



O.R. TAMBO DISTRICT MUNICIPALITY

ANNUAL REPORT

2016/2017

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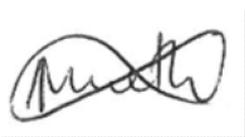
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

The 2016/2017 financial year has ended and this has been the year where the people of the district were given an opportunity to elect their leaders who will be driving their service delivery agenda in the municipal environment. Overwhelmingly the OR Tambo communities mandated the African National Congress to lead the said mandate for the next five-years. In pursuant of the people’s mandate, it is my honour to present to the Municipal Council and to the people of the District, the Annual Report for the 2016/2017 financial year, which is an account of what has been delivered against the set targets in the Service Delivery and Budget Implementation Plan (SDBIP).

The report is an attestation of the collective efforts of both the political and administrative leadership in ensuring that we serve the people of the region with humility. I am proud to report to the council that OR Tambo district has been consistent in successfully spending its grants that include the Municipal Infrastructure Grant (MIG) and the Regional Bulk Infrastructure Grant (RBIG). The achievement demonstrates commitment in delivering basic services as the grants are targeting that. Once more the municipality is demonstrating commitment in instilling good governance and strengthening financial management. In 2014/15 the district moved from the disclaimer to the qualification, and this has been maintained for both the 2015/2016 and the year under review.

The overall institutional performance for the financial year has improved from the 68 % of the 2015/2016 financial year to 76 % and the performance is substantiated by the portfolio of evidences based on the SDBIP set targets. The improvement can be attributed from political and administrative commitment in the institution. The sound interface between political leadership and administration is yielding better results. As the Executive Mayor of the O. R. Tambo District Municipality, together with the Municipal Council and the Municipal administration, we commit to ensure that the vision of a “**Prosperous, Vibrant, Innovative and People-Centred District**” is realized and that people of O. R. Tambo continue to receive services in a sustainable manner.



Cllr N. Meth
Executive Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

This Annual Report serves as a record of and accounting mechanism to communities on the institution's achievements and challenges on service delivery, as well as the mitigation and remedial measures implemented to address the latter. OR Tambo District Municipality compiled its 2016/17 Annual Report in line with Municipal Systems Act No. 32 of 2000, Municipal Finance Management Act 56 No. of 2003, the National Treasury Circular No. 63 as well as the templates and guidelines for municipal annual reports provided by the Department of Corporative Governance and Traditional Affairs.

During the past financial year it was evident that the country's economy will not grow as fast as initially predicted and this forced all state institutions to ensure proper financial management. The OR Tambo District Municipality implemented several policy decisions to restrict the expenditure in order to avoid fruitless and wasteful expenditures whilst it had a focus on accelerating service delivery. As such this annual report demonstrates that municipality is financial sound over the year under review.

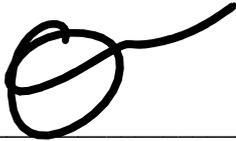
The OR Tambo district municipality has, for the 3rd time consecutively, received a qualified audit opinion from the Auditor General with the major matter be the irregular expenditure. This is attributed to our management team, councillors and staff who worked so hard towards effective administration and governance of the municipality. We have also recorded the following progress in the financial year under review:

- The 2017/2022 mSCOA compliant IDP was adopted by the council as per the Local government Municipal Systems Act, 32of 2000.
- The mSCOA compliant budget for 2017/18 was adopted timeously as per the MFMA.
- Continued with the recruitment to populate critical positions of the organisation.
- Introduction of Performance Management to the Management, Councillors and staff as per the MSA, 32 of 2000 and MPR, 2006.

The following interventions/actions will be prioritized in the year ahead:

- Cascading Performance Management to lower levels as per the MSA, 32 of 2000 and MPR, 2006.
- Ensure the filling of all critical positions
- Budget monitoring to instil compliance and avoid over/under spending by departments.

A word of appreciation to the Mayor, Speaker, Chief Whip, the entire Council, Management and all staff members for their contribution and commitment in driving the municipality to the right direction.



