



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

DRAFT ANNUAL REPORT

2012/2013 FINANCIAL YEAR

The Executive Mayor
15 Bells Road
Queenstown 5320;
Private Bag X7121
Queenstown 5320;
Tel: (045) 808 - 4600
Fax: (045) 838 - 1556
www.chrishanidm.gov.za

Table of Contents

| | |
|---|----|
| 1.1 EXECUTIVE MAYOR'S FOREWORD | 4 |
| 1.2 EXECUTIVE SUMMARY | 6 |
| 1.3 DISTRICT OVERVIEW | 8 |
| 1.3.1. SPARTIAL LOCATION | 8 |
| 1.3.2. MUNICIPAL POWERS AND FUNCTIONS | 9 |
| 1.3.2. MUNICIPAL STRATEGIC INTENT | 12 |
| 1.3.3. DISTRICT DEMOGRAPHIC PROFILE..... | 13 |
| 1.3.4. ECONOMIC OVERVIEW | 16 |
| 1.4 SERVICE DELIVERY OVERVIEW | 22 |
| MUNICIPAL HEALTH SERVICES..... | 22 |
| 1.4.1. WATER QUALITY MANAGEMENT..... | 22 |
| 1.4.2. WASTE MANAGEMENT | 23 |
| 1.4.3. ENVIRONMENT AND CLIMATE CHANGE | 23 |
| 1.4.4. HIV AND AIDS AND ANTI-POVERTY (PHAKAMA SAKHE) | 24 |
| 1.4.5. HIV AND AIDS IN THE WORKPLACE..... | 25 |
| 1.4.6. HEALTH SUMMIT..... | 25 |
| 1.4.7. CIRCUMCISION..... | 26 |
| 1.4.8. DISASTER MANAGEMENT | 26 |
| 1.4.9. FIRE SERVICES | 27 |
| 1.4.10. KEY CHALLENGES IN HEALTH AND COMMUNITY SERVICES..... | 27 |
| 1.4.11. HOUSING FUNCTION AND MAIN ROLE-PLAYERS..... | 28 |
| 1.4.12. KEY ISSUES IN HOUSING DEVELOPMENT | 32 |
| 1.4.13. TOWN PLANNING FUNCTION | 34 |
| 1.4.14. SPATIAL PLANNING | 35 |
| 1.4.15. MAJOR CHALLENGES IN SPATIAL PLANNING SERVICES AND REMEDIAL ACTIONS..... | 40 |
| 1.4.16. THE LOCAL ECONOMIC DEVELOPMENT STRATEGY / PLAN | 41 |
| 1.4.17. LED INSTITUTIONAL ARRANGEMENTS AND CAPACITY | 42 |
| 1.4.18. CHRIS HANI DM REGIONAL ECONOMIC DEVELOPMENT AGENCY..... | 43 |
| 1.4.19. CORRIDOR DEVELOPMENT | 43 |
| 1.4.20. PROGRESS TOWARDS ACHIEVING THE LED KEY OBJECTIVES | 45 |
| Improved public and market confidence..... | 45 |
| 1.4.21. EXPLOIT COMPARATIVE AND COMPETITIVE ADVANTAGE FOR INDUSTRIAL ACTIVITIES | 46 |
| Wood Cluster (Forestry) Programmes | 46 |

| | |
|--|-----|
| Agricultural Development Programmes | 47 |
| Intensify enterprise support and business development | 47 |
| Support on social investment program | 48 |
| 1.4.22. CHALLENGES REGARDING LED STRATEGY IMPLEMENTATION | 49 |
| Objectives | 50 |
| 1.4.23. DOMESTIC WATER AND SANITATION PROVISION | 50 |
| 1.4.24. EPWP (Expanded Public Works Programme)..... | 50 |
| TARGETS..... | 51 |
| 1.4.25. MUNICIPAL INFRASTRUCTURE GRANT (MIG) | 51 |
| WATER | 51 |
| SANITATION | 51 |
| Regional Bulk Infrastructure Grant (RBIG) | 52 |
| Accelerated Comprehensive Infrastructure Program (ACIP) | 52 |
| Water Services Provision | 53 |
| Roads | 54 |
| Summary..... | 56 |
| 1.5 FINANCIAL HEALTH OVERVIEW..... | 58 |
| 1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW..... | 60 |
| 1.6.1. ORGANIZATIONAL STRUCTURE..... | 60 |
| 1.6.2. EMPLOYMENT EQUITY PLAN | 62 |
| 1.6.3. CHDM WORKFORCE PROFILE INCLUDING PEOPLE WITH DISABILITIES | 63 |
| 1.6.4. STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR | 64 |
| 1.6.5. REPORT ON MINIMUM COMPETENCIES..... | 65 |
| 1.6.6. INTERNSHIPS EPWP | 65 |
| 1.6.7. EXPERIENTIAL TRAINING..... | 66 |
| 1.6.8. STUDY ASSISTANCE | 66 |
| 1.6.9. KEY HR STATISTICS PER FUNCTIONAL AREA | 67 |
| 1.6.10. EMPLOYEE WELLNESS..... | 70 |
| 1.6.11. INFORMATION COMMUNICATION TECHNOLOGY | 71 |
| 1.6.12. LEGAL AND ADMINISTRATION FUNCTIONS | 72 |
| 1.6.13. REPORT ON LEGAL MATTERS..... | 79 |
| 1.7 REPORT OF THE AUDITOR GENERAL | 89 |
| 2.1 INTRODUCTION TO GOVERNANCE | 108 |
| 2.1 POLITICAL ARRANGEMENTS | 109 |
| 2.2 FACES OF COUNCIL | 111 |

| | |
|---|-----|
| 2.3 ADMINISTRATIVE ARRANGEMENTS..... | 113 |
| 2.4 CHDM SENIOR MANAGEMENT | 114 |
| 2.3 INTERGOVERNMENTAL RELATIONS | 115 |
| Key Intergovernmental Relations Structures..... | 116 |
| 3.1 INTRODUCTION | 118 |
| COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE | 157 |
| COMPONENT A | 170 |
| 6.1 AUDIT OPINION FOR THE 2011/2012 FINANCIAL YEAR..... | 170 |
| COMPONENT B | 181 |
| 6.2 AUDIT OPINION FOR THE 2012/2013 FINANCIAL YEAR..... | 181 |

CHAPTER 1: EXECUTIVE MAYOR'S FORWORD AND EXECUTIVE SUMMARY

1.1 EXECUTIVE MAYOR'S FOREWORD

The Chris Hani District Municipality concluded the 2012/2013 financial year on a high note with the commemoration of the 20th anniversary since the assassination of comrade Chris Hani with whom our municipality is named after. These events underscored the transcendent importance of expanding our efforts to speed up service delivery, reach out to all stakeholders and communities, harness the crucial role innovation must play in building better communities.

Once again we bring an account of that which we have covered from our Integrated Development Plan (IDP), Budget, Service delivery and Budget Implementation Plan (SDBIP) for the 2012/2013 financial year to the people of Chris Hani municipal area, our colleagues in government and those beyond our area with keen interest to our work and facilities. It is always our pleasure to report back to our communities who have bestowed their mandate and trust upon us to ensure that we are accountable.

This report covers our performance highlights including our improving financial management with our successes and failures. This report seeks to attest to the collective efforts of the administrative and political arms of the municipality for progressively addressing the expectations of our people. It is worthwhile to mention that we received a Blue Drop award for safe drinking water, Vuna award on spending all the MIG allocation on service delivery two years in a row and on three crowns renewable energy project to mention but a few. The report deals at length with some of our endeavours to build a people-centred developmental rural district municipality through our district development agenda with key anchor projects like improving water and sanitation infrastructure, revitalisation of irrigations schemes, crop production, livestock improvement, heritage tourism and maintenance of road networks among others. All these efforts seek to create employment for our people, eradicate poverty and close the gap of inequalities.

We have built sound relations with national and provincial departments to ensure that there is synergy and cohesion in service delivery. We collaborated with other municipalities within our area and others across the country in order to share best practices and expertise. Together with the Mayoral Committee, the whole Council and the municipal administration we remain committed in realising our vision and mission using our values as a guide. I trust that every reader who studies this report from a balanced perspective will concur with this impression.

CLLR M.C. KOYO
EXECUTIVE MAYOR

1.2 EXECUTIVE SUMMARY

The good governance principles that underpin the operations of the Chris Hani District Municipality demand that in all its dealings, the municipality remains transparent and accountable. Such transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community as expressed in the municipality's Integrated Development Plan, the Budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

All these form one process to ensure that the actual performance is reported against what was planned and contained in the IDP. As such, this Annual Reporting is a backward-looking document of financial and non-financial performance for the 2012/2013 financial year. Given the fact that all these strategic documents must be aligned, the Annual Report has similar and consistent information with the IDP, budget and SDBIP precisely to facilitate understanding and to enable the linkage between plans and actual performance.

However, the 2012/2013 annual report of the CHDM is more than merely an overview of the work done and objectives delivered by the municipality over the 12 month reporting period. It also offers insight into this administration's commitment to deliver on services and ultimately better the lives of the peoples of the district.

To this effect, the municipality has recorded significant progress towards the realisation of the objectives and targets it had set itself for the financial year under review in terms of the five key performance areas of local government. In respect of this, in the area of water and sanitation, the municipality was able to ensure that, as per the plans, over 28000 household are serviced. This indeed contributed positively to the aim of ensuring that the communities of the Chris Hani District have the necessary dignity they deserve through meeting the basic needs. Additionally, recognising that the district is a rural one and that communities continue to face challenges in as far as accessing government services as well as centres for economic opportunities. As such, through the Service Level Agreement entered into by the municipality and the Eastern Cape Department of Roads and Public Works, the municipality has been able to maintain roads particularly in the western part of the district.

In as far as extending economic opportunities is concerned, through the local economic development initiatives of the municipality, assistance has been provided to small enterprises, cooperatives and communities with a view of addressing the developmental challenges facing the district. Furthermore, to ensure that the history of the region is kept alive, the municipality has undertaken heritage development initiatives such as the development of the liberation

routes in the district as well as starting a process of writing the history of the district through the compilation of a book to address this.

Lastly, the municipality believed strongly in the participation of communities and other stakeholders in the process that it undertakes. Therefore, to effect this, the municipality has institutionalised public participation mechanisms. To this effect, a number of IDP Representative Forums were held where stakeholders have an opportunity to shape the development direction of the municipality. Additionally, our communication strategy remains vibrant and thus through its implementation, the municipality has been able to communicate with communities and keep them abreast of all decisions and development within Council.

All of this work could have not been realised without the concerted efforts of all Councillors within the municipality. A special thank-you goes to all the employees of the Chris Hani District Municipality for the dedication and hardwork they have displayed throughout the year. Indeed, the Council would not be able to deliver on its priorities without your renewed commitment. Lastly, I would like to extend the greatest appreciation to all stakeholders for the patience and positive attitude that you have shown during the year. I firmly believe that with the concrete relations we have built over the years, this municipality will reach greater heights.

MR M.A. MENE
MUNICIPAL MANAGER

1.3 DISTRICT OVERVIEW

1.3.1. SPARTIAL LOCATION

The Chris Hani District Municipality is at the centre of the Eastern Cape Province surrounded by the district municipalities of Amatole, Cacadu, Joe Gqabi and OR Tambo. It is made up of the following eight local municipalities: Emalahleni, Engcobo, Inkwanca, Intsika Yethu, Inxuba Yethemba, Lukhanji, Sakhisizwe and Tsolwana.

- Lukhanji local municipality, comprising of Queenstown which is a main town and small town of Whittlesea and numerous peri-urban and rural settlements. This is where the seat of the Chris Hani District Council is located (Queenstown).
- Sakhisizwe local municipality, comprising of Cala and Elliot with numerous farming communities, villages and remote rural settlements.
- Emalahleni local municipality, comprising of Lady Frere, Dodrecht and Indwe and numerous farming communities and remote rural settlements.
- Intsika Yethu local municipality, comprising of Cofimvaba, Tsomo and surrounding rural settlements.
- Tsolwana local municipality, comprising of Tarkastad and Hofmeyer and surround rural settlements.
- Inkwanca local municipality, comprising of Molteno and Sterkstroom and surrounding peri-urban and rural settlements.
- Inxuba Yethemba local municipality, comprising of Cradock, Middleburg and numerous peri-urban and rural settlements.
- Engcobo local municipality, comprising of Ngcobo and its rural settlements.

Chris Hani District Municipality covers a land mass area of 36 558 km², a change from its previous size of 36, 561 square kilometres in extent due to the changes in demarcation



1.3.2. MUNICIPAL POWERS AND FUNCTIONS

The Chris Hani District Municipality is a category C2 municipality mandated to perform those powers and functions vested in District Municipalities as contemplated in schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996. In addition to these powers and functions as contemplated in the Act, the CHDM is mandated to perform such functions and powers as determined by the Member of the Executive Committee (MEC) responsible for Local Government and as gazetted by the province. In relation to this, therefore, the core mandate of the CHDM is the supply of bulk water and sanitation infrastructure, disaster management, municipal planning, municipal health services, tourism, local economic development and maintenance of provincial roads as per the agreement interred into between the CHDM and the Department of Roads and Public Works. The table below depicts those powers and functions vested in the district and those allocated to the various local municipalities within the district jurisdiction.

| FUNCTION | CHRIS HANI DM | LUKHANJI LM | INTSIKA YETHU LM | ENGCOBO LM | SAKHISIZWE LM | ELM | TSOLWANA LM | INKWANCA LM | INXUBA YETHEMBA LM |
|----------------------------|---------------|-------------|------------------|------------|---------------|-----|-------------|-------------|--------------------|
| Air pollution | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Building regulations | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Child Care facilities | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Electricity reticulation | N/A | | | | | | | | |
| Fire Fighting | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Local Tourism | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Municipal Planning | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Municipal Health Services | Yes | No | No | No | No | No | No | No | No |
| Municipal Public Transport | Regulation | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Storm water | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Trading regulations | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

DRAFT ANNUAL REPORT

| | | | | | | | | | |
|---|---------------------------------|-----|-----|-----|-----|-----|-----|-----|------------|
| Water (potable) | Bulk supply | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Sanitation | Bulk supply | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Schedule 5 part b | | | | | | | | | |
| Billboards and the display of adverts in public places | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Cemeteries, Crematoria and funeral parlours | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Cleansing | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Control of public nuisances | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Control of undertakings that sell liquor to the public | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Fencing and fences | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Licensing and control of undertakings that sell food to the public | Yes | No | No | No | No | No | No | No | No |
| Local amenities | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Local sport facilities | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Markets | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Municipal abattoirs | As related to the LED functions | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Municipal parks and recreational facilities | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Municipal roads | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

| | | | | | | | | | |
|---|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Noise pollution | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Pounds | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Public places | N/A | Yes | Yes | | Yes | Yes | Yes | Yes | Yes |
| Refuse removal, refuse dumps and solid waste disposal | Management of solid waste sites | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Street trading | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Street lighting | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Traffic and parking | N/A | Yes | Yes | yes | N/A | N/A | N/A | N/A | N/A |
| Licensing of vehicles | N/A | Yes | Yes | Yes | N/A | N/A | N/A | N/A | N/A |
| Road maintenance | Yes (Agent: DORT) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Libraries | N/A | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

TABLE 1: Municipal Powers and Functions

The Chris Hani District Municipality operates within the confines of the listed powers and functions. Importantly is the coordination role that the municipality plays in as far as facilitating the speedy delivery of services to communities. As such, through the intergovernmental relations structures that have been established at the district level, the CHDM ensures that other spheres of government take into account the needs and priorities of communities when they plan their interventions through acting as a liaison point between the local municipalities under the jurisdiction of the district, and provincial and national government.

1.3.2. MUNICIPAL STRATEGIC INTENT

Chris Hani District Municipal Vision:

“A people-centred developmental rural district municipality”

Chris Hani District Municipal Mission:

"To co-ordinate governance for quality service and better communities through co-operative governance, socio-economic development, integrated development planning, and sustainable utilization of resources"

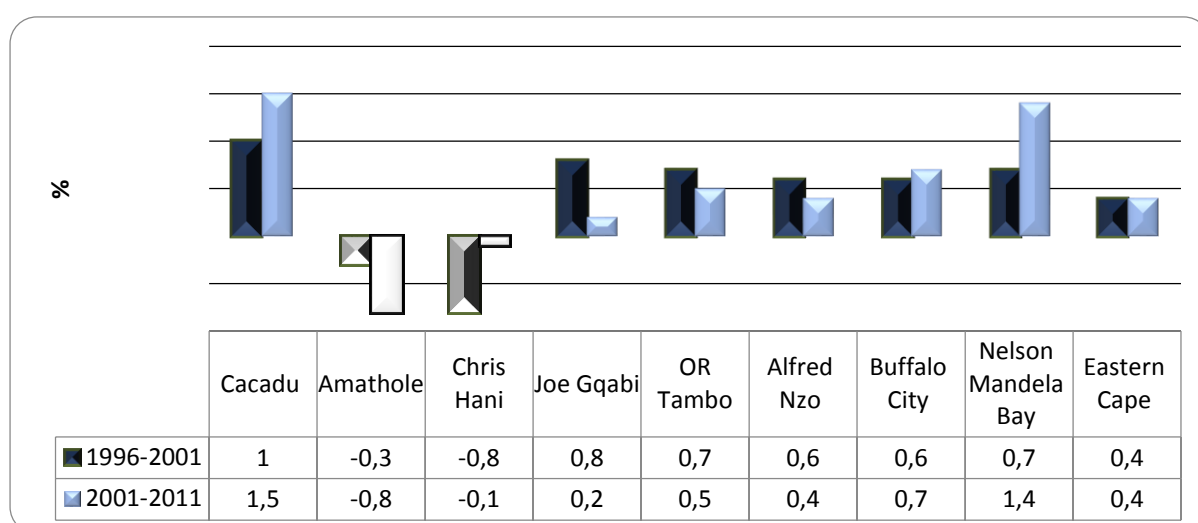
Chris Hani District Municipal Values:

| | | |
|----------|---|----------------|
| C | = | Commitment |
| H | = | Humanity |
| R | = | Respect |
| I | = | Integrity |
| S | = | Sincerity |
| H | = | Honesty |
| A | = | Accountability |
| N | = | Nurturing |
| I | = | Innovative |

Taken together, the vision and mission of the CHDM, as well as its values inform the manner in which the entire administration and the political arm of the CHDM conducts itself in engaging communities and in the delivery of services. These are the values against which the standards and performance of the municipality must be measured.

1.3.3. DISTRICT DEMOGRAPHIC PROFILE

The outcomes of the census undertaken by Statistics South Africa (STATSSA) in 2011 suggest that the population of CHDM has decreased from 800 289 in 2001 to 795 461 in 2011. This reflects a decline in population levels by -0, 1. Table 1 below illustrates the comparative figures for population levels in the province reflecting that whilst there have been changes within the province, the total population level for the province as a whole has remained constant for the periods 1996 – 2001 and 2001 – 2011 (0.4). Cacadu and the Nelson Mandela Bay Metropolitan, on the other hand, grew at a rate higher than the provincial average (1, 5% and 1, 4% respectively in the 2001 and 2011 period), with the Amathole District declining to the level of 0, 8% each year and Chris Hani as indicated earlier.



GRAPH 1: Comparative Population Figures (2011 Census)

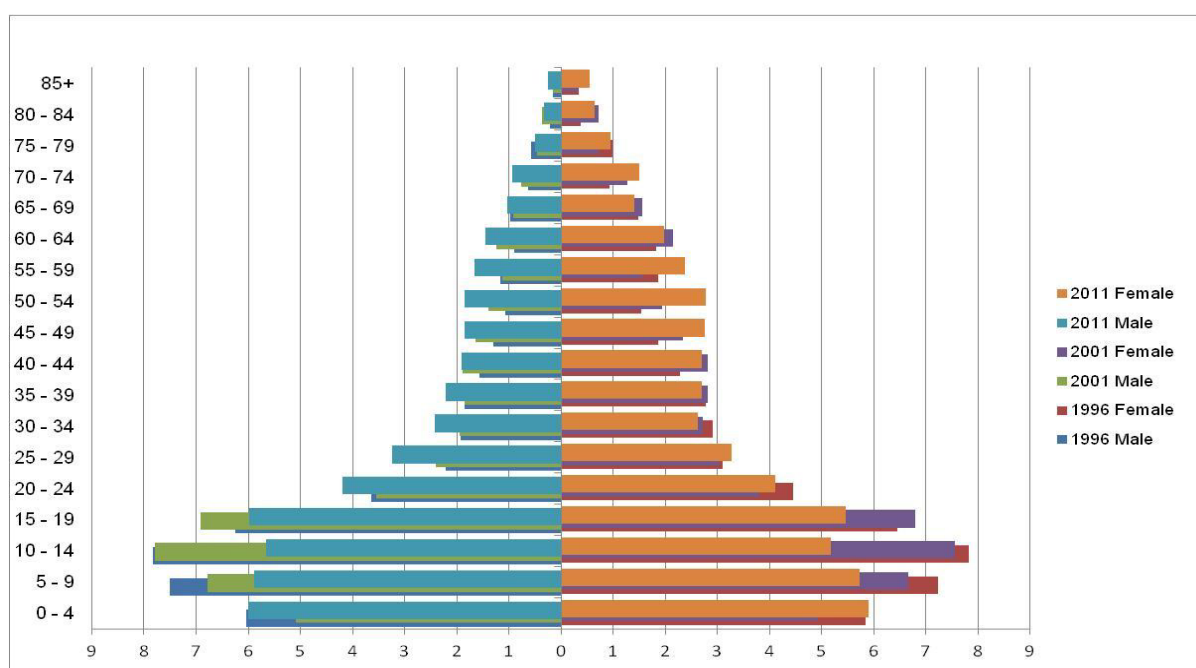
Table 2 below shows the population distribution per local municipality as informed by the 2011 Census.

| Municipality | Census 2011 | | Census 2011 | |
|-------------------|----------------|--------------|----------------|--------------|
| Inxuba Yethemba | 60 364 | 7.5 | 65 560 | 8.2 |
| Tsolwana | 32 537 | 4.1 | 33 281 | 4.2 |
| Inkwanca | 20 244 | 2.5 | 21 971 | 2.8 |
| Lukhanji | 181 799 | 22.7 | 190 723 | 24.0 |
| Intsika Yethu | 154 828 | 19.3 | 145 372 | 18.3 |
| Emalahleni | 121 822 | 15.2 | 119 460 | 15.0 |
| Engcobo | 162 248 | 20.3 | 155 513 | 19.6 |
| Sakhisizwe | 66 447 | 8.3 | 63 582 | 8.0 |
| Chris Hani | 800 289 | 100.0 | 795 461 | 100.0 |

TABLE 2: Population Distribution per Local Municipality (2011 Census)

From the table above, it can be seen that the greatest number of people within the district is concentrated in the Lukhanji Municipal area with a total population of 190 723 (24%) of the total CHDM population. This can be attributed to a number of reasons such as inward migration as a result of perceived economic and employment opportunities, education institutions and facilities and generally, a perception of better conditions of living. The changes in boundaries as a result of the demarcation process has had a number of implications notably on the population front with Engcobo LM gaining resulting in it having the second highest population of 155 513 (19.6 %) while Intsika Yethu, decreased in numbers to a total population size of 145 372 (18.3% of total district population). Emalahleni LM has a total population of 119 460 (15% of the district total) and its neighbour, Sakhisizwe LM has a total number of 63 582 people (8% of the total district population). Inxuba Yethemba LM's population is at 65 560 with a percentage of 8.2% of the district total percentage. Tsolwana currently stands at a total population size of 33 281 people (4.2% of the total district population) and Inkwanca is at 21 971 with an average population size of 2.8% of the district total population.

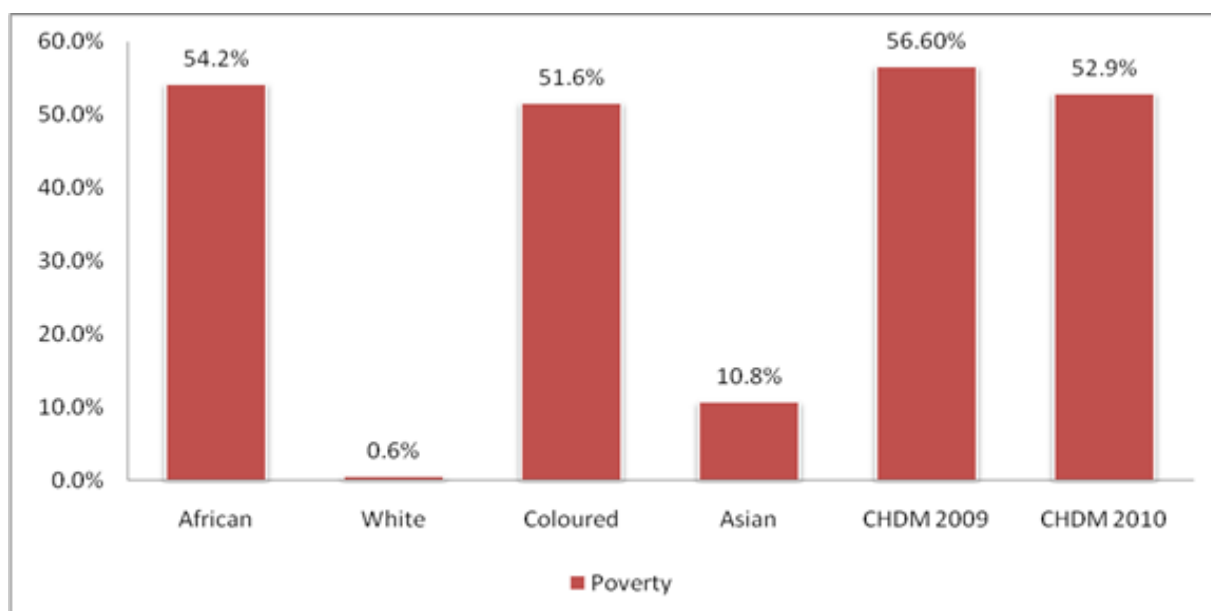
In addition to the sizes of the population, the statistics generated in 2011 provide us with information relating to the distribution of the population by age and sex. The pyramid (graph 2 below) shows a significant decline in male and female aged 15 – 19 and a decline in males 15 – 34. One of the factors for this could be due to out migration for employment and schooling. The decrease in females between the ages of 40 to 54 is worrying as this is the stage when women are still looking after their teenage children.



GRAPH 2: Population distribution by age and sex (2011 Census)

The majority of the population is young people of ages between 0 to 24 (55.9%). These are largely children who are of school going ages and therefore, it has been necessary for the CHDM to engage the Department of Education with a view of ensuring for improved access to schooling infrastructure and resources.

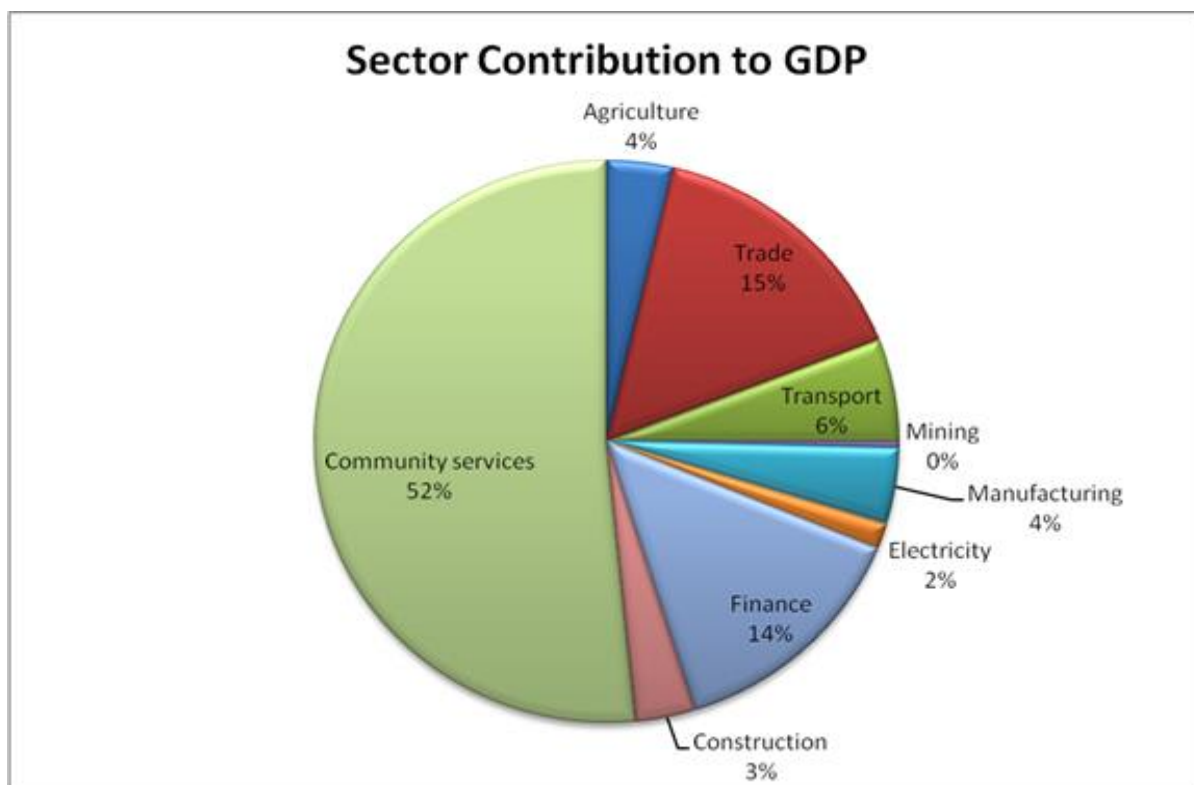
The levels of poverty within the district remain unacceptably high with over half of the district population (52.9%) living in poverty. Graph 3 below displays poverty levels across race groups within the district. Whilst this number remains high it is worth noting that there has been a decrease from the previous year's 56.6% poverty level. Importantly is the concentration of poverty among certain race groups. Too this end, the African segment of the DM population is the most affected by poverty, with 54.2% living in poverty, followed by the coloured population at 51.6%, Asians at 10,8 and whites at 0,6%.



GRAPH 3: Poverty levels per race type (2011 Census)

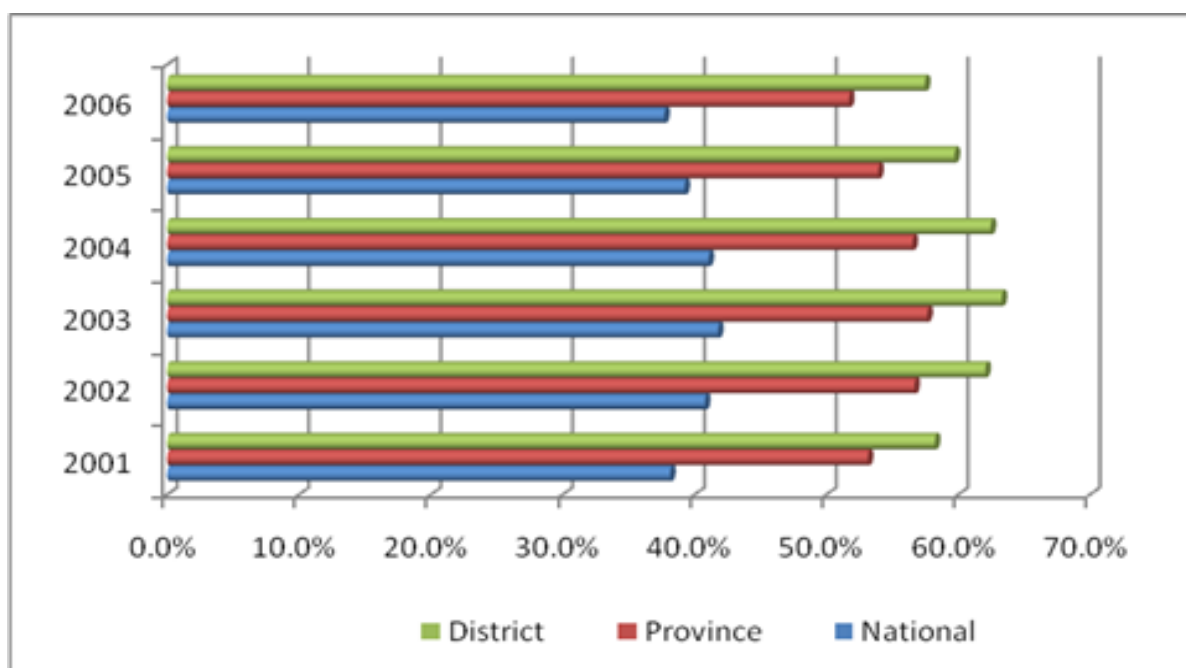
1.3.4. ECONOMIC OVERVIEW

The chart that follows (graph 4) depicts the contribution of each sector in the districts' economy. This chart shows that the main driver of the Chris Hani District Economy is the community services sector (notably government services) with its contribution resulting to over half (52%) of the district economy's performance. This is followed by Trade (15%), the finance sector (14%) and the rest below 10%. This clearly suggests that more effort must be put in place to ensure that the potentials of the different sectors are realised.



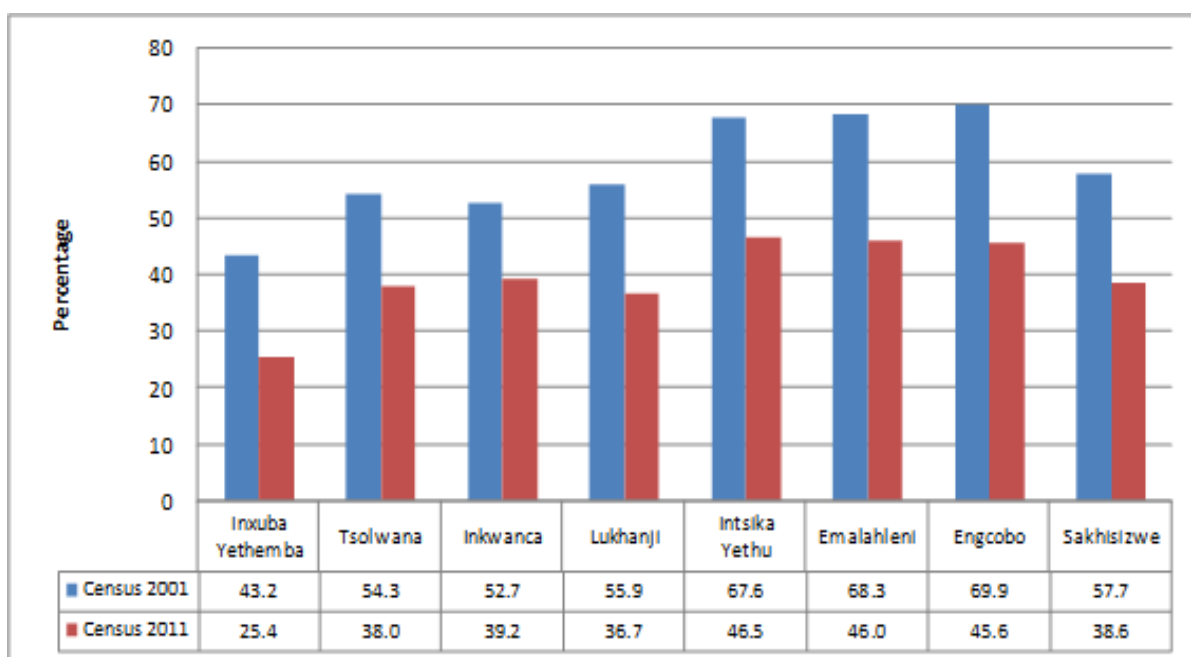
GRAPH 4: Sector contribution to the district economy (2011 Census)

The employment trends in the district mirror the economic dimensions of the district. This means that the biggest employer in the district remains the community services sector (government generally), followed by trade and finance. An important employment trend is that of household employment (domestic help) as well as self-employed people (primarily through informal trade). Hereon below is a graphical representation of the unemployment comparisons at national, provincial and district levels. It is important to note that the district surpasses both the national and provincial averages (57%; 37% and 51% respectively) thus requiring that concerted efforts be put in place with a view of addressing the unemployment challenges besetting the district.



