

ZULULAND DISTRICT MUNICIPALITY

ANNUAL REPORT

ASSESSMENT REPORT FOR THE 2017/2018 FINANCIAL YEAR



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ABOUT THIS ANNUAL REPORT

Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The purpose of an annual report is:

(a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;

(b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and

(c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

This Annual Report is therefore a reflection or record of activities and performance that demonstrates the state of the Zululand District Municipality as of **30 June 2018**.

CHAPTER 1 –PROFILE OF THE ZULULAND DISTRICT MUNICIPALITY

MUNICIPAL FUNCTIONS

The Zululand District Municipality is a Category C municipality administered under a collective executive system.

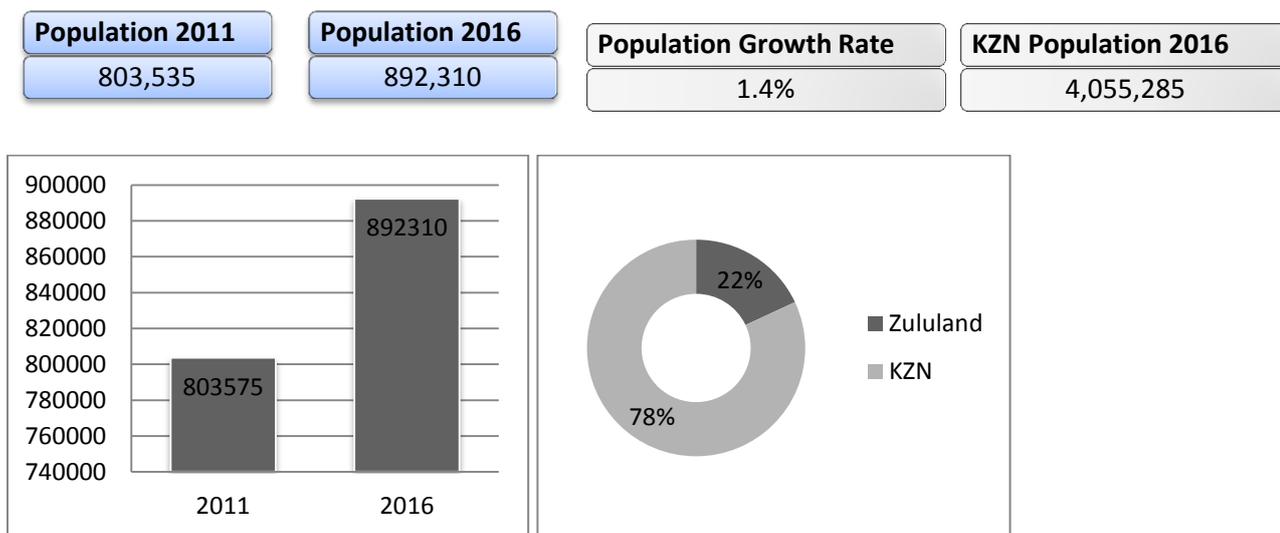
According to Section 84. (1) A district municipality has the following functions and powers:

- (a) Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality taking into account the integrated development plans of those local municipalities.
- (b) Bulk supply of water that affects a significant proportion of municipalities in the district.
- (c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.
- (d) Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district.
- (e) Solid waste disposal sites serving the area of the district municipality as a whole.
- (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
- (g) Regulation of passenger transport services.
- (h) Municipal airports serving the area of the district municipality as a whole.
- (i) Municipal health services serving the area of the district municipality as a whole.
- (j) Fire fighting services serving the area of the district municipality as a whole.
- (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.
- (l) The establishment, conduct and control of cemeteries and crematoria serving the district as a whole.
- (m) Promotion of local tourism for the area of the district municipality.
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- (o) The receipt, allocation and if applicable the distribution of grants made to the district municipality.
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

DEMOGRAPHIC PROFILE

A combination of sources have been used to interpret the statistics relating to the demographic statistics. These are StatsSA Census 2011, Census Community Survey 2016 and Global Insight 2015.

Figure 1: zululand district population 2011-2016 analysis

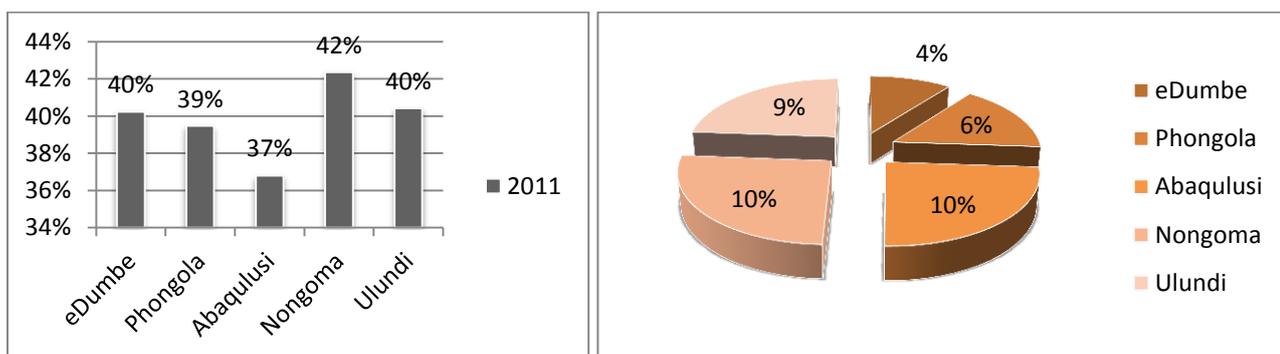


According to census, the population in the Zululand District Municipality grew by 1.45% in 2011 from 803,535 to 892,310 in 2016.

Between 2011 and 2016, the Zululand growth rate rose from 1.2% to 1.4% which is on par with its neighbouring districts.

The Zululand District Municipality contributes 22% to the provinces population.

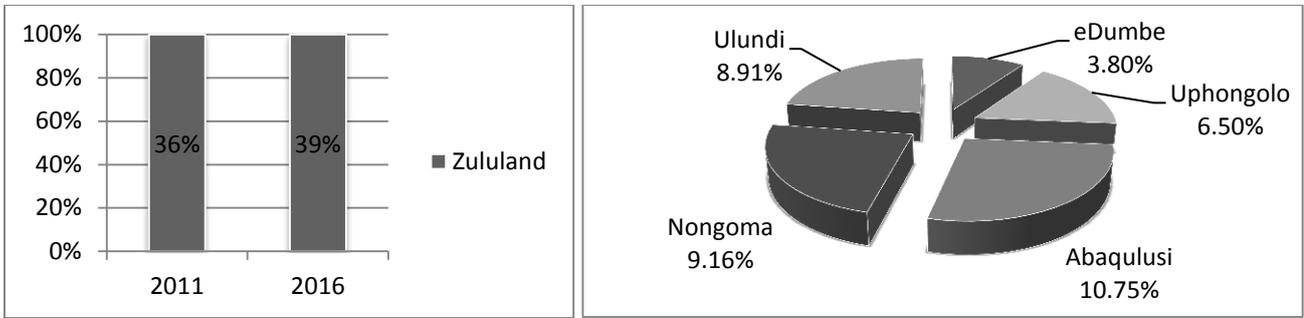
Figure 2: % district population 0-14 age group



In 2011 40% of the Zululand population belonged to the age-group 0-14 years.

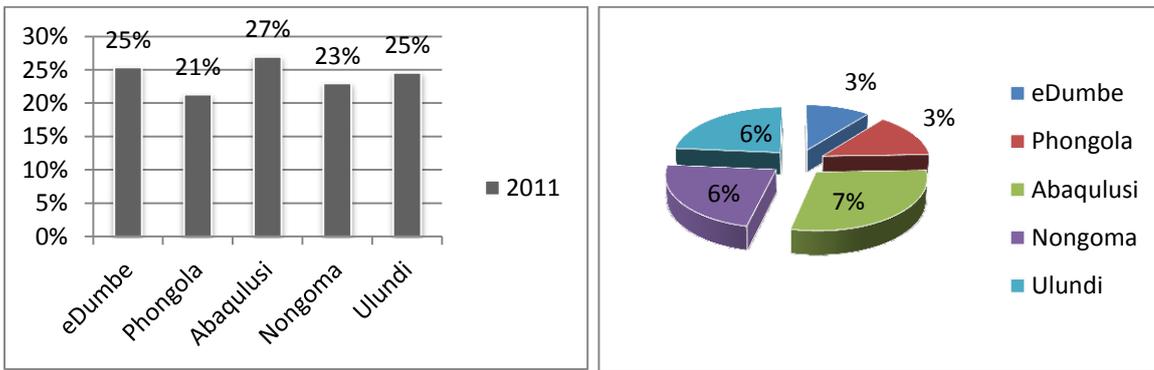
42% of the population in Nongoma belongs to this age group followed by Ulundi and Edumbe. Ophongolo has 39% with Abaqulusi at 37%. Nongoma (10%), Abaqulusi (10%) and Ulundi (9%) contribute the highest to the 0-14 age-group in the district.

Figure 6: % district population 15-34 age group



Between 2011 and 2016, the age group 15-34 or youth increased from 36% to 39%. In 2016, Abaqulusi contributes the largest percentage of youth to the district with 10.75%. Nongoma and Ulundi follows closely at 9.16% and 8.91% respectively. oPhongolo(6.50%) and eDumbe(3.80%) contributes the smallest.

Figure 7: % district population 35-65+ age group



Adults contribute 24% to the Zululand District population.

27% of Abaqulusi’s population is adults followed by eDumbe and Ulundi at 25%. Nongoma contributes 23% and oPhongolo 21% respectively. Abaqulusi (7%), Nongoma (6%) and Ulundi (6%) contribute the most to the district population in terms of this age group.

SOCIO PROFILE

Zululand general labour indicators 2016

General Labour Indicators	eDumbe	Uphongolo	Abaqulusi	Nongoma	Ulundi	Zululand
Employment	10 679	11 756	38 473	14 087	19 723	94 717
Unemployment	4 770	7 910	11 938	10 012	11 848	46 477
Economically Active Population	60 184	95 896	165 020	136 603	138 977	596 680
Labour Force Participation	25.7%	20.5%	30.5%	17.6%	22.7%	23.7%
Unemployment Rate	29.9%	26.4%	25.9%	38.5%	38.3%	31.2%

Source: Global Insight, 2016

A total population of 596 680 in Zululand is considered economically active (ages of 15-64). Abaqulusi has the largest economically active population at 165 020. Ulundi and Nongoma follow with economically active populations of 138 977 and 136 603 respectively.

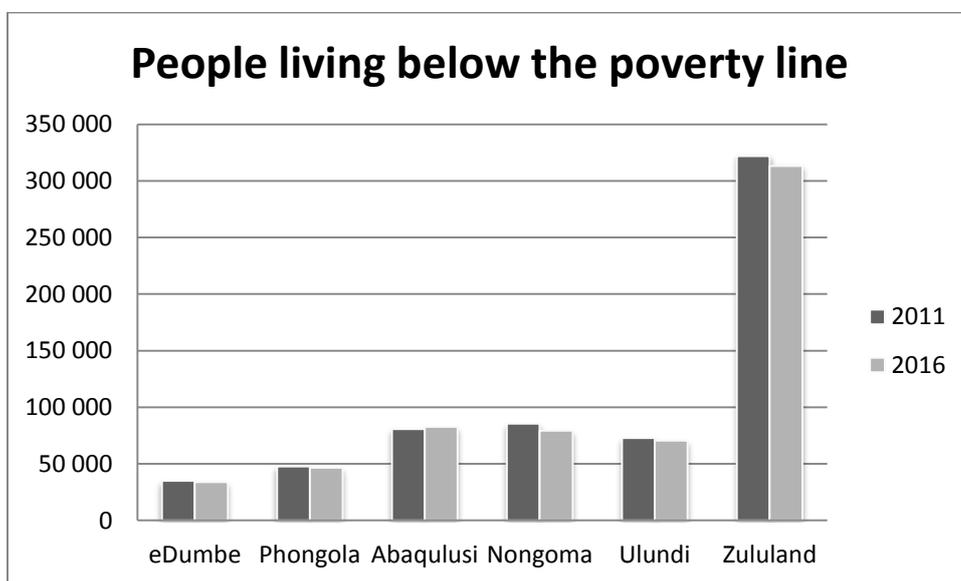
On the same scale Abaqulusi has the largest unemployment rate at 30.5% followed by eDumbe (25.7%); Ulundi(22.7%). The lowest unemployment rate is recorded by Nongoma at 17.6%.

The labour force participation rate in Zululand is 31.6% compared to a provincial average of 48.4%

According to the KZN Provincial Treasury KZN Multiple Deprivation Index in 2011 Zululand have relatively lower levels of deprivation than most other municipalities within the province. Of the five local municipalities, eDumbe and uPhongolo are classified as having the highest levels of deprivation.

The table below demonstrates population living below the poverty line in Zululand.

Table 2: Zululand general labour indicators 2011 vs 2016



Source: Global Insight, 2017

313 212 (Community Survey 2016) people live below the poverty line in Zululand as compared to 321 881(Census 2011) which is a mere reduction of 8669.