Mr. O.N. Hlazo
Municipal Manager

1.2. EXECUTIVE SUMMARY

This report presents the OR Tambo District Municipality's performance for the financial year 2016/2017. The report is submitted in line with the objectives, indicators and targets as set out in the 2016/2017 approved Integrated Development Plan aligned with the approved budget, both of which informed the quarterly performance targets set out in the Service Delivery and Budget Implementation Plan (SDBIP). The annual report is tabled as per the five (5) Local Governments Key Performance Indicators as follows (not in the order of priority):-

- a) Basic Service Delivery and Infrastructure Development
- b) Local Economic Development
- c) Financial Viability and Management
- d) Good Governance and Public Participation
- e) Municipal Transformation and Institutional Development

It depicts the level of achievement of the set targets from the period 1 July 2016 to 30 June 2017. It also reflects explanations on deviations where the institution has not met the set targets as well as corrective measures to be implemented, going forward.

1.2.1 SOME OF THE HIGHLIGHTS IN 2016/ 2017 FINANCIAL YEAR

For the year under review, the municipality had set some targets at strategic level that include the focus on implementation of the institutional organogram in order to stabilize operations and sustain sound financial management. The institution has been demonstrating some improvements in spending of the allocated grants to accelerate service delivery. Moreover, the institution has implemented strategies to improve its performance for the financial year.

In an effort to attain these set objectives, the leadership of the institution at both political and administrative level joined forces in fulfilling these commitments. As such some positive results are yielded which are reflected in this report. The municipality had made strides in implementing the organizational structure and this includes the placement of staff, internal and external recruitment processes as well as job evaluation across the entire District. The implementation of the organizational structure is one of the important break-through milestones in the district as this had been at standstill for five years due to labour disputes. Through the implementation of the organizational structure, the institution continues to mobilize and acquire the necessary skills that will assist in shaping its agenda as well as improving the performance. Over the year, efforts were made to fill the Senior Management positions that were vacant due to resignations and expiration of contracts. Towards the end of the financial year, one Senior Manager (Director Water and Sanitation) assumed duties whilst four Senior Management positions were at the stage of selection process (i.e. Director Human Settlements, Technical Services, Internal Audit and Executive Mayoral Services).

With regards to the expenditure of grants, the municipality continued to fully spend the MIG and RBIG grant allocations for the financial year. Previously, the municipality experienced strained relations with National and Provincial Departments of Treasury and Cooperative Governance and Traditional Affairs concerning grant spending, however, the municipality has managed to foster cordial relations with these departments. Furthermore, the municipality has implemented an improved Performance Management System, which has resulted into credible Portfolio of Evidence which supports grant spending.

1.2.2 SERVICE DELIVERY PERFORMANCE

The report depicts the level of achievement of the set targets for the period 1 July 2016 to 30 June 2017. Where targets have not been achieved, reasons for deviation are given with corrective measures to be implemented by each department.

The overall institutional performance reflects 132 targets set for the institution across all the Key Performance Areas, of which 100 are reported to be achieved with 32 not achieved. This brings the overall institutional performance to 76 % for the 2016/2017 financial year. The performance illustrates an improvement from the 2015 /2016 financial year of 7.6% which was 68.4%. The charts below give details of performance in the municipality per key performance area as well as per department.