GRAPH 5: Comparison of employment levels (National, Provincial and District) (2011 Census)

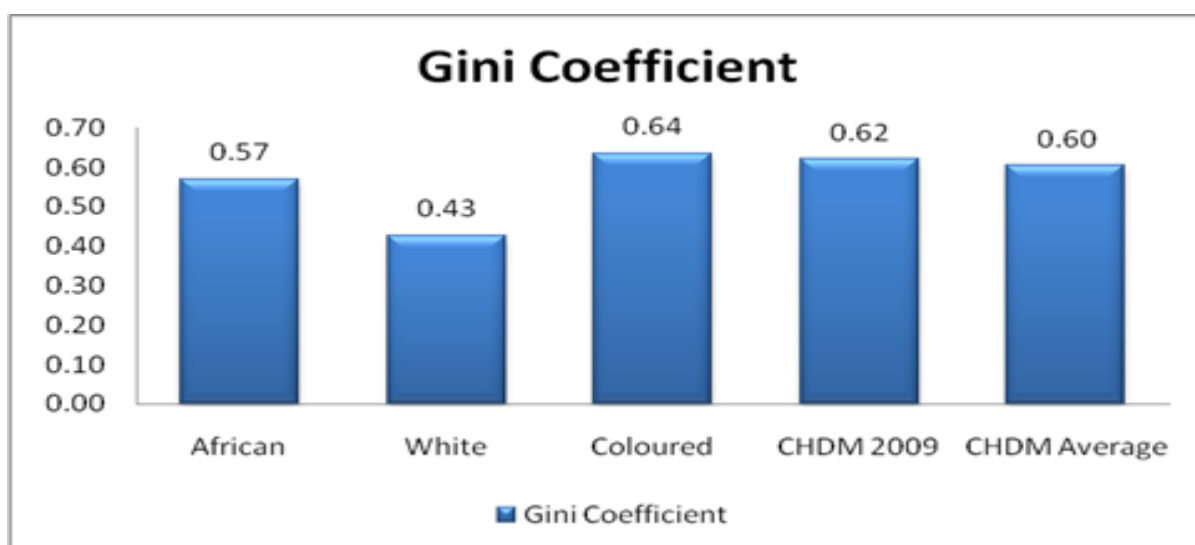
Due to high rates of unemployment there is generally high dependence on grants and remittance (monies sent home family members working in urban centres) as the main sources of household incomes especially in the poor areas in our district. In general most people get their money from social grants especially in Emalahleni. Many especially in municipalities like Tsolwana and Engcobo depend on remittances whilst close to half in Inxuba Yethemba and Sakhisizwe get their income from wages (FIVIMS Report).



GRAPH 6: Comparison of employment levels (2011 Census)

The National Government has lifted unemployment, inequality and poverty as major challenges currently facing the country. To remedy such challenges the Planning Commission as headed by Minister Trevor Manuel developed the National Development Plan 2030. The picture of unemployment within the district as depicted by a graph 6 above reflects that compared to 2001, there is an improvement as unemployment levels have decreased. It further reflects Intsika Yethu, Emalahleni and Engcobo as being the highest within the district with higher levels of unemployment with the least being Inxuba Yethemba.

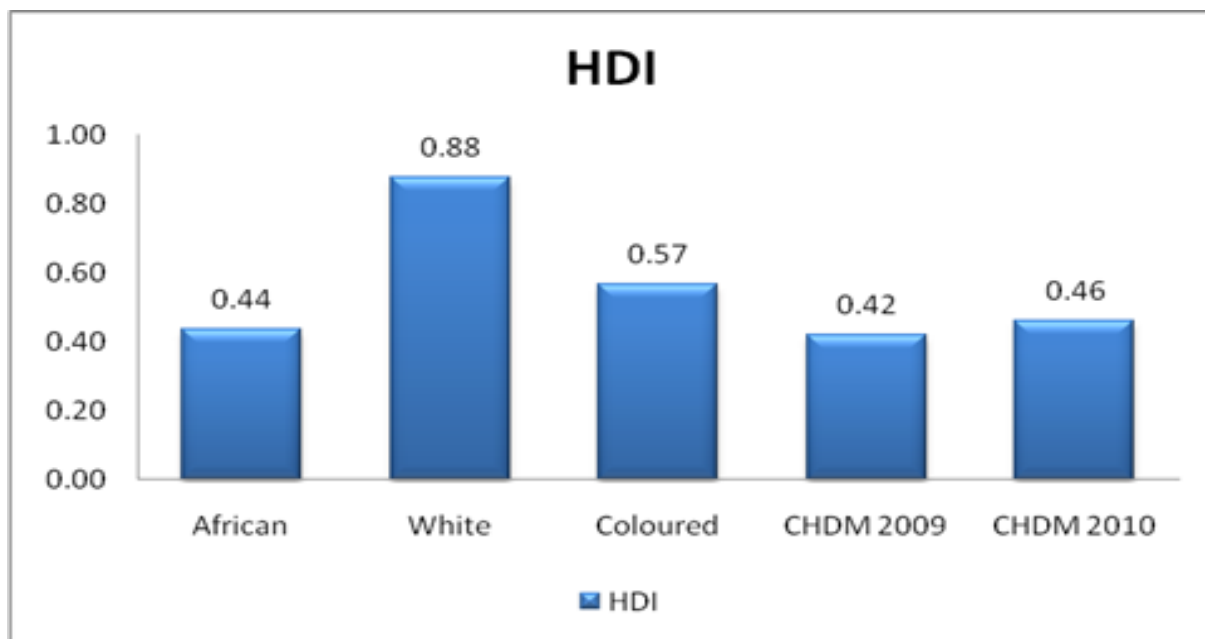
Closely associated with the question of (un)-employment and economic performance is the issue of income inequality. To assess the extent to which the Chris Hani District population is unequal, the Gini Coefficient was used. The Gini coefficient is a statistical summary of income inequality, which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (inequality - in the case where one household earns all the income and other households earn nothing). In practice the coefficient is likely to vary from approximately between 0, 25 and 0, 70. Graph 7 below suggests that the Chris Hani district is experiencing inequality particularly across race groups:



GRAPH 6: Income inequality by race (2011 Census)

The graph also illustrates that there has been a year-to-year improvement in the gini coefficient within the municipality, showing that there are strides being made in trying to address the present inequalities. It is clear though that a lot still needs to be done towards addressing these inequalities.

Whilst economic growth rates are important to assess the success of some of the economic initiatives implemented within the municipality, these do not always give an indication of the extent to which such initiatives contribute to the qualitative change in the lives of the residents of the Chris Hani District. As such, a method that is used to measure qualitatively the improvements in peoples' lives is the human development index (HDI). The HDI measures life expectancy, literacy and income of a particular district. It is measured on a scale of 0 to 1 and an HD should preferably be above 0.50 to represent an acceptable level of development.



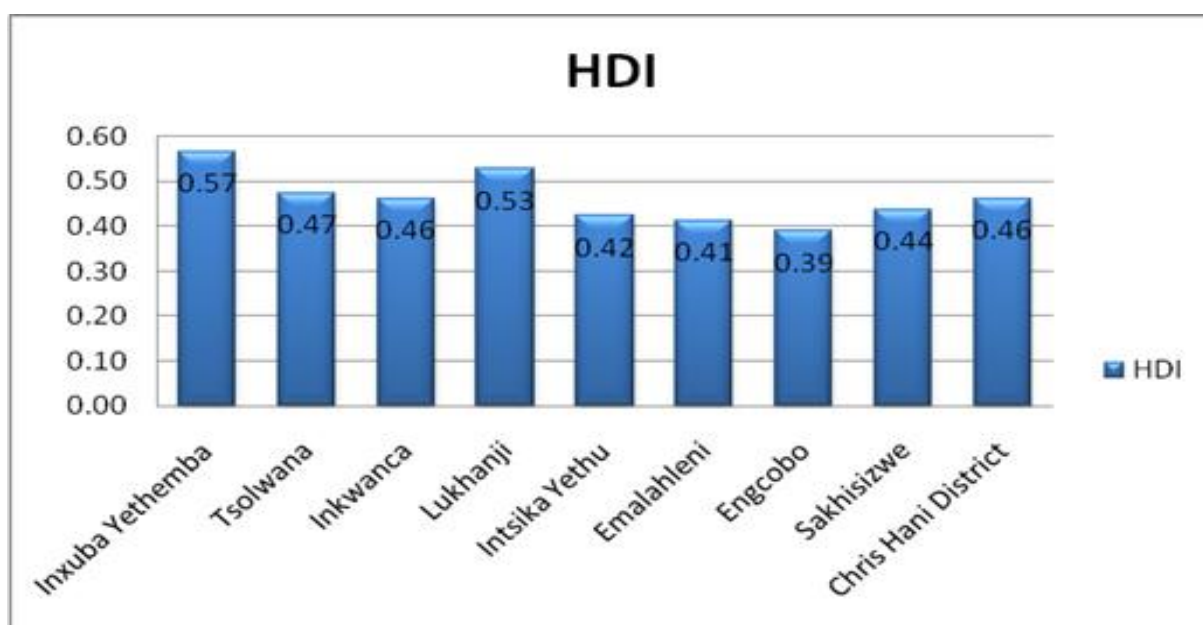
GRAPH 7: Human development per race (2011 Census)

Graph 7 above indicates that the HDI level of the district is standing at 0.46 and with whites within the district at 0.88; Coloureds at 0.57 and least being Africans at 0.44. As per the analysis earlier this suggests that the district is below average and as such, serious efforts need to be put in place to ensure that people, particularly the African population, is extricated from the dehumanising conditions of underdevelopment. A number of factors can be attributed to this level of human development however, deeper analysis of the root causes of these challenges need to be examined. Amongst others this can be attributed to the following:

- ✚ The region is challenged with a higher demand for basic services as well as housing/Infrastructure etc.
- ✚ The area is largely rural which negatively influences the health as to some services are sparsely located within the district.
- ✚ Services such as education, reproductive health, youth development and development projects to address poverty remain a challenge for local government and government departments.

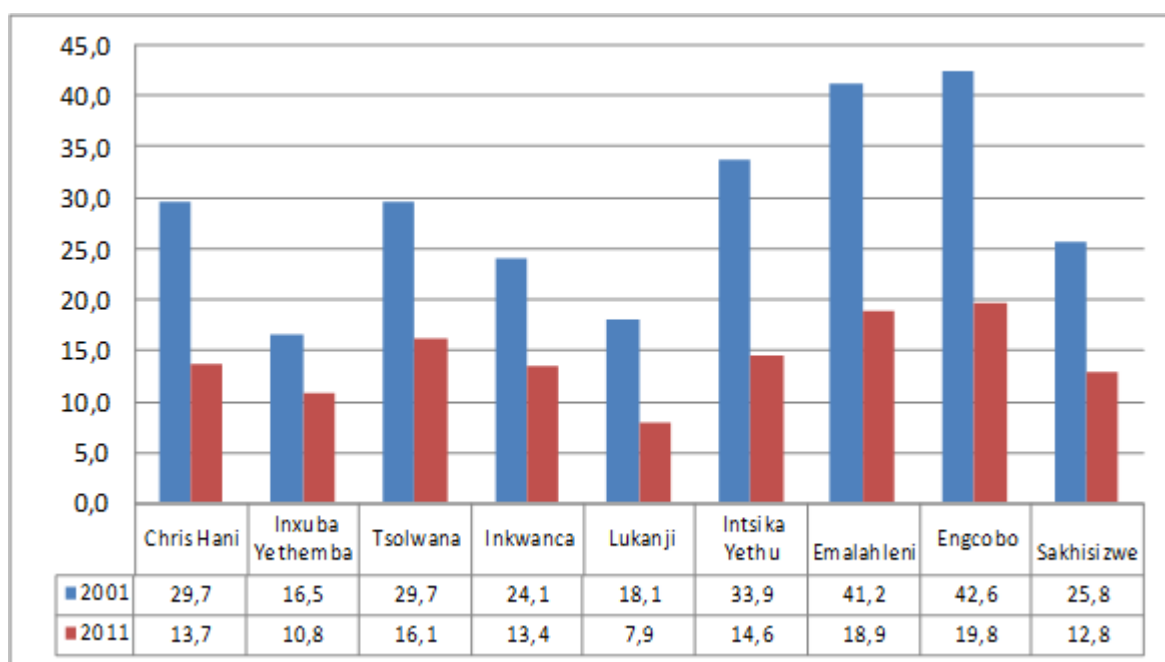
- ✚ The District Municipality has former homeland areas where limited or no development has taken place over a number of years. This has translated in Chris Hani District experiencing high levels of poverty across the District.
- ✚ The public sector dominates the region's economy, which indicates the challenge of a limited production base in the area, and limited private investment growth into the CHDM economy.
 - Economic situation in terms of lack of income and unemployment of the population is increasing.

Graph 8 below, on the other hand, indicates that human development across the district local municipalities is below 0.50 and therefore cannot be accepted. Inxuba Yethemba at 0.57 and Lukhanji LM at 0.53 are exceptions to this situation. Tsolwana is at 0.47; Inkwanca is at 0.46; Intsika Yethu is at 0.42; Emalahleni at 0.41; Engcobo is at 0.39; and Sakhisizwe is at 0.44.



GRAPH 8: Human development per local municipality (2011 Census)

Closely associated with human development is the question of educational attainment. The graph 9 hereon below depicts the percentage of the population aged 20 and above in each municipality with no education in Chris Hani and its local Municipalities comparing the development with 2001 and 2011. This shows a great improvement as from 2001 as the towers that are blue show the situation by 2001 and red ones depicts the current scenario with figures being below 20% which one can interpret by saying the current government has improved the situation by probable through availability of scholar transport, building of schools closer to where communities are etc.



GRAPH 8: Education levels (20 years and above) per local municipality (2011 Census)




This section covers the key demographic areas that must inform municipal planning and service delivery interventions. Importantly, the intervention of the CHDM, and indeed the local municipalities under its jurisdiction, must seek to qualitatively change the picture as depicted in the discussions above.

1.4 SERVICE DELIVERY OVERVIEW

As indicated earlier, the delivery of services by the Chris Hani District Municipality is informed firstly by the powers and functions vested in a district municipality as contemplated in Schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996, as well as the Local Government: Municipal Structures Act, 117 of 2008. In addition to this, the MEC for Local Government in the Eastern Cape Province extended these to include some functions previously not the functions of the Chris Hani District Municipality.

In terms of the structural arrangements of the CHDM, three of the six departments of the municipality deal directly with service delivery, viz.; Engineering Department, Health and Community Services Department and the Integrated Planning and Economic Development (IPED) Department. The other three departments are support departments which essentially ensure that the municipality is able to deliver on its mandate.

The Health and Community Services Department is responsible for the following functions:

-  Municipal Health Services: Water quality monitoring, food quality and hygiene, environmental management and climate change;
-  Disaster Management and fire-fighting services;
-  HIV and AIDS Management: Internal HIV/AIDS programmes and well as community initiatives.

During the financial year under review, the CHDM, through this department has been able to deliver on the following:

MUNICIPAL HEALTH SERVICES

1.4.1. WATER QUALITY MANAGEMENT

The CHDM is responsible for provisioning of quality water to all areas within its jurisdiction which should adhere to SANS: 241. We have thus far taken about 2 400 water samples from the sampling points as designated by the Department of Water Affairs (DWA). We are proud to report that all samples taken are free from water related and water-washed diseases like cholera, typhoid, shigella dysentery etc. and people can consume water without any fears of being exposed to waterborne diseases.

1.4.2. WASTE MANAGEMENT

Since the previous financial year, CHDM had forged links with the Department of Environmental Affairs towards assisting municipalities with waste management programmes such as recycling, street sweeping and landfill sites management, in order to comply with the new Waste Act which promotes recycling, reuse and recovery of waste so as to minimize the volumes of wastes to the landfill sites.

These initiatives were rolled-out at Ngcobo, Sakhisizwe, Inxuba Yethemba, Emalahleni, Lukhanji and Intsika Yethu. They will also be extended to other LMs in the next financial year. Inroads are in place towards assisting municipalities to have their landfill sites permitted.

We wish to congratulate Intsika Yethu Municipality for extending waste management services to indigent households and encourage the rest to follow suit.

Annual performance as per key performance indicators in waste management services

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the f. year under review | Number of HH/customer reached | Percentage of achievement during the year |
|---|---|--|-------------------------------------|---|-------------------------------|---|
| 1 | Percentage of households with access to refuse removal services | N/A | N/A | N/A | N/A | N/A |

1.4.3. ENVIRONMENT AND CLIMATE CHANGE

The District Climate Change Summit of 2011, recognised the need for all CHDM Directorates to mainstream Climate Change protocols in the delivery of services e.g. human settlement, water services, sanitation services, led programmes. The District is therefore committing itself to a sustainable development and protection of the environment for future generations. Together with the Department of Environmental Affairs, we are conducting natural resource rehabilitation projects and alien vegetation eradication through EPWP in order to mitigate these challenges. We have since established an Environment and Climate Change Forum to engage stakeholders on Environment and Climate Change issues. On the other hand, the Department continues to conduct environmental awareness and educational campaigns throughout the district in order to raise the levels of awareness around issues of greening and beautification.

About 860 trees have been planted since May 2012 and the Department has committed itself to plant more in the next financial year. All these efforts seek to reduce the impact of climate change in our communities and rather promote greener societies that shall enrich our environment.

These initiatives saw Inkwanca Municipality winning the Provincial Greenest Municipality Award in November 2012. We therefore call upon all the LMs to prioritise environmental responsible behavioural patterns and make it their daily business.

A draft District Wide Adaptation and Mitigation Strategy has been developed and will in the next financial year be table to Council, once all the inputs have been received.

This strategy will assist the district in dealing with issues of renewable energy (solar energy, bio-fuels, clean technologies, wind turbines) waste management (land fill sites) and other climate change programmes better than before. (Provide detail of the three crown project) We pride ourselves of three crowns project and will be replicated in other villages and schools in the next financial year. We therefore call upon the communities to adopt the same protocols in their daily living.

1.4.4. HIV AND AIDS AND ANTI-POVERTY (PHAKAMA SAKHE)

HIV and AIDS keeps on being a serious threat to our developmental agenda in as far as socio economic conditions are concerned. During this financial year, CHDM Council adopted an HIV,STI and TB Strategic Plan of (2012-2017), and this Department in collaboration with its stakeholders have been in full swing – implementing the programmes such as CONDOM WEEK, DISTRICT WORLD AIDS DAY, CANDLELIGHT MEMORIAL and so on, towards combating the scourge of HIV and AIDS in the District. These efforts gave rise to a decline of the prevalence rate among antenatal women by 0.6% in 2011 compared to the 2010 results of 29.5% and 30.1% respectively.

The Know Your Epidemic and Know Your Status Campaign have also contributed to the decline in the HIV infections. The results further indicate that, our District has 28 700 people on Anti-Retroviral Treatment (ART), of which 26 753 are adults and 1 947 are children. The highest positivity rates are from Ngcobo, Lukhanji and Sakhisizwe facilities with 12.2%; 9.7% and 8.6% respectively. Special attention will be given in these areas as we rollout 2013/2014 HIV and AIDS programmes wherein the youth will be our primary focus.

We therefore call upon the youth of this District to apply brakes on HIV and AIDS by Abstaining, Being Faithfull to one partner and to Condomise if one is sexually active.

Amongst these programmes is the element that the Council has decided to incorporate in order to address the social ills and that is Anti – Poverty or Phakama Sakhe initiatives. These initiatives have been piloted in the sites of Intsika Yethu at Hala Location and Ngcobo at Silindini Location. The Department together with the Sector Departments and other internal Departments have started addressing these challenges by employing 105 youth and women as ground diggers on a two year contractual period. The Phakama Sakhe programme will be extended to all 112 wards of the District in the next financial year and shall be championed by the Ward Councillors.

The success of these programmes has now placed the District AIDS Council (DAC) in being recognised as the best performing in the Province. This has resulted into a twinning arrangement with Umgungundlovu District Municipality wherein the two (2) Districts are now sharing best practices and we hope that this relationship will yield successful, meaningful and progressive results.

1.4.5. HIV AND AIDS IN THE WORKPLACE

We have once more within CHDM repeated HIV Prevalence and Knowledge, Attitudes, Perceptions and Behaviour survey was conducted in March – April 2013, to determine whether there has been an increase or decrease in HIV prevalence since the baseline which was conducted in 2009 among Councillors and staff in general. The survey showed a decrease of HIV prevalence among Councillors and employees from 16% in 2009 to 7.6% in 2013.

This is a remarkable improvement. The report also showed a decrease in the number of employees who reported fear of stigma and discrimination in the workplace from 99% in 2009 to 2.7% in 2013. We will continue our partnerships with LMs in implementing HIV and AIDS workplace programmes.

1.4.6. HEALTH SUMMIT

A district health summit was held on 1 -2 November 2012 at Roydon Nature Reserve. Its primary objective was to determine progress made thus far, insofar as the implementation of the ten (10) point plan for 2009 -2014 is concerned as set out in the Department of Health Strategic plan. The summit acknowledged the progress made thus far, however, much more needs to be done with challenges posed by HIV and AIDS and TB, maternal and child-mortality, communicable & non-communicable diseases. We have committed to accelerate service delivery by:

- ✚ Supporting the piloting National Health Insurance (NHI) in one of the Health Sub-Districts of the District in the 2013/14 financial year.
- ✚ Strengthening relations with all Sector Departments in an attempt to mobilize and integrate resources towards addressing the challenges posed by HIV & AIDS; TB and STIs.
- ✚ Making sure that the Millennium Development Goals are given the due priority, and thus ensuring improvement.

1.4.7. CIRCUMCISION

At this point we want to congratulate the district team that is responsible for overseeing circumcision seasons and challenges that arose were swiftly attended. However, we shall stand and act during this June month (Nyanga Yesilimela) as we are striving for a zero incident period. We call upon our communities to observe the policies, regulations and structures that govern this ritual by encouraging parents to ensure that these boys visit the local clinics; ensure that these boys are at the right age to go through this ritual; nurses/doctors act responsibly; iinkosi and traditional houses lead the process at a customary level; the department of Health shall lead and the CHDM will fully activate its support.

1.4.8. DISASTER MANAGEMENT

The primary focus of disaster management as set out in the Disaster Management Framework adopted by the Council is the prevention and mitigation of disastrous risks and hazards as they are likely to be found in our District given its geographical nature. In an effort to minimize these incidents, 33 awareness campaigns on risk reduction strategies such as snow rescuing, thunderstorm & lightning, tornadoes and so on, were conducted throughout the District. These initiatives are in line with the programmes of climate change and should be seen interchangeable.

A Disaster Management Plan is about to be adopted by the Council and will assist the District together with LM's in addressing the risks and hazards posed to us by the effects of climate change. We call upon all stakeholders to work with us as we drive these programmes so that together we reduce the impact and effect of these hazards.

1.4.9. FIRE SERVICES

The Municipal Structures Act clearly stipulates the role and responsibilities that the district shall provide in executing fire services. Such functions are:

- ✚ Planning, co-ordination & regulating fire services;
- ✚ Specialised fire-fighting services such as maintain, veld and chemical fires; and
- ✚ Coordination of the standardisation of infrastructure, vehicles, equipment and procedures.

In spite of this, the District has gone beyond its scope by assisting municipalities with their functions such as structural fire-fighting in an attempt to reduce the spread of fires to the nearest buildings which might cause injuries & deaths.

During this financial year, 387 structural fires were extinguished throughout the District, whilst, veld fires were 443. Of those 33 fire injuries were reported and recorded. The District together with municipalities have since developed an awareness programme which seeks to educate the community on safety measures. The programme is progressing fairly well.

1.4.10. KEY CHALLENGES IN HEALTH AND COMMUNITY SERVICES

The delivering on its functions and responsibilities, the department has experienced the following challenges in terms of each line function:

The Integrated Planning and Economic Development (IPED) department is responsible for the following functions:




- ✚ District integrated development planning including town planning services;
- ✚ Housing development;
- ✚ Agricultural development;
- ✚ Forestry and related sectors' development;
- ✚ Tourism development and promotion; and
- ✚ Business development.

During the 2012/2013 financial year, the CHDM, through this department has been able to deliver on the following:

1.4.11. HOUSING FUNCTION AND MAIN ROLE-PLAYERS

Schedule 4 of the Constitution of the Republic of South Africa, Act 108 of 1996, read together with Section 9 of the Housing Act, 107 of 1997, places the housing competency on both the Provincial Administration (co-ordinated by the Provincial Department of Human Settlements) as well as the Local Municipalities. However, the Chris Hani District Municipality, as adhering to the responsibilities as stipulated in the Local Government: Municipal Structures Act, 117 of 1998, has taken the position to co-ordinate, support and guide the process of housing development within the district area. To further enhance the responsibilities charged against the CHDM, in 2011, the Eastern Cape Department of Human Settlements granted the CHDM the status of being a developer for the replacement of temporal housing structures with the construction of permanent houses within the district area as a whole.

In October 2010, the Council of CHDM took a resolution to engage in the process of Housing Municipal Accreditation. An application was forwarded to the Eastern Cape Department of Human Settlements for the CHDM to be considered for Levels one and two of the Housing Municipal Accreditation. The Eastern Cape Department of Human Settlements responded by including the CHDM as one of the municipalities that would be considered for assessment for capacity at level one of the Housing Municipal Accreditation. In terms of this process, the functions attached to Level one accreditation are listed as follows:

-  Beneficiary Management;
-  Subsidy budget planning and allocation; and
-  Priority programme management and administration.

In May 2013 a pre accreditation assessment for the district was conducted by the Eastern Cape Department of Human Settlements. The assessment report highlighted that although there seems to be evidence of capacity in the district, there are capacity needs within the municipality around project cycle of Human Settlements delivery.

The following are areas of intervention identified:

-  The establishment of the Housing Needs Register in all the municipality

Work completed: the ECDHS has appointed a service provider, Mbumba Development Services, to develop a housing needs register for 6 LMs in the district that did not have the register (Emalahlen; Inxuba Yethemba; Tsolwana; Inkwanca; Ngcobo and Sakhisizwe LM). The service provider is currently on site.

-  Development and the implementation of the Allocation Policy

Work completed: CHDM has started with process of procuring the service provider to develop the Integrated Housing Sector Plan which incorporates the development of the Housing Allocation Policy. Some areas of intervention and challenges were identified and are listed hereon below:

- ✚ Availability of land for future projects;
- ✚ Availability of bulk especially challenges relating to water and sanitation;
- ✚ Issues around the capacity PMU office in respect of social facilitation and beneficiary administration;
- ✚ Increase technical capacity within Human Settlement Unit by reviewing the orgarnogram and providing for new posts;
- ✚ Strengthen contracts and inventory management;
- ✚ Filling of strategic posts in the institution and specially in technical fields;
- ✚ Skills needed for the administration of Human Settlement delivery and technical skills for serving the water and sanitation backlog. This is based on the high vacancy rate within engineering and the limited capacity provided for the orgarnogram for human settlement delivery.

A pre accreditation support will be offered by the ECDHS to ensure that the municipality performs its function and as such continued engagements will be undertaken with the municipality to ensure that CHDM responds to the area that needs attention. SALGA will also support and guide the district in terms of meeting all the required expertise for the accreditation.

To ensure that the various housing challenges facing the district such as bulk infrastructure provisioning, the land question, housing infrastructure and social development, are addressed adequately and as a matter of urgency, the Council of CHDM approved an organogram which puts in place the Housing Unit. The Housing Unit is housed in the Integrated Planning and Economic Development Directorate (IPED) of the CHDM and currently is staffed by a Housing Manager, who, as reporting directly to the IPED Director, has the responsibility of guiding the housing process and to manage stakeholders. Although not exclusively limited to these, the Housing Unit has the following responsibilities:

- ✚ provide support and guidance to local municipalities faced with capacity challenges and financial constraints in housing delivery;
- ✚ coordinate infrastructure projects that directly affect housing (sanitation and water);
- ✚ eliminate duplications; and
- ✚ assist in the monitoring of housing projects.

Furthermore, as part of the institutional arrangements and in terms of the CHDM operational plans, a District Housing Forum sits at least once every quarter to try and address those housing development challenges facing the district. The Housing Forum is a stakeholders' engagement forum which is comprised of the following representatives:

- ✚ The chairperson of the forum, the IPED Portfolio Councillor (CHDM);
- ✚ The IPED/ Technical Services Portfolio Councillors of (all eight Local Municipalities);
- ✚ Housing officials (both in the CHDM and in all eight Local Municipalities);
- ✚ Infrastructure and town planning officials (both in the CHDM and in all eight Local Municipalities);
- ✚ The Eastern Cape Department of Human Settlements (Provincial and Regional Representatives);
- ✚ Representatives from various sector departments; and
- ✚ All other stakeholders relevant to the housing function.

Additionally, the CHDM, in partnership with the Coega Development Corporation, intends signing an Advanced Socio-Economic Development and Transformation through Infrastructure Development Agreement. This agreement will facilitate skills development of local labour, including internship programmes and emerging enterprise development, including cooperatives.

As was noted hereon earlier, the CHDM is only responsible for the construction of emergency disaster houses. In terms of this function, the current backlog is a 1300 disaster houses. Of the 1300 houses to be built, 427 were approved for the 2012/2013 financial year and the distribution is listed as follows:

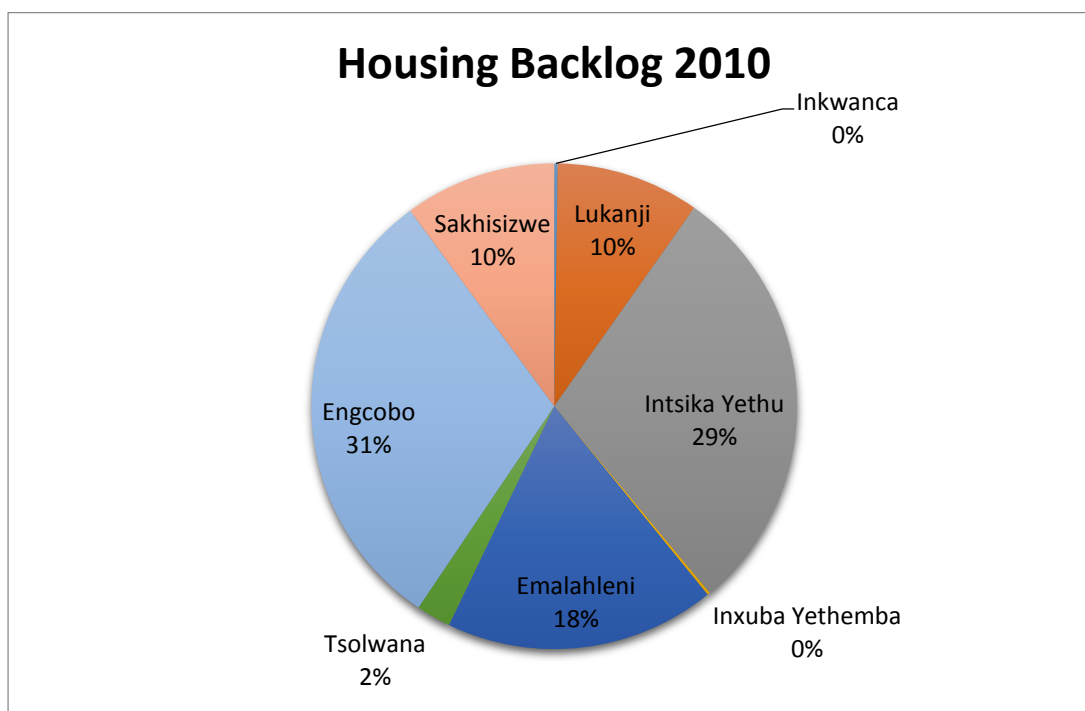
- ✚ Intsika Yethu LM = 67
- ✚ Lukhanji LM = 75
- ✚ Emalahleni LM = 49
- ✚ Sakhisizwe LM = 65
- ✚ Engcobo LM = 73
- ✚ Tsolwana LM = 44
- ✚ Inkwanca LM = 24
- ✚ Inxuba Yethemba LM = 30

To date, of the 427 approved houses, 173 beneficiaries have been approved for subsidy application. 10 emerging contractors in Grade 1 CIDB from (Ngcobo 5; Tsolwana 3 and Sakhisizwe 2) have been appointed by Coega through a developmental programme where Coega will manage and mentor them so as to get a better grade of CIDB. More contractors are still expected to be appointed in the programme.

Through the office of the executive mayor 8 destitute houses have been identified to be constructed in all LMs using Ingcibi and local resources available in that particular area. The main focus of the programme is on child headed families; victims of violence; old age people; HIV and AIDS victims and so on.

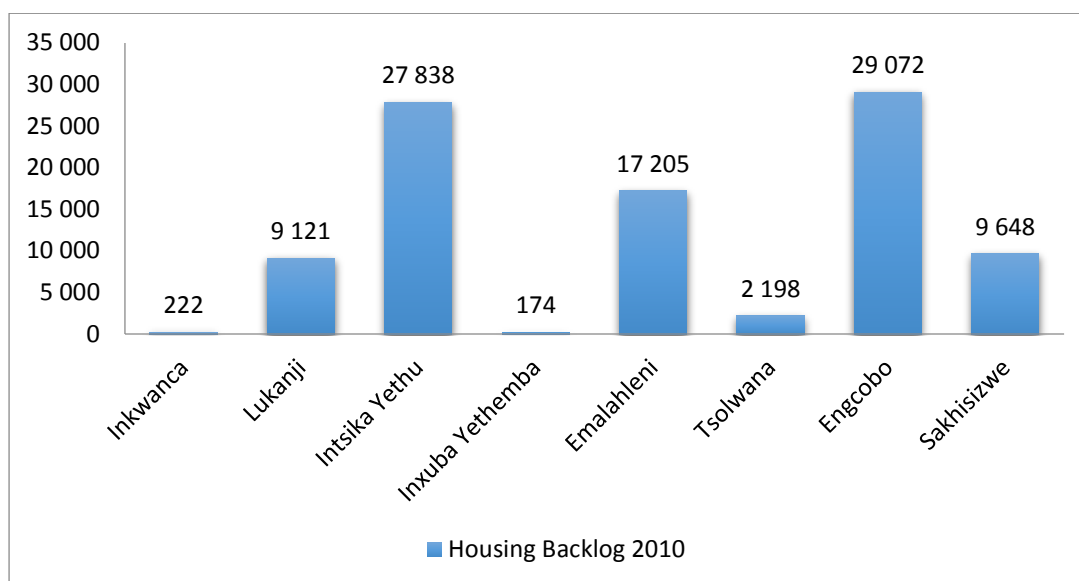
The programme started at Lukhanji; Emalahleni; and Tsolwana. Lukhanji house has been handed over on the Mandela day; the other two houses are expected to be handed over during the Exco Outreach in September 2013.

The other housing projects are implemented by the Eastern Cape Department of Human Settlements together with Local Municipalities and the current backlog in terms of that is stipulated in the following graphs:



GRAPH 9: CHDM Housing backlog

The graph above demonstrates that the greatest housing shortage is in Engcobo local municipality, followed by Intsika Yethu and Emalahleni Local Municipalities. The graph on the other hand suggests that Inxuba Yethemba does not have any shortages in terms of housing.



GRAPH 10: CHDM Housing backlog

Whilst graph 9 indicates the percentages, graph 10 above displays the actual numbers per local municipality.

1.4.12. KEY ISSUES IN HOUSING DEVELOPMENT

Skill development programme

CHDM has embarked on the process of assisting Local Co-operative clay brick makers in the district in partnership with the Chris Hani Cooperative Development Center with the aim of getting an accredited clay brick that can be used to construct housing projects within the district. The programme has been piloted at Ikwanca Local Municipality and thereafter it will be rollout to other LMs. The service provider Cermalab was appointed through CDC to train cooperatives at Molteno with 14 Members (12 Females, 2 Males and None Youth Members) and Sterstroom Site with 15 Members (6 Females, 9 Males and None youth members).

The Bricks produced during training at Sterstroom met the required strength of 4MPa and the bricks produced at Molteno did not meet the required strength however the service provider is still on site trying to get the required strength for that site. The main challenged identified at molten was that their soil has shale which makes it difficult to be grinded to make fine aggregates. Hammer mill has been procured to grind the shale with the hope that positive results will be acquired at Molten.

As part of the programme CHDM has established both sites for Molteno and Sterkroom. 4 brick production machinery have been purchased; 1 hammer mill has been purchased; 50 x50m fencing is under erection; 12 x 6m steel sheds have been constructed. CHDM has provided coops with protecting working clothing, rain water tanks etc.