HIV/AIDS

A comparison between 2001 and 2011 HIV/AIDS statistics for the district shows a worsening of the situation, with figures reflecting an increase in both the HIV/AIDS prevalence rate and HIV/AIDS related deaths in Zululand over the period.

The high prevalence of HIV/AIDS poses a severe developmental challenge the district, as HIV/AIDS inhibits economic growth by reducing the availability of human capital. The labour force shrinks as more people fall sick and/or die, resulting in a young labour force that lacks experience, subsequently leading to reduced productivity and a smaller skilled population.

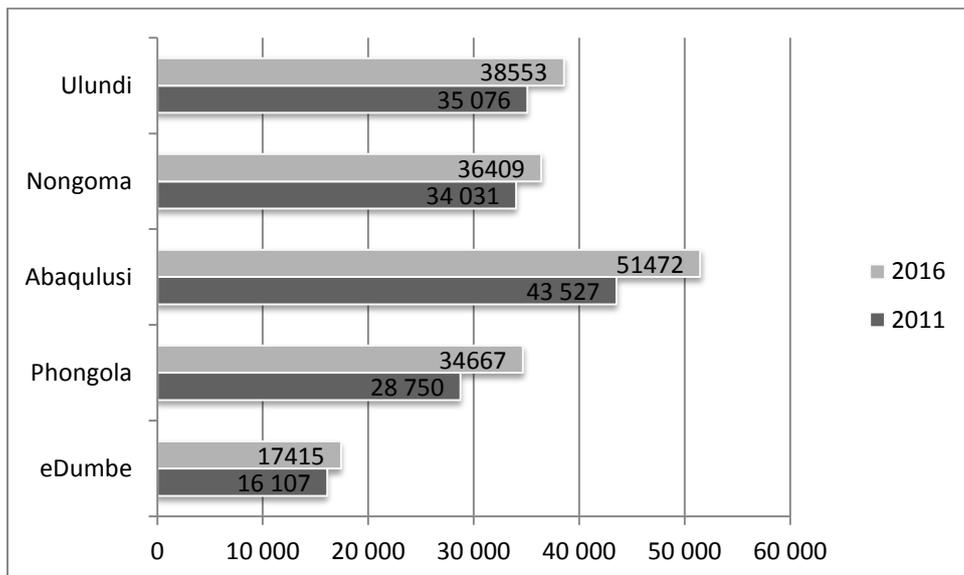
INFRASTRUCTURE PROFILE

Human Settlements

According to the Census Community Survey there are **178,516 households** across the Zululand District Municipality. This is less than 10% of total households in the whole of KwaZulu Natal.

About **32.3 % (57,702)** of these dwellings in the Zululand District Municipality are classified as traditional.

53.8% (96,091) of the households in the Zululand District Municipality are headed by women which is 10% higher than the rate in KZN.



The majority of the households are in the area of Abaqulusi (51,472) followed by Ulundi (38,553), Nongoma (36,409), oPhongolo (34,667) and eDumbe (16,107).

The table 40 below provides a summary of the status of access in respect of water and sanitation within the Zululand District and its five constituent local municipalities.

Table 1: Status of Service Delivery within the Zululand District Municipality – 2016

Municipality	Water		Sanitation		Electricity	
	2011	2016	2011	2016	2011	2016
	Households serviced					
Abaqulusi	30 604	37 418	25 590	27 200	31 223	11 709
eDumbe	10 400	10 738	11 570	11 221	10 127	41 400
Nongoma	9 435	7 518	12 088	17 106	21 851	23 256
Ulundi	18 513	23 283	20 988	12 808	25 825	25 825

uPhongolo 15 026 24 791 12 334 10 674 21 004 87 185

Source: Statistics SA, Community Survey 2016

Between 2011 and 2016, more than 9000 households received access to water. During the same period, more than 1600 households received access to sanitation. Improvement percentages in water access were found oPhongolo, Abaqulusi and Ulundi while vast improvement for sanitation is recorded in Nongoma and Abaqulusi.

On access to electricity Nongoma recorded the most improvement.

Municipality	Total Households	No of H/H electrified (2016)	No of H/H Backlog	% Backlog per LM
Abaqulusi	51472	11709	39763	77%
eDumbe	17415	4140	13275	76%
oPhongolo	34667	8718	25949	75%
Nongoma	36409	23256	13153	36%
Ulundi	38553	25825	12728	33%
Total	178516	73648	104868	59%

At an average cost of R22,000 per household to provide electricity to a rural household the approximate capital cost required to eradicate the backlog per local municipality can be seen in the table below:

Municipality	HH Backlog	Budget (mill) @ R22,000 per HH
Abaqulusi	11709	257 598 000
eDumbe	13275	292 050 000
Nongoma	13153	289 366 000
Ulundi	12728	280 016 000
oPhongolo	25949	570 878 000
Total	76814	1 689 908 000

Zululand District Municipality has developed a district road asset management system to capture and maintain information on the length and condition of the road network and its associated furniture per local municipality.

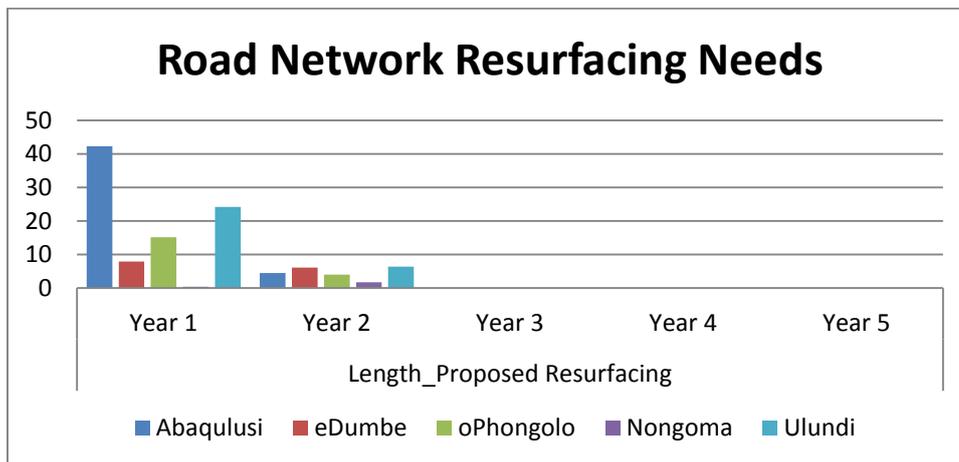
Material	Paved (Tarred)	Blocks	Concrete	Unpaved (Gravel)
Length (KM)	370.89	11.71	0.62	2017.85

According to the RRAMS 2016, the district municipality a total road network of 2030km. Of that total 370.89km are paved, 11 km is surfaced with blocks and 0.62 km with concrete. A total of 2017km is unsurfaced.

Municipality	Extent(KM)	0 Years	1-3 Years	4 Years	5+
Abaqulusi	145.52	88.93	3.5	0.12	7.45
eDumbe	34.3	68.11	20.55	0.55	10.79
oPhongolo	39.9	65.28	11.96	1.36	21.4
Nongoma	10.82	70.41	23.39	0	6.2
Ulundi	89.18	59.12	7.57	0.95	32.36

Source: RRAMS 2016

Abaqulusi has the longest road network of which 88km has a remaining life of 0 year followed by Nongoma (70km), eDumbe (68km) and oPhongolo (65km). There is an urgent need for the implementation of road rehabilitation programmes in these municipalities.

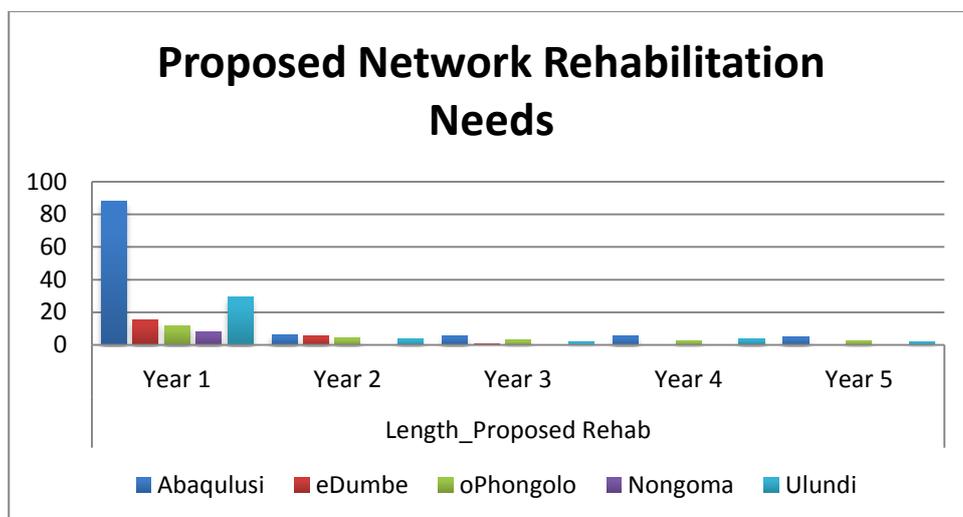


The table above shows the extent of network that is no longer feasible for rehabilitation but must resurfaced. According to the table below a significant capital cost investment is required for the Zululand municipality to resurface the road network over a 5 year period.

Municipality	Year 1	Year 2	Year 3	Year 4	Year 5
Abaqulusi	R 129 450 200	R 9 330 500	R 9 135 700	R 5 666 800	R 4 840 500

eDumbe	R 23 870 800	R 7 767 400	R 490 200	R 209 600	R 115 200
oPhongolo	R 19 226 900	R 4 966 900	R 3 128 000	R 4 223 500	R 4 161 700
Nongoma	R 10 419 400	R 37 700	R 53 600	R 191 100	R 41 300
Ulundi	R 40 772 800	R 4 694 800	R 2 045 100	R 5 255 200	R 1 934 800
Zululand	R 223 740 100	R 26 797 300	R 14 852 600	R 15 546 200	R 11 093 500

Abaqulusi and Ulundi are in the greatest need of capital investment to repair roads infrastructure.



Municipality	Year 1	Year 2	Year 3	Year 4	Year 5
Abaqulusi	R 17 546 800	R 1 336 600	R 0	R 0	R 0
eDumbe	R 2 369 300	R 1 308 700	R 0	R 0	R 0
oPhongolo	R 4 218 800	R 1 070 200	R 0	R 0	R 0
Nongoma	R 87 500	R 614 000	R 0	R 0	R 0
Ulundi	R 5 205 700	R 1 731 000	R 0	R 0	R 0
Zululand	R 29 428 100	R 6 060 500	R 0	R 0	R 0

In terms of rehabilitation of roads Abaqulusi is under the most need to rehabilitate their road infrastructure followed by Ulundi and eDumbe.

The diagrams and tables above point to oPhongolo and Nongoma municipality as having lesser extent of infrastructure but also in need of capital investment to resurface and or rehabilitate their road network

which will lead to improved access by surrounding and different segments of the surrounding and external communities, potential investors and tourism. Better road will also benefit the economy of all Zululand towns in terms of exploiting their competitive advantages.

Rail

The most important rail link in the Zululand District is the coal line from Mpumalanga through Vryheid to the Richards Bay Coal Terminal from where the product is exported. The line runs from Witbank through Piet Retief, Paul Pietersburg, Vryheid East, Ulundi to Richards Bay. Although initially designed to convey 21 million tons of coal exports per annum, the route was upgraded in 1989, and in 1997 it conveyed 62 million tons of coal to Richards Bay. The Coal Line Study, conducted in 1999 found that there is approximately 17 general freight trains on the line, transporting 30 000 tons of goods to Richards Bay, including ferro-chrome, granite, chrome, steel and timber. Although most of the freight is loaded north of Zululand substantial amounts of timber is loaded in the eDumbe and Vryheid areas¹.

Air

The District has two airports of note, viz. the Ulundi Airport and the Vryheid Airport². However, due to a discontinuation of scheduled flights to Vryheid in the mid-1980s³, the Vryheid airport is no longer licensed, and the municipal parks department maintains the airport⁴.

The ownership of the Ulundi airport was transferred from the Office of the Premier to the Zululand District Municipality in April 2007. For the next three years the KwaZulu-Natal provincial government provided financial assistance to the District Municipality to subsidise the cost of operations at the airport, and allow for the training of District Municipality staff to operate the facility, the re-laying of the main runway, upgrading of fire and rescue equipment, and the installation of all-weather navigational instruments. Clearance was obtained from the Civil Aviation Authority for commercial flights to be resumed, in recognition of the vital role the airport has to play in local development⁵.

The airport then commenced with the handling of commercial flights on a daily basis between Virginia Airport in Durban to Ulundi, and flights to Oribi Airport in Pietermaritzburg in 2012, with a view to stimulating both business and tourism growth in the district⁶.

In overall terms, the Zululand District made a limited contribution to the economy of KwaZulu-Natal in 2011, i.e. contributing only 3.0 % to the provincial economy at a growth rate of 1.4%.