Figure 1: 2016/2017 Overall Institutional Performance



Figure 2: 2016/2017 Overall Institutional Performance per KPA

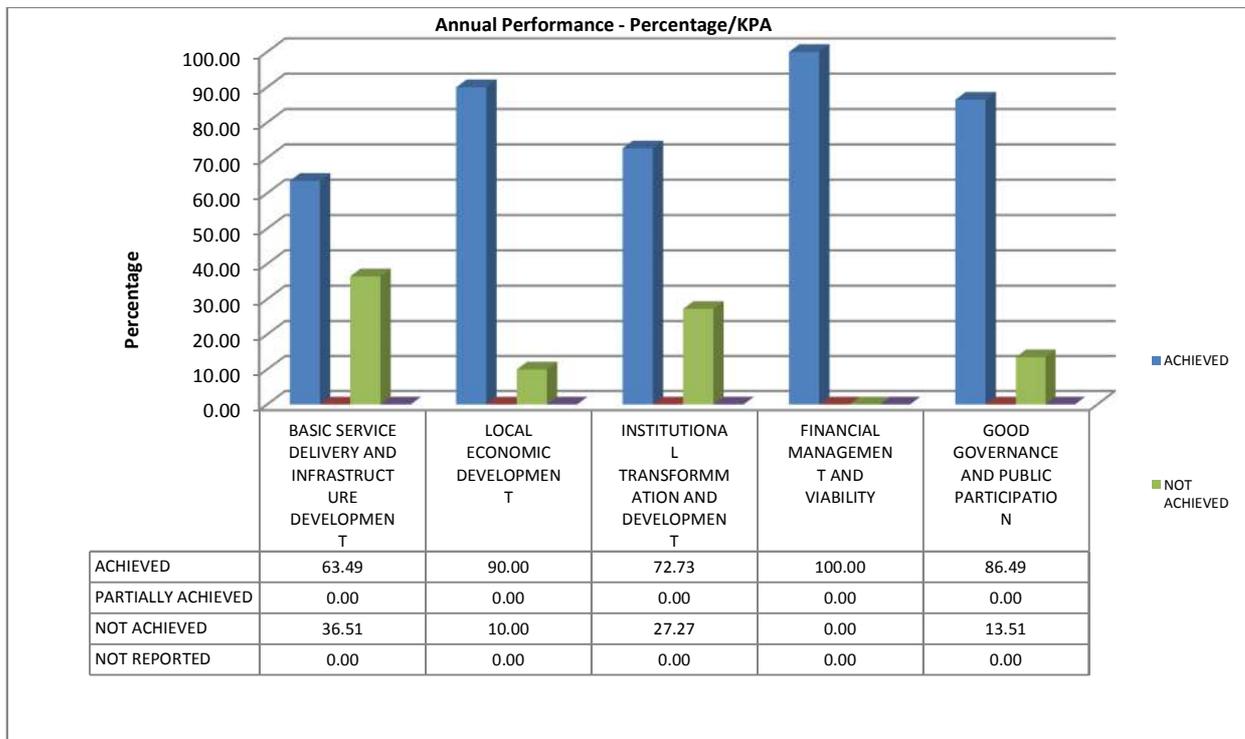
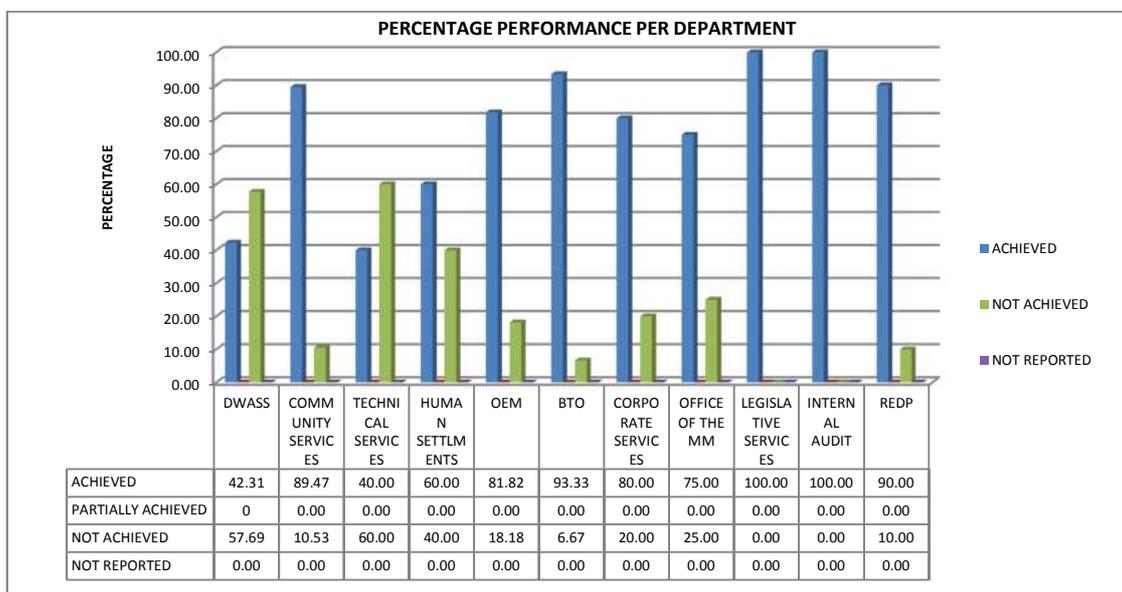