Capacitating local municipalities

Capacity and support to local municipalities and other stakeholders with regard to housing delivery is being provided in line with the Housing Act. Local municipalities are guided on how to develop their Housing Sector Plans and assisted in the monitoring of housing projects. They are also given support on planning and implementation of subsidy projects towards integrated settlements and coordinating the formulation and review of housing policy and legislation. Items to be highlighted in the Housing Development Plan:

- ✚ Local context, spatial context, demographic context, economic context and social context;
- ✚ Current housing demand;
- ✚ Land identification;
- ✚ Current housing situation;
- ✚ Planned projects;
- ✚ Integration with other sectors;
- ✚ Spatial Development Plan;
- ✚ Performance Measurement; and
- ✚ Housing Institutional Framework

1.4.13. TOWN PLANNING FUNCTION

Part B of Schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996, places the function of town planning on Local Municipalities. However, in line with the position as taken by the Council of the CHDM of providing hands on support to all its Local Municipalities, and also in adherence to the prescripts of the Local Government: Municipal Structures Act, 117 of 1998, the CHDM has, through its Development Planning Unit of the Integrated Planning and Economic Development Directorate (IPED), made available the position of the town planner with the task of assisting Local Municipalities in the following aspects:

- ✚ Determine the efficiency and consistency of municipal spatial tools, i.e.; SDFs, GIS and LUMS in addressing spatial matters;
- ✚ Identifying and prioritising municipalities requiring urgent assistance particularly those without the services of a town planner;
- ✚ Ensure alignment of SDFs in terms of development, review and implementation;
- ✚ Provide technical support to Local Municipalities in terms of developing credible SDFs; and
- ✚ To keep abreast of legislation and trends as this relates to town planning.

Furthermore, the Development Planning Unit has established the District Town Planners Forum whose main objectives are to look at specific town planning issues affecting the function throughout the district. This forum is comprised of town planners/land use and/or spatial planning officials from the CHDM and all its local Municipalities.

1.4.14. SPATIAL PLANNING

Preparation and approval process of SDF:

In line with the legislative requirements, during the financial year under review, the CHDM undertook a process of reviewing its Spatial Development Framework (SDF) as was approved in 2004. The objectives of this review were to ensure:

- ✚ The alignment between the strategic approach to managing development investment in the district embodied in the original SDF and current government policy as embodied by –
 - The National Spatial Development Perspective;
 - The Eastern Cape Provincial Growth and Development Plan; and
 - Other relevant legislation governing development planning
- ✚ The incorporation of the latest available data on social (demographic), economic and infrastructural development indicators; and
- ✚ The building into the SDF latest information derived from new and/or revised sector plans data-sets and spatial proposals.

Land use management:

Part B of Schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996, places the function of town planning on Local Municipalities. However, in line with the position as taken by the Council of the CHDM of providing hands on support to all its Local Municipalities, and also in adherence to the prescripts of the Local Government: Municipal Structures Act, 117 of 1998, the CHDM has, through its Development Planning Unit of the Integrated Planning and Economic Development Directorate (IPED), made available the position of the town planner with the task of assisting Local Municipalities in the following aspects:

- ✚ Determine the efficiency and consistency of municipal spatial tools, i.e.; SDFs, GIS and LUMS in addressing spatial matters;
- ✚ Identifying and prioritising municipalities requiring urgent assistance particularly those without the services of a town planner;
- ✚ Ensure alignment of SDFs in terms of development, review and implementation;
- ✚ Provide technical support to Local Municipalities in terms of developing credible SDFs; and
- ✚ To keep abreast of legislation and trends as this relates to town planning.

Furthermore, the Development Planning Unit has established the District Town Planners Forum whose main objectives are to look at specific town planning issues affecting the function throughout the district. This forum is comprised of town planners/land use and/or spatial planning officials from the CHDM and all its local Municipalities.

Whilst the CHDM currently does not have an express role to play in terms of land use management, the enacting of the Spatial Planning and Land Use Management Bill 2013 is a stepping stone towards a uniform and progressive Land Use management system i.e. Chapter 4, 5 and 6 of the Act seek to address issues such as preparation of SDF's, municipal planning tribunals & their composition as well as municipal land use planning. Though it should also be noted that from a provincial level there is legislation that still needs to be repealed in order for the act to be effective which is the reason why the Department of Rural Development and Land Reform has also embarked on course of involving District Municipalities, Department of Local Government and Traditional Affairs as well as interested and affected parties in the development of the provincial planning legislation.

In its SDF the CHDM has set guidelines in terms of the land development character of the District as a whole. Of note, however, in relation to the land question is the issue of obtaining land for development purposes, particularly as this relates to the former Transkei areas. The



CHDM has been actively involved to ensure that it influences government processes to ensure that individual rights to land through title deeds is ensured so as to ensure security of tenure and development progress.

Furthermore, in its endeavours to define the district's spatial rationale, the CHDM Spatial Development Framework focuses on the strengthening of linkages between the different centres within the CHDM region and their relationship with centres outside the boundaries of CHDM. This led the CHDM to adopting the Small Town Development approach that is aimed at accelerating development through the identification and alignment of economic activities to ensure value chain addition. The Small Towns Development approach looks at the process of shaping small town & villages by drawing together the many strands of place making, Environmental stewardship, social equity & economic viability into the creation of places with aesthetic appeal.

The Chris Hani Regional Economic Development Strategy highlighted the need to identify and prioritise small towns along the economic corridors that have the potential to participate actively in the value chain of the differentiated sectors, and to implement small town development initiatives. Cofimvaba was identified as one of the towns that had the potential to grow as it is one of the main service centres on the R61 east corridor. This culminated in CHDM and the Intsika Yethu local municipality, with the assistance of the Department of Local Government and Traditional Affairs, embarking on the Small Town Development Plan for Cofimvaba and Tsomo.

The Small Town Regeneration concept is aimed at creating a development plan with a 30 year future outlook of its growth potential, as well as creating a plan that seeks to realise that potential. The plan does not place the district or the IYLM as the sole role players in the realising of the developmental objectives of the Cofimvaba and Tsomo towns, but rather looks at creating plans to be used as a spatial guiding foundation that assists stakeholders/investors in defining their roles in the overall growth/development of these towns.

The following reflect the aims behind Small Town Development:

-  Strengthen the retail, business, industrial and employment role of the town centres;
-  To develop the community, civic and educational roles of the two centres as key attributes of vibrant town centres;

- ✚ Build on the unique function of each of the sub-centres serviced by these major centres as a defining characteristic of these areas and a contribution to the Corridor Development Initiative in the district;
- ✚ Improve connections between the sub-centres and encourage activities adjoining access routes between the major centres and the sub-centres to create a more physically contiguous and integrated town centre service area;
- ✚ Consolidate the individual roles of the centres so that they can better serve the sub-centres, and act as destinations for sub-centre communities by providing an extensive and unique range of retail, community and leisure opportunities;
- ✚ Encourage new housing in and around the town centres that increases the range of housing choices;
- ✚ Create an attractive and distinctive built environment that supports the range of activities of the town centres; and
- ✚ Create a positive urban image for each part of the town centres through the design of buildings and spaces.

The Land Reform Area-Based Plan (ABP) is a sector plan of the municipality, to be implemented in partnership with the Department of Rural Development and Land Reform, the Department of Agriculture and the Chris Hani District Municipality. The Area-Based Plan is aimed at ensuring the achievement of local land reform objectives and targets in a coordinated and integrated manner with other development initiatives.

The Land Reform ABP Vision is:

A transformed farming community that is:

- ✚ Reflective of a racially diverse rural population living in harmony, with tenure, social and economic security; and
- ✚ Agriculturally productive in all municipal areas, producing food for the population in an economic and environmentally sustainable manner.

Transformed communal settlement and land areas that are:

- ✚ Reflective of households with secure and defined tenure rights, which are protected by law;
- ✚ Reflective of an efficient and effective system of administration of the land and the management of the use of the land; and

- ✚ Agriculturally productive, with allotments and commonages producing food for the household and, and where appropriate, on a commercial basis, in an economic and environmentally sustainable manner.

Objectives and Targets for the Municipal ABP are:

Redistribution

- a) In terms of the national policy objective of achieving a 30% redistribution of white owned farmland.
- b) In terms of the national policy objective of productivity on redistributed farms. Farms redistributed achieve at least 80% of envisaged production output estimated in the Project Business Plan, and generate at least 75% of envisaged beneficiary income estimated in the Project Business Plan within five years from land occupation by the beneficiaries, with output and income steadily increasing from its baseline in year one.

Communal land management

The key focus areas for land reform in the communal land areas have been identified as:

- 1) Land Administration (by which is meant, in this ABP, dealing with the key issues of land allocations, and recording and managing land rights in communal land areas);
- 2) Tenure reform or, more specifically, land rights clarification, upgrading or formalisation (achieving recognised security of tenure); and
- 3) Dealing with issues of settlement planning and land use management (for example, to better permit natural resource utilisation for economic development and/or manage such natural resources to ensure appropriate land use and prevent resource degradation).

Strategies applied to deal with these focus areas are:

- 1) To implement a targeted programme of local planning processes in areas prioritised by local municipalities.
- 2) To secure management support from the district municipality and the Department of Rural Development and Land Reform for local planning process projects.
- 3) To establish a capacity building programme in support of local planning projects being implemented.

The institutional framework for implementing the ABP comprises:

- a) Establishing local land reform offices with a Land Reform Administrator;
- b) Establishing and convening a local land reform committee;

- c) Participating in the District Land Reform Forum; and
- d) Implementing and managing the Small-Scale Farmer Support Programme.

All programmes and projects are subject to implementation funding from the Department of Rural Development and Land Reform, and (for relevant aspects) from the Department of Agriculture or other Departments.

1.4.15. MAJOR CHALLENGES IN SPATIAL PLANNING SERVICES AND REMEDIAL ACTIONS

There is much concern about land administration in terms of land allocation, the recording of issued land rights and the management of land use processes in rural settlement areas in the former Ciskei and Transkei areas. This is caused by a breakdown of formal systems in the communal land areas which has resulted in the informalisation of practices whereby various role-players like traditional authorities, the Department of Agriculture and ward councillors allocate land and record such allocations. The problem of land administration has repercussion on land management because it results in conflicts between land uses in the rural areas.

DEVELOPMENT CHALLENGES:

All the land for development in the urban areas is owned by the municipality and private individuals, whilst the state owns the rural land in the former Transkei and Ciskei areas. Whilst land is available for development, it is not quantified, ownership issues are unclear and zoning schemes and spatial development frameworks are outdated and inadequate in providing direction for future and current development needs. Differentiated land tenure issues (ownership of land in the urban areas and former CPA areas is held by free-hold title deeds while in the rural areas it is generally communal) is creating tension and delays in development projects. This current fragmented land tenure system and the different planning legislation aligned to it creates difficulty in:




-  Accessing of land for development, primarily for housing, grazing or farming;
-  More effective utilisation of existing land, addressing land rights, provision of title deeds and management and rights on the municipal commonage; and
-  Developing an effective land administration system by encouraging the development of land audits in local municipalities this can also assist in revenue collection by supplementing the info on the existing Municipal Valuation rolls.

Table 3 below indicates the performance of the municipality in terms of the national indicators set for the housing and town planning function:

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (Actual numbers) | Target set for the f. year under review | Number of HH/customer reached | Percentage of achievement during the year |
|---|---|--|-------------------------------------|---|-------------------------------|---|
| 1 | Percentage of households living in informal settlements | N/A | N/A | N/A | N/A | N/A |
| 2 | Percentage of informal settlements that have been provided with basic services | N/A | N/A | N/A | N/A | N/A |
| 3 | Percentage of households in formal housing that conforms to the minimum building standards for residential houses | N/A | N/A | N/A | N/A | N/A |

TABLE 3: Annual performance as per key performance indicators in housing and town planning services

1.4.16. THE LOCAL ECONOMIC DEVELOPMENT STRATEGY / PLAN

The philosophy underpinning the basic understanding in the of the CHDM Council in relation to the economic trajectory of the District is that of

“positioning the region in such a way as to maximise the economic potentials offered by its natural endowments and making choices about where to allocate scarce resources to ensure maximum impact so that the region gets the best possible economic leverage to achieve its economic and social objectives”

Based on this understanding, the economic development vision and strategic intent of the District is determined as follows:

| | |
|------------------------------------|--|
| CHDM Economic Development Vision | The District grows and develops through social partnerships so that all people benefit from the economy and have equitable access to social services |
| Regional Economic Strategic Intent | Maximise the economic value and job creation potential of the District through a focus on the strengthening of the comparative advantages of priority sectors and creating a distinctive competitive |

| | |
|---------------------------|--|
| | advantage in the timber and livestock production and processing sectors |
| Strategic Differentiation | Prioritisation of timber and livestock sectors and the allocation of dedicated funds and resources to create a distinctive competitive advantage or strategic differentiation for the District |

TABLE 4: CHDA Strategic Intent

To drive this broad vision of the District, the 2006 Growth and Development Summit (GDS) identified the following as the priority sectors for economic growth in the District:

- ✚ Agriculture and agro-processing
- ✚ Forestry and wood processing
- ✚ Tourism
- ✚ Construction
- ✚ Manufacturing
- ✚ Trade and business services

To give meaning and to effect the vision of Council, in 2009, the CHDM Council approved the Chris Hani Regional Economic Development Strategy (CHREDS) as the principal plan to guide all economic activities undertaken within the District area. This Council's Vision was since strengthened in the 2011/12 Financial Year with the approval of the District's Developmental Agenda.

1.4.17. LED INSTITUTIONAL ARRANGEMENTS AND CAPACITY

To implement this strategy, the Council approved an organogram which would put in place the LED Unit. The LED Unit is housed in the Integrated Planning and Economic Development Directorate (IPED) of the CHDM and currently has a staff complement of eight which is comprised of the LED Manager who has the overall responsibility for the implementation of LED programmes and reports directly to the IPED Director, as well as the following officials who report to the LED Manager:

- ✚ Forestry Development Officer;
- ✚ SMME Development Officer;
- ✚ Tourism Development Officer;
- ✚ 2 x Agricultural Development Officers;
- ✚ Heritage Development Coordinator;

- ✚ Community Development Officer; and
- ✚ Administration Clerk

Furthermore, to ensure that LED programmes are coordinated and implemented in an integrated manner, the LED Unit has established the following fora to ensure that all stakeholders are part of the LED processes:

- ✚ Tourism and Heritage Forum;
- ✚ Business/SMME Forum;
- ✚ Agricultural Forum;
- ✚ District Support Team;
- ✚ Reference Group;
- ✚ Cooperatives Forum; and
- ✚ LED Forum

On an annual basis, the fora sit atleast once a quarter notwithstanding the fact that these structures may sit at any time if and when circumstances necessitate that.

1.4.18. CHRIS HANI DM REGIONAL ECONOMIC DEVELOPMENT AGENCY

The strategy identified the need for the establishment of the District Economic Development Agency.

The primary focus of the Economic Development Agency will be:

- ✚ Targeted resource mobilisation and the management of ring-fenced fund
- ✚ Implementation of the corridor development plan
- ✚ Agro processing
- ✚ Access to financing
- ✚ Sub-sector value chains and clusters development
- ✚ Targeted skills development
- ✚ Institutional framework for formal collaboration
- ✚ Commercialisation of underutilised public assets

1.4.19. CORRIDOR DEVELOPMENT

The LRED strategy also identified the need for Corridor Development approach.

The four economic corridors, as defined by stakeholders, cut across different local municipalities and are as follows:

- Corridor 1: Queenstown → Cofimvaba → Tsomo → Ngcobo
- Corridor 2: Queenstown → Lady Frere → Cala → Elliot → Indwe → Dordrecht
- Corridor 3: Middelberg → Queenstown → Hofmeyr → Takastad → Cradock
- Corridor 4: Queenstown → Molteno → Sterkstroom → Middelburg

Programmes and Projects

For the financial year under review, a number of projects were implemented all of which were funded from the budget of the CHDM. Below is a tabulation of all the programmes that were implemented. The details in terms of the status on each project are contained in the annual performance report as reflected in Chapter 3 of this report.

| Programme | Project | Description | Budget |
|-----------------------------------|--|--|-----------|
| Development Agency | Establishment of the Chris Hani Development Agency | Monitoring of functionality and sustainability of Development Agency | R1.5 Mill |
| Small Town Revitalisation | Strategy Development | Develop strategies to revitalise small towns within the District | R1 Mill |
| Forestry Development | Tree Nursery | Continuous support to the Tree Nursery Project | R500 000 |
| | Charcoal Project | Continuous support to existing Charcoal programmes | R700 000 |
| Tourism Promotion and Development | Implementation of Tourism Integrated plan | Tourism/SMME support rendered | R500 000 |
| | | Development of Tourism Institutional Framework | R1 Mill |
| | | Destination marketing | R500 000 |
| Enterprise Development | Facilitate, Support and Develop enterprise within the district | Financial Cooperative support & Mentorship | R2M |
| | | Financial support to SMMEs and Mentorship | R2M |
| | Retail Sector Support | This one was abandoned | R1.5 Mill |

| | | | |
|--------------------------|--|--|-----------|
| | Youth Mobile enterprise support | assist 20 mobile youth entrepreneurs | R1 Mill |
| | Cleaving of CHDM database and BBBEE scoring and grading of SMMEs | Undertake cleansing of a database and grading of suppliers, assist them for BBBEE scoring. | R1.5 Mill |
| Heritage Development | Heritage initiatives supported and developed | Chris Hani Liberation Heritage Route | R1.6 Mill |
| | | Sabalele Multi-purpose centre | R600 000 |
| | | Allocation to Lukhanji LM | R2.3 Mill |
| | Events | Hosting of heritage events | R3.2 Mill |
| Agricultural Development | Conduct livestock improvement programmes | Review and implementation of TEBA MOU development and implementation of District Agriculture master plan | R3.5 Mill |
| | | Livestock Infrastructure(shearing sheds Goboti and Gqaga and wool processing | R2.4 Mill |
| | | Cala Abattior | |
| | | Post settlement support (LRAD Farmers) | R300 000 |
| | Dairy projects supported | Shiloh Dairy and Ncora | R1 Mill |
| | Irrigation Schemes supported | Qamata Ncora Shiloh Bilatyi and seven small schemes | R3.6 Mill |
| | Massive food programmes implemented | Cropping allocation to LMs | |
| | | Dry land Cropping | R3.5 Mill |
| | | Wine production | R1 Mill |

TABLE 5: LED Projects

1.4.20. PROGRESS TOWARDS ACHIEVING THE LED KEY OBJECTIVES

Improved public and market confidence

Through the facilitation and coordination of the Tourism and Heritage Development Programmes, the following was achieved:

- Under the Destination Marketing and Management programme: District Crafters were exposed to and participated at the MACUFE in Bloemfontein. CHDM, in partnership

with Department of Sport, Recreation, Arts and Culture (DSRAC) hosted a successful Flea market. CHDM also exhibited at the Tourism Indaba 2012 and at the Beeld Show.

- ✚ Tourism SMME Support: The crafters have been trained. The District hosted Tourism SMME Network session
- ✚ Chris Hani Month 2013 was also successfully hosted. During this period, highlights included the unveiling of Chris Hani Statue at Sabalele, inaugural Chris Hani Marathon at Sabalele as well the launch of two Liberation Heritage Route songs.
- ✚ Chris Hani Liberation Heritage Route: To continue with the process of Heritage Development, the remainder of the information sign boards were erected. Spatial heritage designs for the sites have been developed
- ✚ Heritage and Tourism month was successfully hosted in September 2012. During this period, District Choral Music, Jazz and Arts Festival as well as other activities were supported.
- ✚ Sabalele Multi-Purpose Centre which is now known as the Chris Hani Development Centre has been completed except for the Early Childhood development Centre which is still in construction phase. Staff for the centre is already in place.
- ✚ The service providers for the development of Heritage Development Strategy has been appointed
- ✚ Tourism Institutional Framework: DRAFT generic Service Level Agreement (SLA) for Local Tourism Organisations (LTO 's) within the District has been developed. Engagements were held with all the LTO's.

1.4.21. EXPLOIT COMPARATIVE AND COMPETITIVE ADVANTAGE FOR INDUSTRIAL ACTIVITIES

Wood Cluster (Forestry) Programmes

- ✚ The Tree Nursery Project, situated at Kwa-Jo, benefiting 15 young people from Engcobo, Intsika Yethu and Sakhisizwe municipalities has reached the operational stages. Planting of Indigenous and commercial seedlings have been commenced with
- ✚ Charcoal production : one of the two charcoal kilns has been operational at Engcobo (Goso) charcoal project and the other one was being used as the store room.
- ✚ The Engcobo project is operational – charcoal is being produced. And 32 people are employed (beneficiaries) and being remunerated under EPWP fund from Engcobo Municipality.

- ✚ The recently-established Sakhisizwe Project has been stalled due to irregularities on the EPWP programme. CHDM has also been working on recovering the money from the Service provider that did not deliver the equipment (kilns) to site
- ✚ Sasol has been brought on board to assist with market identification, skills development and value-chain establishment for both Engcobo and Sakhisizwe charcoal projects
- ✚ Sasol Chem-City has developed a business model for two charcoal projects to ensure their sustainability and also donated two charcoal kilns that will be installed at Sakhisizwe.
- ✚ The Department of Agriculture Forestry and Fisheries (DAFF) assisted the beneficiaries with charcoal manufacturing and chainsaw training for both projects while they also conducted financial management training for Engcobo beneficiaries.

Agricultural Development Programmes

- ✚ The programme of Irrigation Schemes Revitalisation has been continued with.
- ✚ This saw CHDM partnering with the Department of Rural Development and Agrarian Reform (DRDAR) and Department of Rural Development and Land Reform (DRDLR) in supporting Qamata, Ncorha, Shiloh and Bilatye Irrigation schemes
- ✚ The District has partnered with DRDAR and DRDLR for the development Ncorha Dairy, as well as continuation of a dairy and vineyard project at Shiloh Irrigation Scheme
- ✚ The Livestock programme in partnership with TEBA Development has been rolled out in six LM's within the District
- ✚ The Dryland Cropping Programme has seen the following projects being supported: Ncedisizwe Secondary Cooperative (Engcobo LM) and Emalahleni Sorghum production and Sorghum Mill establishment (Emalahleni Municipality)
- ✚ The District Municipality has constructed the Goboti shearing shed as part of the support for Wool Production programme. The support was since extended to Gqaga Administrative area for the construction of a shearing shed and handling facilities.

Intensify enterprise support and business development

- ✚ Training was conducted for SMME's and Co-operatives
- ✚ 10 enterprises were assisted during the financial year
- ✚ Three information-sharing and marketing sessions were held.

- CHDM, in partnership with the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) funded and established a Co-operative Development Centre.
- The process of establishing an incubator in which six enterprises were to be mentored was started. Six enterprises were identified for the programme but it could not take off because of lack of factory space

Support on social investment program

- Chris Hani Development Agency (CHDA) was established with the interim Board of Directors and interim Chief Executive Officer appointed. The successful Investment Summit was held jointly by the CHDA and CHDM in May 2013. The focus of the Summit was on Agro-processing and Renewable energy.
- The IPED Directorate continues with the implementation of EPWP programme through Cooperative Development Centre (started in November 2010) after it was extended to other departments from Engineering Directorate.
- The programme was meant to identify and assist co-operatives that have a potential to grow by paying them a stipend to encourage them and also create jobs
- 68 co-operatives participated and 829 jobs were created
- The District facilitated the establishment of partnerships with institutions of higher learning to improve entrepreneurial development skills
- Engagements with the Walter Sisulu University were initiated for the purpose of establishing an SMME/Co-operative incubator

Table 6 below indicates the performance of the municipality in terms of the national indicators set for the housing and town planning function:

| | Indicator name | Target set for the year | Achievement level during the year (absolute figure) | Achievement percentage during the year |
|---|---|-------------------------|---|--|
| 1 | Percentage of LED Budget spent on LED related activities. | | | |
| 2 | Number of LED stakeholder forum held | 4 | 4 | 100% |

| | | | | |
|---|--|---|--|--|
| 3 | Percentage of SMME that have benefited from a SMME support program | A number of initiatives were implemented which focused on supporting SMMEs from the various LED perspectives, i.e., tourism, small business development, agriculture and so on. For additional details on these programmes see annexure C: Annual Performance Report. | | |
| 4 | Number of job opportunities created through EPWP | | | |
| 5 | Number of job opportunities created through PPP | | | |

TABLE 6: Annual performance as per key performance indicators in LED

1.4.22. CHALLENGES REGARDING LED STRATEGY IMPLEMENTATION

The challenges regarding LED Strategy implementation include, *inter alia*,

- ✚ Non availability of resources such as land (operating space) for SMME's
- ✚ Lack of funding/ Limited budget for implementation of identified programmes or projects
- ✚ Delays in the procurement processes affecting implementation of projects
- ✚ Huge infrastructure costs to replace the decaying economic infrastructure
- ✚ Lack of clear beneficiation model for the project beneficiaries
- ✚ Lack of sustainability or exit strategy for the projects supported
- ✚ Poor coordination of programmes by various stakeholders and role players
- ✚ Lack of commitments by some partners in implementing the identified projects







The Engineering department is responsible for the following functions:

- ✚ Bulk water services;
- ✚ Bulk sanitation services;
- ✚ Roads maintenance (this in terms of the Service Level Agreement entered into with the Department of Roads and Public Works in the Province);
- ✚ Geographic information systems

Huge allocation of the Chris Hani District Municipality capital budget is being managed by the Directorate. Due to high demand from communities to have access to basic services, it






creates a knock on effect to the directorate to ensure that it manages and delivers these services within the stipulated times. The directorate is pivotal in the fight against unemployment and poverty which is translated into contracts that benefit communities, small entrepreneurs and private sector. The district municipality's economic growth is mainly sustained by the construction industry which in turn is supported by funds through programmes from different sector departments. As a directorate it has to ensure that these funds benefit the community as a whole through good governance, accountability and transparency. Achieving the millennium development goals still remains our biggest challenge.

Objectives

-  Eliminate backlog on water and sanitation
-  Provision of water and sanitation through service delivery contracts with the 8 Local Municipalities
-  Provide transport plan
-  Maximise job creation through Expanded Public Works Programme
-  Provide bulk and economic infrastructure
-  Build the capacity of emerging contractors through EPWP

1.4.23. DOMESTIC WATER AND SANITATION PROVISION

Interventions under taken:

-  EPWP (Expanded Public Works Programme)
-  Provision of Infrastructure - Municipal Infrastructure Grant (MIG), RBIG and ACIP
-  Water Service Provision through a Service Delivery contract with 8 of the local municipalities within the District (Operation and Maintenance)
-  Road Maintenance
-  Refurbishment of aging infrastructure through ACIP funding

1.4.24. EPWP (Expanded Public Works Programme)

The programme is mainly divided into two components namely the Vukuphile programme and the creation of jobs which is translated into work opportunities.

Vukuphile programme focusses on the development of local contractors so that they can attain higher CIDB grading. This would enable them to compete with more established contractors during the tendering phases.

To date all the 23 learners contractors which are the recipients of the programme received theoretical training and further mentored on the job in various construction sites throughout the District. They successfully completed various project which forms part of the District Municipality's.

Water and Sanitation backlog elimination strategy.

Maximising the creation of jobs primarily focussed on two areas namely:

- 🌈 Minimisation in the use of machinery in the implementation of all projects that are implemented by the District.
- 🌈 Internship programme where unemployed graduates had been employed on a 2 year contractual bases and placed in different work streams in order for them to acquire valuable work experience.

TARGETS

About 1500 full time equivalent jobs were created against a target of 1241 that had been set for the year

1.4.25. MUNICIPAL INFRASTRUCTURE GRANT (MIG)

The District Municipality managed to spend all its allocated MIG funds for the 12/13 financial year. MIG funds remains the major funding source which is primarily used to build basic water and sanitation Infrastructure that would benefit the majority of the District's indigent population. Total amount of R 345,24 million was spent and the tabled below are the villages and households that benefited under the programme.

WATER

| VILLAGES NAME | POPULATION SERVED |
|---|-------------------|
| Cluster 5 Mqabob, Jojweni; Mnghapheskeya, Mhlangwini, Mntuntloni water supply | 212 |
| Ward 15 phase 2 contracts c,d,f,g,b water supply | 1461 |
| Bankisi waer supply | 258 |
| Cluster 8 Mqonci water supply | 284 |
| Tsomo 2005 / 2 water supply | 2192 |
| Cluster 6 Emgudu water supply | 395 |
| Cluster 6 scheme 4 Gqaga water supply | 200 |

SANITATION

| VILLAGES NAME | POPULATION SERVED |
|--|-------------------|
| Region 1 Engcobo (includes learner contractor) Villages Complete | 8837 |
| Region 2 (include learner contractor) | 6675 |

| | |
|--------------------------------|------|
| Region 3 Emalahleni Sakhisizwe | 7101 |
| Region 4 Lukhanji Tsolwana | 2411 |
| Mackays Nek Phase 1 | 2848 |
| Mackays Nek 2A | 811 |
| Ntsoni Venfolo | 120 |

Listed below are Basic Service Delivery & Infrastructure achievements in 2012/13 financial year with regards to set targets

| TARGET | TARGET HOUSEHOLDS | TARGET DATE | ACHIEVEMENTS |
|-------------------------------|-------------------|-------------|--------------|
| Provision of Basic Water | 8308 | June 2011 | 5002 |
| Provision of Basic Sanitation | 25109 | June 2011 | 28 803 |

The challenges that were faced during the year was the rate and pace at which the MIG Funding was spent which resulted in Council lending an amount of R150 million in the form of Bridging Finance

Regional Bulk Infrastructure Grant (RBIG)

The National Department of Water Affairs approved funding under RBIG for 10/11 financial year to value of R169,4 million for work in Clusters 4,6,9 Xonxa Augmentation of Queenstown, Hofmeyer/Middelburg water supply and Tsomo RDP 2 Northern bulk line.

Challenges faced on the RBIG program is counter funding of projects. This matter has been referred to council for further engagement with the relevant department. The issue of water use licenses the District Municipality still awaits approval of cluster 7 water use licenses to be able to get this project registered on the RBIG program for funding

Accelerated Comprehensive Infrastructure Program (ACIP)

The Department of Water Affairs funded 19 million rand during the 2009/2010 and 2010/2011 financial years. All projects namely Cradock WWTW, Sterkstroom WWTW, Engcobo WWTW, Lady Frere WWTW were completed. Projects were also partially funded in Instika Yethu and Engcobo. The only challenge that still faces the District Municipality is that claims for work done have not been paid by the funding Department to the District Municipality, The municipality has paid the services providers for the work done.

Water Services Provision

The Water and Sanitation Services is provided through a contract between the CHDM and its 8 Local Municipalities. There are areas of Performance that were identified mainly the ability of the local municipalities to collect the water and sanitation Revenue from its consumers. The other area of performance relates to the inability of the Waste Water Treatment plants to produce effluent which met the legislature standards. The reasons for this is the state of dilapidation of these treatment works. Huge capital investment is needed to put these in an acceptable standards.

Annual performance as per key performance indicators in water services

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the FY under review (actual numbers) | Number of HH/customer reached during the FY | Percentage of achievement during the year |
|---|---|--|-------------------------------------|---|---|---|
| 1 | Percentage of households with access to potable water | 85 208 | 85 208 | 8308 | 5002 | 60.2% |
| 2 | Percentage of indigent households with access to free basic potable water | N/A | N/A | N/A | N/A | N/A |
| 4 | Percentage of clinics with access to potable water | N/A | N/A | N/A | N/A | N/A |
| 5 | Percentage of schools with access to potable water | N/A | N/A | N/A | N/A | N/A |
| 6 | Percentage of households using buckets | 552 | 552 | – | – | – |

Annual performance as per key performance indicators in sanitation services

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the f. year under review | Number of HH/customer reached | Percentage of achievement during the year |
|---|---|--|-------------------------------------|---|-------------------------------|---|
| 1 | Percentage of households with access to sanitation services | 33 345 | 33 345 | 25 109 | 28 803 | 114% |
| 2 | Percentage of indigent households with access to free basic sanitation services | N/A | N/A | N/A | N/A | N/A |

| | | | | | | |
|---|--|-----|-----|-----|-----|-----|
| 4 | Percentage of clinics with access to sanitation services | N/A | N/A | N/A | N/A | N/A |
| 5 | Percentage of schools with access to sanitation services | N/A | N/A | N/A | N/A | N/A |

Roads

The Chris Hani District Municipality in particular the Roads Section team managed to successfully secure a 3 year Services Level Agreement (Road Maintenance Contract) with the Department of Roads & Public Works starting from the beginning of April 2009. The Contract is limited to Provincial Proclaimed Roads within the Inxuba Yethemba Area. The project has a total budget of 67.5 Million. An allocation of 20 Million was committed for the 2010/11 financial year, continuing with 22.5 Million and 25 Million for the 2011/12 and 2012/13 fiscal year respectively.

The budget was spent in full for the 2010/11, 2011/12 and 2012/13 years respectively for maintenance work in mentioned area.

The District Municipality also secured a new 3 year Service Level Agreement starting from the 1 April 2013. The Chris Hani District municipality will concentrate its effort in the Inxuba Yethemba Local Municipality but will be required to maintain gravel roads outside this Local Municipality. It is envisaged that the Chris Hani District Municipality will maintain one third of the roads within the Tsolwana Local Municipality as per approved works plan. An allocation of 74 Million was committed for these 3 years maintenance program.

The Roads Staff has been commended by DRPW, the Agricultural Union and the Roads Forum for their professional implementation of the programme. The roads are of high quality and are maintained on par with the private sector. The program is aimed at all road users particularly the local communities, tourists/visitors, Agriculture and National and provincial funded projects to cater for an Ethanol factory in Cradock.

A special word of appreciation must be extended to the staff members within the Roads Section who contributed more than their fair share in order to ensure the success of the section and on the progress made so far and through that to secure the extension of this program for

a further 3 years and that this initiative has and will created additional jobs in the Inxuba Yethemba and Tsolwana Areas and the Local Economy can also benefit tremendously from this Maintenance program. These efforts and sacrifices for excellent service delivery to communities & roads users are not going by unnoticed.

The Municipalities that are not part of the Service Level Agreement are serviced by the Department of Roads and public Works.

| | |
|---|---|
| Measurable Outcome | Roads & Stormwater |
| Activities / Project Description | Routine Roads Maintenance function on the Provincial Roads network located within the Inxuba Yethemba LMA for a period of 3 years with an option to extend the agreement for a further period of 3 years |
| Project Leader | Mr FJ Myburg |
| Budget 2012/13 | R 25, 000 000 Allocated R 3, 000 000 Flood damage R 5, 000 000 Additional Funds |
| Key Deliverables | <ul style="list-style-type: none"> • Full spectrum of routine road maintenance activities. (Mainly Regravelling / re-construction and blading) • Blading – 2148 Km / Regravelling (a minimum of 30 Km p/year) • Three year Service Level Agreement (1 April 2010 – 31 March 2013) • Fixed budget of 67.5 Million for the three years. |
| Due Date | March 2013 |
| Percent Complete | 141.13 % Regravelling 162.32 % Blading |
| Budget Spent | R 31,939 574.54 |
| Total Percentage Complete of Allocated Budget | 100 % |
| Stakeholders / partners | Department of Roads & Public Works |
| Challenges | <u>Resources Requirement:</u> 95 Employees |

| | | |
|---------------------|---|--------------------------------|
| | <ul style="list-style-type: none"> Permanent Workers: 55 Contract Workers: 12 Interns : 4 21 % of our permanent employees will go off on normal pension between 2010 & 2013 respectively. | |
| SDBIP Annual Target | <u>SDBIP Annual Target</u> | <u>Actual Work Done</u> |
| | Blading : 2148 km | Blading: 3486.55 km |
| | Gravelling: 30 km | Gravelling: 55.04 km |

Annual performance as per key performance indicators in road maintenance services

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the f. year under review (Actual numbers) | Number of HH/customer reached during the FY | Percentage of achievement during the year |
|---|--|--|-------------------------------------|--|---|---|
| 1 | Percentage of households without access to gravel or graded roads | N/A | N/A | N/A | N/A | N/A |
| 2 | Percentage of road infrastructure requiring upgrade | N/A | N/A | N/A | N/A | N/A |
| 4 | Percentage of planned new road infrastructure actually constructed | N/A | N/A | N/A | N/A | N/A |
| 5 | Percentage of capital budget reserved for road upgrading and maintenance effectively used. | N/A | N/A | N/A | N/A | N/A |

Summary

Staff turnover and skills retention will remain the biggest threat to the department. This will therefore compromise service delivery to our communities as the country is facing huge skills shortages. The directorate will however ensure that it sticks to the targets it has set in spite of all these challenges.