The Zululand District Economy

Sector	2006	2011	2015
Agriculture	8.30%	9.80%	9.70%
Mining	9.80%	9.00%	10.30%

Manufacturing	6.60%	6.30%	6.00%
Electricity	5.80%	5.50%	5.10%
Construction	3.60%	3.60%	3.60%
Trade	10.60%	10.50%	10.50%
Transport	7.90%	8.10%	8.30%
Finance	11.40%	12.10%	12.10%
Community services	28.70%	28.10%	27.60%

The community sector contributed 27.60% to the district GVA in 2015.

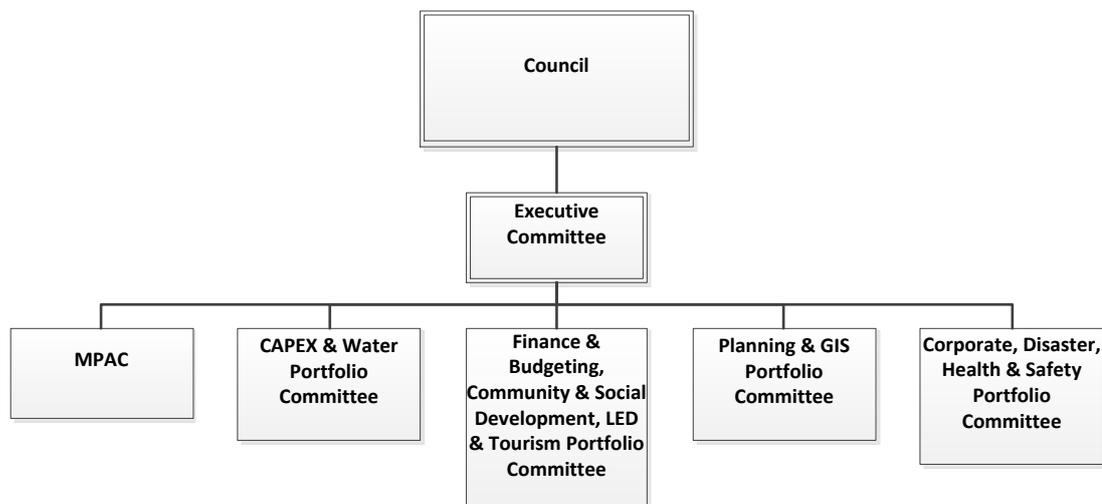
Manufacturing, which is the highest economic contributor in the province made a comparatively smaller contribution to the District economy (6.0%). Despite the District being largely dependent on the sector for employment, agriculture only made a 9.70% contribution to the district economy. In 2015, agriculture, mining, trade and accommodation, and general government sectors made larger contributions than in other areas of the province.

Key areas of concern are the significant gaps between the percentage of working age population, employment and the large numbers of not economically active residents, indicating high dependency levels. Abaqulusi and Ulundi Local Municipalities provide the largest number of formal and informal jobs within the district economy. However, it is important to note that none of the local municipalities are able to provide sufficient jobs for the working age population.

The figure below depicts the share of each local municipality in total employment (formal and informal) for Zululand. Abaqulusi hosts the largest proportion of the population that are employed (41309) followed by Ulundi (20983). eDumbe contributes the lowest towards district employment levels (11478 of the total employed in the district).

CHAPTER 2 – GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

POLITICAL GOVERNANCE



Portfolio Committees

Section 80 committees are usually permanent committees that specialise in one area of work and sometimes are given the right to make decisions over small issues. Section 80 committees will also advise executive committees on policy related matters.

Committees deliberate and make recommendations to the executive committee. The executive may vary or revoke such decisions and recommend to council. This may save council from having to deal with all matters in excessive and unnecessary detail. Committees also do not make final decisions since most decisions need approval by council as a whole.

All committees were functional during the 2017/2018 financial year and this is supported by the tables below indicating the frequency and dates of sittings.

PORTFOLIO COMMITTEE

DATE

Finance and Budgeting; Community and Social Development, LED and Tourism Portfolio Committee	07/11/2017; 22/01/2018;25/01/2018;20/03/2018
Capex and Water Provision Portfolio Committee	21/09/2017; 05/12/2017; 22/02/2018; 03/05/2018
Planning and GIS Portfolio Committee	20/09/2017; 07/03/2018; 20/03/2018; 23/05/2018
	02/10/2017; 21/02/2018

Corporate, Disaster, Health and Safety Portfolio Committee

26/07/2017; 30/11/2017;
25/01/2018; 14/02/2018;
19/04/2018; 07/06/2018

Municipal Public Accounts Committee

Source: Corporate Services

Executive Committee and Council

COUNCIL AND EXCO MEETINGS

EXCO 28/07/2017; 24/08/2017;03/10/2017; 30/11/2017;23/01/2018;
27/02/2018;08/03/2018;22/03/2018; 25/03/2018; 14/05/2018

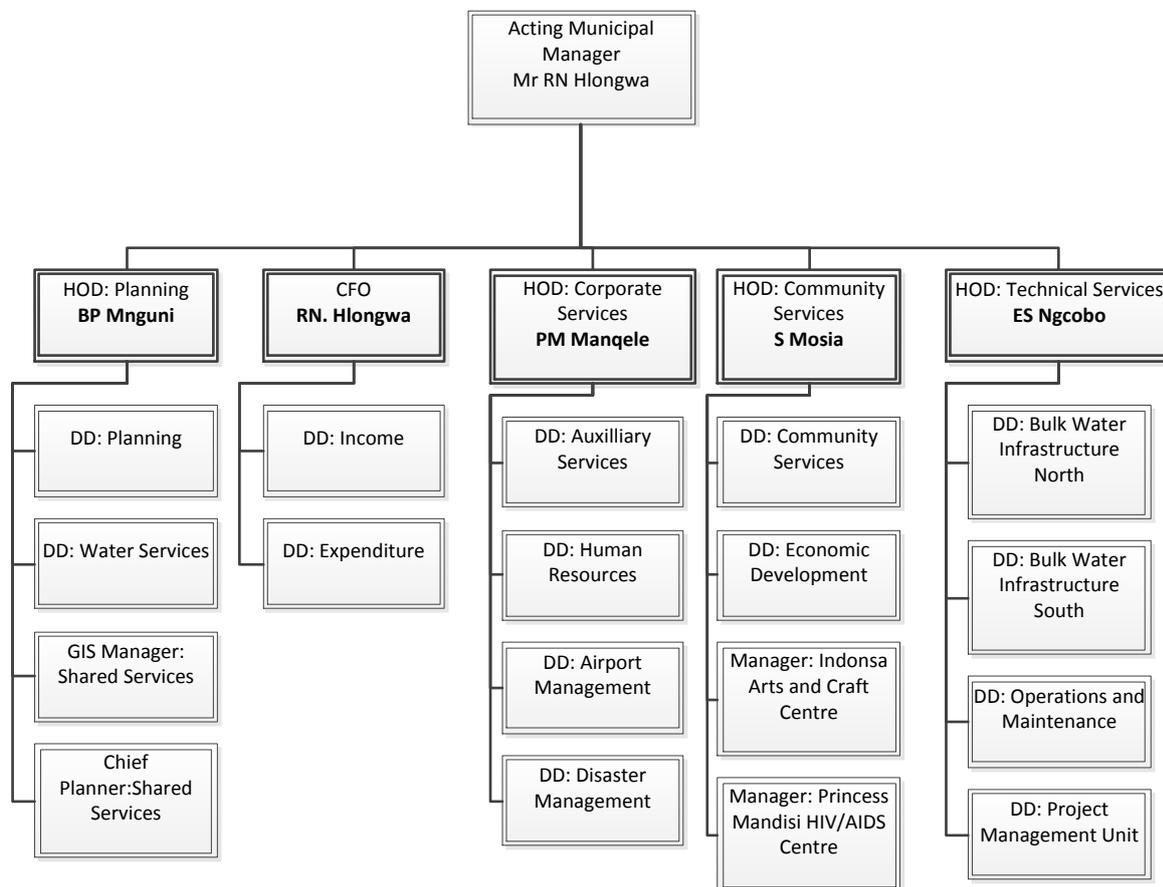
FULL COUNCIL 28/07/2017; 03/10/2017; 17/11/2017; 01/12/2017; 11/12/2017; 30/01/2018;
28/02/2018; 02/03/2018; 16/02/2018; 26/03/2018; 05/04/2018; 11/04/2018;
25/04/2018; 08/05/2018; 30/05/2018; 26/06/2018

ADMINISTRATIVE GOVERNANCE

ORGANIZATIONAL OVERVIEW

The Management Team of the municipality comprises of Senior and Middle Management. Senior Management is an entirely new team appointed during the 2017/2018 financial year. Towards the latter part of the 2017/2018 financial year, the Municipal Manager Mr SB Nkosi was subjected to a disciplinary process that led to his suspension in September 2018 of which the outcome was challenged and is being considered by the bargaining council.

During the period that this report was prepared, the CFO Mr RN Hlongwa is the Acting Municipal Manager.



Planning Department

HOD: Mr BP Mnguni

The Planning Department provides strategic support to the Council towards ensuring integrated development planning. The Department also houses the Water Services Authority.

The Department has 2 divisions including Planning Administration and Water Services Authority.

Budget & Treasury Office

CFO: Mr RN Hlongwa

The Budget & Treasury Office applies Municipal financial management practice which involves managing a range of interrelated components such as Planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is effective and efficient and that municipalities can be held accountable.

This department has 2 divisions including Income and Expenditure. Expenditure includes Supply Chain Management.

Corporate Services Department

HOD: Mr PM Manqele

The Corporate Services department provides an integrated administrative support service to the municipality focusing on institutional development, administration, management and governance.

The Department has 4 divisions including Auxilliary Services, Human Resources, District Airport Management and Disaster Management.

Community Services Department

HOD: Mr S Mosia

The Department promotes the district economic and social development as well as developing the people’s quality of life in an inclusive and sustainable manner.

The Department has 6 divisions including social development, Youth, Gender & Disabled, HIV/AIDS, Arts and Craft, Local Economic Development and Municipal Health Services

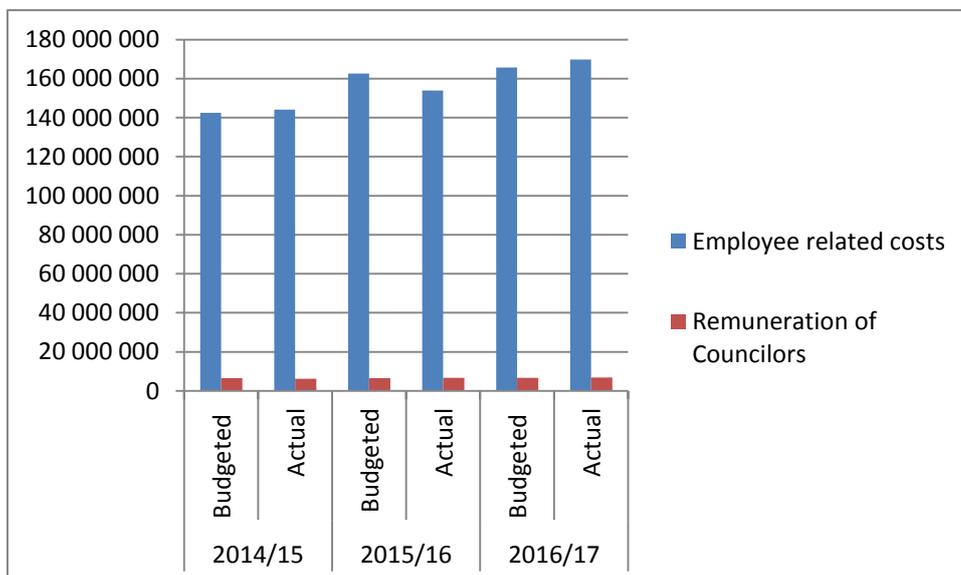
Technical Services

HOD: Mr ES Ngcobo

The Technical Services Department is a Water Services Provider for its area of jurisdiction. Focus is aimed at Water and Sanitation Services which are provided through the implementation of Regional Water Supply Schemes Programme (RWSS), Rudimentary Water Supply Schemes (Interim) and Sanitation (VIP Toilet) Programme and Emergency Relief.

The Department has 3 divisions including the Project Management Unit (PMU), Bulk Management as well as Operations and Maintenance.

Personnel Related Expenditure



The budget allocation for employee related costs for the 2015/16 was R162 million and actual cost incurred was R153 million the municipality had a saving in that year due to vacancies. The municipality’s allowance increased due to implementing of upper limits for the councilors.

The budget allocation for employee related costs for the 2016/17 was R165 million and actual expenditure incurred was R169 million, possibly due to increase in employment and also those initially not budgeted for. Councilor remuneration also increased.