Figure 3: 2016/2017 Overall Institutional Performance per Department



The year's overall performance shows an increase from achievement of 2014/2015 and 2015/2016 financial years.

1.3. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

MUNICIPAL FUNCTIONS

1.3.1. POPULATION OVERVIEW

According to the Statistics of South Africa, Community Survey 2016, the population of the Eastern Cape is reflected to be approximately 6,996,976, which is the third highest in the country following KwaZulu Natal and Gauteng respectively. The O.R. Tambo District Municipality population accounts for 1,457,382 people and this is the highest in the Eastern Cape Province. O.R. Tambo District Municipality is relatively densely populated compared to most rural municipalities. The population density of all the local municipalities under the district is higher than the set standard of 42.39 persons per square kilometre. King Sabata Dalindyebo Municipality, which is the primary node of the district has a population estimated at 161 persons per square kilometre. The high density influences household infrastructure provision, quality of services such as education, medical care, and access to resources. Table 1 reflects the summary of Headline Demographic Data.

Table 1: Summary of Headline Demographic Data

	Ingquza Hill	PSJ	Nyandeni	Mhlontlo	KSD	O.R. Tambo District	EC
HOUSEHOLDS							
Census 2011	56,213	31,715	61,647	43,414	105,240	298,229	1,687,385
Community Survey 2016	60,974	33,951	61,867	40,855	116,243	313,890	1,773,395
PERSONS							
Census 2011	278,185	156,063	290,191	188,070	451,009	1,363,518	6,562,053
Community Survey 2016	303,379	166,779	309,702	186,860	490,207	1,456,927	6,996,927
HOUSEHOLD SIZE							
Census 2011	5.0	4.9	4.7	4.3	4.3	4.6	3.9
Community Survey 2016	5.0	4.9	5.0	4.6	4.2	4.6	3.9

1.3.2. POVERTY LEVELS

In 2011 it was estimated that 646,892 people in the OR. Tambo District were living in poverty, which is 21.1% of the total population. The number of people living in poverty has increased to 758,816 which is 19.2% of the population in 2016 and only the KSD that has poverty levels closer to those of the province as a whole. All the other municipalities have poverty rate of up to 28.2% and with numbers living in poverty increasing. Ingquza Hill and Port St Johns have higher poverty levels than the other municipalities. Table 2 presents the number of people living below the poverty line per local municipality.

Table 2: Number of People Living Below the Poverty Line per Local Municipality

Region	2011	2012	2013	2014	2015
Ingquza Hill	122,738	124,252	121,895	124,338	120,331
Port St Johns	72,937	77,076	77,050	78,927	76,176
Nyandeni	125,024	127,014	122,386	121,566	116,317
Mhlontlo	72,073	71,167	67,148	66,387	62,463
KSD	147,653	151,710	150,195	154,368	150,000
OR Tambo	540,425	551,219	538,673	545,687	525,586
Eastern Cape	1,938,323	1,973,581	1,943,692	2,014,849	1,951,837
South Africa	11,106,734	11,657,182	11,669,295	12,172,032	11,979,708

1.3.3. HDI AND GINI COEFFICIENT

Table 3 summarises the GINI Coefficient per local municipality, Human Development Index, functional literacy, poverty levels, and poverty gaps rand per meal and poverty gap per household. It further reflects the unemployment rate, proportion of households with no income, proportion of population with low skills, HIV/AIDS prevalence and illiterate people older than 14 years.