Annual performance as per key performance indicators in Electricity services

DRAFT ANNUAL REPORT

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the f. year under review (actual numbers) | Number of HH/customer reached during the FY | Percentage of achievement during the year |
|---|--|--|-------------------------------------|--|---|---|
| 1 | Percentage of households with access to electricity services | N/A | N/A | N/A | N/A | N/A |
| 2 | Percentage of indigent households with access to basic electricity services | N/A | N/A | N/A | N/A | N/A |
| 4 | Percentage of indigent households with access to free alternative energy sources | N/A | N/A | N/A | N/A | N/A |

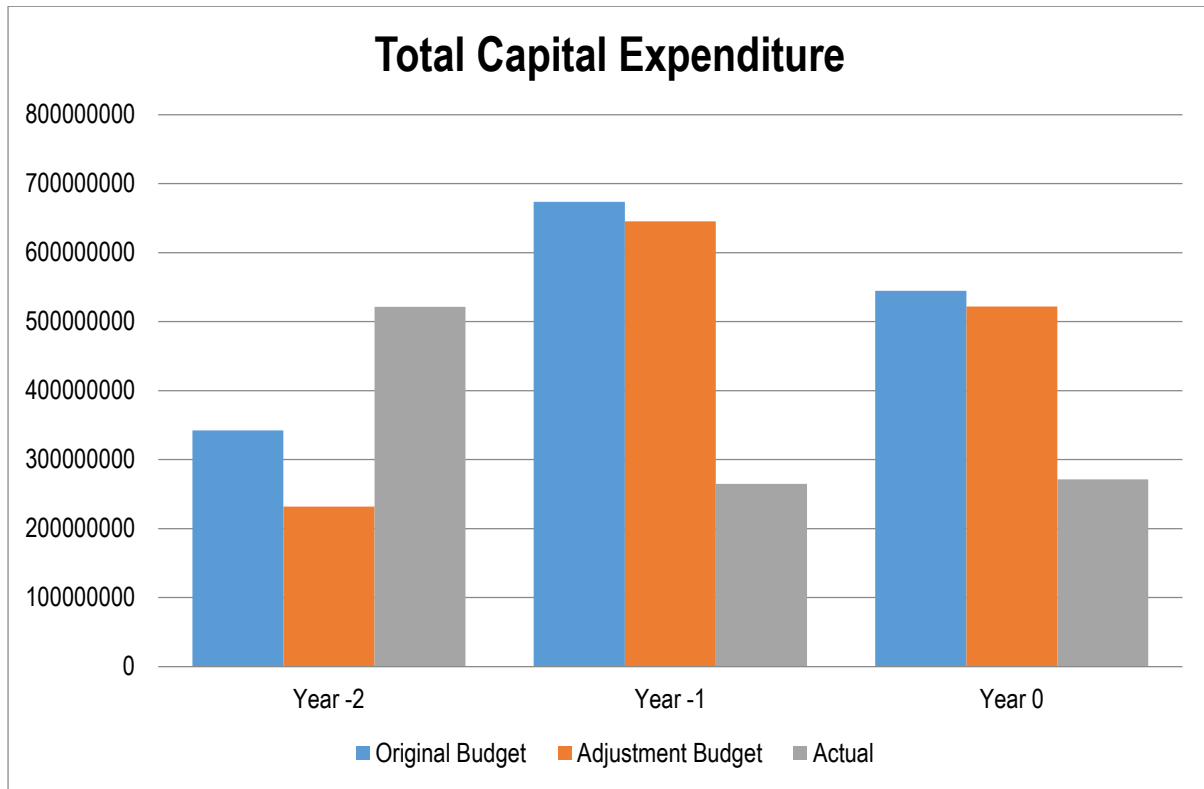
1.5 FINANCIAL HEALTH OVERVIEW

| Financial Overview: Year 0 | | | |
|----------------------------|------------------|-------------------|------------------|
| | | | R' 000 |
| Details | Original budget | Adjustment Budget | Actual |
| Income: | | | |
| Grants | 952029000 | 970919000 | 1182711270 |
| Taxes, Levies and tariffs | 16004000 | 9100000 | 18899762 |
| Other | 550000 | 500000 | 464417 |
| Sub Total | 968583000 | 980519000 | 1202075449 |
| Less: Expenditure | -450519000 | -9659387 | -411644226 |
| Net Total* | 518064000 | 970859613 | 790431223 |
| * Note: surplus/(defecit) | | | T 1.4.2 |

| Operating Ratios | |
|------------------------------|-------|
| Detail | % |
| Employee Cost | 15% |
| Repairs & Maintenance | 0,1% |
| Finance Charges & Impairment | 0,32% |
| T 1.4.3 | |

Employee Costs are within the expected norm of approximately 30% to total operating cost; 'Repairs and maintenance lower than 20% due to accounting shortcomings in the financial accounting system and Finance Charges and Impairment costs below 10% because of the asset register that is still being populated

| Total Capital Expenditure: Year -2 to Year 0 | | | |
|--|-----------|-----------|-----------|
| | | | R'000 |
| Detail | Year -2 | Year -1 | Year 0 |
| Original Budget | 342184000 | 673689000 | 544479000 |
| Adjustment Budget | 231897550 | 645292000 | 522050000 |
| Actual | 521421218 | 264618089 | 271201509 |
| T 1.4.4 | | | |







The reduction in approved budget during adjustment over the years is a result of anticipated funding that does not materialise and movement of other operating projects that were initially included in the capital budget to the operating budget. This is evident in the actual capital expenditure for years that is gradually increasing in line with the increases in grant funding

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.6.1. ORGANIZATIONAL STRUCTURE

Section 66 of the Local Government: The Municipal Systems Act (Act No 32 of 2000) as amended requires a Municipal Manager to develop a staff establishment for the municipality and submit the staff establishment to the municipal council for approval. In line with the above legislative framework and other pertinent employment regulations the municipality has reviews its staff establishment for the financial year 2012 – 2013.

Total number of approved positions in the municipality's approved staff establishment is 541 of which 52 are vacant posts. The municipality administration is comprised of the following departments:

-  Office of the Municipal Manager and Strategic Management
-  Corporate Services Directorate
-  Budget and Treasury Office
-  Health and Community Services
-  Technical Services Directorate
-  Integrated Planning and Economic Development

The municipal manager together with five section 57 managers have all signed annual performance agreements for the year under review and submitted to the relevant authorities that is Department of Local Government and Traditional Affairs and Provincial Legislature.

Below is a tabulation of positions per directorate:

POSITIONS PER DIRECTORATE FOR THE YEAR UNDER REVIEW

| DIRECTORATE | BREAKDOWN PER DEPARTMENT/ SECTION | TOTAL | FILLED |
|---------------------------------|-----------------------------------|-------|--------|
| Office of the Municipal Manager | Municipal Manager | 1 | 1 |
| | Risk & Compliance | 1 | 0 |
| | Manager Office of MM | 1 | 0 |
| | Internal Audit Unit | 7 | 7 |
| | Office Support | 2 | 2 |
| TOTAL | | 12 | 10 |

| | | | |
|---|--------------------------------|-----------|-----------|
| Strategic Management | Strategic Manager | 1 | 1 |
| | Secretary | 1 | 1 |
| | Municipal Support | 3 | 0 |
| | Executive Support | 8 | 5 |
| | Council Support | 3 | 1 |
| | Communication Unit | 5 | 4 |
| TOTAL | | 21 | 12 |
| Budget and Treasury | Chief Financial Officer | 1 | 1 |
| | Secretary | 1 | 1 |
| | Admin Clerk | 1 | 1 |
| | AFS and Admin | 4 | 2 |
| | Financial Services | 8 | 8 |
| | Treasury Management | 18 | 18 |
| | Systems Administration | 4 | 4 |
| | Supply Chain Management | 14 | 12 |
| TOTAL | | 51 | 47 |
| Corporate Services | Director | 1 | 1 |
| | Secretary | 1 | 1 |
| | Legal and Admin | 29 | 26 |
| | Human Resources | 13 | 10 |
| | Employee Wellness | 5 | 5 |
| | Fleet Management | 7 | 5 |
| | ICT | 5 | 5 |
| TOTAL | | 61 | 53 |
| Integrated Planning & Economic Dev | Director | 1 | 1 |
| | Secretary | 1 | 1 |
| | Receptionist | 1 | 0 |

| | | | |
|--|---|------------|------------|
| | Business Development Manager | 1 | 0 |
| | Local Economic Dev | 9 | 9 |
| | Dev Planning & Housing | 5 | 5 |
| TOTAL | | 18 | 16 |
| Health & Community Services | Director | 1 | 1 |
| | Secretary | 1 | 1 |
| | Municipal Health Services | 62 | 55 |
| | Emergency Services | 23 | 16 |
| TOTAL | | 87 | 73 |
| ENGINEERING | Director | 1 | 1 |
| | Secretary | 1 | 1 |
| | Project Management | 17 | 17 |
| | Water Services Authority & Provision | 179 | 170 |
| | PMU & WSA Finances | 7 | 6 |
| | Roads | 86 | 83 |
| TOTAL | | 291 | 278 |

1.6.2. EMPLOYMENT EQUITY PLAN

The municipality has developed an Employment Equity Plan (EEP) informed and guided by the Employment Equity Act no 55 of 1998 and National Department of Labour's Code of Good Practice on Employment Equity Plans. The main objective of the plan seeks to achieve reasonable progress towards equity in the workforce. The workforce analysis conducted revealed underrepresentation of persons from designated groups and people with disabilities. Chris Hani District Municipality has reviewed its employment equity in the period under review. The plan is for period of five years to be reviewed per financial year as per the need identified due to various factors. Its main the intention was to ensure that clear targets and goals are in place in advancing the designated group within the workforce.

1.6.3. CHDM WORKFORCE PROFILE INCLUDING PEOPLE WITH DISABILITIES

| Occupational Levels | Male | | | | Female | | | | Total |
|---|------------|----------|---|-----------|------------|----------|---|----------|------------|
| | A | C | I | W | A | C | I | W | |
| Top Management | 4 | | | | 3 | | | | 7 |
| Senior Management | 14 | | | 3 | 13 | | | | 30 |
| Professionally qualified and experienced specialists and mid-management | 32 | 3 | | 5 | 68 | 1 | | 1 | 110 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 47 | | | 4 | 29 | | | | 80 |
| Semi-skilled and discretionary decision making | 43 | 1 | | 2 | 90 | 5 | | | 143 |
| Unskilled and defined decision making | 78 | 2 | | | 39 | | | | 119 |
| TOTAL | 218 | 6 | | 14 | 244 | 6 | | 1 | 489 |

Above is the total number of employees per occupational levels including persons with disabilities. [A= African, C= Coloured, I=Indian and W= White] as the end of June 2013 including 108 interns.

Total number of employees with disabilities only in each of the following occupational levels:

| Occupational Categories | Male | | | | Female | | | | TOTAL |
|---|------|---|---|---|--------|---|---|---|----------|
| | A | C | I | W | A | C | I | W | |
| Top Management | | | | | | | | | |
| Senior Management | | | | | | | | | |
| Professionally qualified and experienced specialists and mid-management | 1 | | | | | | | | 1 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | | | | 1 | | | | | 1 |

| Occupational Categories | Male | | | | Female | | | | TOTAL |
|--|----------|----------|---|----------|----------|---|---|---|----------|
| | A | C | I | W | A | C | I | W | |
| Semi-skilled and discretionary decision making | | 1 | | | 1 | | | | 2 |
| Unskilled and defined decision making | | | | | | | | | |
| TOTAL PERMANENT | 1 | 1 | | 1 | 1 | | | | 4 |
| Non – permanent employees | | | | | | | | | |
| TOTAL | 1 | 1 | | 1 | 1 | | | | 4 |

1.6.4. STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR

The Workplace Skills Plan was developed and submitted to the Local Government Sector Education and Training Authority (LGSETA) as Legislated in the Skills Development Act 97 of 1998.

The following training was implemented during the course of the financial year 2012/2013 as per the Adopted Workplace Skills Plan 2012/2013.

| Name of Course | Course Type | Date of Training | NQF Level | Occupational Category | Number Trained | Cost |
|--|-----------------|-----------------------|-----------|-----------------------|----------------|-------------|
| ITIL Foundation | Short Course | 10 – 12 December 2012 | n/a | Professionals | 2 | R 12 528.00 |
| Employment Equity | Short Course | 6 – 7 November 2012 | 4 | All | 25 | R 65 550.00 |
| SHE Representative | Short Course | 27 November 2012 | n/a | All | 8 | R 10 488.00 |
| Incident Investigation | Short Course | 28 November 2012 | n/a | All | 5 | R 12 540.00 |
| Development Communication | Skills Programm | 16 July 2012 | 8 | Professionals | 1 | R 24 000.00 |
| Diploma Local Government Law & Administration | Diploma | | 6 | Councillors | 1 | R 27 000.00 |
| Advanced Certificate Local Government Law & Administration | Certificate | | 5 | Councillors | 1 | R 21 000.00 |

| | | | | | | |
|---|-------------|--|---|--------------------------|-----------|---------------------|
| Certificate Local Government Law & Administration | Certificate | | 5 | Councillors | 5 | R 95 000.00 |
| Diploma Local Government Law & Administration | Diploma | | 6 | Professional | 1 | R 27 000.00 |
| CPMD | Certificate | | 6 | Councillors & Management | 13 | R 543 062.00 |
| TOTAL | | | | | 62 | R 838 168.00 |

1.6.5. REPORT ON MINIMUM COMPETENCIES

In terms of the Section 168 of the Local Government Municipal Finance Management Act 56 of 2003 regulations have been set out for the minimum competencies for Accounting Officers, Chief Financial Officers, Senior Managers, Other Financial Officials and Supply Chain Management Officials.

In compliance with the regulations, the municipality has implemented the CPMD Programme. As of 30 June 2013, sixteen (16) of twenty eight (28) Senior Managers, the Chief Financial Officer, Head of Supply Chain Management and two (2) other financial officials had met the minimum competency requirements. Therefore twenty (20) of forty eight (48) officials met the requirements.

In terms of the regulations on minimum competencies, it is required that a 6 monthly report be submitted to Provincial and National Treasury. The reports on Minimum Competency Levels were submitted on 11 January 2013 and 09 September 2013 respectively for the period in question.

1.6.6. INTERNSHIPS EPWP

As part of the EPWP programme, the Chris Hani District Municipality appointed 178 interns in various fields ranging from Administration, HR, Social Science, Accounting, Civil Engineering, Mechanical Engineering, Building, Electrical Engineering, ICT and Communication. The internship was for duration of two years and ended in February and March 2013 respectively.

In April and May 2013 a total of 107 new interns were contracted for a period of two years ending March and April 2015 respectively.

| Field of Study | Number of Interns |
|----------------|-------------------|
|----------------|-------------------|

| | |
|------------------------|----|
| Social Science | 18 |
| Civil Engineering | 2 |
| Mechanical Engineering | 6 |
| Electrical Engineering | 12 |
| Finance | 20 |
| HR | 5 |
| Administration | 23 |
| ICT | 2 |
| Communication | 3 |
| Housing | 3 |
| GIS | 2 |
| Town Planning | 1 |
| Tourism | 1 |
| Water Quality | 9 |

1.6.7. EXPERIENTIAL TRAINING

A total number of 11 students were given exposure to the working environment through experiential training as part of their curricula.

| Area of Study | Number of students |
|---------------------------------|--------------------|
| Environmental Health Management | 2 |
| Tourism Management | 3 |
| Records and Management | 1 |
| Public Management | 2 |
| Town & Regional Planning | 2 |
| Events Management | 1 |

The experiential trainees are allocated mentors at respective directorates where they are assigned tasks in terms of their work plan. Upon completion their portfolio of evidence is signed off for the consideration of their tertiary institutions.

1.6.8. STUDY ASSISTANCE

Fifteen employees have been able to advance their tertiary education as part of the Study Assistance Programme. The institution has contributed an amount of R 189 614.00 towards this endeavour in the 2012/2013 financial year. The above initiative seeks to improve the personal development and careers of employees whilst the benefit to the institution is to improve service delivery by encouraging employees to reach their maximum potential and optimize performance.

1.6.9. KEY HR STATISTICS PER FUNCTIONAL AREA

Full time staff complement per functional area

| No | Functional Area | Number of approved and budgeted posts | Filled posts | Vacant posts |
|----|--|---------------------------------------|--------------|--------------|
| 1 | Office of the Municipal Manager | 12 | 10 | 2 |
| 2 | Strategic Management | 21 | 12 | 9 |
| 2 | Budget and Treasury | 51 | 47 | 4 |
| 3 | Corporate Services | 61 | 53 | 8 |
| 4 | Integrated Planning & Economic Development | 18 | 16 | 2 |
| 5 | Health and Community Services | 87 | 73 | 14 |
| 6 | Engineering Services | 291 | 278 | 13 |
| | TOTAL | 541 | 489 | 52 |

Full staff complement per occupational levels

| No | Occupational Level | No of Positions | Filled | Vacant |
|----|---|-----------------|--------|--------|
| 1 | Top Management (Section 56 employees) | 7 | 7 | 0 |
| 2 | Senior Management | 39 | 30 | 9 |
| 3 | Professionally qualified and experienced specialists & mid-management | 130 | 110 | 20 |
| 4 | Skilled technical and academically qualified workers, junior management, supervisors, foreman | 85 | 80 | 5 |
| 5 | Semi-skilled and discretionary decision making | 152 | 143 | 9 |
| 6 | Unskilled and defined decision making | 128 | 119 | 9 |
| | TOTAL | 541 | 489 | 52 |

The vacancy rate is in the elementary and professionally qualified level due to the following reasons: service level agreement between the institution and the Department of Roads and Transport, challenge of office space within the institution and the contractual obligation between Water Service Authority and Water Service Provider.

Staff Complement in Technical Services

| No | Functional Area | Number of Positions | Filled Posts | Vacant Posts |
|----|----------------------|---------------------|--------------|--------------|
| | Director & Secretary | 2 | 2 | 0 |
| 1 | Water Services | 179 | 170 | 9 |
| 2 | Project Management | 17 | 17 | 0 |
| | PMU & WSA Finances | 7 | 6 | 1 |
| 3 | Roads | 86 | 83 | 3 |
| | TOTAL | 291 | 278 | 13 |

Technical Staff registered with Professional Bodies

| Technical Services | Total Number of technical Services Managers | Total number registered in the accredited professional body | Total number pending registration confirmation in the accredited professional body | Total number not yet registered in the accredited professional body |
|--------------------|---|---|--|---|
| 291 | 14 | 10 | 0 | 4 |

Levels of education and skills

| Total number of staff | Number of staff without Grade 12 | Number of staff with Senior Certificate only | Number of staff with Tertiary/accredited professionals training |
|-----------------------|----------------------------------|--|---|
| 489 | 209 | 49 | 231 |

Trends on total personnel expenditure

| Financial Years | Total number of staff | Total approved operating Budget | Personnel expenditure (salary and salary related) | Percentage of expenditure |
|------------------|-----------------------|---------------------------------|---|---------------------------|
| 2010-2011 | 467 | R124 393 250.00 | R149 596 022.08 | 120% |
| 2011-2012 | 406 | R134 176 228.00 | R117 649 370.19 | 87.7% |
| 2012-2013 | 489 | R 795 803 41 | R73 676 018.14 | 92.58 % |

List of pension and medical aids to whom employees

| Names of pension fund | Number of members | Names of medical Aids | Number of members |
|-----------------------------------|-------------------|-----------------------|-------------------|
| Cape Retirement Fund | 286 | La Health | 101 |
| Sanlam Provident Fund | 0 | Bonitas | 134 |
| SALA Pension Fund | 3 | SAMWUMED | 37 |
| SAMWU Provident Fund | 2 | Key Health | 3 |
| Municipal Employee Pension Fund | 1 | Hosmed | |
| Government Employees Pension Fund | 94 | Resolution Health | |
| Cape Joint Pension Fund | 1 | GEN Health | |
| | | Fed Health | |
| | | Med Shield | |
| TOTAL | 387 | TOTAL | 275 |

Annual performance as per key performance indicators in municipal transformation and organizational development

| | Indicator name | Total number | Achievement level during the year under review | Achievement percentage during the year | Comments on the gap |
|---|--|--------------|--|--|---------------------|
| 1 | Vacancy rate for all approved and budgeted posts; | 67 | 41 | 61% | Office space |
| 2 | Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers) | 2 | 2 | 100 % | |
| 3 | Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY | 7 | 7 | 100% | |

| | | | | | |
|----|---|-----|-----|------|--|
| 4 | Percentage of Managers in Technical Services with a professional qualification | 14 | 14 | 100% | |
| 8 | Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term | 489 | 280 | 57% | |
| 9 | Percentage of councillors who attended a skill development training within the year under review | 17 | 17 | 100% | |
| 10 | Percentage of staff complement with disability | 489 | 4 | 1% | |
| 11 | Percentage of female employees | 489 | 251 | 51% | |
| 12 | Percentage of employees that are aged 35 - 50 | 489 | 207 | 42% | |

1.6.10. EMPLOYEE WELLNESS

Counselling and therapeutic services

Employee assistance programme provides short term psychosocial assessment, counselling and external referral to employees and councillors encountering personal and work related challenges that may have a negative effect on their work performance.

81 employees and councillors received short term psychosocial assessment, counselling and external referral. These interventions improved the wellbeing, behaviour, levels of relations and performance at work of the referred employees and councillors.

A group trauma debriefing session was implemented for 39 fire fighters from the 16-17 August 2012. A supervisor mentorship programme on how to proactively identify, refer and support employees with personal challenges was implemented for 18 supervisors was on the 24 July 2012

Educational and awareness programmes

Educational and awareness programmes on healthy lifestyle, financial management, marriages, relationships and parenting, substance abuse were implemented to CHDM employees and councillor's in-line with the wellness calendar. These educational programmes

played a meaningful role in behaviour change and improved employee performance and well-being.

Organizational wellness programmes

Wellness event was implemented in partnership with Emalahleni LM on the 05 April 2013 at JJ Serfontein. The event was focusing on physical exercises, recreational games that enhance teamwork, educational stalls, medical screening and motivation to improve employee morale.

Team building programme was implemented for Finance Department. The aim of the session was Healthy retirement programmes were implemented for employees.

The healthy retirement programmes were focusing on financial management, nutrition, business initiatives and tax.

Development of wellness and substance abuse strategies




In line with SALGA wellness strategy and other National and international wellness strategic framework and policies, CHDM employee wellness strategy was reviewed and adopted by the Council. The review of the wellness strategy outlines key priority areas for wellness programmes and the areas of integration.

Substance abuse strategy and policy was developed and adopted as a guiding tool to prevent, intervene and rehabilitate employees and councillors with substance abuse challenges.

Occupational health and safety

Section 8 of the Occupational Health and Safety Act mandates the employer to provide a healthy and safe working environment for employees.

In compliance with the Act, the following OHS programmes and interventions were implemented.

-  Installation of first aid kits in vehicles
-  Education and awareness on personal protective clothing
-  Training of 11 first aiders

1.6.11. INFORMATION COMMUNICATION TECHNOLOGY

ICT NETWORK AUDIT










The ICT unit conducts a network audit every two years as best practice to ensure that the ICT infrastructure in place is in line with required industry standards. The audit was conducted and completed. A report with recommendations was produced. Some of the audit

recommendations were implemented by the end of the financial year and some were catered for in 2013/14 financial year.

SERVER ROOM REVAMP




CHDM main server room resides at 44 Cathcart Road. A need was identified to move the server room to a bigger room and to implement at least 80% of server room requirements as per minimum industry standards. It is critical that the server room meets the minimum server room requirements because the information assets of the District Municipality reside in those servers and the electronic communication tools of the DM reside in the server room.

The following were implemented:-

-  The server room is in the 1st floor
-  The size of the room considers future expansion for at least the next 10 years
-  There are no windows
-  Fire extinguisher next to the server room
-  Controlled access door with pin code and finger print access
-  Raised floor
-  Air conditioners
-  UPS
-  Tidying and labelling of cables was also undertaken.

POLICIES DEVELOPED AND APPROVED

ICT policies are developed in order to provide a solid foundation for the development, implementation and maintenance of secure practice within the District Municipality's networking environment. The following policies were developed, consultation took place, approved by Council and presented to users (awareness):

-  Acceptable use of ICT resources policy
-  ICT network security policy and plan
-  Disaster Recovery Policy and Plan

1.6.12. LEGAL AND ADMINISTRATION FUNCTIONS

COUNCIL SUPPORT

The administration section has rendered support to council regarding meetings. Agendas were compiled and distributed to Councillors for all standing committee; mayoral committee and

council meetings. Minutes were taken at all meetings. A resolution register is also updated and distributed to all after the meetings. One council meeting was held at Elliot where the Executive Mayor of the district was delivering the State of the District Address (SODA). The following meetings were held:

Standing committees:

Finance and fiscal: 4 meetings

Integrated Planning and Economic Development: 3 meetings

Health and Community Services: 3 meetings

Governance and Institutional: 4 meetings

Mayoral committee: 7 meetings

Special Mayoral: 2 meetings

Council: 6 meetings

Special Council: 5 meetings

It is regrettable that we also mention that during this financial year, the Council of CHDM suffered the passing of one of our Councillors, Councillor Ntoni.

FLEET MANAGEMENT

The Fleet Management Policy is in place. The induction of councillors and employees on policy was done. The policy was reviewed and same was adopted by Council in May 2013.

TOTAL NUMBER OF VEHICLES FOR COUNCIL

The table below shows total number of vehicles for the council and its allocation of the fleet.

| | |
|--|----|
| POOL VEHICLES | 21 |
| COUNCILLORS VEHICLES | 3 |
| DISATER MANAGEMENT/FIRE SERVICES QUEENSTOWN | 8 |
| LOCAL MUNICIPALITIES/FIRE SERVICES | 8 |
| PROJECT VEHICLE | 1 |
| ENGINEERING WATER SERVICES | 54 |
| TOTAL | 95 |

TOTAL NUMBER OF VEHICLES UNDER POOL (21)

Vehicles are used by all Departments for official duties. These vehicles are only used by officials not receiving vehicle allowances. These vehicles may only be used by officials receiving vehicles allowances with the written permission of the Municipal Manager.

| VEHICLE MAKE | REG NO | POWER TRACK | CONDITION |
|------------------------|------------|-------------|-----------|
| MAZDA DRIFTER D/CAB | DPM 135 EC | YES | FAIR |
| FORD BANTAM LDV | DFB 185 EC | YES | FAIR |
| FORD FOCUS 1.6 | DRS 523 EC | YES | POOR |
| KIA CERATO | DTW 536 EC | YES | FAIR |
| HYUNDAI TUCSON | DTZ 773 EC | YES | FAIR |
| ISUZU LDV 2.5D | DVC 806 EC | YES | GOOD |
| FORD FIESTA 1.4 | DVH 396 EC | YES | GOOD |
| TOYOTA QUANTUM | FBZ 192 EC | YES | GOOD |
| MERCEDES BENZ ML | FDC 388 EC | YES | GOOD |
| MAZDA 3 1.6 | FDK 739 EC | YES | GOOD |
| ISUZU D/CAB KB 2.5L | FKJ 369 EC | YES | GOOD |
| ISUZU D/CAB KB 2.5L | FKJ 367 EC | YES | GOOD |
| ISUZU EXT CAB 3L D | FKV 164 EC | YES | GOOD |
| ISUZU KB 300LX EXT CAB | FKK 156 EC | YES | GOOD |
| ISUZU KB LX 300 4X4 | FTG 169 EC | YES | GOOD |
| ISUZU KB LX 300 4X4 | FTG 172 EC | YES | GOOD |
| ISUZU KB LX 300 4X4 | FTG 176 EC | YES | GOOD |
| ISUZU KB LX 300 4X4 | FTG 181 EC | YES | GOOD |
| TOYOTA HILUX LWB | DYL 723 EC | YES | GOOD |
| ISUZU D/CAB KB 3.0L | FKJ 613 EC | YES | GOOD |
| NISSAN TRUCK | CKX 322 EC | YES | FAIR |

TOTAL NUMBER OF VEHICLES FOR COUNCILLORS

These vehicles are only used by the Councillors and all trips are authorised by the Municipal Manager.

| VEHICLE MAKE | REG NO | POWER TRACK | CONDITION |
|---------------------|------------|-------------|-----------|
| ISUZU D/CAB KB 2.5L | FKJ 360EC | YES | GOOD |
| TOYOTA FORTUNER | FKN 908 EC | YES | GOOD |
| FORD FOCUS 1.8 | FKV 020 EC | YES | GOOD |

TOTAL NUMBER OF VEHICLES FOR DISASTER MANAGEMENT (8)

These Vehicles are being utilized by CHDM Disaster Management and Fire services Queenstown.

| VEHICLE MAKE | REG NO | POWER TRACK | CONDITION |
|---------------|------------|-------------|-----------|
| ISUZU LDV 4X4 | DRV 407 EC | YES | GOOD |
| TOYOTA HILUX | FFZ 729 EC | YES | GOOD |

| | | | |
|--------------------|------------|-----|------|
| TOYOTA COROLLA | DXL 787 EC | YES | GOOD |
| TOYOTA HILUX 4X4 | DXL 784 EC | YES | GOOD |
| TOYOTA HILUX 4X4 | DXN102 EC | YES | GOOD |
| ISUZU D/CAB 4X4 | DVC 801 EC | YES | GOOD |
| TOYOTA HILUX | FHM923 EC | YES | GOOD |
| TOYOTA LANDCRUISER | FJY 520 EC | YES | GOOD |

TOTAL NUMBER OF FIRE ENGINE VEHICLES AT LM'S (8)

The following Fire Services vehicles have been donated to Local Municipalities. In terms of to the Memorandum of Agreement, vehicles should be transferred to the name of the donees. Change of ownership has not yet been between the two institutions.

| VEHICLE MAKE | REG NO | POWER TRACK | DONATEE |
|---------------------|------------|-------------|---------------------------|
| ISUZU 2.2 4X4 FIRE | DFH 297 EC | YES | EMALAHLENI MUNICIPALITY |
| ISUZU 2.2 4X4 FIRE | DFH 301 EC | YES | INSIKA YETHU MUNICIPALITY |
| MERCEDES BENZ ATEGO | FCN 074 EC | YES | ENGCOBO MUNICIPALITY |
| MERCEDES BENZ ATEGO | FDV 403 EC | YES | INSIKA YETHU MUNICIPALITY |
| HINO FIRE ENGINE | FJR 774 EC | YES | INXUBA YETHEMBA |
| HINO FIRE ENGINE | FJR 776 EC | YES | INXUBA YETHEMBA |
| TOYOTA LANDCRUISER | FJY 526 EC | YES | ENGCOBO MUNICIPALITY |
| TOYOTA LANDCRUISER | FJY 522 EC | YES | ENGCOBO MUNICIPALITY |

The following Fire Services vehicles have been donated to Lukhanji Municipality. Change of ownership has been done and there is a Memorandum of Agreement between CHDM and the municipality on roles and responsibilities.

| VEHICLE MAKE | REG NO | POWER TRACK | DONATEE |
|--------------------|------------|-------------|-----------------------|
| MERCEDES BENZ 1528 | FDM 819 EC | NO | LUKHANJI MUNICIPALITY |
| MERCEDES BENZ 1328 | FCT 775 EC | NO | LUKHANJI MUNICIPALITY |
| TOYOTA LANDCRUISER | FFZ 731 EC | NO | LUKHANJI MUNICIPALITY |

TOTAL NUMBER OF PROJECT VEHICLES/ WATER SERVICES

This vehicle is utilized by (IPED) for the building bridges project. Expenditure for Fuel, oil, Repair and Maintenance is not reflected as this expenditure is paid by the project

| VEHICLE MAKE | REG NO | POWER TRACK | CONDITION |
|----------------|------------|-------------|-----------|
| CHEVROLET AVEO | DYF 473 EC | YES | GOOD |

WATER SERVICES VEHICLES (54)

These vehicles consist of Water trucks, LDV's and Crew cabs and are allocated to the eight Local Municipalities and are used to provide water to the communities. Expenditure for Fuel and Oil, Repair and Maintenance is not reflected as this expenditure is paid by the Local Municipalities.

| VEHICLE MAKE | REG NO | POWER TRACK | CONDITION |
|------------------------|------------|-------------|-----------|
| ISUZU KB 250 FLEETSIDE | FKK 012 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKK 011 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKK 014 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKJ 986 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKK 009 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKJ 981 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKJ 998 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKK 019 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKJ 982 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKJ 979 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKK 020 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKJ 977 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKK 015 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKK 016 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKS 683 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKS 682 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKS 677 EC | YES | GOOD |

| | | | |
|----------------------------|------------|-----|------|
| ISUZU KB 250 FLEETSIDE | FKS 668 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKS 663 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKS 676 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKS 673 EC | YES | GOOD |
| ISUZU KB 250 FLEETSIDE | FKS 674 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKK 018 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKK 021 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKK 002 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKK 005 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKJ 997 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKJ 992 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKJ 973 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKJ 976 EC | YES | GOOD |
| ISUZU KB 250 4X4 FLEETSIDE | FKJ 987 EC | YES | GOOD |
| ISUZU NMR 250 CREW CAB | FKN 025 EC | YES | GOOD |
| ISUZU NMR 250 CREW CAB | FKN 022 EC | YES | GOOD |
| ISUZU NMR 250 CREW CAB | FKV 710 EC | YES | GOOD |
| ISUZU NMR 250 CREW CAB | FKN 008 EC | YES | GOOD |
| ISUZU FVZ 1400 T DROPSIDE | FLH 513 EC | YES | GOOD |
| ISUZU FVZ 1400 T DROPSIDE | FLG 793 EC | YES | GOOD |
| ISUZU FVZ 1400 T DROPSIDE | FLH 442 EC | YES | GOOD |
| ISUZU FVZ 1400 T DROPSIDE | FLG 785 EC | YES | GOOD |
| ISUZU FVZ 1400 T DROPSIDE | FLJ 154 EC | YES | GOOD |
| ISUZU FVZ 1400 T DROPSIDE | FLX 512 EC | YES | GOOD |
| ISUZU FVZ 1400 T TANKER | FLH 440 EC | YES | GOOD |
| ISUZU FVZ 1400 T TANKER | FLG 779 EC | YES | GOOD |
| ISUZU FVZ 1400 T TANKER | FLG 790 EC | YES | GOOD |
| ISUZU FVZ 1400 T TANKER | FLX 510 EC | YES | GOOD |
| ISUZU FVZ 1400 T TANKER | FLH 510 EC | YES | GOOD |
| ISUZU FVZ 1400 T TANKER | FLH 518 EC | YES | GOOD |

| | | | |
|-----------------------------|------------|-----|------|
| ISUZU FVZ 1400 T SEPTIC | FLM 853 EC | YES | GOOD |
| ISUZU FVZ 1400 T SEPTIC | FLR 355 EC | YES | GOOD |
| ISUZU FVZ 1400 T SEPTIC | FLR 361 EC | YES | GOOD |
| ISUZU FVZ 1400 T SEPTIC | FLR 359 EC | YES | GOOD |
| ISUZU WATER TANKER | FBP 232 EC | YES | GOOD |
| ISUZU VACUUM TANKER | FBP 227 EC | YES | GOOD |
| MERCEDES BENZ ECONOLINER | BTP 660 EC | YES | FAIR |

PLANT AND MACHINERY (3)

The following plant and machinery is utilized by the Engineering Department (Roads) Fuel and oil expenses for the above machines are paid by the Department of Roads. Repair & Maintenance are paid from the Plant and Machinery vote.

| VEHICLE MAKE | REG NO | POWER TRACK | CONDITION |
|-----------------------|------------|-------------|-----------|
| FORD RANGER LDV | CXN 706 EC | YES | POOR |
| KOMATSU EXCAVATOR | NONE | NO | FAIR |
| AGRICO TRACTOR & GRID | CXT 732 EC | NO | POOR |

DISPOSAL AND ACQUISITION OF VEHICLES

No vehicles were disposed and or acquired of for the period July 2012 to June 2013

REPAIRS AND MAINTENANCE

The table below shows Repairs/ Maintenance of our fleet from July 2012 to June 2013 in respect of council vehicles

| 1 ST Quarter | Jul 2012 | Aug 2012 | Sep 2012 | Total |
|-------------------------|-------------|------------|------------|--------------------|
| | R 8 274.42 | R19 443.00 | R19 009.00 | R46 726.42 |
| 2 nd Quarter | Oct 2012 | Nov 2012 | Dec 2012 | |
| | R237 556.00 | R27 904.68 | R13 964.69 | R279 425.37 |
| 3 rd Quarter | Jan 2013 | Feb 2012 | Mar 2013 | |
| | R12 266.60 | R6 640.00 | R3 438.00 | R22 344.60 |

DRAFT ANNUAL REPORT

| 4 th Quarter | Apr 2013 | May 2013 | Jun 2013 | |
|-------------------------|------------|------------|------------|-------------------|
| | R33 488.00 | R28 721.94 | R30 520.44 | R92 730.38 |

Annual Expenditure: R 441 226.77

FUEL EXPENDITURE FOR THE PERIOD JULY 2012 TO JUNE 2013

The table below shows fuel expenditure for council vehicles from July 2012 to June 2013.

| NO OF VEH | ALLOCATION | EXPENDITURE |
|-----------|-------------------|-------------|
| 21 | POOL VEHICLES | R269 716.23 |
| 03 | COUNCILLORS | R107 752.91 |
| 08 | DISASTER VEHICLES | R129 861.33 |

Annual Expenditure: R507 330.47

There also five accidents that happened during the period and as such following the applicable policies and procedures the cases have been finalized.