HR[Split and analyse employee costs between employee categories]

Category	Costs		
	2015/16	2016/17	2017/18
Senior Management	R 8 671 675	R 8 388 272	R 6 459 619
Municipal Staff	R 153 875 023	R 161 335 941	R 170 750 130
Councillors	R 6 634 007	R 6 824 698	R 7 715 207
Total	R 169 180 705	R 176 548 911	R 184 924 956

Benefits paid by municipality such as vehicle, housing, telephone allowances, leave encashment etc]

Category	Costs		
	2015/16	2016/17	2017/18
Vehicle	R 7 659 719	R 7 261 249	R 6 795 990
Housing	R 957 677	R 1 035 068	R 1 053 780
telephone	R 550 219	R 519 073	R 462 400
Other	R 6 085 857	R 4436655	R 4276470
Total	R 8 617 396	R 13 252 045	R 12 588 640

Based on the three collective SALGBC agreements, salary increases have been factored into the budget. The employees related costs also include overtime, homeowner allowances and medical aid and performance bonuses that are paid to Senior Management. The costs also increased the costs of employee costs in the past three years.

The costs associated with the Councilors allowance is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of the Public Office Act, 1998 (Act 20 of 1998).

Senior Manager Appointments

All Senior Managers reporting to the Municipal Manager are appointed.

Signing of Performance Agreements

All Senior Managers reporting to the Municipal Manager signed performance agreements for the 2017/2018 financial year in July 2017. The Performance Agreements were forwarded to the MEC: COGTA by 22 September 2017.

Performance Rewards

HR[Split and analyse employee costs between employee categories]

Employess	Bonus Paid		
	2014/15	2015/16	2016/17
MM	174 826	192 443	171 060
CFO	124 535	156 008	120 006
HOD Planning	113 213	132 007	120 006
HOD Corporate	101 892	120 006	120 006
HOD Community	101 892	120 006	120 006
HOD Technical	101 892	120 006	120 006
Total	718 250	840 476	771 090

In 2015/2016 the Performance Evaluation Panel met on the 14th February 2017 to consider the performances of the section 54 and 56 managers and make recommendations of performance bonus payments to EXCO and Council. The report of the Performance Evaluation Panel was tabled to EXCO and Council on the 23rd February 2017.

Approved bonuses before tax deductions were as follows:

Employee	% of total salary package	Amount in Rands
Municipal Manager	12%	R 171 060.47
CFO	10%	R 120 006.04
Corporate Services	10%	R 120 006.04
Technical Services	10%	R 120 006.04
Planning	10%	R 120 006.04
Community Services	10%	R 120 006.04
Total		R 771 090.67

There is no system of financial performance reward for other levels of staff.

Job Evaluations

The following is a summary of the number of jobs that were evaluated during the year under review. The analysis also provides statistics on the number of posts that may have been upgraded or downgraded.

Employment Changes

This section provides information on changes in employment over the financial year. This is an indicator for rate of turnover in the departments.

Employment Equity

Number for all employees, including people with disabilities

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4										4
Senior management	9			1	5	1					16
Professionally qualified and experienced specialists and mid-management	53			2	37	1		1			94

Leave Utilization and Trends

Sick and annual leave per employee category; determine state of accrued leave

Annual Leave			Sick Leave			Accrued leave		
15/16	16/17	17/18	15/16	16/17	17/18	15/16	16/17	17/18
5322.4	5324.9	6160	3008.5	2974	2830.05	278.50	183.1	134.2

Skills Development & Capacity Building

Number of employees who were trained as well as expenditure

Department	2015/16		2016/17		2017/18	
	No. Trained	Total Expenditure	No. Trained	Total Expenditure	No. Trained	Total Expenditure
Councillors	24		22		25	
Finance	12		3		17	
Technical	158		143		120	
Planning	3	R 2 561 650	1	R 907 063	5	R 1 208 444
Corporate	17		17		29	
Community	4		4		13	

PERFORMANCE MANAGEMENT

The Municipal Systems Act requires municipalities to develop a performance management system that is suitable for their own circumstances.

Performance Management is located in the Planning Department.

Performance-based management is a systematic approach to improving performance, via an ongoing process of establishing strategic performance objectives; measuring performance; collecting, analyzing, reviewing, and reporting performance data; and using that data to drive performance improvement.

The performance management system or framework must describe how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting will happen and be organised and managed, while determining the roles of different role-players.

The PMS Framework 2017-2022 was adopted by Council on the 28th March 2017.

Performance Review and monitoring takes place in October, January, April and August every financial year. Legislation makes provision for performance reporting to be tabled to Council at least twice in a financial year. See Internal and Audit&Performance Management Committee below.

As at 30 June 2018, performance evaluation applies to section 54 and 56 managers and does not cascade to other levels of employees.

AUDITING AND OVERSIGHT

In its annual audits, the Auditor-General of South Africa examines financial and non-financial information of the municipality to determine:

- Fair representation and absence of material misstatements in the financial statements
- Reliable and credible performance information for purposes of reporting on pre-determined performance objectives
- Compliance with all legislation governing financial matters

There are 3 categories of audit outcomes. These include clean audit, Unqualified Audit, Disclaimer.

For the 2015/2016 financial year the ZDM received a clean audit. In 2016/2017 the municipality received an unqualified audit with matters of emphasis. The regress was due to lax in monitoring controls as well as irregular expenditure as a result of non-compliance with legislation.

With regards to auditing there are 3 structures namely:

- Internal Audit
- Audit and Performance Management Committee
- Council

Internal Audit

Internal Audit is outsourced to PriceWaterHouse Coopers. The audit commences every quarter to produce a report which is tabled to the Audit and Performance Management Committee. The Internal Audit is guided by the Internal Audit Charter and Audit Plan which are tabled to the Audit and Performance Management Committee.

Based on the results of assurance work carried out by the Internal Audit unit, areas of weakness are identified and addressed. The weaknesses in internal control systems are brought to the attention of management to take corrective measures.

The Audit Plan for the 2017/2018 financial year was tabled to the Audit Committee on the 01st February 2018, adopted and implemented.

Audit and Performance Management Committee

The Zululand District Municipality has an Audit and Risk Management Committee set up in accordance with the prescripts of the Municipal Finance Management Act No. 56 of 2003, section 166. The Committee comprises of two independent members, who are not in the employ of the Zululand District Municipality, nor are they political office bearers.

The Committee performs its responsibilities as required in terms of the Municipal Finance Management Act (MFMA), as well as the code of Corporate Governance. The Audit Committee meets a minimum of four (4) times during a financial year. The table below indicates the positive functionality of the committee during the period under review.

Audit and Performance Management Committee

Number of Meetings

2015/16	2016/17	2017/18 (Dates)
		23/08/2017
		30/11/2017
6	4	01/02/2018
		19/04/2018
		31/05/2018

OVERSIGHT COMMITTEE

The section 79 oversight committee was established as per schedule 5 of the Local Government: Municipal Structures Act 1998 (Act 117 of 1998). The oversight committee comprises of a chairperson elected by the municipal council, members of the committee as well as a committee secretary.

The table below indicates the positive functionality of the committee.

Oversight Committee

Number of Meetings

2015/16	2016/17	2017/18 (Dates)
		26/07/2017
		30/11/2017
4	5	25/01/2018
		14/02/2018
		19/04/2018
		07/06/2018

RISK MANAGEMENT

The Local Government: Municipal Finance Management Act, No 56 of 2003 (Section 62) 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 effective, efficient and transparent systems of financial and risk management and internal control.

The risk assessment exercise for the 2017/2018 was done with National Department of Treasury on the 7th August 2017. Senior Management and Middle Management were part of the process to provide inputs. A Risk Register was developed and tabled to the Audit and Performance Management Committee. The Management Committee monitors management of risks on the register in their Management Meetings held every Monday.

ANTI-CORRUPTION AND FRAUD

According to Section 155 (1) of The Local Government: Municipal Finance Management Act, No 56 of 2003 The accounting officer of a municipality or municipal entity must take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

MINIMISING CONFLICT OF INTEREST

Section 112 of The Local Government: Municipal Finance Management Act, No 56 of 2003 requires that a supply chain management policy must make provision for compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids.

SUPPLY CHAIN MANAGEMENT

A tracking system and record of tenders and quotations awarded was only established in the 2018/2019 financial year.

INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations (IGR) in South African context concern the interaction of the different spheres of government. The Constitution declares that government is comprised of National, Provincial and Local spheres of government which are distinctive, interdependent and interrelated. According to the Constitution of the Republic of South Africa, Act, No.108 of 1996, Section 41 (2), an Act of Parliament must establish or provide structures and institutions to promote and facilitate Intergovernmental Relations and provide for appropriate mechanisms and procedures to facilitate settlement of Intergovernmental disputes.

Name of Forum	No. of Meetings (2017/2018)
Mayors Forum	TBD
MMs Forum	TBD
CFOs Forum	TBD
Corporate Services Forum	TBD
Technical Services Forum	TBD
Planning & Development Forum	TBD

PUBLIC ACCOUNTABILITY AND PARTICIPATION

Roadshows

IDP, LED and Disaster Management Roadshows 2017

Date	Municipality	Venue
17/10/2017	Nongoma	Mlokothwa Sportsground
18/10/2017	uPhongolo	Dingukwazi Sportsground
15/11/2017	eDumbe	Mangosuthu Sportsground
22/11/2017	Abaqulusi	eMondlo Sportsground
19/11/2017	Ulundi	Dalton, kwaGoje Sportsfield

Budget & IDP Roadshows 2018

02/05/2018	uPhongolo	Waterbas Sportsfield
04/05/2018	Abaqulusi	Clifdale Sportsfield
09/05/2018	eDumbe	Ophuzane Sportsfield
11/05/2018	Ulundi	Okhukho, Emathayini
26/05/2018	Nongoma	Emabhanoyini, Emcebo

CHAPTER 3 – STRATEGIC PRIORITIES

STRATEGIC PRIORITIES

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES	
FOCUS AREA: WATER&SANITATION	
GOAL: TO PROGRESSIVELY PROVIDE A COST EFFECTIVE, RELIABLE WATER AND SANITATION SERVICES AT A GOOD QUALITY TO ALL POTENTIAL CONSUMERS IN THE DISTRICT	
OBJECTIVE	STRATEGY
Maintaining an updated Water Services Development Plan	Review 2017/18 WSDP Implement 2016/17 WSDP
To provide cost effective water and sanitation (including free basic water and sanitation services)	Provide Free Basic Water and sanitation Establish base-line costs of water production To provide for the Operations and Maintenance of water and sanitation projects
Maintaining an updated water loss strategy	Implement Water Loss Strategy
Institutional Development&structuring for water loss	Investigate&Implement information systems to pick up water leaks
To improve on the quality of water delivered	Implement Water Quality Strategy Improving quality of ground water delivered to communities through partnerships i.e. mines Rehabilitation&Refurbishment of water treatment works & infrastructure to improve quality of surface water To establish capital investment needed(including personnel) for waste water collection and treatment facilities to meet the water quality standards (blue drop & green drop)
To facilitate labour intensive construction through water and sanitation projects implementation	Implement the EPWP

To provide effective Customer Care	Improving communication and efficiency of response to technical concerns reported
Maintaining updated bylaws	Review and implement legislated water policies & Bylaws
To effectively utilise grant allocation for water and sanitation	Implement WSDP
To deliver and regulate water services in a structured manner	To effectively regulate and monitor WSP's and Water Services Intermediaries
Prioritising and installing infrastructure in areas of economic opportunity	Prioritising and installing infrastructure in areas of economic opportunity
Identify methods to reduce presurre off the water systems due to increased levels of development	Identify methods to reduce presurre off the water systems due to increased levels of development
Ensuring universal access to water&sanitation (target funding agencies or adopt once off area specific interventions)	Ensuring universal access to water&sanitation (target funding agencies or adopt once off area specific interventions)
Investigate&implement billing to previously unbilled areas(by means of reasonable flat rate)	Investigate&implement billing to previously unbilled areas(by means of reasonable flat rate)
Investigate&Implement energy efficiency measures at water sector systems(plants, boreholes) and households to reduce operating costs (i.e.ESKOM)	Investigate&Implement energy efficiency measures at water sector systems(plants, boreholes) and households to reduce operating costs (i.e.ESKOM)
Managing infrastructure capital assets to minimize the total cost of owning and operating these assets while delivering the desired service levels	Managing infrastructure capital assets to minimize the total cost of owning and operating these assets while delivering the desired service levels
Effectively regulating and monitoring WSP's and Water Services Intermediaries	Effectively regulating and monitoring WSP's and Water Services Intermediaries
Enteprise Development by increasing the local infrastructure skills pool by empowering local engineers& contractors	Enteprise Development by increasing the local infrastructure skills pool by empowering local engineers& contractors

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES	
FOCUS AREA: MUNICIPAL DISTRICT AIRPORTS	
GOAL: TO VIABLY OPERATE & MAINTAIN A REGIONAL AIRPORT THAT CONTRIBUTES TO THE GROWTH & DEVELOPMENT OF THE DISTRICT	
OBJECTIVE	STRATEGY

To ensure development of airport infrastructure

Review Airport Implementation Plan

Implement current activities as identified in the Reviewed Airport Implementation Plan