Table 3: GINI Coefficient, HDI per Local Municipality

Local Municipality Name	GINI Coefficient	HDI	Functional Literacy	Poverty Levels	Poverty Gap Rm	Poverty Gap per household
King Sabata Dalindyebo	0.67	0.49	59%	66.0%	572	R5, 281
Ingquza Hill	0.61	0.38	42%	73.3%	404	R7, 032
Mhlontlo	0.62	0.43	49%	71.8%	294	R5, 894
Nyandeni	0.61	0.4	46%	76.3%	450	R6, 817
Port St John's	0.63	0.38	36%	76.1%	235	R7, 009
ORTD - Total	0.64	0.42	47%	72.2%	2560	R6, 343
EC PROVINCE	0.67	0.53	64%			

ENVIRONMENTAL OVERVIEW

1.4. SERVICE DELIVERY OVERVIEW

O.R. Tambo District Municipality is both a Water Services Authority and a Water Services Provider. Authority is therefore vested in it, in terms of the Municipal Structures Act 118 of 1998 or the ministerial authorizations made in terms of this Act, to ensure that water resources and infrastructure are well managed and maintained in order that the service may be provided in an equitable, sustainable and efficient manner.

The primary responsibility for Water Services Authority includes:

- **Ensuring access:** To ensure the realisation of the right of access to water services, particularly basic water services (subject to available resources) by seeing that appropriate investments in water services infrastructure are made;
- **Planning:** To prepare water services development plans to ensure effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development;
- **Provision:** To ensure the provision of effective, efficient and sustainable water services (including water conservation and demand management) either by providing water services themselves or by selecting, procuring and contracting with external Water Services Providers.

A household is categorized according to its main access to water, as follows: Regional/local water scheme, Borehole and spring, Water tank, Dam/pool/stagnant water, River/stream and other main access to water methods. No formal piped water includes households that obtain water via water carriers and tankers, rain water, boreholes, dams, rivers and springs. The District Municipality provides mixed forms of water services:

- Formal, high level of services (adequate)
- Informal, temporary level of service including water tankers (inadequate)
- Informal, below basic RDP level of service (inadequate)
- No service (inadequate)

Although the district municipality has a sole mandate of being a water services authority and provider, however because of the socio-economic and political-administrative climate of the environment, the municipality cannot turn a blind eye to the various social ills that necessitate redress. This means that there are myriad issues that have been amplified over the years that need the municipality to provide relief on because of the constitutional mandate by the state to provide for basic amenities.

The municipality has found itself bestowed with a trust that far supersedes its mandate, meaning that its duty to the community and the people that it serves far extends beyond the provision of

water.

In terms of basic service delivery, the municipality services various functions such as human settlements, community services, rural economic development and planning, executive mayoral services, technical services and water and sanitation.

The aforementioned are departments that provide for basic service delivery within the municipality, although some of their functions may overlap but their ultimate pursuit is that of service delivery. The human settlements department provides for housing for destitute individuals within the district. The department works hand in glove with the provincial department of human settlements, which still holds the competency to provide for housing within the province. The department identifies individuals through the social relief programme, and works unreservedly within its available resources.

The community services department is a multi-faceted department that provides numerous services to communities. The department houses that Health and Safety unit, library services, sports, arts and culture, disaster and fire support. The Health and Safety unit is responsible for validating the health status of various outlets within the district and keeping an eye out on anything that poses a health risk and threat which may be detrimental to the livelihood of the regions citizens. Library services have started a campaign to elevate reading within the region by providing access to books to young individuals who seek guidance. Various libraries have been built in communities to make learning easier and accessible to individuals that seek such services.