1.6.13. REPORT ON LEGAL MATTERS

The institution has appointed the legal and admin manager to assist with the functions of the unit. Through normal supply chain processes the new company with Mc Williams and Elliot Inc were appointed as the lawyers of records for the institutions for the duration of three year.

Below is the legal register that details the legal matters that details the management of litigations.

| Professi onal | Matter Code | Matter | Descript ion | Status | Total claim | Legal fees to date |
|----------------|-------------|---------------------------------------|---|---|-------------|--------------------|
| Sibongile Tito | 46C073 057 | Reticulatio n Design Project Services | RDP Services appointe d by CHDM for the upgradin g of | On the 20 August 2011 an Order was granted against RDP Services | | |

| | | | | | | |
|--|--|--|--|---|--|--|
| | | | streets and storm water drainage and the building of VIP toilets. The service provider has instituted action against the CHDM for recovery of payments allegedly not made. | compelling them to give us certain documents listed in the Discovery Notice. RDP Services served us with Notice of intention to amend their trial particulars, this necessitated amendments on the municipality's case. This has not been done pending the opposition effecting the amendment (which they failed to do). Client has problems finding documentation and witnesses. | | |
|--|--|--|--|---|--|--|

| | | | | | | |
|----------------|------------|-------------|--|--|--------------|-------------|
| | | | | However, trial is set down for 24 March 2014. | R2 501 11,29 | R192 514,00 |
| Sibongile Tito | 46C073 139 | Frickton CC | Claim by Frickton CC in respect of a cession in their favour. They rendered services as a sub contractor to Ikamva Civils. | Matter withdrawn by agreement with no order as to costs. Our file has been closed. | R488 600,58 | R44 323,00 |

| | | | | | | |
|-------------------|---------------|------------------------------------|---|---|-------------|------------|
| Sibongile Tito | 46C073 088 | SA Local Authorities Pension | The Pension Fund is suing the Municipality for arrear payments. They unilaterally raised the tariff from 18% to 20% prompting the Municipality not to pay the inflated premium. | The matter was settled out of court. Our litigation file has been closed. | R322 950,18 | R42 271,00 |
|-------------------|---------------|------------------------------------|---|---|-------------|------------|

| | | | | | | |
|-------------------|---------------|------------------------------------|---|---|--|--|
| Sibongile Tito | 68C073 188 | Cofimvaba Water Reticulation | A CHDM contractor entered into a contract of guarantee with Fernfin in terms of which the latter would pay the guaranteed amount of R318 293, 36 to CHDM upon written demand by CHDM, and | A letter of demand was sent to Fernfin on 24/01/11. Fernfin has denied liability for the guarantee amount on the basis of a letter it sent to CHDM dated 10 February 2010. We have requested this letter from client in order to determine the way forward. | | |
|-------------------|---------------|------------------------------------|---|---|--|--|

| | | | | | | |
|--|--|--|--|---|-----|------------|
| | | | without proof of any breach of contract by the contractor. When CHDM terminated the contractor's appointment, CHDM requested the guarantee amount from Fernfin who has not paid this amount. | Issued summons. Fernfin filed a Plea and a counter claim. A trial date has been applied for with the Registrar, the Municipality still has to discover. | n/a | R38 382,00 |
|--|--|--|--|---|-----|------------|

| | | | | | | |
|-----------------|--|------------------------------------|--|-----------|-----------------|-----------------|
| Imraan Peterson | | SAMWU obo NKASELA // CHDM | Review of an arbitratio n award that was awarded against CHDM | Finalized | R313 236, 00 | R303 76 3,85 |
|-----------------|--|------------------------------------|--|-----------|-----------------|-----------------|

| | | | | | | |
|-----------------|--|---------------|----------------------|--|-----|-----|
| Imraan Peterson | | CHDM // PASHA | Eviction application | Pasha to vacate the municipal property by the 20 September 2013. | Nil | Nil |
|-----------------|--|---------------|----------------------|--|-----|-----|

| | | | | | | |
|-----------------|--|----------------------------|---|-----------|-----|------------|
| Imraan Peterson | | CHDM // NOKEPEY I | Eviction application | Pending | Nil | Nil |
| Imraan Peterson | | LAND OWNERSHIP INFORMATION | Clear ownership of land and buildings that belongs to CHDM. | Pending | Nil | R13 688,00 |
| Imraan Peterson | | PUTTER & OTHERS // CHDM | Application for medical aid contributions that were stopped by CHDM | Pending | Nil | Nil |
| Imraan Peterson | | UNPAID MATERNITY LEAVE | Opinion for unpaid | Finalized | Nil | R9 120,00 |

| | | | | | | |
|--|--|--|--------------------|--|--|--|
| | | | maternity leave | | | |
|--|--|--|--------------------|--|--|--|

1.7 REPORT OF THE AUDITOR GENERAL

The Chris Hani District was subjected to an intensive audit process by the Auditor General, this in terms of the Public Audit Act, 25 of 2004. This process, as required by legislation, in the main seeks to assess the state of finances of the municipality as well as matters relating to internal controls, governance and predetermined objectives. Currently, the opinion of the Auditor General is based on the audit of finances. We are proud to announce that there has been an improvement in the outcomes of this audit process from previous financial years. As such, for the 2012/2013 financial year, the CHDM received a qualified audit opinion. Table 10 below demonstrates the opinions that CHDM has received from the Auditor General over the past four years:

| Financial Year | Unqualified | Qualified | Adverse | Disclaimer |
|------------------|-------------|-----------|---------|------------|
| 2012/2013 | | ✓ | | |
| 2011/2012 | | | ✓ | |
| 2010/2011 | | | | ✓ |
| 2009/2010 | | | | ✓ |

TABLE 10: Audit Outcomes

The outcome is based on issues relating to accumulated surplus, unspent conditional grants and receipts, irregular expenditure, cash flow disclosure, statement of comparative and actual information, aggregation of immaterial uncorrected misstatements as well as aggregation of immaterial corresponding figures. The report of the Auditor General is contained in Chapter 5 of this report.

In response to this, the CHDM has developed a comprehensive plan which seeks to address all the matters as raised by the Auditor General. Table 11 below is the Audit Action Plan of the CHDM:

| | | | | | |
|--------------------------------------|---|--|--------------------------|-----------------|--------------------|
| AUDIT REPORT FINDING: | Disclosure Cash flow: Difference between grants recieved as per cash flow and financial statement | The amount of the actual grants recieved does not agree to the amount of grants recieved as per note 20 of the financial statement, therefore variance was identified when recalculating the SALE OF GOODS on the cash flow statement. Grant Recieved as per Cash Flow(R1 182 711 272.00); Actual Grants Recieved as per AFS Notes (R1 246 386 718.00) with a difference of -R63 675 446.00. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | The correction will be made to the disclosure in the comparatives for 13/14 financial statements | 30-Jan-14 | By Management | By Auditor General |
| | | | | | |
| AUDIT REPORT FINDING: | Compliance: Non - Compliance with Municipal Investement Regulation 9(1) Item (2) | The accounting officer of a Municipality has no within 10 working days of the end of each month, as part of sec 71 report required by the Act, submit to the Mayor of the municipality or the council, a report describing in accordance with generally recognised accounting practise the investment portfolio of tha municipality on a monthly babsis during the year under review. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | Management has to ensure that the report is submitted on monthly basis to the mayor | 30-Jan-14 Monthly | By Management | By Auditor General |
| | | | | | |
| AUDIT REPORT FINDING: | Non Compliance with Sec 32(2) of MFMA | Lack of review of the register of irregular/fruitless and wasteful expenditure in ensuring that the responsible official is stated so that he/she can be held liable, before the register can be submitted to council for condonement | | | |

DRAFT ANNUAL REPORT

| AUDITOR GENERAL'S RECOMMENDED ACTION | Item (3) | | | | |
|--------------------------------------|---|--|--------------|-----------------|--------------------|
| | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | There is a register in place. Policy will be inducted to all employees before being applied so that it be implemented immediately. There will be a monthly report by all directorates with regard to unauthorised, irregular or fruitless and wasteful expenditure. | 30-Jan-14 | By Management | By Auditor General |
| AUDIT REPORT FINDING: | Compliance: Submission of approved annual budget | Management did not provide any evidence that the approved Annual Budget was submitted to the National and Provincial Treasury within 10 days. This is a result of management not implementing the requirements of legislation and has resulted in non-compliance with legislation | | | |
| | Item(04) | | | | |
| AUDITOR GENERAL'S RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | By Management | By Auditor General |
| | Chief Financial Officer | Management will ensure that we received proof of submission when submitting any compliance report to Treasury | 30 June 2014 | | |
| AUDIT REPORT FINDING: | Compliance: Expenditure exceeded budget | In terms of Sec 15 of MFMA a municipality may incur expenditure only (i) In terms of an approved budget (ii) Within the limits of the amounts appropriated for the different votes in approved budget. It was noted that for 2 transactions management exceeded the budget as follows- Remuneration of Councillors (Budgeted Amount R-7 561 802) Actual Amount(R-7 918 180) Difference (R-356 378) and BULK PURCHASES(Budgeted Amount R-11 230 000) Actual Amount(-R13 174 780) Difference being (R-1 944 780). This is a result of spending not being limited and monitored by the various departments and therefore resulted in an unauthorised expenditure of R2 301 158. | | | |
| | Item (05) | | | | |

DRAFT ANNUAL REPORT

| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
|--------------------------------------|---------------------------|--|-------------|-----------------|--------------------|
| AUDIT REPORT FINDING: | Chief Financial Officer | Monthly monitoring of budget will be intensified and the financial system will be also be set not to allow transactions to go through when funds are exhausted | Jan-14 | By Management | By Auditor General |
| | | | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | | | | By management | By Auditor General |
| AUDIT REPORT FINDING: | Chief Financial Officer | Management is going to make sure that these budget statements are submitted adequately in future. There're time-lines set so as to meet the required time-frames of submission | 30-Jan-14 | By management | By Auditor General |
| | | | | | |
| AUDIT REPORT FINDING: | Chief Financial Officer | During the testing of Compliance with applicable laws and regulations it was noted that management did not within 2 months after year end evaluate the performance in respect of the following programmes - MSIG. This is due to municipality not implementing legislation and not being aware of the requirements of the respective legislation and thereby resulted in non-compliance of legislation | | By management | By Auditor General |
| | | | | | |
| AUDIT REPORT FINDING: | Chief Financial Officer | Done and reported to COGTA immediately after the finding and will ensure that this report is prepared and submitted annually | Ongoing | By management | By Auditor General |
| | | | | | |

DRAFT ANNUAL REPORT

| | | | | | |
|---|---|---|--------------------|------------------------|---------------------------|
| | | | | | |
| AUDIT REPORT FINDING: | Compliance: District Municipality provisional allocations | Per the audit work performed on grant allocation, the ff was noted-There was no evidence that the municipality by the 02 October 2012 agreed on the provisional allocations with all the local municipalities. * there was no evidence that the municipality submitted to the transferring national officer the provisional and final allocations. *there was no evidence that the district municipality submitted its final allocations to the National Treasury by 7 December 2012. this is due to management not implementing the requirements of legislation. this has resulted in non-compliance with legislation. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | Item(08) RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | | Management will engage with both AG and Treasury on this matter. Also, the gazette will be a referral to close this gap. | | By management | By Auditor General |
| | Chief Financial Officer | | 30-Jan-14 | | |
| AUDIT REPORT FINDING: | Compliance: Submission of the consolidated report on compliance with prescribed competency levels not by 30 January Item(09) | During the audit of the compliance of Employee Costs it was noted that the submission of the consolidated report on compliance with prescribed competency was not reported to the National Treasury and to the provincial Treasury by 30 July. The information submitted reflects that submission occurred on 10 September 2013. There was poor monitoring of adherence to controls. The Municipality has not complied with the Regulations on minimum competency levels section 14(2) (a) | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Director Corporate Services | | 30-Jul-14 | By management | By Auditor General |

DRAFT ANNUAL REPORT

| | | | | | |
|---|---|---|--------------------|------------------------|---------------------------|
| AUDIT REPORT FINDING: | | Management will develop a compliance check list that will be monitored by the risk manager to ensure that all necessary compliance submission are adhered to | | | |
| | Irregular, Fruitless and wasteful Expenditure: No evidence on submission | No information obtained as requested in RFI- 42 of 2013 dated 18th September 2013 requesting evidence that the Accounting Officer promptly inform the MEC and the Auditor-General in writing of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality: whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure: or the steps that have been taken to recover or rectify such expenditure: and to prevent a recurrence of such expenditure. No steps or criminal cases were opened in the current financial year, therefore there were no reports compiled by management and that resulted to non-compliance with Section 32(4) of the MFMA | | | |
| | Item (10) | | | | |
| AUDITOR GENERAL'S RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| AUDIT REPORT FINDING: | | As and when this instances occur they will be reported to the accounting officer by the SCM manager and subsequently report to the MEC and Auditor General office respectively | Immediately | By management | By Auditor General |
| | Chief Financial Officer | | | | |
| | Procurement: Quotations not advertised Item (11) | In terms of the paragraph 7.57.2 of the supply chain management policy, any request for a formal return quotation which is likely to be in excess of R30 000.00 must be advertised for at least 7 (seven) days on the Municipality official website and an official notice board as applicable. It was noted that the request for quotations was not advertised for at least seven(7) days on the website and official notice board of the municipality for the transactions listed below: NPQ Trade cc T/A Cool Solutions R150 742.10 (ii) container conversions & repairs (PTY)LTD R146 569.80 (iii) Siyaphihlisa construction and projects R140 856.30 (iv) Duma thulisa logistics R128 240.00 (v) Intelligent business solutions R126 924.90 (v) Isithwalandwe general trading cc R 124 167.00 (vi) Ntandoyakhe trading 31 cc R 122 315.00. | | | |
| AUDITOR GENERAL'S RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | | Management will ensure that all quotations will be advertised on our website | Ongoing | By management | By Auditor General |
| | Chief Financial Officer | | | | |

DRAFT ANNUAL REPORT

| | | | | | |
|---|--|---|--------------------|------------------------|---------------------------|
| AUDIT REPORT FINDING: | Procurement: Submission of sufficient Information | Sec.62 (1) (b) of Municipal Financial Management Act No 56 of 2003, General Financial management Functions state that, "The Accounting Officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that- Full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards" Furthermore in terms of the Supply chain management Regulations sec 13 (a) it states that before making an award to a person, a municipality or municipal entity must first check with SARS whether that person's tax matters are in order. Information was requested through RFI 83, payment vouchers were submitted, however tax clearance certificate and declaration of interest for the supplier listed below was not submitted/ attached to submitted payment voucher: Induna Electrical cc Amount R11 932.95. The municipality has not complied with the supply chain Regulations sec 13 (a). This constitutes irregular expenditure which is currently not disclosed in the AFS. | | | |
| | Item (12) | | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | Currently when registering supplier we ensure that all suppliers fill in the declaration of interest form | 30-Jun-14 | By management | By Auditor General |
| AUDIT REPORT FINDING: | Procurement: Payment not made within 30 days | In terms of Sec 65(1) and 65(2) of the MFMA Act No 56 of 2003, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoices or statement, unless prescribed otherwise for certain categories of expenditure. It was noted that for the following payment was not made within 30 days of receipt of invoices. Intelligent Business Solutions Payment voucher 64251, R126 924.90. Compliance with laws and regulations is not monitored and enforced by management. Also sufficient processes are not in place within the finance unit to ensure that invoices are promptly reviewed, approved and processed for payment. Non compliance with the MFMA thus incurring possible fruitless and wasteful expenditure due to possible interest and penalties on late payment to suppliers. | | | |
| | Item (13) | | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | Creditors age analysis will be performed on a monthly basis which will give indication on how long do we take to pay our service providers. Currently all the invoices are recorded and stamped when received to ensure that we know when the payment was received | Monthly | By management | By Auditor General |
| | | | | | |

DRAFT ANNUAL REPORT

| | | | | | |
|---|---|--|--------------------|------------------------|---------------------------|
| AUDIT REPORT FINDING: | Procurement: Non compliance in procurement of banking services | In terms of Sec 30(2) of the Municipal Supply Chain Management Regulation (MSCMR), it states that the process of procuring a contract services must commence atleast nine months before the end of the existing contract. Furthermore in terms of Sec 30(3) of (MSCMR), it states that the closing date for submission of bids may not be less than 60 days from the date on which the advertisement was placed in the news paper in terms of regulation 22. During the audit of procurement and Contract Management it was noted that the process of procuring the contract did not commence atleast 9 months before the end of an existing contract. Furthermore it was noted that the closing date for submission of bids was less than 60days from the date on which the advertisement was placed. An example is as follows: Appointed Bidder-FNB; No. of days-14 days; Amount transaction stated in Contract R432.06 - Expenditure Amount R12 894 065. The Municipality has poor monitoring of adherence to controls. The municipality has not complied with Sec 30(2) of (MSCMR) and Sec 30(3) of MSCMR. Furthermore there is also an irregular expenditure of R12 894 065. | | | |
| | Item(14) | | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | | | By management | By Auditor General |
| | | This will be monitored and adhered to the required timeframes in future | Quarterly | | |
| AUDIT REPORT FINDING: | Non Compliance regarding the evaluation and Adjudication Committee | In terms of MSCMR, it states that the bid evaluation committee must as far as possible be composed of officials from departments requiring the goods and services and atleast one Supply Chain management practitioner of the municipality or municipal entity. Furthermore in terms of Sec 29(2) of the MSCMR, it states that the bid adjudication committee must consist of atleast 4 senior managers of the municipality or municipal entity, which includes the CFO or, if the CFO is not available, another manager in BTO office reporting directly and designated by the CFO, atleast one senior supply chain management practitioner who is an official of the municipality or municipal entity and a technical expert in the relevant field who is an official of the municipality or municipal entity, if the municipality or municipal entity has such an expert. During the audit of procurement and contract Management it was noted that there is insufficient appropriate evidence to suggest that the bid evaluation committee | | | |

| | | <p>was composed of, officials from departments requiring the goods and services and atleast one SCM practitioner of the municipality or municipal entity as there were no minutes of bid evaluation obtained. Furthermore that there is insufficient appropriate evidence to suggest that the bid adjudication committee consisted of atleast 4 senior managers of the municipality or municipal entity, which included the CFO or, or if the CFO is not available, another senior manager in the budget and treasury office reporting directly to the CFO and designated by the CFO, atleast one senior SCM practitioner who is an official of the municipality or municipal entity and a technical expert in the relevant field who is an official of the municipality, if the municipality or municipal entity has such an expert. The ff provides an example of the Contracts: Contract No. 210/2012/MD (TN) FINLAB LABORATORY R367 430.50; 211/2012/MD(TN) SIBHOZO BUILDING CONSTR. R905 304.27; 21p/2012/md(tn)CXM CIVIL AND BUILDING CONSTR. R842 005.89; 21R/2012/MD(TN) DDX BUILDERS R796 231.24; 21K/2012/MD(TN) SIMPIWE & SIMTHA CONSTR & PROJECT cc: 21A/2012/MD(TN) M.L.P GENERAL CONTRACTORS R868 441.71; 21L/2012/MD(TN) NONTSU CONSTR. R817 789.24; 21M/2012/MD(TN) VELVET POND INVESTMENT R3740647.98; 21N/2012/MD(TN) SEKUISIZWE BUSINESS ENTERPRISE R670 774.53; 3/2013/MD(TN) KWALO CONSTR R0.00 TOTAL R6 088 497.28. THE MUNICIPALITY HAS POOR MONITORING OF ADHERENCE TO CONTROLS. The municipality has not compliance with Sec 28(2) , sec 29(2) of the MSCMR and irregular expenditure of R6 088 497.28</p> | | | |
|--------------------------------------|--|--|-------------|-----------------|--------------------|
| | Item (15) | | | | |
| AUDITOR GENERAL'S RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | | | | By management | By Auditor General |
| | Chief Financial Officer | Management will ensure that in the next phase of the contractor development program all the requirements stipulated in CIDB and SCM regulations are adhered to | Immediately | | |
| AUDIT REPORT FINDING: | Procurement: Non Submission of declarations | <p>In term of sec 112(J) of the MFMA awards may not be made to providers who are in the service of other state institutions or whose directors/ principal shareholders are in the service of other state institutions. During the audit of Procurement and Contract Management it was noted that there was a non-submission of declaration of interests which were requested by the auditors to be submitted on the request for information RFI 78. The ff details the information which was requested. (1.) N Amoah Employed by EC Health- Ubomi Civils Amnt R 2 929 630.54 (2.) SH Mgudlwa EC Local Government- Sperfecta 494 cc- R3 000.00 (3) PSE Sibhozo EC</p> | | | |

DRAFT ANNUAL REPORT

| | | | | | |
|--------------------------------------|---------------------------|--|-------------|-----------------|--------------------|
| | | Education- Sibhozo Building Constr R 806 286.61 (4) P Plata EC Health- Sizozama R388 102.80 (5) L Mpongoshé Gauteng: Infrastructure Dev- Lukpezool Constr R95 588.77 (6) Z Skeyi- SAPS- Hire Equipment R17 500.00 (7) ZB Ramuse- Human Science Research Council- Coronado Trading, R13 000.00 (8) L Lisa - EC Education- Coronado Trading, R13 000.00 (9) B Mfebe- EC Education- Mamaya's Trading, R 3 600.00; (10) OZ Nkungwana- EC Health - Zeee Trd, R9 000.00 (11) NP Kula EC Health- Ayzali Trd, R 7 000.00; (12) ZS Mtongana- EC Education- Chris hani Choral Music Ass, R 75 000.00 (13) K Roto EC Education- Chris hani Choral Music Ass, R 75 000.00 (14) L A Tintelo- EC health- Chris hani Choral Music Music ass, R75 000.00 (15) V Spondo- EC Education-Vuyolwa Trd, R 7000.00 (16) NC Mpange EC Education- Mpira & Wabo's, R 30 750. TOTAL R4 548 458.72. Furhter noted that the ff information which was declaration of interest which was requested on RFI 77 was not submitted: Tarka Constr and Proj with CIPC 1st name as Somikazi Eulenthia Gwaza. Employee name Ms SE Gwaza with Amount R33 000. (2) Ezikahintsa Freight CIPC 1st name Pumzile Colin Kearney Pukwana-Employee name Mr PCK Pukwana with an amount of R300 000.00. Proper records for the municipality's procurement and contract management are not kept in order to provide adequate information when requested by the auditors. This non compliance has resulted in the municipality incurring irregular expenditure to the value of R4 881 459. This irregular expenditure is not disclosed in the AFS of the municipality. The ff declaration of interest was not submitted 1. N Amoah -Ubomi Civils, P Plata- Sizozama, L Mpongoshé- Lukpezool, ZB Ramushe-Coronado Trading. The declaration of interest for the employee was subsequently obtained, however the employee declared that she did not have an interest with the municipality but through inspection of the employee masterfile the employee was stated as an employee in the municipality. Tarka & Constr- CIPC name- Somikazi Eulenthia Gwaza- Ms SE Gwaza Exp Amount R33 000.00 | | | |
| | Item(16) | | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | Management will ensure that the status of all the bidders being verified before engaging into business with the municipality. A process will be developed that will help us to achieve this | Ongoing | By management | By Auditor General |
| AUDIT REPORT FINDING: | Item17 | In terms of Sec 122(1) of the MFMA every municipalityand every municipal entity must for each financial year prepare AFS which fairly presents the sate of affairs of the municipality or entity, its performance against its budget, its management or revenue, expenditure, assests and liabilities, its business activities, its financial results, and its its financial position as at the end of the financial year. DHLG & TA, Aount R18 990- Cleaning Yard at Disaster has been incorrectly classified under Grants instead of being classified under general expenditure. The ff expenditure has been incorrecly classified under Grants instead of being classified under contracted services.(Business Connexion under FMG Amount R13 851 being classified as Expenditure Support) Lack of review of transactions after being recorded. The general expenditure could be understated by R4 644 064.72 | | | |
| AUDITOR GENERAL's | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |

DRAFT ANNUAL REPORT

| RECOMMENDED ACTION | | | | |
|--------------------------------------|--|--|-------------|--|
| | Chief Financial Officer | A new structure in the system will be developed in order to curb this problem. | 01-Jul-14 | <div>By management</div> <div>By Auditor General</div> |
| AUDIT REPORT FINDING: | Fruitless and Wasteful Expenditure: Incorrectly classification as irregular expenditure Item(18) | Sec 62(1) (c) (i) of the MFMA states that, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent systems of financial risk management and internal control. The ff transaction was classified as irregular Expenditure. The classification as irregular expenditure is not correct as this transaction is not as a result of non compliance with SCM regulations. The service provider was paid, however no work was performed due to unavailability of Management . The payment was made for services that whilst no services were rendered and therefore should be classified as fruitless and wasteful.(PWC Amt R107 741.67) Management not reviewing the schedule and classification of transaction properly before preparation of AFS. Irregular expenditure might be misstated and fruitless and wasteful understated. | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT |
| | Chief Financial Officer | On a monthly basis the irregular and fruitless expenditure report must be submitted to the CFO and Municipal Manager to evaluate it | Monthly | <div>By management</div> <div>By Auditor General</div> |
| AUDIT REPORT FINDING: | Finance Costs: Interests Incomplete for DBSA Loans Item (19) | In terms of Sec 122(1) (a) of the MFMA every municipality and every municipal entity must for each financial year prepare AFS which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management or revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position at the end of the financial year. Whilst auditing interest expense it was noted that finance costs pertaining to the DBSA loan was not complete, the amount per the confirmation received by DBSA and the amount recorded in the Trial balance and general Ledger do not agree. (Amount per the confirmation R160 726.48) (Amount per the Trial Balance R74 876.55)Difference being=R85 849.93. This is a result of management not taking adequate care when processing transactions during the year. Disagreement-"The finance cost as disclosed in the financial statements is understated by R85 849.93" | | |
| AUDITOR GENERAL's | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT |

DRAFT ANNUAL REPORT

| | | | | | |
|---|---|---|--------------------|------------------------|---------------------------|
| RECOMMENDED ACTION | | | | | |
| | | | 30-Jan-14 | By management | By Auditor General |
| | Chief Financial Officer | There will be a process consultation of with DBSA to sought some clarities to the matter and adjust accordingly | | | |
| AUDIT REPORT FINDING: | Expenditure: Payment not made within 30 days of the Invoice | The following Invoices were not paid within 30 days from the date of receipt of the Invoice-(Intsika yethu Mun R6 773 980.00, DBSA R5 693 901.11, Tsolwana Mun R493 483.10, Eskom R194 008.15, Eskom R115 0349.95, Karoo Dev R1 500, Motor Cycle R1 200.00,Komani motors R3 643.44, DHLG & TA R13 714.20,Rural Transport R183 632.86, DWA R112 800.00, DWA R337 584.57, DWA R1510525.95 This has resulted in non compliance with the MFMA and possible fruitless and wasteful expenditure due to interest which may be charged on late payments. | | | |
| | Item (20) | | | | |
| AUDITOR GENERAL'S RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | | Ongoing | By management | By Auditor General |
| | | Management agreed to establish a 'stamping' procedure in all invoices recieved and monitor the payment process very closely. | | | |
| AUDIT REPORT FINDING: | Expenditure: Invoices recorded in the incorrect accounting period. | The following invoices were relating to the previous finacial period (2011/2012) were recorded in the 2012/13 financial period: (DHLG & TA Amount of R14 172.48 Inv date 29 Jun 12) (Rural transport R183 632.86, Inv date 29 Jun 2012) (DWA R112 800.00, Inv date R112 800.00). As a result expenditure is overstated and extrapolated amount of R1 747 803 | | | |
| | Item (21) | | | | |
| AUDITOR GENERAL'S RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | | 28-Feb-14 | By management | By Auditor General |
| | | A correction of Error will be done and 2011/12 creditors will be reinstated | | | |
| AUDIT REPORT FINDING: | APOO: Submission of Insufficient Information | Information was requested through RFI 41 however, through inspection of the files submitted it eas ascertained that ff reports could not be found. Food samples (12 Shops identified) Food Premises(59 shops identified) Waste water samples, Drinking water samples. Lack of proper keeping and safe keeping of information to ensure adequate supporting documentation exists to support all performance indicators reported in the Annual Performance report. | | | |

DRAFT ANNUAL REPORT

| | Item (22) | | | |
|--------------------------------------|--|--|-------------|--|
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT |
| | Strategic Manager | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP | 28-Feb-14 | <div>By management</div> <div>By Auditor General</div> |
| AUDIT REPORT FINDING: | Reports could not be traced to listing Item (23) | Th ff reports could not be traced to listings FOOD PREMISES REPORT (Baraka Spaza, Captain Dorego-Hexagon square, Indwe Tarven & Braai, Fronteir Caltex Garage, Shoprite Deli, Shoprite Butchery, Africa Store, Pick Box, Doregos, Shoprite Supermarket, Shoprite Bakery, Street Middelburg, Aloes Guest House.) FOOD STUFF SAMPLE REPORTS (sHOPRITE, bOXER, wHITTLESEA sPAR, cENTRAL bUTCHErY, cHECKERS, cORNISH, mEAT MARKET, eKHAYA CAFE, sPAR.) WASTE WATER REPORTS (Hofmeyer WWTW-final, WhittleseaWWTW-Final, All saints Final, All saints down, Tarkastad Ponds, Whittlesea WWTW- Final, Hofmeyer Ponds- Final, Tarkstad Ponds -Final,Middelburg WWTW-Final,Hofmeyer Ponds, Middelburg WWTW, Indwe, Lady frere,Tarkastad WWTW, Hofmeyer WWTW, TarkastadWWTW, Whittlesea final, Dordrecht, Indwe,Middelburg, Cradock, Hofmeyer Ponds. management did not properly review the Annual Performance reports together with the portfolio of evidence to ensure that the information reported is valid, accurate and complete. This results in misstatements of reported indicators in the Annual performance report. | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT |
| | Strategic Manager | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP | 28-Feb-14 | <div>By Management</div> <div>By Auditor General</div> |
| AUDIT REPORT FINDING: | AOPO: Non compliance (Waste water) Item (24) | In terms of 2013 Green Drop requirement, the ff are the requiremnts for the purification of waste water or effluent produced by or resulting from the use of water for industrial purposes. Based on inspection of the green drop waste water reports it was noted that some samples did not comply with the Green Drop waste requirement. lack of management oversight, This information is reported included in the performance achieved for samples taken for waste water. The indicator reflects that performance should be measured based on the number of waste water points which comply with prescribed standards and is therefore overstated. | | |

DRAFT ANNUAL REPORT

| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
|--------------------------------------|--|---|-------------|-----------------|--------------------|
| | Strategic Manager | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP | 28-Feb-14 | By Management | By Auditor General |
| AUDIT REPORT FINDING: | AOPO: NON compliance (Drinking Water) Item (25) | Based on the inspection of the blue drop drinking water reports it was noted that some samples did not comply with the blue Drop drinking water requirements. The indicator reflects that performance should be measured based on the number of waste water points which points which comply with prescribed standards and is therefore overstated. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Strategic Manager | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP | 28-Feb-14 | By Management | By Auditor General |
| AUDIT REPORT FINDING: | AOPO: NON compliance (Food Premises) Item(26) | Per inspection of the routine Enviromental Health Ivestigation Report(dated 28 August 2012)signed by the MM it was noted that the food premise investigation was carried out at Farmhouse Grill by the Enviromental Health practitioner on 28 august 2012, further it was noted that there was a contravention with regulation 918 (Regulations governing general hygiene requirements for food premises and transport of food(30 july 1999). however there was no supporting document as proof of follow up on the visited premises. This information is reported included in the performance achieved for samples taken for waste water. The indicator reflects that performance should be measured based on the number of waste water points which comply with prescribed standards and is therefore overstated. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Strategic Manager | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP | 28-Feb-14 | By Management | By Auditor General |

DRAFT ANNUAL REPORT

| | | | | | |
|---|--|---|--------------------|------------------------|---------------------------|
| AUDIT REPORT FINDING: | AOPO: Non compliance : Food samples Item(27) | Per inspection of the national health Laboratory reports it was noted that the food samples did not comply with the Guidelines for Enviromental Health Officers on the Interpretation of Microbiological Analysis Data of food. Hoeever there was no supprting document as proof of follow up on the visited premises. Lack of management oversight | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Strategic Manager | | 28-Feb-14 | By Management | By Auditor General |
| | | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP | | | |
| AUDIT REPORT FINDING: | Predetermined Objectives: waste water samples not found in Green Drop Sysytem Item (28) | The ff waste sample results from the listing could not be traced to the Green Drop system(Dordrecht, Indwe, Engcobo WWTW-Final, Engcobo Downstream, Engcobo WWTW, Cofimvaba WWTW, Middelburg WWTW, Wueenstown Final Effluent, Upstream, Downstream, Tarkstad WWTW,). Non capturing of waste water results into Green drop system by data capturers on a continuous basis. 2. Lack of reconcilliation between the listing and the samples captured into the system in ensuring the accuracy of reported performance. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Strategic Manager | | 28-Feb-14 | By Management | By Auditor General |
| | | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP | | | |
| AUDIT REPORT FINDING: | Predetermined Objectives: Drinking water samples not found in Green Drop Sysytem Item (29) | The ff drinking water samples selected from the listing of drinking water results were not captured into Blue drop sysytem(2 Langwe G, B Mahuza, Town Clinic, Lingelihle Mpolweni, Cradock Hosp, High Street, Ngqaba, Mkhunjane, Xhumabhokwe, Mavuya Loc, Dordrecht hosp, Boomplaas. It was stated that the reasons for these are due to data capturers do not load the samples continuously and also a lack of reviews by management in ensuring that the captured data is accurate and is done timeously. | | | |
| AUDIT REPORT FINDING: | Item(53) | | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |

DRAFT ANNUAL REPORT

| | | | | | |
|--------------------------------------|--|---|-------------|-----------------|--------------------|
| | Strategic Manager | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP | 28-Feb-14 | By Management | By Auditor General |
| AUDIT REPORT FINDING: | <p>Preetermined Objectives: Non - compliance with sec 46 of MSA</p> <p>Item (30)</p> | <p>The municipality has not prepared for the 2012/13 financial year, the performance report that is in accordance with section 46 of the MSA that reflect the ff: * The performance of the municipality and each service provider * A comparison of the performance with targets set for and performance in the previous financial year and * measures taken to improve performance.</p> | | | |
| AUDIT REPORT FINDING: | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Strategic Manager | Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the performance of the service providers and develop procedures to be followed when conducted business with the service providers | 28-Feb-14 | By Management | By Auditor General |
| | <p>Provision: Performance bonus: Incorrect remuneration has been used to determine performance bonus</p> <p>Item (31)</p> | <p>During the audit of the performance bonus, noted the total remuneration package used by management to determine the performance bonus does not agree with the total remuneration package on the Payday system. The ff total remuneration package did not agree with total remuneration package on the Payday system: (Per auditor's calculation; employee 3041 R1 499 003.10, Payday R1 465 408.00 Variance R33 595.10)(Employee 2024- R1 105 581.81: R1 083 228.59 Variance R22 353.21) (Employee 1429 R1 105 581.80, R1 083 228.89- Variance R22 353.21) This is because management erroneously included telephone allowance which should be excluded</p> | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Director Corporate Services | Management will ensure that packages on the system and the contract talks to each other to avoid these irregularities on calculatoins | 30-Jan-14 | By Management | By Auditor General |

DRAFT ANNUAL REPORT

| | | | | | |
|--------------------------------------|--|---|-------------|-----------------|--------------------|
| AUDIT REPORT FINDING: | Performance bonus calculated on resigned managers Item(32) | During the audit of provision , noted that performance bonus has been calculated on the ff managers who hve resigned(Corporatye services Manager & Strategic services manager). The result in the provision performance bonus being overstated by R55 279. | | | |
| | | | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | | | | By Management | By Auditor General |
| | Chief Financial Officer | Management will ensure that provision for perfmance bonus will only be calculated on managers that are still on service. An adjustment will be done on provision raised for 2013 | 28-Feb-13 | | |
| AUDIT REPORT FINDING : | Provision: Long Service award; incorrect current provision amount has been used (33) | 1. During the audit of the long service award provision, noted that an incorrect amount of R538 598 has been disclosed and recognised as a debit umnder current provision portion. Management should have recognised and recognised a credit balance of R443 000 on current provision balance 2. furthermore noted that an incorrect amount has been transferred to current provision. Management unsure on how to account for the current portion. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | | | | By Management | By Auditor General |
| | Chief Financial Officer | Adjustment will be made in the AFS | 30-Jun-14 | | |
| AUDIT REPORT FINDING : | SARS Accounts not followed up timeously Item (34) | 9000-02-6-04-0783 SARS Interest and Penalties. This account has been created to account for any interests or penalties raised by SARS. The balance of this account is due to interest and penalties charged by SARS in Aug 2009, March 2010, July 2011, which are still under investigation. The balance for this account is R1 694 302.68. Management does not follow up on issues raised in a timeous manner. | | | |
| AUDITOR GENERAL's | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |

DRAFT ANNUAL REPORT

| RECOMMENDED ACTION | | | | | |
|--------------------------------------|---|---|-------------|-----------------|--------------------|
| | Chief Financial Officer | | 28-Feb-14 | By Management | By Auditor General |
| | | Management will follow-up with SARS in making sure that this is cleared | | | |
| AUDIT REPORT FINDING : | Duplicate Payments not cleared when recovered Item (35) | Duplicate payments amounting to R660 764.65 which were recovered by the Municipality are still reflected as debtors for account number 26040713. It was stated that this is due to incorrect votes that are used when recovering Duplicates payments that are made initially to suppliers. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | Suspense accounts are cleared on a monthly basis and report on suspense accounts is submitted tot the CFO on a monthly basis | Ongoing | By Management | By Auditor General |
| AUDIT REPORT FINDING : | Accumulated Surplus: Supporting documentation of adjustment Item(36) | Per the audit work performed on accumulated surplus it was noted that management processed journal J060312 in the accumulated surplus account, this resulted in an increase in grant revenue and a decrease in unspent liability. Management could not provide adequate information that the amount of R 34 634 979.43 all relates to Department of Water where management had met conditions of the grant. | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| | Chief Financial Officer | Reconciliation of Income and Expenditure for all the grants received from Water Affairs and also collection supporting documentation talking to the amount | 28-Feb-14 | By Management | By Auditor General |

DRAFT ANNUAL REPORT

| | | | | | |
|--------------------------------------|---|--|-------------|-----------------|--------------------|
| AUDIT REPORT FINDING : | Grants and subsidies; Non Submission of payment vouchers Item (37) | | | | |
| | | The ff payments vouchers requested on RFI 46 were not submitted for audit purposes (MIG R683 916.44, MIG R681 289.66, MIG R 467 445.85, Roads and Public Works R80 000.00) The extrapolated misstatement as a result of this non-submission amount to R5 843 988.42) | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | RESPONSIBLE DEPT / PERSON | PROPOSED ACTION(S) TO BE TAKEN | TARGET DATE | PROGRESS REPORT | |
| AUDIT REPORT FINDING : | Grants and Subsidies: Unspent conditional grants not supported by bank balance and trial balance Item (38) | An intern has been assigned to be responsible for our store room and control have been put in place where every voucher that is going out is recorded and the person taking the voucher signs for it | Ongoing | By Management | By Auditor General |
| | | | | | |
| AUDITOR GENERAL's RECOMMENDED ACTION | Chief Financial Officer | Reconciliation of grants received and bank is done on a monthly basis. Opening Balances will be reconciled and we will ensure that all grants are transferred in the correct bank accounts. Bank Reconciliation is done on a monthly basis and is reviewed by Manager Accounting Services and Submitted to the CFO on a Monthly basis. | Ongoing | By Management | By Auditor General |
| | | | | | |

CHAPTER 2: GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

The Chris Hani District Municipality was established in terms of the provisions contained in Chapter 1 of the Local Government: Municipal Structures Act, 117 of 1998 (MStrA). In terms of these provisions, the Chris Hani District Municipality is a category C municipality (District Municipality). Furthermore, this municipality was established as a Mayoral Executive System which implies the exercise of executive authority through an executive mayor in whom the executive leadership of the municipality is vested and who is assisted by a mayoral committee. These relate primarily to political decisions that must be taken on the day-to-day basis to ensure the smooth operation of the municipality. Whilst the Executive Mayor of the CHDM exercises executive powers, the Council of the CHDM remains the highest decision making body within the municipality and is the only body vested with the power to make decisions around the development trajectory of the municipality.

