, refuse dumps and solid waste disposal	No	No
Street trading	No	No
Street lighting	No	No
Traffic and parking	No	No
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

Table D