Sports, arts and culture is a provincial competency, however the district has fostered cordial relations in order to preserve our cultural landscape and tell the story of our rich history. The district has been declared as the 'Home of Legends' merely because it has birthed and remains the home of so many influential leaders. Numerous historical events that have made a landmark in history such as the Ingquza-Hill Massacre, SS Mendi et cetera need to be amplified and celebrated. The sports section within the department recognises how sport can be used to deter young individuals from criminal activity by consuming their time and igniting passion through sports. Sports has been used as an instrument to keep young individuals healthy and mentally stimulated, thus being able to be active and thought leaders in society. Disaster and fire services are at the heart of the community services department as the municipality has been rigged with disaster incidents which have attracted national attention as well as some incidents that have left families worse off. The socio-economic landscape of the district necessitates the municipality to provide relief to affected families and individuals within the availability of resources within the municipality.

The rural economic development and planning department is focused on catapulting the districts economic standing. This can be done directly and indirectly through partnerships and the active involvement of citizens. The department solicits individuals and groups and empowers them in order for them to add positively to the economy of the district through business in the form of

SMMEs, Cooperatives, individual ventures et cetera.

The Executive Mayoral Services is headed by the Executive Mayor who is the custodian of service delivery within the district. The department focuses on various services such as academic support to deserving pupils where pupil's school fees are paid for in full by the municipality. The department is instrumental in raising awareness on social ills that remain detrimental in communities. Awareness campaigns are held on all vulnerable groups in order to protect, educate and elevate their social standing. Awareness campaigns on Alzheimer's, HIV/Aids, disability, women, children et cetera are only but a fraction of the alleviation campaigns the department holds.

The technical services department has been instrumental in alleviating pressure off the local municipality on the rehabilitation and construction of roads within the KSD region. The projects were born as a response to the problem faced by the region of dilapidated roads and infrastructure. The department continues to host awareness campaigns on the national arrive alive campaign thereby cautioning pedestrians and drivers on road safety measures.

Water and Sanitation remains the core business of the municipality where it remains the vision of the municipality to service each and every household within the district with basic water and sanitation. The municipality continues to provide for water and sanitation to all communities working tirelessly to make sure that numbers grow each and every financial year, with the 2016/17 being no different.

Table 4: 5 Year Service Delivery Statistics of the O.R. Tambo District Municipality

5YR SERVICE DELIVERY STATS – ORTDM					
Water Distribution	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Piped water inside dwelling	27 986	29 378	30 770	32 162	33 554
Piped water inside yard (but not in dwelling)	27 720	28 242	28 764	29 286	29 809
Using public tap (at least in-service level)	42 442	43 763	45 085	46 406	47 727
Minimum Service Level and Above sub-total (200m)	98 148	101 383	104 619	107 854	111 090
Using public tap (< in-service level)	21 700	21 014	20 327	19 641	18 954
No water supply (backlog)	195 782	195 133	194 484	193 835	193 186
Below Minimum Service Level sub-total	217 482	216 147	214 811	213 476	212 140
Total number of households	315 630	317 530	319 430	321 330	323 230
Sanitation/Sewerage:					

Flush toilet (connected to sewerage)	27 986	29 378	30 770	32 162	33 554
Flush toilet (with septic tank)	18 302	19 337	20 373	21 408	22 444
Pit toilet (ventilated)	207 819	215 402	222 985	230 569	238 152
Minimum Service Level and Above sub-total	254 107	264 117	274 128	284 139	294 150
No toilet provisions	61 523	53 413	45 302	37 191	29 080
Below Minimum Service Level sub-total	61 523	53 413	45 302	37 191	29 080
Total number of households	315 630	317 530	319 430	321 330	323 230
Free Basic Service - Water					
<i>Number of HH receiving this type of FBS</i>	100 754	102 740	104 248	105 757	–

1.5. FINANCIAL HEALTH OVERVIEW

The Financial Position as at 30 June 2017 indicates an increase in Net Assets, an increase in Non-current Liabilities and an increase in Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account and investment in Property, Plant and Equipment in order to strengthen infrastructure within the district.

The increase in Non-current Liabilities is primarily as a result of the increase in Employee Benefit Liabilities and amounts owing to the Department of Water Affairs.

In terms of Capital Expenditure to Total Expenditure, the institutions has seen an increase of 4% year on year reflecting the prioritization of building robust infrastructure in the jurisdiction of the municipality.