To operate the airport as a catalyst for economic growth

To operate the airport as a catalyst for economic growth

Investigating PPP activities as a mechanism to manage the airport efficiently

Investigating PPP activities as a mechanism to manage the airport efficiently

Maintenance of Airport infrastructure

Maintenance of Airport infrastructure

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES

FOCUS AREA: MUNICIPAL DISTRICT ROADS

GOAL: TO FACILITATE THE PROVISION OF A WELL-DEVELOPED DISTRICT ROAD NETWORK

OBJECTIVE

STRATEGY

To establish the status quo of roads within the Municipal Area and to take responsibility of the assigned district roads

To develop a Rural Road Asset Management System and ensure that it is maintained

Continuously collecting and interpreting of road condition data

Development and review of an Integrated Public Transport Plan

Development and review of an Integrated Public Transport Plan

Collection, interpretation and maintenance of public transport infrastructure data

Collection, interpretation and maintenance of public transport infrastructure data

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES

FOCUS AREA: REGULATION OF PASSENGER TRANSPORT SERVICES

GOAL: TO FACILITATE THE REGULATION OF PASSENGER TRANSPORT SERVICES

OBJECTIVE

STRATEGY

To clarify the DM's role in the Regulation of Passenger Transport Services

Development of an Integrated Public Transport Plan

Constantly monitor and actively improve efficiency of operations

Ensuring compliance with relevant legislation, policies and frameworks

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES	
FOCUS AREA: FIRE FIGHTING	
GOAL: TO PLAN, CO-ORDINATE AND REGULATE FIRE FIGHTING SERVICES IN THE DISTRICT	
OBJECTIVE	STRATEGY
Regulation and co-ordination of Fire Fighting Services	Secure funds to prepare ZDM Fire Fighting Bylaws

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES	
FOCUS AREA: DISASTER MANAGEMENT	
GOAL: TO DEAL WITH DISASTERS EFFICIENTLY & EFFECTIVELY IN THE DISTRICT	
OBJECTIVE	STRATEGY
To review and facilitate the district Disaster Management plan	To review and implement the District Disaster Management Plan
To create awareness of hazards and disasters	To prepare Disasters and Hazards Awareness Strategy
Ensuring compliance with relevant legislation, policies and frameworks	Ensuring compliance with relevant legislation, policies and frameworks
Review and adjust capacity of the Disaster Management Unit in relation to demand	Review and adjust capacity of the Disaster Management Unit in relation to demand
To reduce deployment times of disaster management equipment to disaster prone areas	To reduce deployment times of disaster management equipment to disaster prone areas

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES	
FOCUS AREA: SOLID WASTE	
GOAL: TO FACILITATE THE EFFECTIVE AND EFFICIENT REMOVAL OF SOLID WASTE	
OBJECTIVE	STRATEGY

To facilitate co-ordinated regional solid waste management

- Investigate Feasibility of Regional Solid Waste management
- Develop Integrated Waste Management Strategy
- Investigate feasibility of regional solid waste sites

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES	
FOCUS AREA: MUNICIPAL HEALTH SERVICES	
GOAL: TO FACILITATE THE EFFECTIVE AND EFFICIENT MUNICIPAL HEALTH SERVICE ACROSS THE DISTRICT	
OBJECTIVE	STRATEGY

To deliver an effective environmental municipal health service

- Prepare Plan for effective and efficient Municipal Environmental Health Services
- Develop a Municipal Environmental Health Strategy
- To incorporate municipal health staff into the municipal organogram

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES

FOCUS AREA: REGIONAL FRESH PRODUCE MARKETS	
GOAL: INVESTIGATE THE FEASIBILITY OF FRESH PRODUCE MARKETS AND ABATTOIRS	

OBJECTIVE	STRATEGY
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To establish co-ordinated and efficient regional fresh produce infrastructure where feasible

Investigate Feasibility of regional Fresh Produce Markets and Abattoirs

KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES

FOCUS AREA: DISTRICT CEMETERIES

GOAL: TO ENSURE THAT SUFFICIENT BURIAL SPACE IS AVAILABLE WITHIN THE DISTRICT

OBJECTIVE	STRATEGY
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To establish co-ordinated and efficient regional burial infrastructure where feasible

Investigate the feasibility of a Regional Cemetery Site/s

KEY PERFORMANCE AREA: ECONOMIC, AGRICULTURE AND TOURISM

FOCUS AREA: DISTRICT TOURISM

GOAL: TO PROMOTE TOURISM IN THE DISTRICT

OBJECTIVE	STRATEGY
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To create effective Tourism structures and have effective institutional arrangements in place.

Regularly review Tourism section resources

Revive Tourism Forum

Strengthen TKZN linkages

Review/update Tourism Sector Plan

To update/maintain the Zululand Tourism Database

To ensure tourists/ potential tourists are aware of

To update/implement themes/packages website

our product

upgrading brochure distribution

Safety and Signage

To train and build capacity of employees

Investigate needs and allocate resources

To develop and promote Tourism Infrastructure

Develop/improve the following tourism routes

Implement Tourism Portfolio Project

To manage Tourism Hub Development

KEY PERFORMANCE AREA: ECONOMIC, AGRICULTURE AND TOURISM	
FOCUS AREA: DISTRICT TOURISM	
GOAL: TO HAVE EFFECTIVE INSTITUTIONAL ARRANGEMENTS IN PLACE	
OBJECTIVE	STRATEGY
Review Tourism Sector Plan	Review Tourism Sector Plan
Maintain the Zululand Tourism Database as the main tourism information portal	Maintain the Zululand Tourism Database as the main tourism information portal
Revive the Tourism Forum as a main consultative structure	Revive the Tourism Forum as a main consultative structure

KEY PERFORMANCE AREA: ECONOMIC, AGRICULTURE AND TOURISM	
FOCUS AREA: DISTRICT TOURISM	
GOAL: TO MAINTAIN A STRONG MARKETING CAMPAIGN OF THE REGIONAL TOURISM PRODUCTS	
OBJECTIVE	STRATEGY
Develop and review the Zululand District Municipality investment & marketing strategy	Develop and review the Zululand District Municipality investment & marketing strategy
Develop marketing skills among existing staff/add	Develop marketing skills among existing staff/add

new marketing capacity to staff contingent

new marketing capacity to staff contingent

Constantly monitor and actively improve efficiency of operations

Constantly monitor and actively improve efficiency of operations

To support the maximisation of tourism opportunities

To support the maximisation of tourism opportunities

KEY PERFORMANCE AREA: ECONOMIC, AGRICULTURE AND TOURISM	
FOCUS AREA: DISTRICT TOURISM	
GOAL: TO SUPPORT THE MAXIMISATION OF TOURISM OPPORTUNITIES	
OBJECTIVE	STRATEGY

Identification of new tourism opportunities&potential

Pursue the Zulu Heritage Route (Emakhosi Valley Heritage Route)

KEY PERFORMANCE AREA: ECONOMIC, AGRICULTURE AND TOURISM	
FOCUS AREA: LOCAL ECONOMIC DEVELOPMENT (LED)	
GOAL: TO IMPROVE THE ECONOMY OF THE DISTRICT, THROUGH THE CREATION OF JOB OPPORTUNITIES AND ADDITIONAL ECONOMIC ACTIVITIES	
OBJECTIVE	STRATEGY

Establishing LED Institutions and Processes

Review LED Plan

To change the attitudes of local stakeholders in the economy with spesific focus on local buying, local investment, welcoming new investment, co-operation in implementation of economic development and entrepreneurship

Promote economic development through use of the regional radio station

Conduct grass roots capacity building and awareness programmes

To establish a solid foundation for economic development within the district by addressing key socio-economic issues to allow communities to effectively participate in the district economy

Sensitize the community about LED
Provide assistance with home-based HIV/AIDS care

To raise specifically the investment profile of the district through a multi-pronged public relations and marketing programme

Youth entrepreneurship development
Provide support to the informal sector
Develop Marketing Plan

To improve access within the district and access between the district and neighbouring areas

To market product development
Establish Development Agency
Prepare and implement a roads upgrading programme in co-operation with DoT and the LMs
Upgrade road signage
Investigate the feasibility of a privatised "highway patrol"

Focus on achieving visible delivery with regard to local economic development

Implement budgeted Tourism Development Projects

KEY PERFORMANCE AREA: SOCIAL DEVELOPMENT	
FOCUS AREA: HIV/AIDS	
GOAL: TO REDUCE THE IMPACT OF HIV/AIDS	
OBJECTIVE	STRATEGY
To create HIV/AIDS awareness and education	Review HIV/Aids Plan Implement HIV/AIDS awareness and education campaigns Developing and review Zululand HIV strategy

Ensuring compliance with relevant legislation, policies and frameworks

The dispensing of HIV/AIDS must be in line with National Government Policy

Providing & equipping adequate testing and treatment centres to communities

Providing & equipping adequate testing and treatment centres to communities

To train&build capacity of employees

To train&build capacity of employees

KEY PERFORMANCE AREA: SOCIAL DEVELOPMENT

FOCUS AREA: YOUTH & GENDER

GOAL: TO DEVELOP AND EMPOWER YOUTH, WOMAN, PEOPLE LIVING WITH DISABILITY, THE ELDERLY, WIDOWS AND ORPHANS

OBJECTIVE	STRATEGY
To strategically plan development and empowerment initiatives for youth and gender	Review the Youth, Gender and People living with Disabilities Plan Identify and implement projects focussed on youth development Identify and implement projects focussed on the development of women
To promote early childhood development	Development of education infrastructure based on received community needs
To promote sports development within the district	Identify and implement sporting events within the district

KEY PERFORMANCE AREA: SOCIAL DEVELOPMENT

FOCUS AREA: YOUTH & GENDER

GOAL: ORPHANS, ELDERLY&DISABLED

OBJECTIVE	STRATEGY
Maintaining an updated Orphans, Elderly&disabled	Maintaining an updated Orphans, Elderly&disabled

strategy

Identification, providing & equipping adequate orphans&elderly support centres at strategic locations

Modifying existing municipal run community facilities to accommodate physically challenged

Co-ordinating, monitoring provision of support services to orphans&elderly across the district

To promote the development of people living with Disabilities

To contribute towards addressing the needs of the elderly within the district

To contribute towards addressing the needs of widows and orphans within the district

strategy

Identification, providing & equipping adequate orphans&elderly support centres at strategic locations

Modifying existing municipal run community facilities to accommodate physically challenged

Co-ordinating, monitoring provision of support services to orphans&elderly across the district

Identify and implement Disability programme

Identify and implement projects focussed on the needs of the elderly

Identify and implement projects focussed on the needs of widows and orphans

KEY PERFORMANCE AREA: SOCIAL DEVELOPMENT

FOCUS AREA: EARLY CHILDHOOD DEVELOPMENT

GOAL: TO SUPPORT DEVELOPMENT OF EDUCATION INFRASTRUCTURE AT LOWER GRADES

OBJECTIVE

Maintaining an updated Early Childhood Infrastructure development strategy

STRATEGY

Maintaining an updated Early Childhood Infrastructure development strategy

KEY PERFORMANCE AREA: SOCIAL DEVELOPMENT

FOCUS AREA: COMMUNITY DEVELOPMENT

GOAL: THE SOCIAL UPLIFTMENT OF THE COMMUNITIES IN ZDM

OBJECTIVE	STRATEGY
To reduce poverty by implementing Community Development Projects	To investigate new & review existing social upliftment programs
	To identify and implement poverty alleviation projects through the Poverty Alleviation Fund
To promote arts and culture	Identify and implement arts and culture projects
Investigating community skills levels for participation in the local economy	

KEY PERFORMANCE AREA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT

FOCUS AREA: EMPLOYMENT EQUITY	
GOAL: TO TRANSFORM THE ORGANISATION TO COMPLY WITH THE EMPLOYMENT EQUITY ACT	
OBJECTIVE	STRATEGY
To comply with Employment Equity Legislation	To implement budgeted activities in the Employment Equity Plan

KEY PERFORMANCE AREA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT

FOCUS AREA: ICT & GIS	
GOAL: TO ENSURE THAT THE MUNICIPALITY REMAINS UP-TO-DATE WITH THE LATEST COMPUTER TECHNOLOGY AND PROGRAMMES TO ENABLE EFFECTIVE AND EFFICIENT SERVICE DELIVERY	
OBJECTIVE	STRATEGY
To constantly update and maintain the Municipality's computer and software assets to conform to market and industry requirements	To constantly update and maintain the Municipality's computer and software assets to conform to market and industry requirements
To implement budgeted activities for maintenance and upgrade of IT infrastructure	To implement budgeted activities for maintenance and upgrade of IT infrastructure

To use ICT as a catalyst for development of employee skills

Maintain an updated ICT policy

KEY PERFORMANCE AREA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT

FOCUS AREA: MUNICIPAL BUILDINGS	
GOAL: TO ENSURE THAT THE MUNICIPALITY HAS SUFFICIENT OFFICE SPACE IN ORDER TO EFFECTIVE AND EFFICIENTLY FULFILL ITS DEVELOPMENT MANDATE	
OBJECTIVE	STRATEGY
To ensure that municipal buildings are developed and maintained in order to serve communities	To implement budgeted activities in the construction and maintenance of new and existing municipal, buildings