The political arm of the municipality is complemented by the administration which is led by the Municipal Manager. The administration is responsible for providing technical support such that all the plans of Council are implemented in an efficient, effective and economical manner. The administration and the political arm alike adhere to the principles of good and clean governance through ensuring that adequate checks and balances are in place and that effective oversight on the operations is adequately exercised. Given the fact that the CHDM is not in isolation but rather a member of the South African populace and its system of government, it has to, from time to time, engage with the public and other spheres of government. As such, the municipality has established formal intergovernmental relations protocols to engage stakeholders and other spheres of government and has institutionalised public participation mechanisms such as the Mayoral Imbizos where communities have an opportunity to engage with the politicians and administration on their developmental needs.

These instruments of governance, taken together, allow the Chris Hani District Municipality to deliver on the mandate as given by the communities which it serves. The sections that follow provide a detail in terms of how each of these components operate and how decisions around key development issues are arrived at, all this within the legal framework that governs local government in South Africa.

2.1 POLITICAL ARRANGEMENTS

As would be reflective in other spheres of government, the Council of the Chris Hani District Municipality is the legislative component of the municipal government. It is in this structure that local laws are promulgated, decisions around the direction of development for the region are taken, and is the body charged with overseeing the operations of the municipality such that they adhere to the democratic principles as enshrined in the South African Constitution. Membership to Council is through the electoral process of the country where there are Councillors directly elected and thence become full time Councillors of the Council, as well as Councillors that are elected to represent their local municipalities in the district Council. Currently, the Council of CHDM is made up of 42 Councillors, 17 of which are on Proportional Representation (PR) and 25 direct representatives from local municipalities within the District. Seven of the PR Councillors are members of the Mayoral Committee. The table below depicts the composition of Council in terms of party representation of the PR Councillors:

| POLITICAL PARTY | NUMBER |
|-----------------|--------|
| ANC | 14 |
| UDM | 1 |
| DA | 1 |
| COPE | 1 |

TABLE 7: Composition of the CHDM Council

Additionally, the table below represents the composition of Council, inclusive of the 25 Councillors representing local municipalities:

| POLITICAL PARTY | NO OF COUNCILLORS | GENDER DISTRIBUTION | |
|-----------------|-------------------|---------------------|--------|
| | | MALE | FEMALE |
| ANC | 35 | 20 | 15 |
| DA | 3 | 3 | - |
| UDM | 3 | 2 | 1 |
| COPE | 1 | 1 | - |

TABLE 8: Party and demographic distribution of all CHDM Councillors

The Council of CHDM has a Speaker who is the chairperson of Council and is charged with the responsibility of convening and presiding over Council meetings. To ensure its effectiveness, the Council of CHDM also established a number of Section 79 committees which assist it in performing its oversight duties. Membership to such committees is through election from within the membership of Council the chairperson and ordinary members of the

committee. In addition to these committees, assurance committees have also been established (Audit Committees). In accordance with Section 80 of the MStrA, six committees were established to assist the Executive Mayor in discharging his duties. These committees perform oversight over the various departments of the municipality. Figure 1 below illustrates the political structure of the CHDM:

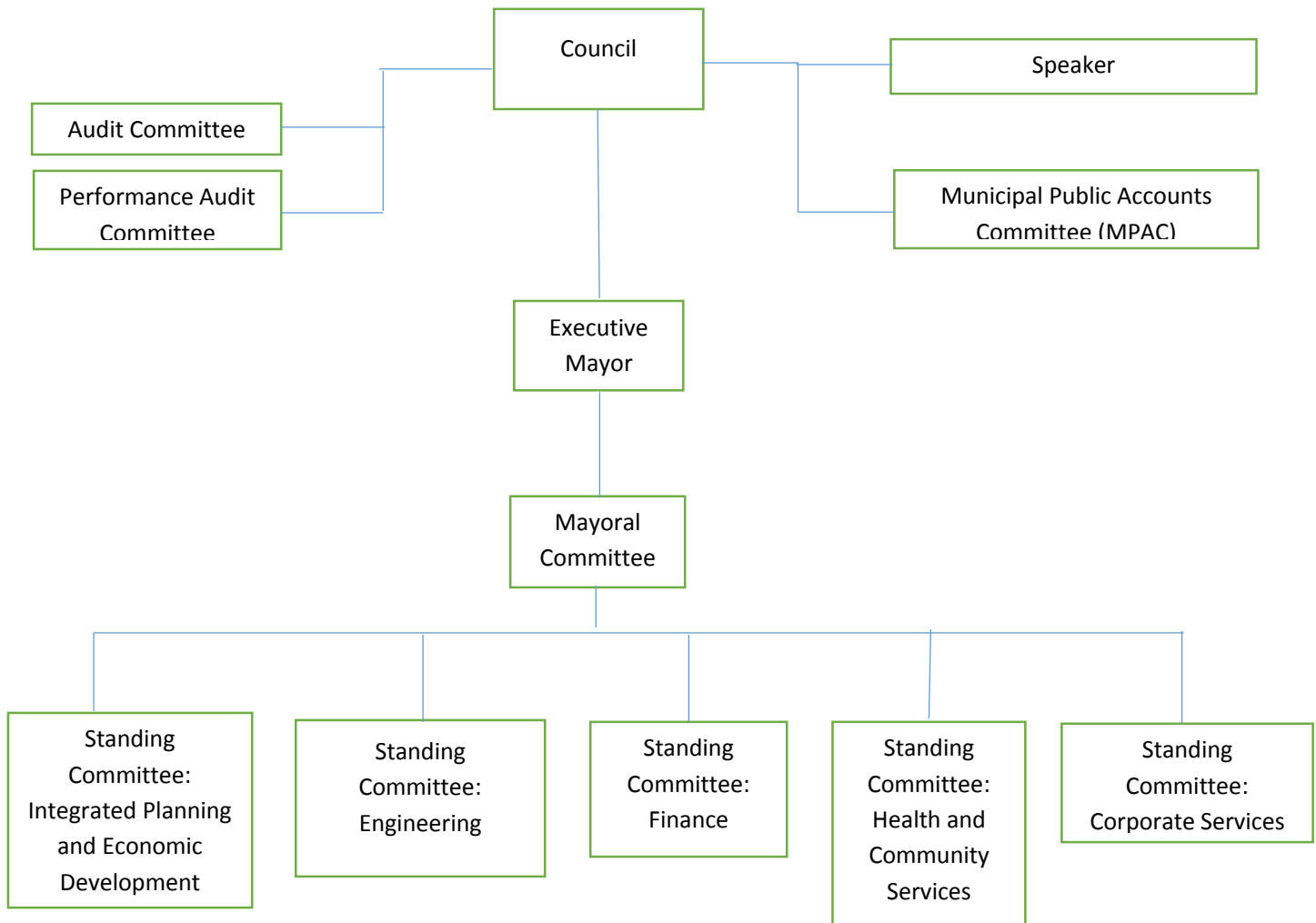


FIGURE 1: High level political structure

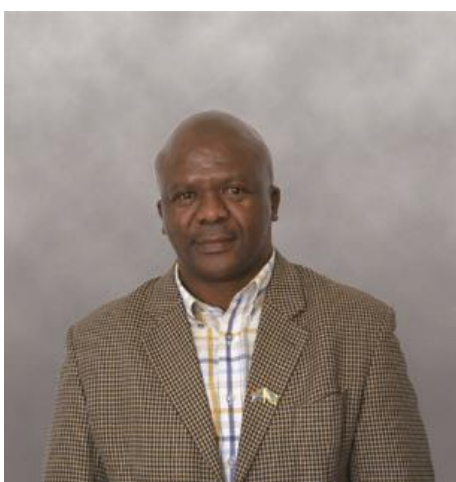
2.2 FACES OF COUNCIL



CLLR N. Makhanda: Council Speaker



CLLR M. Koyo: Executive Mayor



CLLR G. Xhoseni: Chief Whip



**CLLR N. Matiwana – Portfolio Head:
Health and Community Services**



**CLLR S. Plata – Portfolio Head:
Finance**



**CLLR Z. Shweni – Portfolio Head:
Corporate Services**



**CLLR M. Xuma – Portfolio Head:
Infrastructure**



**CLLR L. Gunuza – Portfolio Head:
Integrated Planning and Economic
Development**



**CLLR T. Bukwana – Portfolio Head:
SPU and HIV&AIDS**

2.3 ADMINISTRATIVE ARRANGEMENTS

The Municipal Manager is the Head of the administration and Accounting Officer as defined in the Municipal Structures Act 117 of 1998. The responsibilities of the Municipal Manager include managing the administrative and financial affairs of the municipality and to ensure that municipal services are delivered in an efficient, effective and economical manner. With his complement of directors appointed in terms of Section 56 of the MSA, the Municipal Manager determines the pace of development within the municipal area as per Council directives. Each director is responsible for their area of expertise from time to time, an Executive Management meeting is held where the Municipal Manager engages the directors on various matters that affect service delivery. Figure 2 below illustrates the high level administrative structure:

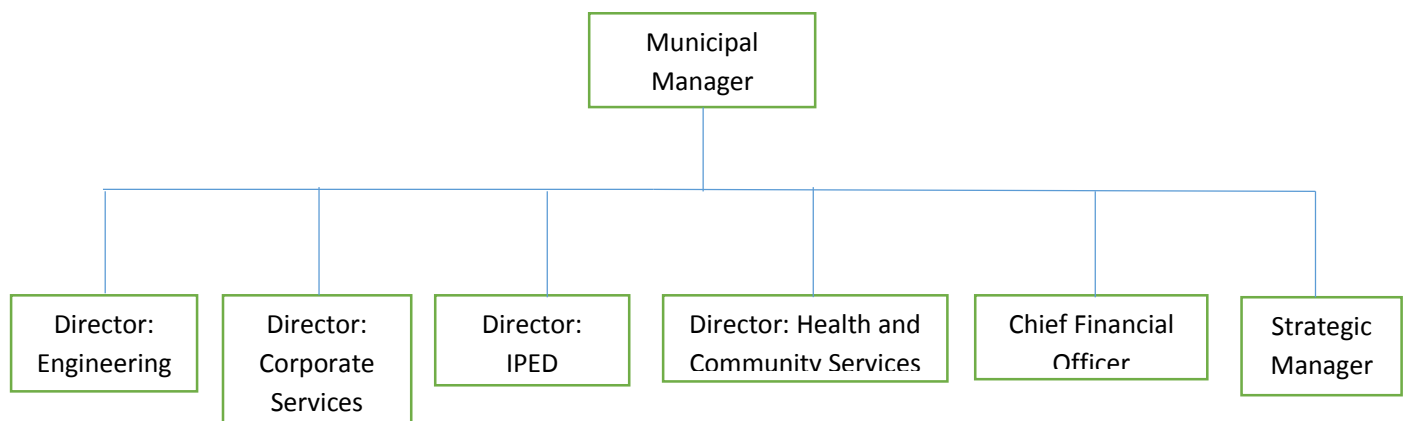


FIGURE 2: High level administrative structure

2.4 CHDM SENIOR MANAGEMENT



Mr M. Mene: Municipal Manager



Mr M. Dungu – Director: Engineering



Ms Y. Sinyanya – Director: Health and Community Services







Mrs N. Nqazi – Director: Integrated Planning and Economic Development



Mr A. Mdeleleni – Director: Corporate Services

2.3 INTERGOVERNMENTAL RELATIONS

Chapter 3 of the Constitution describes the three spheres as being ‘distinctive, interdependent and interrelated’ and enjoins them to ‘cooperate with one another in mutual trust and good faith’. An important element of this cooperative relationship is that there needs to be a clear understanding of each sphere of government’s powers and functions to ensure that a sphere of government or organ of state ‘does not encroach on the geographical, functional or institutional integrity of government in another sphere’. In addition to the Constitution, various legislation governs or organises the system of intergovernmental relations. Among other things, the legislation formalises the different spheres’ roles and responsibilities with regard to various functions and provides for a range of consultative structures. The South African system of intergovernmental relations is complex and continues to evolve as better modes of cooperation and coordination emerge and as functions are shifted between the spheres. The following key elements and principles underpin the intergovernmental system:

-  *Accountability:* Each sphere has specific constitutionally defined powers and responsibilities, is accountable to its legislature or council, and is empowered to set its own priorities. The power of national government to intervene in provincial and local government matters, and provincial governments to intervene in local government matters, depends on whether the relevant sphere fails to carry out an executive obligation.
-  *Transparency and good governance:* Accountability of political representatives to the electorate and transparent reporting arrangements within and between spheres is at the heart of the intergovernmental system. While political executives are responsible for policy and outcomes, the accounting officers are responsible for implementation and outputs.
-  *Mutual support:* National and provincial governments have a duty to strengthen the capacity of municipalities. Spheres of government must also act cooperatively towards each other, for instance through avoiding legal action until all other mechanisms have been exhausted.
-  *Redistribution:* The three spheres all have important roles to play in redistribution, but because inequalities exist across the country, the redistribution of resources is primarily a national function. Where provinces and municipalities undertake redistribution, the challenge is to do this in line with their fiscal capacity and not to undermine economic activity and their financial viability. Redistribution among the three spheres is achieved through the vertical division of revenue. Redistribution among provinces and municipalities is effected through their respective equitable share formulae.

- ✚ *Vertical division:* Determining allocations to each sphere of government inevitably involves trade-offs that are made in the course of a comprehensive budget process driven by political priorities, and which covers all aspects of governance and service delivery. Separate and ad hoc requests for funds fragment the coherence of the budget and undermine the political process of prioritisation.
- ✚ *Revenue-sharing:* The fiscal system takes into account the fiscal capacity and functions assigned to each sphere. Provinces and municipalities are funded from own revenues, equitable share allocations, and conditional and unconditional grants. The grant system must be simple and comprehensive and not compensate provinces and municipalities that fail to collect own revenues.
- ✚ *Broadened access to services:* The Constitution and current government policy prioritises broadening access to services. The responsible spheres are expected to design appropriate levels of service to meet customer needs in an affordable manner, explore innovative and efficient modes of delivery, and leverage public and private resources to fund infrastructure.
- ✚ *Responsibility over budgets:* Each sphere of government has the right to determine its own budget and the responsibility to comply with it. To reduce moral hazard and ensure fairness, national government will not bail out provinces or municipalities that mismanage their funds, nor provide guarantees for loans.

As such, understanding that the delivery of services cannot be the sole mandate of any one sphere of government, the continued cooperation between the spheres of government within the Chris Hani Region have contributed enormously to the question of development in areas such as education, social development, housing and water provisioning

Key Intergovernmental Relations Structures

To effectively engage in intergovernmental matters, the Chris Hani District Municipality established IGR structures that would amongst other things ensure that there is continued engagement, sharing of information and effective decision making. These structures are informed partly by the current arrangements both national and provincial, but also take into account the contextual realities within the CHDM. Figure 3 below illustrates the structures currently existing in CHDM and their levels in terms of decision making:

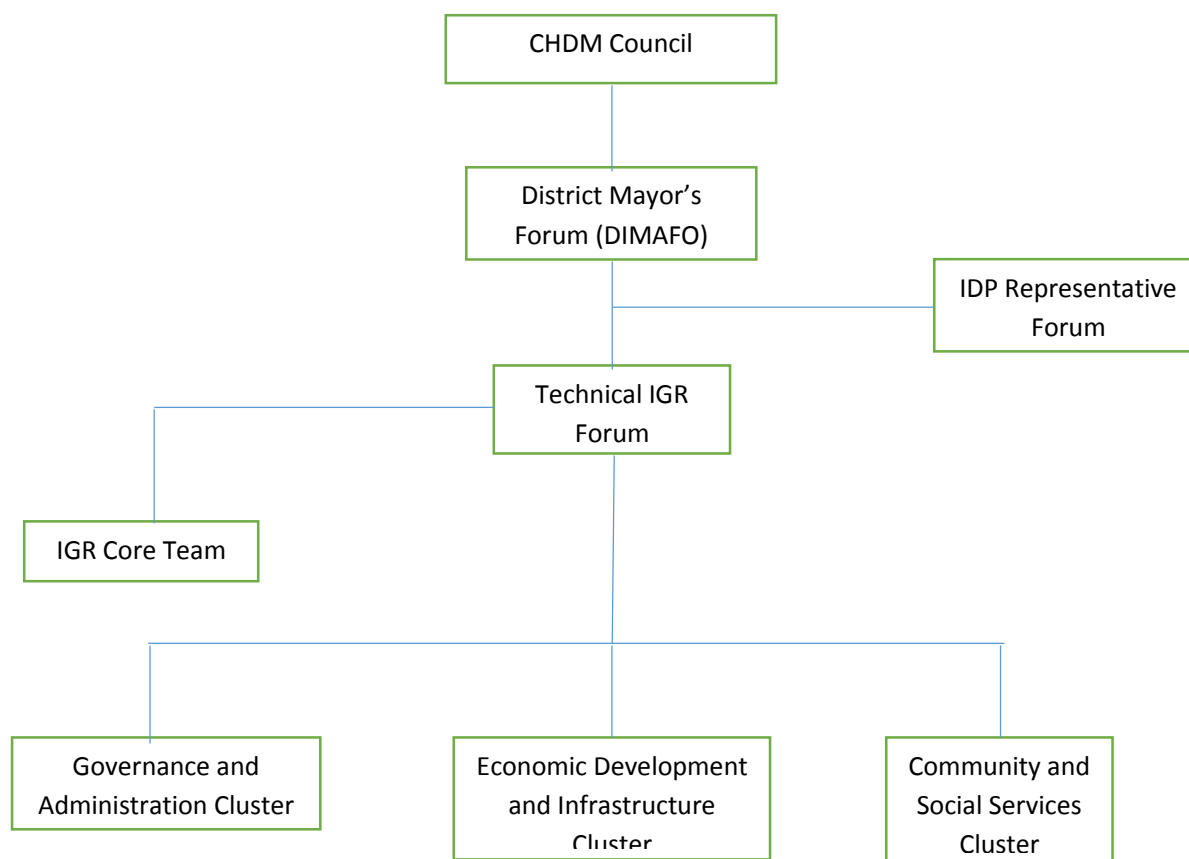


FIGURE 3: CHDM IGR structure




CHAPTER 3: SERVICE DELIVERY REPORT (ANNUAL PERFORMANCE REPORT)

3.1 INTRODUCTION

The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA) requires that on an annual basis, a municipality develops a Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and this is possible because the IDP and budget are fully aligned with each other, as required by the MFMA. The budget gives effect to the strategic priorities of the municipality. The SDBIP therefore serves as a “contract” between the administration, Council and community expressing the goals and objectives set by the Council as quantifiable outcomes that can be implemented by the administration over a twelve month period. This provides the basis for measuring performance in service delivery against end-of-year targets and implementing the budget. Once approved, the SDBIP forms the basis of the performance plan of the Municipal Manager and cascaded down to inform the performance plans of the Section 56 managers. This ultimately forms the basis for measuring the performance of the municipality as well as the individuals performances of the municipal manager and his senior management team.

In line with this requirement, the Executive Mayor of the Chris Hani District Municipality approved the SDBIP for the 2012/2013 financial year in May 2012 and furthermore, the performance agreements of the Senior Managers were concluded in July 2012. During the development of the SDBIP, a balanced scorecard model was utilised. This means that all aspects of the operation of the municipality would be included in the SDBIP (internal business processes, financial perspectives, and service delivery perspective) with a view of ensuring that all operational aspects are monitored and evaluated against the impact they have on the operation of the municipality and the delivery of services.

For ease of consolidation, the SDBIP is divided in terms of the five key performance areas in terms of the local government strategic agenda viz.;

-  KPA 1: Basic Service Delivery and Infrastructure Development;
-  KPA 2: Local Economic Development;
-  KPA 3: Municipal Transformation and Institutional Development;

- 🌍 KPA 4: Financial Viability and Management; and
- 🌍 KPA 5: Good Governance and Public Participation.

In terms of KPA 1, the main focus is of tangible service delivery matters such as water and sanitation, roads maintenance, housing and town planning services. KPA 2 focuses on those indicators seeking to ensure that conducive conditions are created for broader economic growth and ultimately to boost the district economy. Typically these indicators would focus on amongst other, issues such as tourism promotion and development, forestry programmes, heritage development, the Expanded Public Works Programme (EPWP), and agriculture. KPA 3 focuses mainly on the support services internally. These would speak chiefly to matters of human resource provisioning and development, employee wellness, information communication technologies, fleet management services and legal services.

KPA 4 focuses on the internal financial management processes. As such, this would focus on matters relating to budget development, supply chain management issues, asset management as well as income and expenditure management. Lastly KPA 5 focuses on the good governance matters such as public participation, performance management, the effectiveness of oversight structures, internal audit matters, risk management and communications.

Following hereon bellow, therefore, is the complete 2012/2013 SDBIP which formed part of the annual performance report that municipalities ought to develop in terms of Section 46 of the MSA. This is the report that was audited by the Auditor General and indeed formed the basis of the audit conclusion.

KPA 1: Basic Service Delivery and Infrastructure Development

| IDP Objective | Objective Code | Strategy | Indicator of Performance | 2012 – 2013 Financial Year | | Reason for variance | Corrective Action |
|---|----------------|---|---|----------------------------|------------|---------------------|-------------------|
| | | | | Projected | Actual | | |
| To provide quality municipal health and environmental management services | 40 | Drinking water and waste water quality monitoring | No of drinking water samples taken for blue drop compliance | 2400 samples | Target met | None | None |
| | | | No of waste water samples taken for green drop compliance | 144 samples | Target met | None | None |
| To provide quality municipal health and environmental management services | 41 | Food quality control | Number of premises inspected for compliance | 2948 Premises | Target met | None | None |
| | | | Number of food samples taken | 600 food samples | Target met | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | 2012 – 2013 Financial Year | | Reason for variance | Corrective Action |
|--|----------------|--|--|--|--|---|---|
| | | | | Projected | Actual | | |
| To develop and promote Tourism within the district | 42 | Implementation of the Tourism Master Plan | % Progress on Sabalele Multi-Purpose Centre | Multi-purpose centre | a) 4 accommodation rondavels is completed b) DSRAC has started to prepare the procurement of other equipment for the museum. All staff required is on site c) The contractor for the construction of the Early Childhood Development Centre has been appointed by NDA together with the Intsika Yethu Municipality | None | None |
| To ensure facilitation and coordination of Housing development within CHDM | 43 | implementation of SLA between CHDM & Dept of Human Settlements | Development & Implementation of Emergency Disaster Housing Framework | Implementation of Disaster Housing Framework | Framework has been developed but not yet adopted by the council. | delays on comments by external stakeholders | draft will be submitted to the council for approval |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | 2012 – 2013 Financial Year | | Reason for variance | Corrective Action |
|---|----------------|--|--|--|--|--|---|
| | | | | Projected | Actual | | |
| | | Capacitation and support of Brick Makers and Emerging Contractors | No of Capacity Building Programmes conducted | 6 Skills and Capacity Development programmes | Site Has been established. Steel Shed has been constructed. Fencing is progress. Training at Molteno site is in progress. Machinery is waiting for the site to be secure for delivery. Sterkstroom bricks are meeting the required standard. | None | None |
| | | Replacement of Emergency Temporal Shelters by Permanent shelters | No of Temporal Shelters replaced | Replacement of 427 Temporal/emergency Shelters | Contractors have started on site in the first week of July with Site Establishment at Sakhisizwe and Ngcobo. | Delays on procurement processes of Coega. | Director IPED has intervened with the CEO of Coega and Houses are expected before end July 2013 at Ngcobo and Sakhisizwe. |
| To ensure universal coverage with respect to water services by 2014 | 44 | Reduction of backlog by providing basic water infrastructure to households | No of households with access to basic water supply | 8309 | 5002 | MIG funding to continue was exhausted end february 2013. Projects that should have been completed in financial year were Mayeye Sikiki, Lower Bankisi; Cluster 4 Ncora internal reticulation; Hewu phase 5; Cluster 3 water supply. These projects have impacted on households not being achieved for various reasons. | Project managers to monitoring progress to ensure close out of projects |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | 2012 – 2013 Financial Year | | Reason for variance | Corrective Action |
|---|----------------|--|--|----------------------------|---------------------------------|--|---|
| | | | | Projected | Actual | | |
| | | Reduction of backlog by providing basic water infrastructure to households | No of households with access to basic sanitation | 25109 | 28803 | The challenge is funding limited funding which is hampering the backlog being implemented at required rate. Mackaysnek 2B is now due for completion in 1st quarter of new financial year. | Bridging finance approved but limited, to cover commitments |
| | | Lobbying for necessary resources to eradicate the backlog | Securing additional funding for capital programme implementation | Additional funding secured | Target achieved 4 meetings held | No positive feedback regarding meetings | Senior officials and Councillors need to further engage at higher level |
| To provide well maintained and accessible roads | 45 | Implementation of SLA | No of km bladed | 2148km of roads bladed | 1006.69 Km | Yellow Machines not sufficient and very old. Have to hire more machines to be more effective. Accessive leave for key Roving Roads Staff accumulated from the overtime issue could lead to major problems on the 3 year SLA programme. | None |
| | | | No of km gravelled | 30km of roads gravelled | 10.76 Km | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | 2012 – 2013 Financial Year | | Reason for variance | Corrective Action |
|--|----------------|---|--------------------------------|--|----------------|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | Explore & implement the viability of combining all existing roads units within the district | Report with recommendations | Recommendations on the viability of having a combined roads unit | Target not met | None | None |
| Effective management and maintenance of municipal assets | 46 | To maintain municipal buildings | Number of buildings maintained | 3 buildings maintained | Target not met | None | None |

KPA 2: Local Economic Development

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|--|--|--|---|---|--|
| | | | | Projected | Actual | | |
| To ensure establishment of Development Agency | 47 | Monitoring of functionality and sustainability of Development Agency | No of reports submitted to Council | Development Agency that is Operational | No report by the Development Agency | | |
| To promote Urban / Rural renewal to attract investors for Economic Development | 48 | Develop strategies to revitalise small towns within the District | No of Small Town Revitalisation Strategies developed | Adopted Integrated Feasibility Study | Feasibility study has been conducted. The consultant is busy compiling the draft document. | There were delays on data collection from the LM. | CHDM has to provide required information to the service provider on behalf of the LM |
| | | | | Adopted Revitalisation Strategy for Engcobo LM | Final draft is in place but not yet approved by the council | delays on issuing out advert for public participation | Meeting has been set for the second week of August to finalise the implementation plan |
| To prioritise Forestry as Sector that contributes to reduction of unemployment and economic development | 49 | Continuous support to the Tree Nursery Project | Number of Nursery Projects supported | Sustainable Tree Nursery business | 488 trays of pine seedlings are on site most of them have suffered mortality due to dry weather and lack of water supply. Few indigenous species and fruit trees. | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|--|---|-----------------------------------|--|--|---|
| | | | | Projected | Actual | | |
| | | Continuous support to existing Charcoal programmes | No of Charcoal projects supported | Sustainable two charcoal business | Wood and tons of charcoal are on sale mostly on local market. | None | None |
| To ensure promotion and development of Tourism within the district | 50 | Implementation of Tourism Integrated plan | No of Tourism Initiatives supported | 4 Initiatives | 3 initiatives done – Culture Site Guide Training, Local product owners trained on hospitality, Tour guides registered with ECPTA | None | None |
| | | | No of Tourism Structures supported | 5 functional LTO'S / DTO | 4 LTOs supported. Action plan for turn-around of CHARTO | There are only 2 LM's that have not finalized the establishment of their LTO's Sakhisizwe and Tsolwane. New ToR for CHARTO are currently being formulated, once completed a new board that will craft the marketing strategy will be appointed | Lack of participation of local municipalities in the District Tourism Forum where tourism related projects and programmes are discussed |
| | | | No of Trade/exhibition shows participated | 4 Exhibitions | 3 events attended – JHB Getaway Show, Beeld Holiday Show, and Tourism indaba attended | None | None |
| | | | No of Events Hosted | 2 EVENTS | 2 events were hosted (Tourism month events and Flea Market events hosted by DESREC) as well as participated in the organising of the Chris Hani Month Celebrations | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|--|--|---|---------------------|-------------------|
| | | | | Projected | Actual | | |
| To create an enabling environment for sustainable business development | 51 | Facilitate, Support and Develop enterprise within the district | No of training sessions and Mentorship programmes conducted for Cooperatives | 4 Trainings | 3 training for cooperatives facilitated. | None | None |
| | | | No of training sessions and Mentorship programmes conducted for SMME's | 4 Trainings | 3 trainings were conducted | None | None |
| | | Cooperative Support | No of reports submitted | 4 Reports submitted to Council | 2 reports submitted. Indication of the transfer of funds to CDC and ring-fencing of funds for projects | None | None |
| | | | number of businesses benefitting from | 10 SMME.s supported | 13 SMMEs supported | None | None |
| | | SMME Support | No of SMME's supported | 4 SMME's supported | 20 Youth Mobile Enterprises supported (20 Honda Motorcycles delivered) | None | None |
| To ensure preservation of Heritage Resources within the district | 52 | preservation, Registration, Maintenance and Marketing of historical and | No of Heritage initiatives supported and developed | 3 initiatives (Chris Hani Liberation Heritage) | 4 initiatives undertaken (Engcobo heroes park, identification of sites, Heritage Day celebrations and erection of Chris Hani statue at Sabalele | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|--|--------------------------|--|---|--|---|
| | | | | Projected | Actual | | |
| | | | | functional and sustainable multi-purpose centre (Sabalele) | Centre functional (funds for operational budget transferred, appointment of centre manager done and partnership with NDA secured) | None | None |
| | | | | Report on upgraded Cementry | Transfers have been made to LMs | Internal administrative delays within LMs | Intervention has been made by the district through Town Planners forum which set concurrently with the paving projects. |
| | | | No of events hosted | 2 events | Chris Hani month events hosted (main event and the Chris Hani Marathon) | None | None |
| To ensure all programmes are aligned to EPWP | 55 | Develop programmes that will increase jobs and skills development for grade 12 graduates | No of jobs created | 500000 | 1224 FTE | The monthly report for FTE for period April to June 2013 will only be received from the department of public works by the 20th July 2013. With funding constraints experienced the sanitation backlog project has slowed down which will impact on FTE achievements going forward. | Council approved bridging finance. |
| | | Provide experiential training for | No of interns engaged | 500000 | | | |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|--|---|--|--|---|
| | | | | Projected | Actual | | |
| | | Contractor development | No of completion certificates issued | 23 contractors developed | 1 target not met in terms of 23 completed contracts | Projects commenced late and some contractors that have performed have been given additional toilets from savings and contingencies. The Msande contractor has resigned from the program. | PSP and area managers to finalise practical completion handovers. |
| to increase contribution to the District economy | | to improve the condition of livestock through capacity building , medication and infrastructure development | No of improved livestock programmes conducted as per the master plan | Livestock infrastructure developed in 6 LMS | The Gqaga and Goboti sharing sheds have been completed | None | None |
| | | | | Functional Abbattior (Cala) | The project has been completed | None | None |
| | | | No of Dairy projects supported | Value adding structure completed | The Construction of the processing structure complete and the project is functional and monitoring is ongoing | None | None |
| | | | No. of Irrigation Schemes supported | 3 Schemes | Monies have been transferred to the following schemes : Shiloh Irrigation Scheme; Bilatye; Qamata Section 6; Mc Bride Mitrock and Ncorha. Reports on operations recieved | None | None |
| | | | No. of Massive food programmes implemented | Sorghum Production | Funds transferred to Emalahleni Local Municipality for planting of sorghum | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---------------|----------------|----------|--------------------------|-----------------------------|--|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | | | Crop production | Production of crops undertaken Intsika Yethu abd Ncedisizwe and harvesting is in progres | None | None |