KEY PERFORMANCE AREA: INSTITUTIONAL TRANSFORMATION & DEVELOPMENT

FOCUS AREA: SKILLS DEVELOPMENT	
GOAL: TO DEVELOP CAPACITY IN THE ORGANISATION FOR EFFECTIVE SERVICE DELIVERY	
OBJECTIVE	STRATEGY
To comply with Skills Development Legislation	To have a planned Skills Development programme in place
District Human Resource Development Strategy	To implement an Employee Assistance Programme
	Implement budgeted Skills development projects
	Constantly enhancing & increasing internal personnel capacity
	Support culture of continuous learning and capacity building of all levels of employees
	Constantly monitor& introduce methods to increase productivity of employees

Maintain an updated succession strategy

Support equipping of targeted groups with skills to occupy the next level of management

Constantly monitor and improve efficiency of systems&operations

Consistent analysis and review of the organogram against the service delivery model

To establish an efficient and productive administration

To review the supply chain system and establish mechansism and controls to maximise employment opportunities of local enterprizes

KEY PERFORMANCE AREA: FINANCIAL MANAGEMENT	
FOCUS AREA: SOUND FINANCIAL MANAGEMENT	
GOAL: TO PROMOTE GOOD FINANCIAL PRACTICES	
OBJECTIVE	STRATEGY
To improve revenue collection	Implement current credit control and debt collection policy and bylaws & Review same policy and bylaws
To complete and submit accurate annual financial statements within the specified time period	Prepare a schedule of all reconciliations to be performed
To process payments in time	Develop an invoice tracking system
To complete and submit accurate annual financial statements within the specified time period	Prepare a time schedule of all reconciliations to be performed to prepare AFS timely (in compliance with MFMA)
To complete a budget within the specified time period	Develop a budget time table in line with the IDP Process Plan
To have an effective Auditing Function	Develop an internal Audit plan Regular Review and implementation of risk register Ensure effective Audit Committee function
To develop a Financial Plan (i.e. Budget Process and Time Table)	Review and implement the current Financial Plan

KEY PERFORMANCE AREA: FINANCIAL MANAGEMENT	
FOCUS AREA: SOUND FINANCIAL MANAGEMENT	
GOAL: TO BE A FINANCIALLY VIABLE MUNICIPALITY	
OBJECTIVE	STRATEGY
To increase the cost coverage ratio	Review and implement the investment policy Implement the SCM policy to obtain cost effective methods of reducing fixed operating expenditure
To increase the debt coverage ratio	To Increase the revenue base of the municipality
To provide sufficient cash resources	Review and implement the current SDBIP
To keep a minimum cash balance to cover average monthly expenditure	Maintenance of the investment register on a monthly basis
To report timely and accurately	Development of a reporting framework and adherence to the MFMA reporting checklist
To align Capital Programme and IDP	Review and implement the current financial plan

KEY PERFORMANCE AREA: DEMOCRACY & GOVERNANCE

FOCUS AREA: COMPLIANCE, CLEAN AND SOUND ADMINISTRATION	
GOAL: TO PROMOTE GOOD GOVERNANCE, ACCOUNTABILITY & TRANSPARENCY	
OBJECTIVE	STRATEGY
Policies & bylaws	Review and implement current policies and bylaws
Municipal Audit	To implement budgeted activities for Municipal Auditing
To review and improve public participation mechanisms	To implement budgeted activities for community participation

Development and maintenance of an updated communication strategy

Ensure the effective and efficient marketing of the Municipal Area to attract investment

OPMS

To implement budgeted activities for marketing

Review and Implement the Municipality's OPMS

Maintain an updated performance management system to monitor service delivery performance

KEY PERFORMANCE AREA: DEMOCRACY & GOVERNANCE

FOCUS AREA: COMPLIANCE, CLEAN AND SOUND ADMINISTRATION	
GOAL: TO MANAGE RISK TO THE MUNICIPALITY EFFECTIVELY AND EFFICIENTLY	
OBJECTIVE	STRATEGY
To operate the organisation at a minimum risk level	Review Municipal Risk Register
	To identify, document, classify, benchmark and improve standard operating procedures

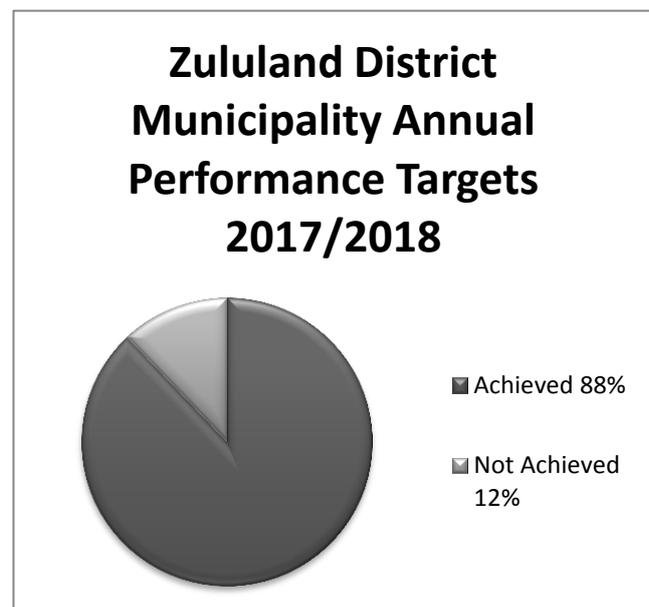
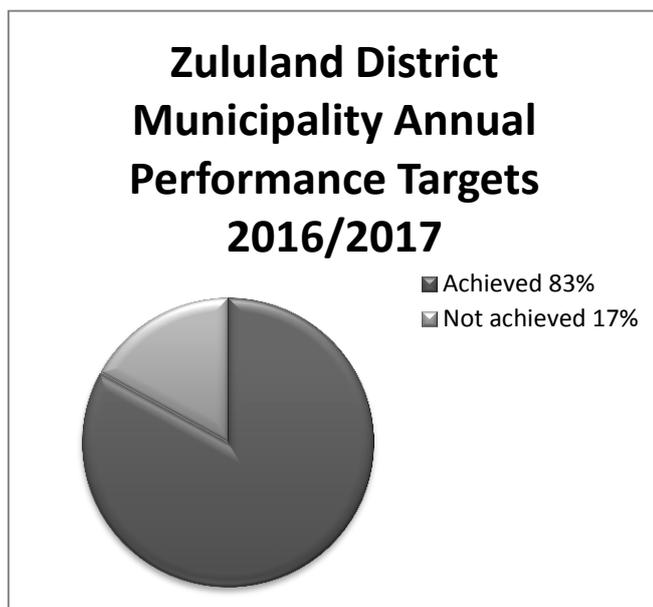
KEY PERFORMANCE AREA: DEMOCRACY & GOVERNANCE

FOCUS AREA: COMPLIANCE, CLEAN AND SOUND ADMINISTRATION	
GOAL: TO ENSURE EFFECTIVE ADMINISTRATIVE PRACTICES	
OBJECTIVE	STRATEGY
To ensure effective administrative practices	To identify, document, classify, benchmark and improve standard operating procedures
Ensure compliance with legislation, policies and frameworks	Ensure compliance with legislation, policies and frameworks

FOCUS AREA: INTEGRATED & CO-ORDINATED DEVELOPMENT	
GOAL: TO CONTINUOUSLY PROMOTE INTEGRATED & CO-ORDINATED PLANNING AND DEVELOPMENT WITHIN THE DISTRICT	
OBJECTIVE	STRATEGY
To promote integrated development planning (including the spatial reflection thereof) in an environmentally responsible manner	Review IDP Review ZDM Infrastructure Plan
To promote effective and efficient Shared Services	To implement budgeted activities for Shared Services
To promote good IGR	To implement budgeted activities for IGR

CHAPTER 4 – SERVICE DELIVERY PERFORMANCE ANALYSIS FOR THE FINANCIAL YEAR 2017/2018

Overall the performance of the Zululand District Municipality improved from 83% to 88% between the 2016/17 and 2017/18 financial year.



The performance was audited by PricewaterHouse Coopers in July and August 2018. The Annual Performance Report was tabled to the Audit Committee on the 24th August 2018.

The performance of the 2017/18 will be used to adapt the strategic plan and monitoring and evaluation framework of the Zululand District Municipality for the 2018/2019 financial year as well as the strategic direction for the 2019/2020 financial year.

INFRASTRUCTURE & SERVICE DELIVERY PERFORMANCE

Water Provision Backlog Analysis

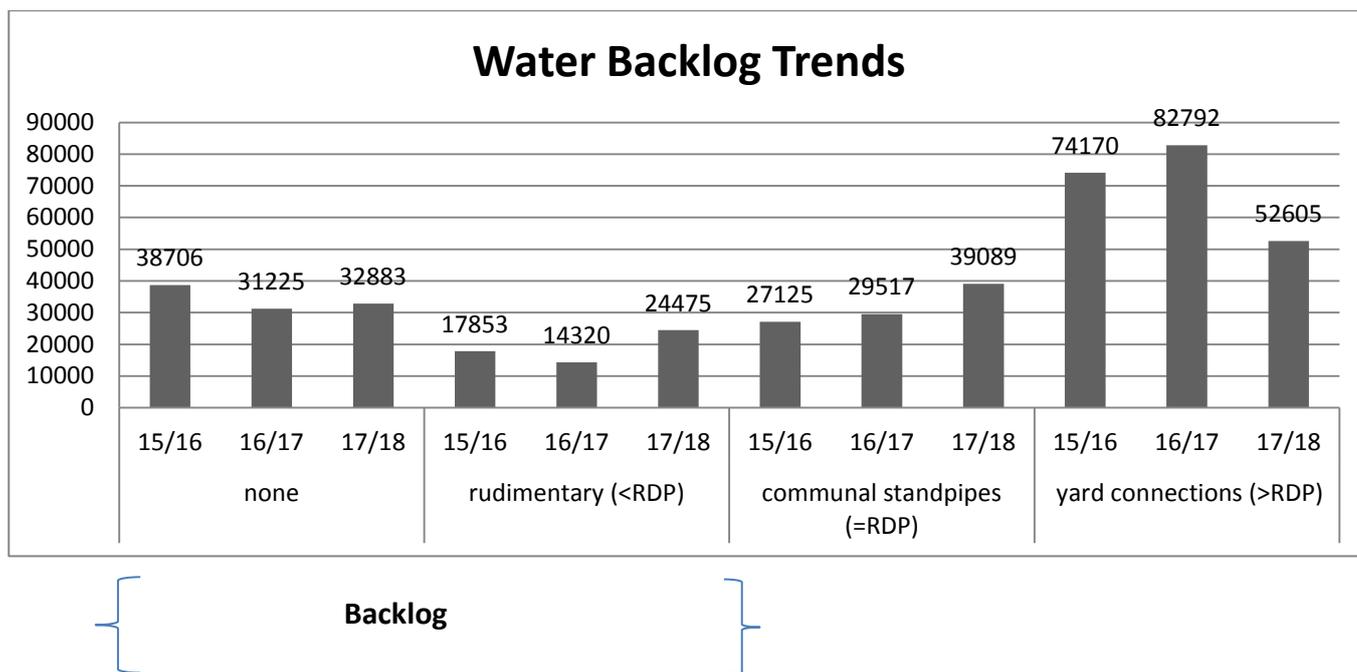
For the period under review the Water Services Development Plan identified 183,177 households. 1,078 of these households are farmhouses.

31,225 households had **none or inadequate** access to water.

14,320 households are receiving the rudimentary level of service but which is **less than RDP level of service**.

29,517 households are receiving communal standpipes which is **equal to RDP level of service**

82,792 households are receiving yard connections which are **higher than the RDP level of service**. 52,036 of these households are located in the rural areas. The balance of 30,716 are located in urban areas.



The backlog is defined by households receiving less than RDP level of services. If one looks at the table above, this is a combination of none + rudimentary.

Therefore for the period under review the **water backlog in Zululand was 57,358 households**.

For households receiving none or inadequate level of service the backlog was reduced between 15/16 and 16/17 financial years. However the backlog rose in 17/18 due to an increase in the number of households.

In terms of households receiving less than RDP level of service, the backlog rose again in 17/18 due to an increase in households.

For yard connections the backlog increased between 15/16 and 16/17 but was reduced in 17/18. This points to an increase in the installation of yard connections.