KPA3: Municipal Transformation and Organisational Development

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|--|---|---|----------------------------------|---------------------|-------------------|
| | | | | Projected | Actual | | |
| To develop, maintain, review and ensure effective implementation of policies and HR systems | 10 | Analyse, research and consult on policies with all relevant stakeholders | No of policies developed, adopted and implemented | Developed, reviewed, and effective implementation of policies | Policies adopted on 25 June 2013 | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|---|---|--|---|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | Improve internal control through HR System | No of HR Systems improved | Improved HR Systems | Orgplus system procured and training conducted | None | None |
| To Develop and empower workforce to enhance their skills and competencies so as render services effectively | 11 | Develop and implement an HRD strategy | HRD strategy developed, adopted and implemented | Developed and implemented HRD strategy | The Draft HRD Strategy is in place and approval by Council will be done in the 2013/2014 financial year | None | None |
| | | | No of HRD programmes implemented | 75 %HRD Programmes implemented | 50% of HRD programmes have been implemented | None | None |
| To review and maintain an organisational structure | 12 | Align human capital to the strategic objectives | Reviewed and adopted structure | Reviewed organizational structure | The organisational structure has been reviewed and approved with the IDP in May 2013 | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|--|--|---|---|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | | % of vacant positions filled | 50 % vacant positions filled | Positions have been filled | None | None |
| | | Profile and evaluate all approved positions | % of Benchmarked and evaluated positions | 60% Approved positions evaluated & benchmarked | The benchmarking exercise and evaluation has been done | None | None |
| | | Conduct an organizational work study | Organizational work study conducted | Outcome of organizational work study approved. | The organisational study has been conducted and a report has been compiled | None | None |
| To ensure compliance with Employment Equity Act | 13 | Implement Employment Equity Plan | Reviewed EEP. 50 % of numerical targets met as per the EEP | Review and 50 % implementation of EEP | EEP Approved by Council on 25 June 2013 | None | None |
| To develop and implement an institution wide employee | 14 | To develop, review an integrated wellness | Reviewed IWS | Reviewed and implemented integrated wellness strategy | Integrated Wellness Strategy Reviewed and Approved by Council on 25 June 2013 | None | None |
| To develop and implement an institution wide employee | 15 | Implement therapeutic and counselling services | No of therapeutic and counselling services implemented | All referred employees receive counselling and therapeutic services | All referred cases have been handled successfully | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|---|---|--|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | Implement educational and awareness programme | No of educational and awareness programmes implemented | 6 educational and awareness programmes implemented | Target met | None | None |
| | | Implement organizational wellness programme | No of OWP implemented | 3 OWP implemented | Target met | None | None |
| | | Develop and implement integrated substance abuse strategy | Integrated substance abuse strategy developed and implemented | Integrated substance abuse strategy developed and implemented | Strategy Developed and approved by Council | None | None |
| To ensure a healthy and safe working environment for councillors | 16 | Develop and implement Integrated OHS/IOD | Integrated OHS/IOD strategy developed and implemented | Integrated OHS/IOD strategy developed and implemented | Target not met | | |
| To ensure a healthy and safe working environment for councillors | 17 | Implement health and safety programmes | number of health and safety programmes implemented. | 3 OHS programmes implemented; | Target met | None | None |
| To provide integrated security system that will ensure safety of | 18 | Implement systems processes and procedures | ICT Network Audit conducted and outcomes implemented | ICT Network Audit conducted and outcomes implemented | Recommendations received and are being implemented | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|---|--|--|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | | % of server room requirements met | Server room cleaned up and 80% of server room requirements met | Target met | None | None |
| | | | Reviewed and approved ICT usage policy; | ICT systems usage policy reviewed, approved and implemented | ICT Policy approved by Council | None | None |
| | | | % management of 3G cards usage | 80% management of 3G cards usage | All members of management have a 3G card | None | None |
| | | Develop a disaster recovery plan | Developed and approved DRP (Disaster Recovery Plan) | Developed; tested approved and implemented DRP | DRP has been developed and approved | None | None |
| | | Develop and implement a comprehensive security system | Comprehensive Security developed and implemented | 30% of the comprehensive security system in place | Target met | None | None |
| Effective management and maintenance of municipal assets | 19 | to maintain municipal buildings | number of buildings maintained | 3 buildings maintained | | | |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|---|--|---|--|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | Development of Fleet Management and maintenance | Approved policy and monitoring report | Approved policy and monitor implementation | Policy approved | None | None |
| To provide an effective and efficient Council support service to all Councilors, Council and standing | 20 | Provide an efficient council support service | No of support provided | All council committees supported | All Council committees have been supported | None | None |
| To develop a document management system for the municipality | 21 | Automate and centralised document management | Policy on archiving reviewed and implemented | Automated document management system in place | Target not met | None | None |
| To develop a policy on archiving in line with relevant legislation | 22 | Review an archives policy | Policy on archiving reviewed and implemented | Policy reviewed and implemented | Target not met | None | None |
| Embark on a Municipal Viability Study on Water Services | 23 | Embark on a Municipal Viability Study on Water Services | Completed Study Report | First Draft Report | | | |
| Ensure development and coordination of infrastructure plans | 24 | Ensure development and coordination of infrastructure plans | Adopted Water Resource Master Plans | Water Resource Master Plan | | | |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|---|---|---|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | | Adopted WSDP | Reviewed and adopted WSDP | | | |
| | | | Draft Refurbishment Plan | First order draft report | | | |
| | | | Adopted ITP | ITP | | | |
| To ensure a fair, equitable, transparent competitive and cost effective procurement of | 25 | By reviewing SCM policy | An adopted reviewed SCM policy | Adopted SCM Policy | SCM policy adopted | None | None |
| To ensure that all assets are adequately managed and maintained | 26 | To have a reviewed Asset Management Policy | An adopted reviewed Asset Management Policy | Adopted Asset Policy | Asset management policy adopted | None | None |
| To ensure that all Revenue & expenditure managed appropriately | 27 | Revised Debt collection & credit control policy | An adopted reviewed Debt collection & credit control policy | An adopted reviewed Debt collection & credit control policy | Debt collection and credit control policy | None | None |
| | 28 | Revise tariff policy | An adopted revised Tariff policy | An adopted Revised Tariff policy | Target not met | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|--|--|---|------------------------------|---|-------------------|
| | | | | Projected | Actual | | |
| To ensure that budget related matters are guided and managed properly | 29 | Develop, adopt and implement budget policy | An adopted revised budget policy | An adopted revised budget policy | Target not met | Pending All Budget related policies conclusion of this policy is subject to other related policies being completed | |
| | | Revised Virement Policy | A developed and adopted virement policy | A developed & adopted virement policy | No information | None | None |
| | | Review of write off & bad debt policy | Reviewed and adopted policy | An adopted Revised write off and bad debt policy | Target not met | None | None |
| To ensure that all fruitless, wasteful, irregular and unauthorised expenses are | 30 | Develop a fruitless, wasteful, irregular and unauthorised expenditure policy | Adopted Fruitless, Wasteful, irregular and unauthorised Expenditure Policy | An adopted fruitless, wasteful, irregular and unauthorised expenditure policy | Target not met | PWC has been appointed to assist in the development of the policy, and the draft policy will be work-shopped in the 3rd quarter | |
| To ensure proper data and information security for Business Continuity | 31 | To Develop & Workshop systems related policies | An adopted Policy | A developed & Implemented Policies | Policy developed and adopted | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|--|--------------------------------------|---|---|--|
| | | | | Projected | Actual | | |
| To promote economic development in the district | 32 | Development of 5 yr Integrated Development Plan | Adopted 5 yr Integrated Development Plan | 2012/17 (5yr IDP) | 2013-14 IDP Review adopted by Council | None | None |
| | | Review of Chris Hani Regional Economic Development Strategy | Adopted CHREDS | Adopted CHREDS | Service provider has been appointed, inception meeting has been held | Delays due to the process of the appointment of the service provider. | None |
| To promote enabling environment on business operations to thrive | 33 | Development of Cooperative Strategy | Adopted Co-op Strategy | Adopted Co-op Strategy | The draft cooperatives strategy is ready but still waiting to align it with that of the province when it has been adopted. | Cooperative Strategy of the province has not yet been adopted for CHDM to align | None |
| | | Review of SMME Strategy | Adopted SMME Strategy | Adopted SMME Strategy | Waiting for the provincial strategy to be adopted by the province (currently with the prov. cabinet) so as to align it with that one. | SMME Strategy of the province has not yet been adopted for CHDM to align | None |
| | | Development of Integrated Agricultural Dev Plan | Adopted Integrated Agricultural Plan | Adopted Integrated Agricultural Plan | The draft plan is in place but not yet adopted by the council | Still waiting for the comments from sector departments. | Date for the meeting with sector departments has been set for second week of August. |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|---|---|---|--|---------------------|-------------------|
| | | | | Projected | Actual | | |
| To ensure coherent strategic Spatial planning and development in the District | 34 | Review District Spatial Framework | Adopted SDF | Adopted SDF | SDF Developed | None | None |
| To manage implementation of integrated HIV and AIDS, STI's and TB programmes | 35 | Develop and implement a district wide HIV and AIDS, STI's | Progress towards review of HIV&AIDS strategic plan | Adopted HIV and AIDS, STI's and TB Strategic plan and implementation of programmes (100%) | Strategy adopted by Council and implementation reports submitted | None | None |
| | | Develop and implement a district wide HIV and AIDS, STI's and TB Strategic plan (Workplace) | Progress towards review of HIV and AIDS, STI's and TB Strategic plan 2012-2017 strategic plan (Workplace) | Adopted HIV, STI's and TB Strategic plan 2012-2017 (Workplace: 100%) | Strategy reviewed and workshop held | None | None |
| | | Develop and implement a district wide HIV and AIDS mainstreaming | Progress towards the development of HIV&AIDS Mainstreaming Policy | Adopted HIV and AIDS mainstreaming Policy and implementation of mainstreaming programmes. | Target not met | None | None |
| To manage implementation of integrated HIV and AIDS programmes | 36 | Facilitate capacity building programmes on HIV and AIDS | Number of training programmes on HIV/AIDS and STI's and TB conducted | 3 Training programmes conducted | 3 training programmes conducted | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---------------|----------------|--|--|--|--|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | | | Number of training programmes on HIV/AIDS and STI's and TB Conducted (workplace) | 2 Training programmes conducted | 2 training programmes conducted (workplace committee members and peer educators) | None | None |
| | | Reduce HIV prevalence in the workplace | Number of Baseline Surveys Conducted | Repeat HIV prevalence survey conducted. HIV prevalence reduced by 1% of the sampled population | Target met | None | None |
| | | Strengthen functionality of DAC, LAC's, WAC's and workplace committees | Number of Quarterly meetings held. Number of LACs supported. | 4 Quarterly DAC meetings held; 8 LACs Supported | Target met | None | None |
| | | | No. of HIV and AIDS workplace committee meetings held | 4 x HIV and AIDS Workplace committee quarterly meetings held | Target met (1 meeting per quarter held) | None | None |
| | | Develop and implement district wide disaster management plan | Progress towards review of the disaster management plan | Conduct Scientific Risk Assessment (40%) and implementation of disaster management programmes | Target met | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|---|---|--|---------------------------------|---------------------|---|
| | | | | Projected | Actual | | |
| | | Facilitate education and training of disaster management | No. of training programmes on disaster management conducted | Capacitate councillors' managers and community members, including vulnerable groups | 3 training programmes conducted | | |
| To provide quality municipal health and environmental management services | 38 | Strengthen capacity of the District Health Council | Number of meetings and workshops conducted | 4 quarterly meetings conducted | 4 meetings held (target met) | None | None |
| To provide quality municipal health and environmental management services | 39 | Develop AND implement district wide Climate change adaptation | Progress towards development and implementation of climate change strategy and programmes | Adopted climate change adaptation strategy(100%) and implementation of climate change reduction programmes | Target not met | None | Still working on developing the Terms of Reference. |

KPA 4: Financial Viability and Management

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|--|---|--|------------------------------|---------------------|--|
| | | | | Projected | Actual | | |
| To ensure proper expenditure management in terms of approved budget and in line with Dora and National Treasury guidelines | 56 | Develop and maintain an effective expenditure processing system | Number of reports to indicate % of expenditure (opex & payroll) on budget | 12 monthly reports | 12 monthly reports submitted | None | None |
| | | | Number of reports to indicate % of expenditure (capex & programmes) on budget | 12 monthly reports | 12 monthly reports submitted | None | None |
| | | | No of reconciled creditors | Effective implementation of the module and creditors reports | Target not met | None | PWC is appointed to assist in the process |
| To ensure proper revenue management in terms of approved budget and in line with Dora and National Treasury guidelines | 57 | Review the application of accounting for VAT | Report on VAT Review | Vat claimed in accordance with VAT legislation | Target not met | None | The project was challenged due to timeframes, therefore had to re-tender |
| | | Develop and maintain an effective revenue processing system and debt | Number of new Tariff Charges Identified. | Adopted and Approved Tariff List | Target not met | None | PWC to assist in the development of the policy |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|--|--|--|--|---------------------|---|
| | | | | Projected | Actual | | |
| To ensure reliable timely Financial Information which is easily accessible | | | % Increase in Debt Collection (4%) | Annual Debt collection reports | Annual debt collection reports generated | None | None |
| | | | No of reconciled debtors | Effective implementation of the module and debtors reports | Debtors module and debtors reports effectively implemented | None | None |
| | | | Monthly reports on Income | Annual report | Annual report on income developed | None | None |
| | 58 | Updating and maintaining of GRAP compliant Chart of Accounts aligned to CHDM reporting structure | A GRAP complaint accounts structure working on the financial accounting system | Updated Functional System | Updated functional system in place | None | None |
| | | Ensure training on new system updates | Number of trainings held per year | Three trainings | 3 meetings held | None | None |
| | 59 | Maintain availability of systems 95 % of the working hours | % of time whereby systems were available | 100% target with no more than 5% variance | Target not met | | Help desk not yet implemented, but there is report on downtimes |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|---|--|--|--|-------------------|
| | | | | Projected | Actual | | |
| To ensure automation of business processes | 60 | Ensure automation of business processes | Number of automated processes | 80% targets | Target not met | The automated process is done, but the change in treasury template delayed the process as the caseware template is updated by CQS | |
| | 61 | Ensure proper security of the financial environment | Effectiveness of the Access Control System | Effective Access Control System | The access control system is being implemented | None | None |
| | 62 | Integration and improvement of systems | Integrated dashboard and business intelligence | Appointment of Service Provider, Workstudy and commencement of implementation of the outcome | Target not met | Changes that are made by Business Connection which will affect the implementation of the datawarehouse are delaying the process | None |
| | 63 | Disaster Recovery Plan and business continuity | A fully mirrored environment | full Implementation of back-up mirror server | A full back-up mirror server is in place | None | None |
| To maintain a complete and accurate Fixed Asset Register | 64 | Updating & maintaining of GRAP Compliant Fixed Asset Register | Completed GRAP Compliant automated Asset Register | Completed GRAP compliant register and asset count conducted | Target not met | Asset Register is fully updated and is GRAP compliant, but the software is not yet procured | None |
| To ensure timely submission of accurate AES & | 65 | Develop and Monitor Year End action Plan | Year End action Plan implemented | fully implemented Year End Action Plan | Target not met | The audit action plan was not fully implemented, due to delays in the appointment of the service provider who assisted in some areas | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|--|--|-----------------------------|-----------------|---|-------------------|
| | | | | Projected | Actual | | |
| | | Compilation and submission of accurate AFS | Submission of accurate and GRAP compliant AFS by 31 August to AG (NT and to council) | Submitted AFS | AFS compiled | None | None |
| | | Compilation and submission of In-Year Reports | Number of in-Year reports submitted internally and externally | Automated reports | Target not met | The system is in place for the quarterly AFS, but was delayed by the audit process to obtain opening balances | None |
| To have a council approved budget developed timeously | 66 | Table a budget for council approval within the legislated timeframe | A council approved budget | Adopted 2013/14 Budget | Budget approved | None | None |
| | | Monitor, Advise & Report on Budget Implementation | Number of monthly reports to stakeholders | Report on Opex & Capex | Target not met | The absence of the manager is delaying the process of the reports being reviewed by IA unit | None |
| To ensure effective economical efficient procurement | 67 | Maintenance of effective Data base to ensure equity and transparency | Revised / Updated database | Annual Revised Database | Target not met | The training of service providers will be done in the third & fourth quarter and the cleansing of the database will be possible in the fourth quarter | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|-------------------------------|----------------|--|---|--|---|--|-------------------|
| | | | | Projected | Actual | | |
| | | Payment of Service providers as per SCM policy | % decrease on ageing of creditors | Payment of creditors within 30 days | Target not met | The central receiving of invoices, and noncompliance with scm policy is still having negative impact on turnaround time on payment of suppliers. | None |
| | | Ensure effective inventory management system | Effective Inventory Management System | Implementation of central stores and effective inventory management system | Target not met | Quarterly stock count report is done, but the central stores is not yet procured due to amount available | None |
| | | Ensuring effectiveness of bid committees | Number of bid awards & decrease in outstanding bids | Annual Report on awards and effectiveness of bid committees | A report on awards for the year as well as the effectiveness of the bid committee has been compiled | None | None |
| | | Ensure proper controls to minimise deviations within the SCM process | % decrease of deviations | % Decrease in deviations to an acceptable minimal | A report on deviations has been developed (target met) | None | None |
| | 68 | Development and monitoring of Demand Management Plan | A developed demand management plan | DMP for 2012/13 | DMP is developed and is being implemented | None | None |
| To improve revenue collection | 69 | Implement revenue enhancement strategy | Each WSP to increase revenue collection by 10% | Increase revenue collection by 10% | Target not met | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|--------------------------------------|---|-----------------------------|-------------------------|---|---|
| | | | | Projected | Actual | | |
| To ensure sound and sustainable management of financial affairs of the district in line with national and provincial norms and standards | 70 | To maximise expenditure of all funds | % of MIG funding spent | 100% expenditure | target met and exceeded | Project funding shortfall impacting on implementation. | Council approved Bridging finance till end June 2013 |
| | | | % of WSPs allocation spent | 100% expenditure | 97% of allocation made | None | None |
| | | | % of RBIG spent | 100% expenditure | Target achieved | Counter funding of RBIG projects total 300 plus million required. SCM process delaying the finalizing of evaluation and award which is impacting on planned expenditure trends. | Application to ORIO for Xonxa to be done in 2013. Counter funding required has been reported to council for council to take a decision on. Delays in procurement has been taken up with Director. |
| | | | % of Water Services Operating grant spent | 100% expenditure | 66% of grant spent | None | None |
| | | | % of Rural Road Management grant spent | 100% expenditure | 99% of grant spent | None | None |
| | | | % of ACIP funding spent | 100% expenditure | 100% of grant spent | None | None |
| | | | % of Roads budget spent | 100% expenditure | | | |

KPA 5: Good Governance and Public Participation

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|------------------------------|---------------------------------|-----------------------------|---------------|---------------------|-------------------|
| | | | | Projected | Actual | | |
| To improve co-ordination between CHDM and other stakeholders | 71 | Coordinate sitting of Forums | No of IDP Rep Forums held | 4 Forums per year | 3 forums held | None | None |
| | | | No of Housing Forums held | 4 Forums per year | 3 forums held | None | None |
| | | | No of Town Planners Forums held | 4 Forums per year | 3 forums held | None | None |
| | | | No of Tourism Forums held | 4 Forums per year | 2 forums held | None | None |
| | | | No of Business Forums held | 4 Forums per year | 3 forums held | None | None |
| | | | No of Cooperative forums held | 4 Forums per year | 2 forums held | None | None |
| | | | No of Agric Forum held | 4 Forums per year | 4 forums held | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|--|--|--|-----------------|---------------------|-------------------|
| | | | | Projected | Actual | | |
| To prevent, mitigate and respond to the effects of disasters and facilitate post disaster recovery | 72 | Conduct Community Awareness Programs on Disaster Management | Number of community awareness programmes conducted | Conduct awareness programmes | Target met | None | None |
| | | Develop and implement Disaster Management Information and Communication System | progress towards the development of information and communication system | Equip disaster management centres with information and communications system (20%) | Target met | None | None |
| | | Strengthen capacity of Disaster Management Advisory Forum | Number of meetings conducted | 4 quarterly meetings conducted | 4 meetings held | None | None |
| To provide quality municipal health and environmental management | 73 | Support Local Municipalities on waste management programmes | No of Local Municipalities supported (financially / technically) towards waste reduction | Waste management programmes | Target met | None | None |
| To provide quality municipal health and environmental management | 74 | Strengthen capacity of the environment & climate forum | Number of meetings and workshops conducted | 4 quarterly meetings conducted | 4 meetings held | None | None |
| To provide quality municipal health and environmental management | 75 | Strengthen capacity of the District Health Council | Number of meetings and workshops conducted | 4 quarterly meetings conducted | 4 meetings held | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|--|--|---|--|--|---|
| | | | | Projected | Actual | | |
| To manage implementation of integrated HIV and AIDS programmes | 76 | Strengthen functionality of DAC, LAC's, WAC's and workplace committees | Number of Quarterly meetings held. Number of LACs supported. | 4X District Aids council meetings held | 4 meetings held | None | None |
| | | | No. of HIV and AIDS workplace committee meetings held | 4 x HIV and AIDS Workplace committee quarterly meetings held | 4 meetings held | None | None |
| To encourage an institutional culture of quality performance | 77 | Development of an employee performance management framework | Employee PM Framework developed and cascaded | Performance management cascaded to managers below section 56. | Target not met | Council is still to take a decision on the process to be followed in cascading PMS to lower levels | To fast-track this process in the next financial year |
| To promote and maintain labour stability within the workplace | 78 | Compliance with collective agreement and conditions of service and | Functioning LLF | 6 LLF meetings held | Target met | None | None |
| To provide technical support to local municipalities on IT, Human | 79 | Technical support on ICT, HR & EAP | No of municipalities supported | 6 municipalities supported | Target met | None | None |
| To ensure effective ICT governance | 80 | ICT Steering committee meetings | No of ICT Steering committee meetings held | 4 ICT Steering committee meetings | 4 ICT Steering Committee meetings held | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|--|--|--|------------|---------------------|-------------------|
| | | | | Projected | Actual | | |
| | 81 | Develop an ICT Strategy | Phase one of Enterprise Architecture developed | Phase one of Enterprise Architecture developed | Target met | None | None |
| To improve co-ordination between CHDM and other stakeholders | 82 | Hold WSA/WSP monthly meetings | No of WSA/WSP meetings held | 10 meetings held | Target met | None | None |
| | | Technical Managers Forum | No of Technical Managers Forums held | 4 meetings held | Target met | None | None |
| | | Manage WSA/WSP contracts | Attain Blue and Green Drop status | 8 Blue Drops and 2 Green Drops obtained | Target met | None | None |
| To ensure compliance with applicable legislation, regulations, policies and procedures | 83 | Annual review of WSP Business Plans | Approved 13/14 WSP BPs and Budgets | Approved 13/14 WSP BPs and Budgets | Target met | None | None |
| | | Quantify & monitor water losses in towns | Reduction of water losses by 10% | Reduce water losses by 10% | Target met | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|---|---|---|--|---------------------|-------------------|
| | | | | Projected | Actual | | |
| To enhance public participation within the district | 84 | Strengthen relations with communities to get buy-in for projects | No of Project Steering Committee meetings held | 8 PSC meetings per project held | Target met | None | None |
| | | Community awareness campaigns | 4 campaigns | 4 community awareness campaigns held | Target met | None | None |
| To achieve an Unqualified Audit Opinion by 2014 | 85 | To develop & implement an Audit Action plan for 2011/12 audit findings | Adopted audit action plan & Nr. of Audit findings resolved | completed and implemented Audit action plan | Audit action plan in place and implemented accordingly | None | None |
| | | Co-ordinating of audit process | Nr of audit request and findings received, communicated & addressed at steering committee | A co-ordinated & monitored audit process. | Target met | None | None |
| To ensure accountable and democratic governance by involving communities in the affairs of the district | 86 | Participate on Roadshows / workshops to communities within the district | Budget Roadshows conducted in all LM's | Roadshows participated on. | Target met | None | None |
| | | workshop on SCM policy and processes to suppliers | Number Workshops conducted | 2 Workshops conducted | Target met | None | None |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|--|--|----------------|--|---|
| | | | | Projected | Actual | | |
| To improve co-ordination between CHDM and other stakeholder | 87 | Ensure functional CFO's Forum | No. of sittings of the CFO's Forums | 4 CFO's Forums | Target not met | None | None |
| To ensure proper Contract / agreement Management | 88 | Maintaining updated Contract Register | Updated contracts register submitted | Updated Contract Register | Target not met | None | None |
| | | Monitoring of valid contracts & agreements | No of valid contracts and agreements | Valid Contract and Agreements | Target not met | None | None |
| | | Automation of the contract management system | Automated process | Automated contract management system | Target not met | None | None |
| Enhance Intergovernmental relations within the district through effective and efficient IGR clusters | 89 | Development/ review and implement a district wide IGR strategy and clusters | Availability of a district wide IGR strategy | Review and implement a district wide IGR strategy and clusters | Target not met | The resignation of the strategic manager left a vacuum within the municipality and has negatively affected the implementation of IGR programmes. | The process of appointing a strategic manager has been finalised and this person will carry out this function |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|--|----------------|---|--|--|---|---|---|
| | | | | Projected | Actual | | |
| Ensure a functional and institutional customer care services | 90 | Facilitate establishment of functional institutionalised customer care services | Existence of institutionalized customer care services | Coordinate consultations with relevant stakeholders to enable integration of customer care services and development of customer care strategy, structure and implementation plan | Target not met | The resignation of the strategic manager left a vacuum within the municipality and has negatively affected the implementation of this programme. However, it must be noted that various departments within the municipality have individual customer care programmes but these need to be coordinated | The process of appointing a strategic manager has been finalised and this person will carry out this function |
| To strengthen good governance | 91 | Ensure effectiveness of internal audit function | Adopted charter and full implementation of risk based plan | Review internal audit charter and implement | Internal audit charter has been reviewed and adopted and is implemented accordingly | None | None |
| Ensure effective and efficient CHDM oversight | 92 | Facilitate effectiveness of oversight function within the municipality through the availability and implementation of delegations of powers | Availability of reviewed delegations of powers | Develop and implement IGR strategy and clusters | Target not met | The resignation of the strategic manager left a vacuum within the municipality and has negatively affected the implementation of IGR programmes. | The process of appointing a strategic manager has been finalised and this person will carry out this function |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|---|---|--|----------------|--|---|
| | | | | Projected | Actual | | |
| Coordinate special programmes of CHDM | 93 | Development of special programmes strategy and implantation plan | Availability of special programmes strategy and implementation plan | Develop and implement special programmes strategy | Target not met | | A service provider has been appointed and is in the process of finalising the document. Consultation workshops are being held. |
| | | Ensure inclusion and reporting by departments on mainstreamed projects and programs | Reports reflecting mainstreamed projects / programs by departments | Facilitate submission of reports by departments on mainstreamed projects/ programs | Target not met | The resignation of the strategic manager left a vacuum in this area. However, requests for information have been sent and it is anticipated that this will be carried out in the next financial year. | The post of the Strategic Manager has been filled and this will be coordinated from there. |
| Improve capacity and delivery of support services to local municipalities through central coordination, monitoring and evaluation | 94 | Coordination reporting on municipal support | Reports on support rendered | Coordinate monitoring and reporting of municipal support | Target not met | Although the municipality is rendering support services throughout the district, this support is not coordinated and each department within the municipality applies its own methodology in terms of the provision of this support | With the post of Strategic Manager filled, the will be clear coordination of the district function of supporting local municipalities |

| IDP Objective | Objective Code | Strategy | Indicator of Performance | Year under review (2012/13) | | Reason for variance | Corrective Action |
|---|----------------|---|--|--|----------------|--|---|
| | | | | Projected | Actual | | |
| Ensure relationship with other institutions through monitoring implementation and reporting on existing partnership | 95 | Coordinate reporting on existing partnerships | Reports on implementation of existing partnerships | Coordinate monitoring and reporting on partnerships or twinning agreements | Target not met | The resignation of the strategic manager left a vacuum within the municipality and has negatively affected the implementation of IGR/International Relations programmes. | The process of appointing a strategic manager has been finalised and this person will carry out this function |
| Improve leadership capacity through implementation of clear capacity development programs | 96 | Enhancement of capacity for political and administrative leadership | Capacity building programmes implemented | Develop and Implement leadership development programs | Target not met | Although such programmes take place, these have not been centrally coordinated and as such, the effectiveness and/or progress in the area has not been monitored. | The process of appointing a strategic manager has been finalised and this person will carry out this function |

CHAPTER 4: FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

**Reconciliation of Table
A1 Budget Summary**

| Description R thousands | Year 0 | | | | | | |
|--|-----------------|--|--------------------------|---|---|--------------|----------|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual O |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Financial Performance | | | | | | | |
| Property rates | – | – | – | | | – | |
| Service charges | – | – | – | | | – | |
| Investment revenue | 15 466 | (6 466) | 9 000 | | | 9 000 | 18 |
| Transfers recognised - operational | 437 337 | 714 | 438 051 | | | 438 051 | |
| Other own revenue | 550 | 59 950 | 60 500 | | | 60 500 | |
| Total Revenue (excluding capital transfers and contributions) | | | | | | | |
| Employee costs | 140 591 | (9 072) | 131 519 | | | 131 519 | 121 |
| Remuneration of councillors | 7 460 | 102 | 7 562 | | | 7 562 | 7 |
| Debt impairment | – | – | – | | | – | 2 |
| Depreciation & asset impairment | 3 085 | 86 915 | 90 000 | | | 90 000 | 92 |
| Finance charges | 2 000 | 3 900 | 5 900 | | | 5 900 | |
| Materials and bulk purchases | 5 230 | 4 000 | 9 230 | | | 9 230 | 13 |
| Transfers and grants | 236 321 | 130 634 | 366 955 | | | 366 955 | 533 |
| Other expenditure | 53 036 | 22 866 | 75 902 | | | 75 902 | 44 |
| Total Expenditure | 447 723 | 239 345 | 687 068 | | | 687 068 | 815 |
| Surplus/(Deficit) | | | | | | | |
| Transfers recognised - capital | 516 468 | – | 516 468 | | | 516 468 | |
| Contributions recognised - capital & contributed assets | – | – | – | | | – | |
| Surplus/(Deficit) after capital transfers & contributions | | | | | | | |
| Share of surplus/ (deficit) of associate | | | – | | | – | |
| Surplus/(Deficit) for the year | | | | | | | |
| Capital expenditure & funds sources | | | | | | | |
| Capital expenditure | | | | | | | |
| Transfers recognised - capital | 544 479 | (22 429) | 522 050 | | | 522 050 | 409 |
| Public contributions & donations | – | – | – | | | – | |
| Borrowing | – | – | – | | | – | |

DRAFT ANNUAL REPORT

| | | | | | | | |
|--|-----------|-----------|-----------|--|--|-----------|-------|
| Internally generated funds | - | - | - | | | - | |
| Total sources of capital funds | | | | | | | |
| Cash flows | | | | | | | |
| Net cash from (used) operating | 531 152 | (197 242) | 333 910 | | | 333 910 | 425 |
| Net cash from (used) investing | (544 479) | 211 810 | (332 669) | | | (332 669) | (458) |
| Net cash from (used) financing | - | (5 698) | (5 698) | | | (5 698) | (5) |
| Cash/cash equivalents at the year end | | | 293 385 | | | 293 385 | 191 |

Notes

3 = sum of column 1 and 2

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

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

6 = sum of column 3, 4 and 5

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

9 = 7 - 6

10 = (7/6)*100

11 = (9/1)*100

14 = 13 - 12

15 in revenue equals Audited Outcome plus funds actually recovered

15 in expenditure equals Audited Outcome less funds actually recovered

15 in Cash Flow equals Audited Outcome plus funds recovered

| Financial Performance of Operational Services | | | | | | |
|---|---------|-----------------|--------------------|-----------------|-----------------|-----------------|
| Description | Year -1 | Year 0 | | Year 0 Variance | | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjusted Budget |
| Operating Cost | | | | | | |
| Water | 187 | 180 | 198 | 192 | 6.36% | -2 |
| Waste Water (Sanitation) | 94 | 37 | 51 | 667 | 94.37% | 92 |
| Electricity | - | - | - | - | 0.00% | 0 |
| Waste Management | 43 | 13 | 13 | - | 0.00% | 0 |
| Housing | - | - | - | - | 0.00% | 0 |
| Component A: sub-total | 282 | 231 | 263 | 860 | 73.14% | 69 |
| Waste Water (Stormwater Drainage) | - | - | - | - | 0.00% | 0 |
| Roads Transport | 27 | 22 | 22 | 35 135 | 23.06% | 37 |

DRAFT ANNUAL REPORT

| | | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|
| | – | – | – | – | 0.00% | 0.00% |
| Component B: sub-total | 449 | 034 27 | 000 22 | 35 135 | 23.06% | 37.00% |
| Planning and development | 712 8 | 074 36 | 619 96 | 55 557 | 35.07% | -73.00% |
| Local Economic Development | – | – | – | – | 0.00% | 0.00% |
| Component B: sub-total | 712 8 | 074 36 | 619 96 | 55 557 | 35.07% | -73.00% |
| 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 | 878 17 | 504 37 | 113 53 | 41 977 | 10.66% | -20.00% |
| Environmental Protection | – | – | – | – | 0.00% | 0.00% |
| Health | 59 | 284 | 636 1 | 2 192 | 87.04% | 25.00% |
| Security and Safety | 660 1 | 183 | 556 | 2 710 | 93.25% | 79.00% |
| Sport and Recreation | – | – | – | – | 0.00% | 0.00% |
| Corporate Policy Offices and Other | 264 324 | 402 118 | 814 252 | 99 170 | -19.39% | -15.00% |
| Component D: sub-total | 861 343 | 373 156 | 119 308 | 146 049 | -7.07% | -11.00% |
| Total Expenditure | 539 635 | 519 450 | 209 690 | 096 981 | 58.93% | 37.00% |

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

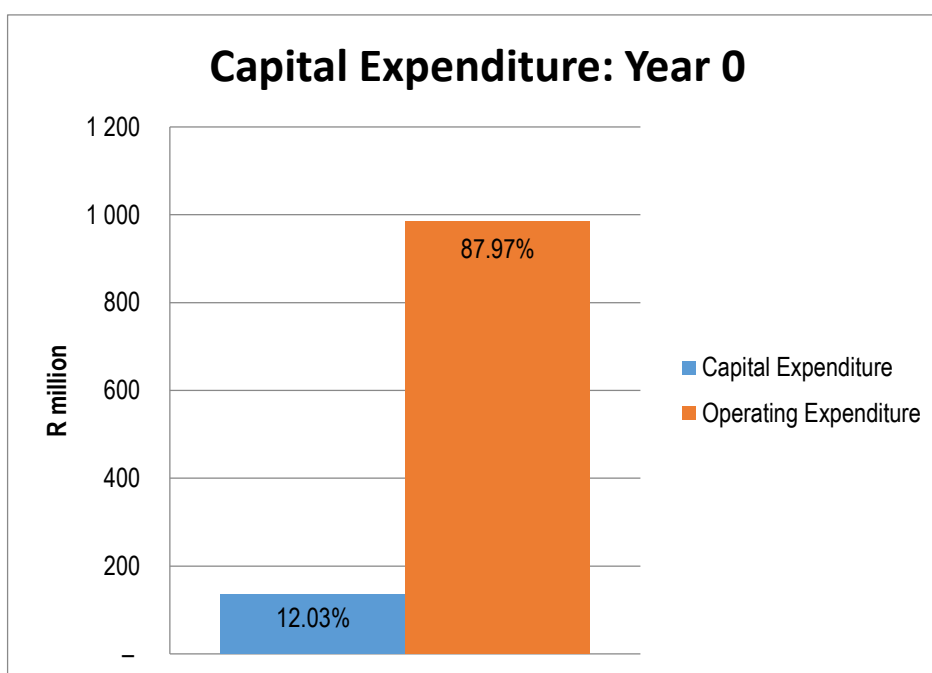
| Grant Performance | | | | | | |
|---------------------------------------|----------------|----------------|--------------------|----------------|---------------------|------------------------|
| R' 000 | | | | | | |
| Description | Year -1 | Year 0 | | | Year 0 Variance | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Operating Transfers and Grants | | | | | | |
| National Government: | 332 015 | 408 527 | 411 485 | 361 973 | | |
| Equitable share | 325 908 | 359 914 | 359 914 | 359 060 | 0 | 0.00 |
| Municipal Systems Improvement | – | 1 000 | 1 000 | – | 100.00% | 1 |

DRAFT ANNUAL REPORT

| | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|---------|-------|
| Department of Water Affairs | – | 16 878 | 16 878 | – | 100.0% | 1.0 |
| Municipal Infrastrusture Grant | – | 3 000 | 3 000 | – | 100.00% | 1 |
| Finance Management | 1 511 | 1 500 | 1 500 | 1 528 | -1.88% | -0.02 |
| EPWP | – | 26 235 | 26 235 | – | 100.00% | 1.0 |
| Rural Transport | – | – | 2 958 | – | 0.00% | 1 |
| RRAMSG | – | – | – | – | 0.00% | 0 |
| Sport and Development | 2 854 | – | – | 394 | 0.00% | 0 |
| Municipal System Infrastrusture Grant | 1 338 | – | – | 991 | 0.00% | 0 |
| Land Affairs | 404 | – | – | – | 0.00% | 0 |
| Provincial Government: | 28 010 | 27 034 | 27 748 | 14 222 | | |
| Housing | 3 389 | – | – | 3 456 | 0.00% | 0 |
| Roads and Transport | – | 27 034 | 27 748 | – | 100.0% | 1.00 |
| EnviromentalAffairs and Tourism | 7 811 | – | – | 1 201 | 0.00% | 0 |
| Other Subsidies | 5 919 | – | – | 131 | 0.00% | 0 |
| Treasury Grant | 80 | – | – | – | 0.00% | 0 |
| Agriculture Grant | 10 811 | – | – | 9 433 | 0.00% | 0 |
| District Municipality: <i>[insert description]</i> | – | – | – | – | | |
| Other grant providers: | – | – | – | – | | |
| Other | – | – | – | – | 0.00% | 0 |
| LG SETA | – | – | – | – | 0.00% | 0 |
| Total Operating Transfers and Grants | 360 025 | 435 561 | 439 233 | 376 195 | | |
| <i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i> | | | | | | |
| T 5.2.1 | | | | | | |

Repair and Maintenance Expenditure: Year 0

| R' 000 | | | | |
|-------------------------------------|-----------------|-------------------|--------|-----------------|
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 0 | 49864173 | 924424 | -98% |
| T 5.3.4 | | | | |



Use table below to populate the info for the graph

| R million | Original Budget | Adjustment Budget | Un-audited Full Year Total | Original Budget variance | Adjusted Budget Variance |
|--------------------------|-----------------|-------------------|----------------------------|--------------------------|--------------------------|
| Capital Expenditure | 138 | 135 | 133 | 4.0% | 1.5% |
| | 138 | 135 | 133 | 4.0% | 1.5% |
| Operating Expenditure | 982 | 986 | 987 | -0.5% | -0.1% |
| | 982 | 986 | 987 | -0.5% | -0.1% |
| Total expenditure | 120 | 121 | 119 | 0.1% | 0.1% |
| Water and sanitation | 69 | 70 | 70 | -1.1% | 0.4% |
| Electricity | 47 | 48 | 48 | -0.7% | 0.0% |

DRAFT ANNUAL REPORT

| | | | | | |
|---|------------------|-------------------|----------------------------|--------------------------|--------------------------|
| Housing | 5 | 5 | 5 | -3.5% | 0.0 |
| Roads, Pavements, Bridges and storm water | 16 | 14 | 14 | 15.3% | 5.5 |
| Other | 6 | 6 | 6 | 4.0% | 0.0 |
| | 138 | 135 | 133 | 4.0% | 1.5 |
| External Loans | 30 | 31 | 31 | -3.3% | 0.0 |
| Internal contributions | 42 | 34 | 34 | 19.9% | 0.0 |
| Grants and subsidies | 66 | 76 | 76 | -14.9% | 0.0 |
| Other | – | – | | | |
| | 138 | 141 | 141 | -1.8% | 0.0 |
| External Loans | 35 | 35 | 35 | 0.0% | 0.0 |
| Grants and subsidies | 162 | 162 | 162 | 0.0% | 0.0 |
| Investments Redeemed | 30 | 48 | 48 | -59.9% | 0.0 |
| Statutory Receipts (including VAT) | 85 | 87 | 88 | -4.1% | -1.3 |
| Other Receipts | 870 | 856 | 858 | 1.3% | -0.2 |
| | 182 ¹ | 189 ¹ | 192 ¹ | -0.8% | -0.2 |
| Salaries, wages and allowances | 313 | 311 | 311 | 0.8% | 0.0 |
| Cash and creditor payments | 550 | 527 | 532 | 3.4% | -0.8 |
| Capital payments | 102 | 142 | 141 | -38.1% | 0.7 |
| Investments made | – | 54 | 43 | | 20.8 |
| External loans repaid | 56 | 64 | 64 | -14.6% | 0.2 |
| Statutory Payments (including VAT) | 93 | 92 | 92 | 1.7% | 0.1 |
| Other payments | – | 8 | 1 | | 89.9 |
| | 115 ¹ | 198 ¹ | 183 ¹ | -6.1% | 1.3 |
| | Original Budget | Adjustment Budget | Un-audited Full Year Total | Original Budget variance | Adjusted Budget Variance |
| Property rates | 164 | 164 | 164 | -0.3% | -0.1 |
| Service charges | 604 | 604 | 604 | -0.1% | 0.0 |
| Other own revenue | 214 | 215 | 215 | -0.5% | 0.0 |
| | 982 | 984 | 984 | -0.2% | 0.0 |

DRAFT ANNUAL REPORT

| | | | | | |
|--|------------|------------|------------|--------|-------|
| Employee related costs | 303 | 300 | 301 | 0.6% | -0.1 |
| Provision for working capital | – | – | – | | |
| Repairs and maintenance | 51 | 52 | 52 | -2.3% | -0.1 |
| Bulk purchases | 291 | 293 | 293 | -0.9% | 0.0 |
| Other expenditure | 338 | 340 | 340 | -0.8% | -0.2 |
| | 982 | 986 | 987 | -0.5% | -0.1 |
| Service charges: Electricity | 314 | 322 | 324 | -2.9% | -0.3 |
| Grants & subsidies: Electricity | 7 | 11 | 12 | -75.7% | -11.9 |
| Other revenue: Electricity | 22 | 22 | 22 | -2.5% | -0.2 |
| | 343 | 356 | 358 | -4.4% | -0.7 |
| Employee related costs: Electricity | 13 | 13 | 13 | 3.7% | 1.5 |
| Provision for working capital: Electricity | – | – | – | | |
| Repairs and maintenance: Electricity | 17 | 19 | 19 | -17.0% | 0.4 |
| Bulk purchases: Electricity | 179 | 184 | 184 | -3.0% | 0.0 |
| Other expenditure: Electricity | 34 | 50 | 51 | -51.7% | -2.7 |
| | 242 | 266 | 267 | -10.3% | -0.4 |
| Service charges: Water | 138 | 139 | 140 | -1.9% | -0.9 |
| Grants & subsidies: Water | 27 | 26 | 26 | 7.1% | 0.0 |
| Other revenue: Water | 12 | 14 | 14 | -21.0% | -0.9 |
| | 177 | 178 | 180 | -1.8% | -0.8 |
| Employee related costs: Water | 13 | 14 | 14 | -4.1% | 0.1 |
| Provision for working capital: Water | – | – | – | | |
| Repairs and maintenance: Water | 9 | 9 | 9 | -10.2% | -0.7 |
| Bulk purchases: Water | 86 | 88 | 89 | -3.2% | -0.2 |
| Other expenditure: Water | 49 | 45 | 45 | 8.2% | 0.2 |
| | 156 | 156 | 157 | -0.1% | -0.1 |

Capital Expenditure - Funding Sources: Y

| Details | |
|---------------------------|--------------------------|
| Source of finance | |
| | Grants and |
| | Other |
| Total | |
| Percentage of finance | |
| | Grants and |
| | Other |
| Capital expenditure | |
| | Water and s |
| | Water waste managemen |
| | Waste Man |
| | Enviroment Protection |
| | Planing and Developme |
| | Roaf transp |
| | Other |
| Total | |
| Percentage of expenditure | |
| | Water and s |
| | Water waste managemen |
| | Water Man |
| | Enviroment Protection |
| | Planing and Developme |
| | Other |

| Capital Expenditure of 5 largest projects* | | | | | |
|---|-----------------|-------------------|--------------------|--------------------------|-------------------------|
| R' 000 | | | | | |
| Name of Project | Current: Year 0 | | | Variance: Current Year 0 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| A - Name of Project | 26 000 | 26 500 | 25 700 | 1% | -2% |
| B - Name of Project | 19 500 | 19 750 | 19 900 | -2% | -1% |
| C - Name of Project | 15 700 | 15 700 | 15 500 | 1% | 0% |
| D - Name of Project | 12 000 | 11 800 | 11 700 | 3% | 2% |
| E - Name of Project | 11 500 | 11 000 | 11 250 | 2% | 4% |
| * Projects with the highest capital expenditure in Year 0 | | | | | |
| Name of Project - A | | | | | |
| Objective of Project | | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| Name of Project - B | | | | | |
| Objective of Project | | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| Name of Project - C | | | | | |
| Objective of Project | | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| Name of Project - D | | | | | |
| Objective of Project | | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| Name of Project - E | | | | | |
| Objective of Project | | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| T 5.7.1 | | | | | |

| Cash Flow Outcomes | | | | |
|--|-----------------|-----------------|-----------------|--------|
| R'000 | | | | |
| Description | Year -1 | Current: Year 0 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |

DRAFT ANNUAL REPORT

| | | | | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 1 052 | | 60 | 73 |
| Ratepayers and other | 294 | 550 | 600 | 598 |
| | | 409 | 438 | 433 |
| Government - operating | | 326 | 051 | 818 |
| | | 528 | 516 | 530 |
| Government - capital | | 079 | 468 | 134 |
| | 19 | 15 | 9 | 16 |
| Interest | 601 | 454 | 000 | 602 |
| Dividends | | | | |
| Payments | | | | |
| | (892 | (276 | (307 | (123 |
| Suppliers and employees | 294) | 096) | 209) | 285) |
| | | (2 | (5 | |
| Finance charges | (385) | 000) | 900) | (98) |
| | | (144 | (377 | (279 |
| Transfers and Grants | – | 160) | 100) | 662) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 179 216 | 531 153 | 333 910 | 651 107 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| | 1 | | 1 | |
| Proceeds on disposal of PPE | 240 | – | 240 | – |
| Decrease (Increase) in non-current debtors | – | – | – | – |
| Decrease (increase) other non-current receivables | – | – | – | – |
| | | | 188 | |
| Decrease (increase) in non-current investments | – | – | 141 | – |
| Payments | | | | |
| | (264 | (544 | (522 | (648 |
| Capital assets | 618) | 479) | 050) | 823) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (263 378) | (544 479) | (332 669) | (648 823) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | | | | |
| Borrowing long term/refinancing | | | | |
| Increase (decrease) in consumer deposits | | | | |
| Payments | | | | |
| | (1 | | (5 | (5 |
| Repayment of borrowing | 075) | – | 698) | 698) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (1 075) | – | (5 698) | (5 698) |
| NET INCREASE/ (DECREASE) IN CASH HELD | (85 237) | (13 326) | (4 457) | (3 414) |
| | 383 | 297 | 297 | 488 |
| Cash/cash equivalents at the year begin: | 191 | 843 | 843 | 187 |
| | 297 | 284 | 293 | 484 |
| Cash/cash equivalents at the year end: | 954 | 516 | 385 | 772 |
| Source: MBRR A7 T 5.9.1 | | | | |

Actual Borrowings: Year -2 to Year 0

| R' 000 | | | |
|--|------------------|------------------|----------|
| Instrument | Year -2 | Year -1 | Year 0 |
| Municipality | | | |
| Long-Term Loans (annuity/reducing balance) | 5553707 | 4424077 | 0 |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| Municipality Total | 5 553 707 | 4 424 077 | 0 |
| Municipal Entities | | | |
| Long-Term Loans (annuity/reducing balance) | | | |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| Entities Total | 0 | 0 | 0 |
| <i>T 5.10.2</i> | | | |

CHAPTER 5: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A

6.1 AUDIT OPINION FOR THE 2011/2012 FINANCIAL YEAR



Auditing to build public confidence



AUDITOR-GENERAL
SOUTH AFRICA

Audit Report

Chris Hani District Municipality

For the Year ended 30-June 2012

REPORT OF THE AUDITOR-GENERAL TO EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON CHRIS HANI DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of Chris Hani District Municipality set out on pages ... to ..., which comprise statement of financial position as at 30 June 2012, the statement of financial performance, changes in net assets and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), as well as for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

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

Basis for adverse opinion

Trade and other payables

6. Trade creditors and expenditure were understated by R161,7 million (2011: R33,6 million) as the municipality did not account for expenditure and accruals at year-end.

Irregular expenditure

7. The municipality did not implement and maintain an appropriate procurement and

provisioning system as required by the MFMA. The municipality made payments in contravention of the supply chain management requirements which were not disclosed as irregular expenditure, resulting in irregular expenditure being understated by R199, 5 million.

Value-added tax receivable

8. The municipality did not have adequate systems in place, to record input value-added tax (VAT) on purchases of property, plant and equipment. The value of the assets is recorded inclusive of the VAT portion in the fixed asset register and the general ledger, instead of the VAT portion being allocated to the VAT input account and this resulted in infrastructure assets being overstated by R27, 5 million, while the VAT receivable is understated by the same amount.

Property, plant and equipment

9. The municipality incorrectly accounted for land and buildings for which they do not have the title deeds. This land was transferred to the municipality by the provincial government; however, the title deeds for the land were not transferred. The land does not meet the definition of an asset as it is not probable that economic benefits or service potential will flow to the municipality. This resulted in an overstatement to land and buildings and accumulated surplus amounting to R19,7 million.

Accumulated surplus

10. The municipality incorrectly restated prior year balances to reflect revenue that was charged at the incorrect tariff rates or not charged at all to consumers in the prior year. The municipality incorrectly debited the accumulated surplus balance with R12,9 million. The adjustment represents the value of revenue that should have been billed but was not billed in the prior year. As a result accumulated surplus is understated and the corresponding figure for revenue from services is also understated by R12,9 million.

Corresponding figures

11. During the 2010-11 year, I was unable to obtain sufficient appropriate audit evidence for the following elements:
 - Receivables from exchange transactions – R100,2 million
 - Trade and other payables – R118 million
 - Other Debtors – R24,5 million
 - Inventory – R4,2 million
 - Employee costs – R3,2 million
 - Property, plant and equipment – R3,4 million
12. I was unable to obtain sufficient appropriate audit evidence for the above by alternative means. Consequently, I was unable to determine whether any adjustments to these amounts and accumulated surplus were necessary. My audit opinion on the financial statements for the period ended 2010-11 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Receivables from exchange transactions

13. The prior year comparative figure is understated by R34, 4 million as the municipality impaired the full amount for consumer debtors and did not calculate the impairment for consumer debtors in accordance with the requirements of IAS 39. My opinion on the

current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Revenue

14. Prior year revenue is understated by R5,6 million as no adequate system of internal control over revenue for water was not in place, as consumers were billed at incorrect tariffs or were not billed at all. As a result, the corresponding figure for revenue and receivables from non-exchange transactions is understated by R5,6 million. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Expenditure

15. The prior year comparative expenditure amount is overstated by R5,2 million as expenditure was recognised inclusive of VAT when the VAT portion should have been allocated to the VAT input account, or not recognised at all as some suppliers were not registered for VAT. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Accumulation of immaterial uncorrected misstatements

16. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position and the statement of financial performance:

Statement of financial position

- Trade receivables from non-exchange transactions reflected as R105,6 million in the statement of financial position and note 5 is overstated by R2,6 million
- VAT receivable balance reflected as R16,4 million in the statement of financial position and note 6 is overstated by R237 120

Statement of financial performance

- Impairment losses reflected as R9 million in the statement of financial performance and note 30 is understated by R2,8 million
- General expenditure reflected as R28,3 million in the statement of financial performance and note 35 is understated by R470 700

17. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm or verify the following elements:

Statement of financial position

- Adjustments of R2, 2 million to accumulated surplus reflected as R3, 001 million in the statement of financial position and note 20
- Creditors of R55 592 reflected as R29,6 million in the statement of financial position and note 14

Statement of financial performance

- Government grants and subsidies received of R1,7 million included in the disclosed amount of R799,5 million in the statement of financial performance and note 21
- General expenditure of R412 908 included the disclosed amount of R28,3million in the statement of financial performance and note 35
- Other income of R84 776 included the disclosed amount of R55,5million in the statement of financial performance and note 26

18. As a result, we were unable to determine whether any adjustments to these elements were necessary.

Adverse opinion

19. In my opinion, because of the significance of the matters described in the Basis for adverse opinion paragraphs, the financial statements do not present fairly the financial position of Chris Hani District Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Significant uncertainties

21. With reference to note 50 of the annual financial statements the municipality is a defendant in lawsuits. The outcome of these lawsuits cannot be determined at present and no provision has been made for any liability that may result.

Restatement of corresponding figures

22. As disclosed in note 38 to the financial statements, the corresponding figures for the prior year balance sheet date have been restated as a result of an error discovered during the current year. These corrections were made in the financial statements of the Chris Hani District Municipality at 30 June 2012.

Material impairments

23. As disclosed in note 30 to the financial statements, material losses to the amount of R9 million were incurred as a result of receivables from non-exchange transactions.

Unauthorised expenditure

24. As disclosed in note 44,1 to the financial statements, the municipality incurred unauthorised expenditure of R56,4 million as a result of exceeding the total budgeted amount of expenditure.

Additional matters

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

Unaudited supplementary schedules

26. The supplementary annexures set out on pages XX to XX does not form part of the

financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Achievement of planned targets

27. Of the total number of 146 targets planned for the year, 51 were not achieved during the year under review. This represents 35% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

29. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
30. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities. The usefulness of information further relates to whether indicators and targets are measurable, i.e. well defined, verifiable, specific and measurable and time bound and relevant as required by the National Treasury Framework for managing programme performance information.
31. The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
32. The material findings are as follows:

Usefulness of information

Presentation

33. Improvement measures in the annual performance report for all of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

Consistency

34. A total of 22% of the reported targets are not consistent with the targets as per the approved IDP. This is due to the lack of adhering to applicable laws and regulations.

Measurability

Performance targets not specific

35. The National Treasury *Framework for managing programme performance information* (FMPPI) requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 69% of the targets were not specific in clearly

identifying the nature and the required level of performance. This was due to the fact that management was not aware of the requirements of the FMPPI.

Reliability of information

Reported performance not valid

36. The FMPPI requires that processes and systems which produce the indicator should be verifiable. A total of 20% of the actual reported performance relevant to basic service delivery and infrastructure investment objectives and strategies was not valid when compared to the source information and/or evidence provided. This was due to a lack of standard operating procedures for the recording of actual achievements by senior management.

Reported performance not accurate

37. The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 31% of the actual reported performance relevant to basic service delivery and infrastructure investment objectives and strategies were not accurate when compared to source information.

Compliance with laws and regulations

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

Per compliance focus area

Budgets

39. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.
40. Quarterly reports were not submitted to the council on the financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.

Strategic planning and performance management

41. The municipality did not take steps to improve performance with regard to those development priorities and objectives where performance targets are not met as required by section 41 of the MSA.

Annual financial statements, performance and annual report

42. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving an adverse audit opinion.
43. The annual performance report for the year under review does not include measures taken to improve performance, as required by section 46(1)(c) of the MSA.

Human resource management

44. The municipality did not submit quarterly reports on the status of disciplinary cases to the

MEC responsible for local government in the province as required by Disciplinary Regulations for Senior Managers regulation 19(3)(1) and (3).

45. No evidence was provided indicating that the municipality performed background checks on the senior managers that were appointed during the year to ensure that they were not dismissed in the past 10 years for financial misconduct in local government, corruption or fraud as required by MSA section 57A(1) to 57A(5).

Procurement and contract management

46. Goods and services with a transaction value below R200 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of SCM regulation 17(a) & (c).
47. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a). Two transactions advertised did not state the preference point system to be used.
48. Awards were made to providers who are persons in service of other state institutions and whose directors are persons in service of other state institutions, in contravention of SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1). Twenty-seven companies did not declare their interest or connection to persons in the service of the state and were awarded contracts. Similarly, three companies owned by people who are in the service of the state and declared their interest were awarded contracts as well.
49. Appropriate action was not taken against officials and role players in the SCM system where investigations did not comply with the SCM system, as required by SCM regulation 38(1)(b).
50. The municipality did not implement an SCM policy as required by section 111 of the MFMA. The 2011-12 draft SCM policy review was not approved during the period under review.

Expenditure management

51. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by section 65(2)(b) of the MFMA.
52. The accounting officer did not promptly inform the mayor in writing, of unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality, as required by section 32(4)(a) of the MFMA.

Conditional grants

53. The municipality did not evaluate its performance in respect of programmes funded by the allocation within two months after the end of the financial year, as required by section 12(6) of DoRA.
54. Unspent conditional grant funds not approved by the National Treasury for retention were not surrendered to National Revenue Fund, as required by section 20(1) of the DoRA.

55. The municipality did not submit, within 20 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No. 34280.
56. The municipality did not submit project implementation plans to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No. 34280.

Asset management

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

Internal control

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

Leadership

59. Oversight responsibilities regarding the monitoring of internal controls over financial reporting, compliance with applicable laws and regulations were not adequately performed. This resulted in material misstatement in the annual financial statements that were submitted for audit purposes, non-compliance with applicable laws and regulations and also resulted in the information presented in the report on predetermined objectives not being valid, accurate and complete.
60. Leadership failed to implement adequate controls to prevent or detect (and subsequently report) on irregular expenditure and unauthorised expenditure incurred.

Financial and performance management

61. The municipality did not prepare reliable and accurate monthly and quarterly financial statements. This is due to not understanding the requirements of the applicable reporting framework and the instability that existed in key positions in the finance department.
62. The municipality did not have updated policies and procedures to support the compliance with the GRAP reporting framework and accounting for transactions in accordance with the reporting framework.
63. The municipality has not implemented controls to ensure that the information supporting the report on predetermined objectives is credible, accurate and complete. As misstatements were identified on the accuracy, validity and of reported performance.
64. The municipality does not perform daily and monthly processing and reconciling of transactions throughout the financial year, as a result material misstatements are identified during the audit and cannot be substantially corrected by management, thereby having a negative impact on the audit outcome.
65. The municipality has not implemented adequate review mechanisms to ensure the report on predetermined objectives and the annual financial statements are reviewed for accuracy

and completeness prior to submission for audit purposes.

Governance

66. The municipality has an audit committee and internal audit unit in place. The recommendations of the audit committee and internal audit unit are not adequately addressed by management and will therefore have a negative impact in addressing control deficiencies that exist in the municipality's control environment.

OTHER REPORTS

Investigations

67. An investigation was conducted by an independent consulting firm on request of the municipality. The investigation was initiated based on the allegation of possible authorisation of financial transactions and/ or payments made on the municipal banking system contrary to the profile of the municipality. The profile provides that two of the four municipal signatories must authorise and release payments. The municipal banking profile was changed by the systems administrator during year ultimately resulting in payments being released and authorised by one signatory. The investigation was still ongoing at the reporting date.
68. An investigation was conducted by the internal audit unit on request of the municipal council on the appointment of service providers without following proper supply main chain process for cleaning and refurbishment of the Cradock Garden of Remembrance and the close relation of a key official within the municipality to the appointed service providers. The investigation was still ongoing at the reporting date.

Auditor-General

East London

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT B

6.2 AUDIT OPINION FOR THE 2012/2013 FINANCIAL YEAR



AUDITOR-GENERAL
SOUTH AFRICA

The accounting officer
Chris Hani District Municipality
Private Bag X17121
Queenstown

09 December 2013

Reference: 21292REG1213

Dear Sir

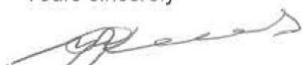
Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Chris Hani District Municipality for the year ended 30 June 2013

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and any inconsistencies identified will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

6. Please notify the undersigned Business Executive / Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

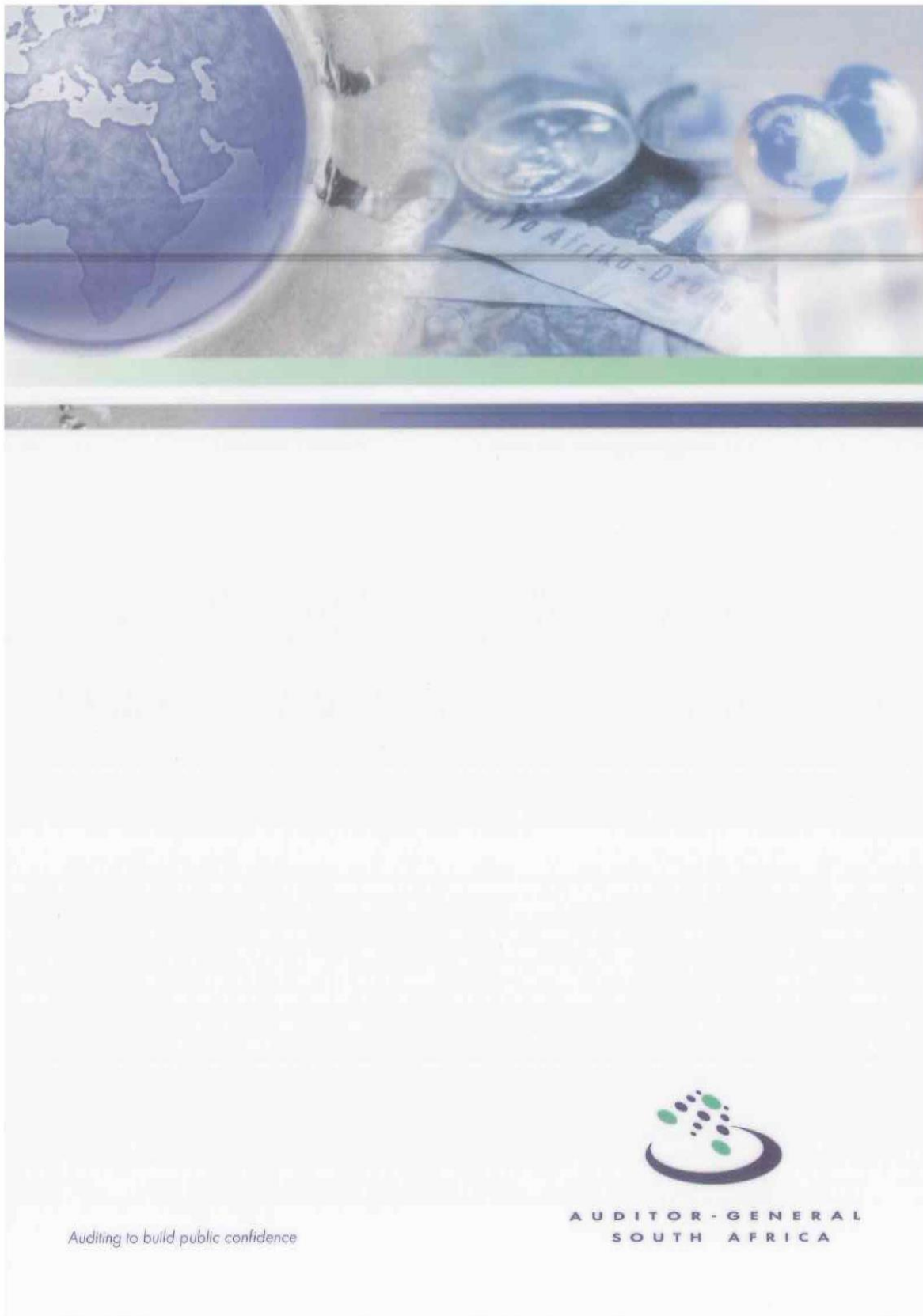
Kindly acknowledge receipt of this letter.

Yours sincerely



Business Executive: ECBU

Enquiries: Vicky Ntsodo
Telephone: (043) 709 7200
Fax: (043) 709 7300
Email: vickyn@aqsa.co.za



Chris Hani District Municipality

Audit Report

For the year ended 30 June 2013

**REPORT OF THE AUDITOR-GENERAL TO EASTERN CAPE PROVINCIAL LEGISLATURE
AND COUNCIL ON CHRIS HANI DISTRICT MUNICIPALITY**

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

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

Accounting officers' responsibility for the consolidated financial statements

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

Auditor-General's responsibility

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

Basis for qualified opinion

Accumulated surplus

6. Included in accumulated surplus of R3 146 million (2012: R2 949 million) is an amount of R34, 6 million relating to revenue derived from conditional grants. The municipality could not provide sufficient appropriate audit evidence to support a restatement of revenue derived from conditional grants disclosed in note 14 to the financial statements. In

addition, accumulated surplus is overstated due to the following misstatement:

- Expenditure transactions amounting to R1, 7 million that relate to the 2011-12 financial year were incorrectly accounted for in the 2012-13 year.

Consequently, I was unable to determine whether any further adjustments were necessary to accumulated surplus as disclosed in note 14 to the annual financial statements.

Unspent conditional grants and receipts

7. As per paragraph 6 above, the municipality could not provide sufficient appropriate audit evidence to support a restatement of R34, 6 million in unspent conditional grants, as disclosed in note 16 to the financial statements. I was unable to determine whether any adjustment was necessary to restate the comparative figures.

Irregular expenditure

8. The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year, as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 47 to the financial statements is understated in respect of amounts totalling R26,1 million incurred during the year that were identified during the audit process. Due to the lack of systems and non-availability of sufficient appropriate audit evidence for all awards, it was impracticable to determine the full extent of the understatement of irregular expenditure disclosed at R43 million. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure disclosure note.

Cash flow disclosure

9. The recalculated cash flows from generated operations included in the cash flows contained a material variance amounting to R20, 6 million. Sufficient appropriate supporting documentation and calculations were not provided for cash generated from operations. Consequently, the amounts disclosed in the cash flow statement do not fairly present the cash inflows and outflows of the municipality for the current and prior period.

Statement of comparative and actual information

10. GRAP 24: *Presentation of budget information in financial statements* states that where the financial statements and the budget are not prepared on a comparable basis, a reconciliation identifying separately any basis, timing and entity differences should be included in the comparison of budget and actual amounts. The municipality budget is prepared on a cash basis and reconciliation between the accrual basis and cash basis was not included in the annual financial statements. Consequently, the disclosure of the budget versus actual comparison is not appropriate or complete in terms of the requirements.

Aggregation of immaterial uncorrected misstatements

11. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position, the statement of financial performance and notes to the annual financial statements.

Statement of financial performance:

- General expenditure as disclosed in note 24 to the financial statements is overstated by R1, 7 million.

12. In addition, I was unable to obtain sufficient appropriate audit evidence due to individually immaterial amounts that were unsubstantiated and I was unable to confirm the following elements by alternative means.
13. Statement of financial position:
 - Receivables from non-exchange transactions included in note 11 to the financial statements.
 - Unspent conditional grants and receipts included in note 16 to the financial statements.
14. Statement of financial performance:
 - Government grants and subsidies as disclosed in note 21 to the financial statements.

Aggregation of immaterial corresponding figures

15. The prior year financial statements as a whole were materially misstated by R6 million and R5, 2 million due to the cumulative effect of various individual immaterial uncorrected misstatements making up the statement of financial position and the statement of financial performance. These misstatements reported in my report on the financial statements for the year ended 30 June 2012 were not addressed in the current year. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Opinion

16. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Chris Hani District Municipality and its subsidiary at 30 June 2013 and its financial performance and cash flows for the year then ended, and the requirements of the MFMA and DoRA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
19. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual

performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information* (FMPPI).

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

Usefulness of information

Presentation

Measures taken to improve performance not disclosed

22. Section 46 of the Municipal Systems Act requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 67 % measures taken to improve performance as disclosed in the annual performance report. The municipality's records did not permit the application of alternative audit procedures due to the absence of systems to report on deviations from planned performance.

Measurability

Performance targets not specific

23. The National Treasury FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 47% of the targets of programmes that are significant in relation to the overall mandate of the municipality were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was not aware of the requirements of the FMPPI.

Reported performance not reliable

24. The National Treasury FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The information presented with respect to basic service delivery and infrastructure development was not reliable when compared to the source information and/or evidence provided. This is due to a lack of review of the validity, accuracy and completeness of the reported achievements against the source documentation.

Compliance with laws and regulations

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

Strategic planning and performance management

26. The parent municipality did not take steps to improve performance with regard to those development priorities and objectives where performance targets are not met as required by section 41 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Audit committee

27. An audit committee was not established by the municipal entity, as required by section 166(1) of the MFMA.

Internal audit

28. An internal audit unit was not established by the municipal entity, as required by section 165(1) of the MFMA.

Budgets

29. Expenditure was incurred by the parent municipality in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.
30. Sufficient appropriate audit evidence was not obtained that the parent municipality had submitted the quarterly reports to the council on the implementation of the budget and financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.
31. Monthly budget statements were not submitted, by the municipal entity, to the mayor as required by section 87(11) of the MFMA.

Conditional grants received

32. The parent municipality did not evaluate its performance in respect of programmes funded by the municipal infrastructure grant (MIG), municipal systems infrastructure grant (MSIG) and the finance management grant (FMG), within two months after the end of the financial year, as required by section 12(5) of DoRA.
33. The parent municipality perform preparations for the next financial year and the 2014-15 financial year, as required by section 26 of DoRA, in that the final allocations were not submitted to the National Treasury by 7 December 2012.

Expenditure management

34. Monies owing by the parent municipality and the municipal entity were not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.
35. Reasonable steps were not taken by the parent municipality to prevent irregular and unauthorised expenditure, as required by section 62(1)(d) of the MFMA.
36. The parent municipality did not comply with section 32(4) in that the accounting officer did not promptly inform the mayor and the MEC for local government in the province in writing of the following,
- Any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
 - Whether any person was responsible or investigated for such unauthorised, irregular or fruitless and wasteful expenditure.
 - The steps that had been taken to recover or rectify such expenditure and to prevent recurrence of such expenditure.

Annual financial statements, performance and annual reports

37. The financial statements submitted for auditing of the parent municipality and the municipal entity were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements in property, plant and equipment and

accumulated surplus and subsidies received identified by the auditors in the submitted financial statements were subsequently corrected; however, the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

38. The annual performance report of the parent municipality did not contain a comparison of the performance of the municipality and of each external service provider, with development priorities, objectives and performance indicators set out in its integrated development plan, as required by section 46 of the MSA.

Procurement and contract management

39. Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).
40. Construction projects were not always registered by the parent municipality with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation.
41. Contracts and quotations were awarded by the parent municipality to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
42. Awards were made by the parent municipality to providers who are in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44(b).
43. Goods and services with a transaction value of below R200 000 were procured by the municipal entity without obtaining the required price quotations, as required by SCM regulation 17(a) and (c).
44. Quotations were accepted by the municipal entity from prospective providers who are not registered as accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b).
45. Goods and services of a transaction value above R200 000 were procured, by the municipal entity, without inviting competitive bids, as required by SCM regulation 19(a).
46. Invitations for competitive bidding were not always advertised by the municipal entity for required minimum period of days as required by SCM regulation 22(1) and 22(2).

Human resource management and compensation

47. A consolidated report on compliance with prescribed competency levels was not submitted by the parent municipality to National Treasury and the relevant provincial treasury by 30 January and 30 July, as required by *Regulations on minimum competency levels* regulation 14(2)(a).

Consequences management

48. Fruitless and wasteful expenditure incurred by the parent municipality was not investigated to determine whether any person was liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
49. Irregular and fruitless and wasteful expenditure was not always recovered by the parent municipality from the liable person, as required by section 32(2) of the MFMA.

Asset and liability management

50. An adequate management, accounting and information system which accounts for assets was not in place at the parent municipality, as required by section 63(2)(a) of the MFMA.

Internal control

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

Leadership

52. Oversight responsibilities regarding the monitoring of internal controls over financial reporting, compliance with applicable laws and regulations were not adequately performed. This resulted in material misstatements in the annual financial statements that were submitted for audit and non-compliance with applicable laws and regulations. It also resulted in the information presented in the report on predetermined objectives not being valid, accurate and complete. Leadership has not implemented adequate controls to prevent or detect (and subsequently report on) irregular expenditure incurred.

Financial and performance management

53. The municipality did not prepare reliable and accurate monthly and quarterly financial statements and did not perform daily and monthly processing and reconciling of transactions throughout the financial year, with the result that material misstatements were identified during the audit which could not be substantially corrected by management, thereby having a negative impact on the audit outcome.
54. The municipality has not implemented controls to ensure that the information supporting the report on predetermined objectives is credible, accurate and complete.
55. The municipality has not implemented adequate review mechanisms to ensure that the report on predetermined objectives and the annual financial statements are reviewed for accuracy and completeness prior to submission for audit

Governance

56. The municipality has an audit committee and internal audit unit in place. The recommendations of the audit committee and internal audit unit were not adequately addressed by management. The implementation of recommendations made by governance structures remains a significant deficiency in addressing control deficiencies that exist in the municipality's control environment.

OTHER REPORTS

Investigations

57. At the request of the municipal council, an investigation was conducted into the appointment of service providers without following proper SCM processes for cleaning and refurbishing the Cradock garden of remembrance and into the close relationship of a key official within the municipality with the appointed service providers. The investigation was still ongoing at the reporting date. Another investigation was conducted during the year into irregularities in the implementation of the Expanded Public Works Programme. This investigation was still ongoing at year-end.

Auditor-General

East London

11 December 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