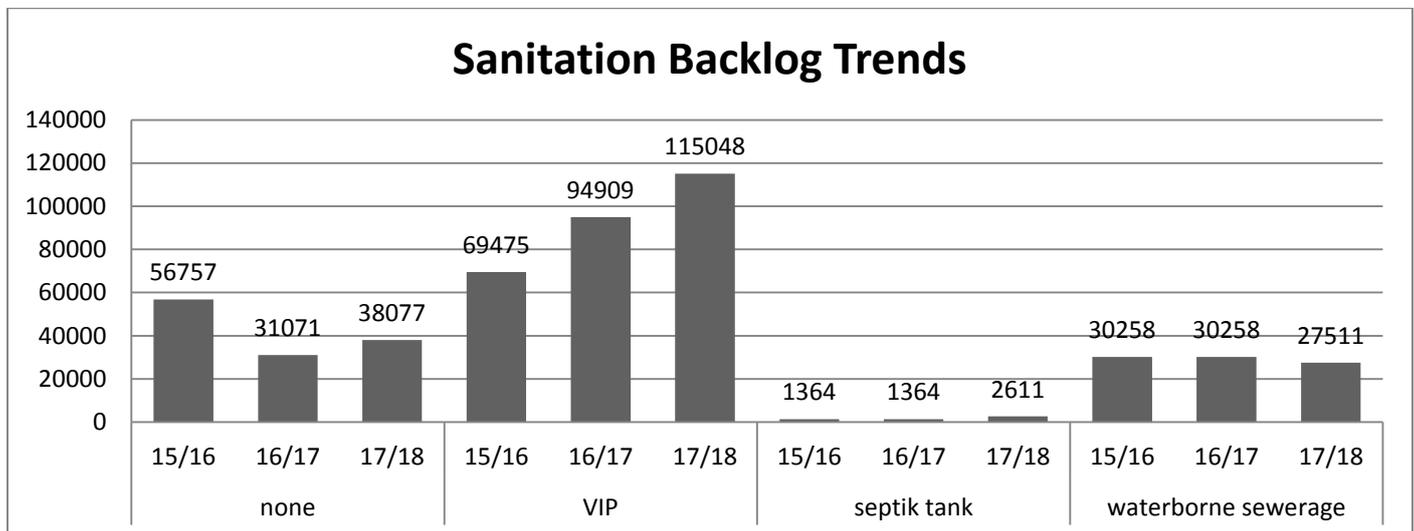
Challenges

It has been discovered that the ZDM historically focused a lot on the bulk programmes but not enough on reticulation. During and after the drought it was discovered that a lot of the schemes did not have water. The ZDM is now focusing on ensuring that all schemes are functional by drilling boreholes to feed these schemes at strategic locations and this is paying huge dividends.

The demand on the water and sanitation infrastructure network in the ZDM is always increasing. A study was done in 2014 and business plans were submitted to various funding institutions to upgrade identified water treatment works particularly in Ulundi and Ophongolo. A business plan was also submitted for funding of a dam in the uSuthu area which would enable the municipality to manage water reserves. The protracted drought played a significant role in slowing down service delivery and amplified the backlog

particularly in deep rural areas which were already vulnerable. Business Plan have been drafted and submitted to various funding agencies to upgrade

Waste Water (Sanitation) Provision Backlog Analysis



SOCIAL DEVELOPMENT (COMMUNITY & SOCIAL SERVICES, CHILD CARE; AGED CARE; SOCIAL PROGRAMMES), HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

District Growth and Development Summit

The District Growth and Development Summit was held on the 18th June 2018. Four commissions were established to deliberate on the above key focus areas. ZDM and its Local Municipalities top management especially HOD’s were deployed equally in each of the four commissions. The four commissions can be structured as follows: -

- 1) Tourism Arts Culture and Heritage
- 2) Infrastructure and Spatial Development Framework
- 3) Agriculture Land Reform and Mining
- 4) Broader Socioeconomic Development

The resolutions were integrated into the District Growth and Development Plan 2035 which will be tabled to Council for adoption.

Business Breakfast Meeting



Honourable Mayor Cllr TD Buthelezi hosted a breakfast meeting comprising of local business people, industry champions and government sector on the 09th April 2018 where he encouraged the business sector to invest in the communities of Zululand. Cllr Buthelezi further presented that all construction projects would be labour intensive and focus on developing local SMMEs and contractors through the Sethembe Programme.

Agricultural Programme

Local Municipality	Seedlings	Seeds	No. Co-ops	Hectares	Yield (tons)
Abaqulusi	Cabbage 5000 Onions 5000 Beetroots 5000 Spinach 5000	25kg x 80	80	60Ha	approx. 6 tons on vegetables Approx. 60 tons Maize
Dumbe	Cabbage 5000 Onions 5000 Beetroot 5000 Spinach 5000	25kg x 95	95	65Ha	approx. 70 tons Maize 8 tons vegetables
Ulundi	Cabbage 5000 Onions 5000 Spinach 5000 Beetroot 5000	25kg x 120	98	120Ha	approx. 110 tons Maize Vegetables 8
Nongoma	Cabbage 5000 Onions 5000 Spinach 5000 Beetroot 5000	25kg x 80	75	30Ha	80 tons maize 5 tons vegetables
Phongolo	Cabbage 6000 Onions 6000 Spinach 6000 Beetroot 6000	25kg x 100	95	126Ha	48 tons maize 6 tons vegetables

Annual Women's Summit

The aim of the Women's summit is to empower women citizens through sharing of developmental information among delegates. This is a forum where women share information and enter into dialogues on issues pertaining to their holistic development. The themes for discussion cover business opportunities,

self-help programmes/projects, and education on gender-based violence, women's health, HIV/AIDS, family welfare, and Local Economic Development (LED) initiatives, etc.

Community Economic Development Projects

Through the Local Economic Development section, women and men are encouraged to form cooperatives in order to enable them to access assistance or information to start small scale farming and other types of business.

They also get assisted with tractors by Amakhosi and the ZDM LED section to plough community gardens and fields. They are furthermore subsidised with seeds and fertilizers; those who are interested in poultry farming are assisted with feeds and chicks for starters. There is also a myriad of projects that communities are helped with to start making concrete blocks, clothing and catering businesses.

Quality of life programmes

A Quality of Life Forum has been formed with representation from local municipal forums such as Gender, Disability, Senior Citizens and Children. The Quality of Life also benefits in the similar manner as mentioned above.

Youth Development

ZDM established a Zululand Youth Council which is a youth body that assists the municipality in designing and implementing of relevant youth programmes. A Youth Affairs Officer is designated personnel whose duty is to lead and advise the municipality on youth matters and work with the Youth Council to uplift the youth of the District.

Youth Summits

The Annual Youth Summit is held for young citizens to share information on available youth programmes within and outside the municipality. At these sessions information is imparted by the senior officials of the government and private sector with the aim of improving lives of young people in Zululand. This becomes a forum for interaction among the youth, the municipality, youth business funders and youth development agencies.

Youth Skills Development Programmes

Indonsa Arts & Craft Centre is based in Ulundi and it is one of best operating community art centres in KwaZulu-Natal. It is funded by the Zululand District Municipality in conjunction with the provincial Department of Arts and Culture. The Centres has grown from strength to strength assisting the young people to acquire business skills in fashion designing, music (instruments) and visual arts. Courses offered are for duration of six months and admission is free. Skills courses are specifically targeting young people who complete matric but lack funds to further their studies at tertiary institutions and also assist those that have academic qualifications but are unemployed so that their opportunities to get for employed are improved.

Through the Centre, an annual Art Festival/Competition called 'Umbele Wethu' is held in all the five municipalities under the Zululand District Municipality and a big District final event in which the youth compete in all genres of music, dance, drama and visual arts.



Participants win money prizes in order to encourage them to advance their talents into careers. The music winners are assisted with free recording of their music at the Indonsa Art Centre studio. Quite a number of the musician that were trained at Indonsa and those that were picked from Umbele Wethu have grown to become professional musicians

During the FY under review **178** have been trained in **Visual Arts and graphic designing** of which 13 are self-employed.

218 in **Fashion Design,**

63 groups individuals underwent skilling in **Music and instruments,**

±4620 school learners in one day training program in **visual arts.**

One major challenge is that the capacity of the Centre is inadequate to meet the demands of the communities of ZDM.

PRINCESS MANDISI HEALTH CARE CENTRE

Princess Mandisi Health Care Centre is a brainchild of the Municipality; the Council initiated and built this centre because of the commitment to ensure that all citizens of Zululand lead a healthy lifestyle. This municipality believes in developing communities holistically because it cares about people's health and welfare. Through this Centre the ZDM wants to continually reduce the high HIV infection rate in Zululand.

The following services are offered:

- Voluntary counselling and Testing (VCT)
- Health Education to youth in schools and out of school
- On-going counselling for the infected and affected
- Community HIV and AIDS awareness

ZDM has forged partnership with NGOs. The NGOs work in conjunction with the municipal staff in all the 5 local municipalities in Zululand. These are continued means of strengthening proper coordination in the District.

Care And Support Programmes

There is an active support group which meets every month at the Centre. This is the platform where PLWHA (people living with HIV and AIDS) share their fears, challenges and other problems relating to stigma and discrimination.

The centre has a vegetable garden to assist local needy households especially the child headed. We have 14 people working in that 2 hectare garden.

Loveliflife Programme

The partnership between ZDM and the Love Life Trust keeps growing. This partnership was lobbied by the Hon. Mayor with an intention of improving the quality of healthy lifestyle for young people in Zululand.

Youth is employed at the centre to implement the 'Make Your Move' campaign at schools which is the concept of educating young people to assist them to make informed decisions and to eradicate teenage pregnancy.

Aids Councils

ZDM HIV and AIDS Unit successfully established functional Ward Aids Committees (WAC); all 89 ZDM wards have their WAC established.

All Local Municipalities have functional Local AIDS Councils who report to the District Aids Council on a quarterly basis.

SPORT DEVELOPMENT PROGRAMME

Sports Development is one of the community's activities that cuts across racial, gender and culture. It promotes development, personal discipline, leadership, team work skills and entertainment through sporting activities. It also contributes to the development and empowerment of local communities and encourages interest of learning and gaining more skills.

Salga Games

A minimum of 450 youth participate in the SALGA games in 15 sport codes every year.

Mayoral Cup Games



The Mayoral Cup Games provide opportunities to expose the participants to the competition environment and even expose our talented players to the people who scout sport talent. Every year there are young people who get invited by National Football Division and Professional Soccer League teams for tests.

Zululand District Municipality held a very successful and developmental Mayoral Cup Games. Mayoral Cup Games provide an opportunity for the players within Zululand District Municipality to expose their talents that might be developed into careers. 3 500 young people from the five local municipalities under the District of Zululand participated. The mayoral cup provides participants with sport development opportunities through the high level of competition. The Mayoral Cup is used as a selection forum for the ZDM team to represent the municipality at the annual SALGA Games. A minimum of 450 youth participate in the SALGA games in 15 sport codes every year.

Zululand District Mayoral Netball and Soccer Tournament

The tournament was initiated as means to encourage young people play throughout year and not wait for mayoral cup and SALGA Games. South African Football Association's rules apply and technical guidance is rendered by SAFA. Netball and football clubs play at various levels, namely, Ward Level, Local Municipal level, Round Robin, Semi-final and Final.

Zululand 56 km Ultra Marathon

The marathon is instrumental in the social and economical development of the community of this district because people win money prizes which they use to improve their lives and it boosts local business and provides local vendors with the opportunity to sell their goods and services.

The Zululand District started this race in 2005 for the communities of district to be exposed to professional running so that they could also run in big international races. The Marathon is organized in conjunction with KwaZulu-Natal athletics and runs between the towns of Nongoma and Ulundi.

Surprisingly, the ZDM marathon grew and developed into international race. It presently attracts runners from outside the borders of South Africa. This motivates local runners to form clubs and register them to run professional races. Also short distance walks are held to also encourage even senior citizens to also participate to enhance a healthy lifestyle.

Relationships with professional soccer teams

AmaZulu FC supported by the Zululand Region SAFA adopted soccer teams in primary schools in the Zululand District. Schools soccer coaches were trained over a weekend and all training materials were provided for training. After six months of training a tournament among the schools under the programme was held. Learners who display good talent would be offered bursaries in the next year and be placed in schools near AmaZulu FC headquarter so that they would continue with soccer whilst at school.

MUNICIPAL HEALTH SERVICES

On the current year training of food handlers took place, and a massive food and water sampling was conducted. Sampling of food was done on formal food premises as well as caterers and street vendors.

42 Food samples were taken and 11 were not satisfactory. Health education was conducted on those premises.

50 Water samples were taken on water used for drinking, watering plants and recreational purposes. Out of 50, 15 were found to be faecal contaminated. Health education was conducted on the construction of toilets and the treatment of the contaminated water by either boiling or using disinfectants.

Other services performed by Municipal Health Services during the financial year are as follows:

KEY PERFORMANCE AREA	NUMBER OF INSPECTION
Disposal of the Dead	
Mortuary Inspection	110
Exhumation	6
Pauper Burial	2
Cemetery Inspection	5
Issued COC	6
Food Control	
Food Premises Inspection Deli	497
Street Vendors Education	126
COA issued	90
Food Sampling	58
Water Quality Monitoring	
Water Sampling	68
Chlorine Testing	26
Health Surveillance of Premises	
Crèche's/place of safety Inspection	206
School Inspection	189
Clinic/Hospitals Inspection	110
Accommodation Establishment	63
Surgeries	3
Prison and Holding Cells	10
Other Functions	
Building Plan Scrutinized	37
Complaint Attended	20
Health and Hygiene Education	45
Licensing Inspection	7
Students Practical Training	4

PERFORMANCE AGAINST GOVERNMENT LED PROGRAMMES

FREE BASIC SERVICES AND INDIGENT SUPPORT

The definition of a poor household relates to income poverty, or the lack of sufficient income to satisfy basic and essential needs such as food, clothing, energy and shelter. The **ZDM Indigent Policy** is in line with this definition which also takes into consideration the total monthly household income.

Like many other Districts, the majority of the population in the Zululand District Municipality is indigent (approximately 65%) and that means a small revenue base. Therefore a significant portion of the budget goes towards infrastructure development with very little to no revenue generated. This cannot be sustained if the municipality is to ensure a consistent high quality basic level of service. The municipality must seek ways of improving increasing revenue as well as enhancement.

National Government Policy derives its standard for free basic water supply from that of the World Health Organisation (25l/p/p/day) which is regarded as sufficient to promote healthy living. The ZDM has an average household rate of 8 persons, meaning that the standard is equal to 6 kilolitres per household per month. All households in ZDM receive the 6 kilolitres free water.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The EPWP incentive grant is a Conditional Grant Programme that is intended to increase job creation in municipalities by providing a financial performance reward. It is intended to create job opportunities and alleviate poverty in the poor communities. It is considered a conditional grant in the sense that it can only be used for the intended and approved projects only, within approved time frame, specific reporting requirements etc.

The EPWP grant allocation in the 2016/2017 financial year was R3 624 000.00 and 2017/2018 ZDM has been allocated R 5 760 000. The municipality understands that the EPWP Integrated Grant is a NDPW fund intended to assist Municipalities in creating Job opportunities that is targets poor communities, through maximizing the labour component during construction of services delivery infrastructure

The District targets for 2017/18 financial year are as per table below.

DESCRIPTION	ACHIEVED
WORK OPPORTUNITIES TARGETED	2889
WORK OPPORTUNITIES ACHIEVED	2393
FTE TARGET	948
FTE ACHIEVED	954

In terms of the MOU signed between the ZDM and the Department of Public Works the following projects/programmes were implemented during the financial year:

SECTOR	PROJECTS & SYSTEM PROFILE ID NUMBER	WORK OPPORTUNITIES	FTE
Infrastructure sector	IG/ZDM Operations & Maintenance 6442	492	123
Social sector	IG/Provision of Protection Services 21245	172	52

Zululand DM Council has approved and adopted the EWP Phase 3 Policy which includes the establishment of EPWP institution organogram detailing roles and responsibilities and the management of EPWP programme.

In terms of challenges the following should be noted:

- **Understanding of the EPWP programme for projects stakeholders.** ZDM feels that there is still a need to train service providers who are directly working on the projects these includes Project steering committees, Contractors, Engineering Consultants and ISD Consultants. The initiative will ensure compliance in terms of documentation, proper use of EPWP templates,

understanding of Ministerial Determination, appropriate system for recruitment of participants, timely communication and reporting, paper trail and the full understating of EPWP programme.

- **Delays in the implementation of infrastructure projects.** In these projects, a large number of participants are recruited and their details captured on the EPWP system, however during the commencements of site works only few participants are allowed to start work and thus dropping the number of employment opportunities to be reported for current financial ending in March.
- The sanitation projects, which are labour intensive, there was a delay in implementation due to a dispute regarding the award for the supplier.
- Alignment of tender documents in terms of more labour intensity in all project to ensure that more participants are recruited to provide maximum work opportunities from projects.

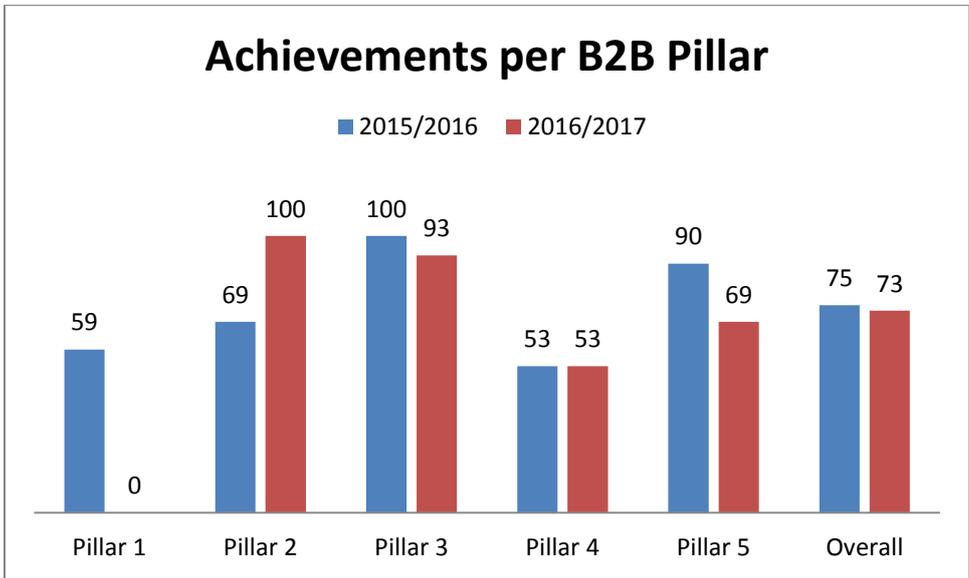
BACK TO BASICS

Government has come up with multi-pronged strategies to strengthen the capacity of municipalities to improve service delivery, reduce red tape and fast track development to communities. Focus areas of the reports include Public Participation: Putting people first; Basic Services: Conditions for decent living; Good governance; Sound Financial Management; Building Capable Institutions and Administrations.

Based on reports submitted municipalities are ranked in either of 3 categories: functional, challenged and requiring intervention.

District	2015/2016	2016/2017
uMzinyathi	76	68
Amajuba	47	56
Zululand	75	73
uMkhanyakude	35	42
King Cetshwayo	78	83

Zululand District Municipality was categorised as functional for both the 2015/2016 and 2016/2017 financial year. It is anticipated that the same categorisation will apply in the 2017/2018 assessment as well. According to the table above, compared to its neighbouring districts, the ZDM performed well pipped only by King Cetshwayo in the 2016/2017 financial year.



When comparing the performance of the ZDM during 2015/2016 and 2016/2017 financial years there were significant improvements under Pillar 2 (Basic Services) due to improved water and sanitation projects after the drought in 2015.

Under Pillar 3 the municipality regressed due to the period of time it took for sufficient stability for EXCO and Council to sit after elections.

Pillar 5 (Building capable institutions and administrations) was affected by the length of time it took to fill vacancies of Senior Managers. Pillar deals predominantly with ward committees and does not apply to the ZDM as a district. The score for 2015/2016 was due to some KPIs applicable to the district at the time but have since been relocated to other pillars.

These elements that contributed to regress should not be a factor in the 2017/2018 financial year.

CHAPTER 5 – OVERVIEW OF FINANCIAL PERFORMANCE

INCOME

Zululand District Municipality's (ZDM) operating revenues grew-up by 1.18% from R890 million in 2017 to R901 million in 2018. The increase was mainly resulting from increase in our revenue from exchange transaction (service charges).

Revenue from service charges (water and sewer services) has increased by 33.50% from R20 million in 2017 to R27 million in 2018 whereas revenue from investments has increased by 55.41% from R6 million in 2017 to R9 million in 2018.

Own revenue remains as 4.22% of the total operating revenue. This indicates that Council is more dependent on grant funding from National and Provincial Government.

The table below illustrates operating revenue over a period of three (3) years;

Financial Year	2017-18	2016-17	2015-16
Amount	R 901 291 074	R 890 766 173	R 896 439 449

CASH BALANCE

The cash and cash equivalents of the municipality as at 30 June 2018 amounts to **R13 201 448** and unspent conditional grants amounts to R552 951. This represents an increase of 77.53% as compared to the previous year's (30 June 2017) cash and cash equivalent balance of R7 436 356.

CASH COVERAGE

The municipality does not have long term borrowings/loan as a results the Council is not expected to service any interest costs in the future. Cash and cash equivalent amount as at the year-end represents cash available i.e. petty cash and cash at the bank.

EXPENDITURE

Overall increase in total expenditure of 20.25% was realised in 2018 as compared to a decrease of 1.25% in 2017.

The table below illustrates operating expenditure over a period of three (3) years;

Financial Year	2017-18	2016-17	2015-16
Amount	R 650 793 855	R 541 213 742	R 548 077 765

- **Employees and councillors related costs.** This is attributable to a combination of the salary increases year on year and the filling of vacancies during the financial year. This type of expenditure contributes 28.42% to the current total expenditure. Employees and councillors remuneration costs has increased by 4.74% during the current financial year whilst the increase was 9.99% in 2017.
- **Contracted services costs.** Included in contracted services costs are repairs and maintenance of property, plant and equipment items. This expenditure costs contribute 26.78% to the current total expenditure. The expenditure costs attributed to repairs and maintenance was R63 million (2018) and R21 million (2017-restated) respectively. An increase of 22.87% was realised during the current financial year whilst a decrease of 14.06% was realised in 2017.
- **Bulk purchases costs.** The purchase of bulk electricity and water contributes 20.19% to the current total expenditure. An increase of 53.71% was realised during the current financial year whilst an increase of 9.16% was realised in 2017.

Spending of operational grants

Council had an operational budget of R573 million in 2018 and R480 million in 2017 respectively. The total grant spending for the year amounted to R537 million (**99.90%**) in 2018 and R478 million (**99.69%**) in 2017 respectively.

Spending of capital grants

The capital budget is committed largely on new infrastructure projects and the renewal of existing capital assets. The Council had an approved capital budget of R465 million in 2018 and R473 million in 2017. The municipality had spent all capital grant funding (100% spent) in both 2018 and 2017 financial years.

Fruitless and wasteful expenditure

The municipality had incurred fruitless and wasteful expenditure over the years. This type of expenditure is resultant from penalties and interest charged accounts due to late payment of a particular invoice or statements. Major portion of this expenditure is from interest charged by Eskom on accounts that were paid after due dates as per their statements.

This table illustrates fruitless and wasteful expenditure incurred over the period of three years:

Financial Year	2017-18	2016-17	2015-16
Amount	R 420 411	R 381 729	R 90 017

LIQUIDITY MANAGEMENT

The municipality has made self-assessment on liquidity management. The municipality uses current ratio and cash/cost coverage ratio to assess its ability to settle current obligations and meet its monthly fixed operating commitments.

CURRENT RATIO

The municipality used current ratio to assess its ability to pay its short term liabilities within its short-term assets. The determination of this ratio takes into account the possibility that the council can cede its receivables and inventories to settle its short-term liabilities. The norm of this ratio ranges from **1.5 to 2: 1**.

The table below depicts current ratios over the period of three years (restated):

Financial Year	2017-18	2016-17	2015-16
Current ratio	0.33:1	1.37:1	0.43:1

The above assessment indicates current ratios below the norm for the period over three years. Our current liabilities exceed current assets. Furthermore, the trend is depleting over the period as from 2016 to 2018. This suggest that the municipality would be unable to pay current and short-term obligations should they become due. The municipality is facing a serious financial challenge of liquidity problem.

CASH/COST COVERAGE RATIO

The municipality had a cost coverage ratio of 0.33 in 2018 and 0.37 in 2017. This assessment results to ratios that are below the norm range of 1 month to 2 months and this impose a high risk of financial and its ability to meet obligations should they become due as any specific point in time.

CURRENT DEBTORS COLLECTION RATE

The municipality had a debt collection period of 160 days in 2018 as compared to 44 days in 2017. The result of this assessment is concerning. This is an indication that revenue collection requires urgent attention.

ASSET MANAGEMENT

The assets management system was effectively implemented during the year. Council had approved Asset Management Policy for implementation. The Fixed Assets Register is in place and is balanced on a monthly basis. Despite the inadequate funding to maintain assets, the assets are in a functional condition.

SUPPLY CHAIN MANAGEMENT

The Council had developed and approved its Supply Chain Management (SCM) Policy that is in line with Municipal Supply Chain Management (SCM) Regulations as issued by national Treasury. In an endeavour to ensure compliance and standardisation of the SCM Policy all amendments are submitted to Council for approval. The SCM Unit is centralised and reporting to the office of the Chief Financial Officer as required by regulation 7(1) of Municipal Supply Chain Management Regulations. Section 115 of the MFMA that deals with segregation of duties is complied with.

CASHFLOW MANAGEMENT AND INVESTMENTS

The cash flow position has improved as compared to the previous year. The municipality had a positive cash flow balances for both 2018 and 2017 financial years. Cash flow is being monitored on a regular basis to ensure budget savings. Budget and Finance Committee comprising all HODs is in place to meet every week to monitor the projected cash-flow against actual cash flows.

MSCOA PROGRESS&COMPLIANCE

The Municipality adopted MSCOA in 2016/2017 financial year using Venus system. The budget was submitted successfully. On a monthly basis the submission is successful. The integration with other subsystems was done for most of the required business processes. We still have to ensure integration with the asset register and GIS. We are upgrading the Venus system to Solar. That will cuter for all fifteen business processes.

CHAPTER 6 – ANNUAL FINANCIAL STATEMENTS

APPROVED ANNUAL FINANCIAL STATEMENTS

APPENDICES

INFRASTRUCTURE PROJECTS IMPLEMENTED IN THE 2017/2018 FINANCIAL YEAR