The debtor's collection rate has increased year on year however, there are still challenges the institution is facing in light of the economic downturn the country has found itself in. The municipality has actively implemented the Credit Control and Debt Control measures in order to minimise the percentage of non-payment of municipal services.

From a liquidity perspective, the municipality's Cash/ Cost Coverage Ratio reflects that the institution still in a position to meet its monthly fixed operating commitments from cash and short-

term investment without collecting any additional revenue for a 2 month period which is in line with the National Treasury norms.

The Financial Performance of the municipality is good with a Net Operating Surplus Margin of 24%. The institution is facing challenges in terms of water distribution losses due to the aging infrastructure. However, the investment in infrastructure as previously mentioned should assist in alleviating this issue.

Revenue has grown year on year by 5% in line with the consumer price index.

The municipality is in sound financial health and should continue to do so with the systems and processes put in place.

1.6. ORGANISATIONAL DEVELOPMENT OVERVIEW

Institutional transformation and development is one of the key critical areas in a municipality to ensure that it has the necessary capacity to deliver as per its mandate. During the reporting period, the Municipality has had the following achievements:

- Placement of employees into the new Organisational structure has been concluded
- All vacancies for senior management have been filled except for the Director of Human Settlements which is currently being recruited.
- The process of centralizing all municipal records is currently being done
- Job Evaluation of the newly adopted Organisational structure is being done
- The Workplace Skills Plan was completed and submitted to LGSETA, the training interventions are currently being implemented.
- There is evidence of labour peace in the institution with the presence of a functioning Local Labour Forum.
- 91% of the municipality senior managers and 70% managers have completed the CPMD programme as required by National Treasury
- Institutional policies have been developed and have been adopted by council. These include
 - a. Overtime policy
 - b. Training and Development policies
 - c. Records management policy
 - d. Labour relations policy
- The institution has successfully established the Human Resource Development (HRD) Council.
- The municipality delivers training interventions using the MOUs signed with institutions of higher learning in the Eastern Cape. These are the Universities of Fort Hare and Walter Sisulu, together with Fort Cox College

1.8. STATUTORY ANNUAL REPORT PROCESS

In the 2016/17 financial year, the municipality adheres to requirements as enacted in the Municipal Finance Management Act (MFMA) elaborating on prescribed deadlines relating to the preparation of the IDP, Budget and subsequently the Annual Report.

This IDP, Budget and Performance Process Plan is tabled at Council Committee meetings and administration ensures that the goals and targets on its budget process plan are duly met.

Management prepares monthly financial statements and corresponding progress reports for projects that are undertaken within the various communities; therefore the quantitative and qualitative information is available to be included in an official Annual Report Draft document. Also, all the HODs are able to finalize their performance evaluation documents with Performance Management Section timeously. The institution acknowledges the importance of monitoring compliance. The Municipal Manager, through the Legal Services unit, tables weekly progress reports on legal compliance to the top management meetings. This is aimed at assisting the institution in honouring all deadlines including those relating to the preparation of the Annual Report.

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit 16/17 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit annual reports to MM	
6	Audit/Performance committee considers Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses Annual Report including consolidated Annual Financial Statements and Performance data	September - October

No.	Activity	Timeframe
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. POLITICAL GOVERNANCE

2.1.1. INTRODUCTION TO POLITICAL GOVERNANCE

The O.R. Tambo District Municipality Council's primary role is that of political oversight of the municipality's functions, programmes and the management of the administration. All of the powers of local government are vested in the municipal council. The council has the power to make by-laws (legislative authority) and the powers to put those laws into effect (executive authority). The Council of O.R. Tambo adopted a Separation of Powers governance model, with the executive arm of council led by the Executive Mayor and the legislative arm of council led by the Speaker.

The legislative arm of council is constituted of committees established in line with the provisions of Section 79 of the Municipal Structures Act, No. 117 of 1998, as Section 79 Standing Committees and Section 79 Portfolio Committees. The Section 79 Standing Committees play an important role in ensuring good governance, accountability and public participation. The Section 79 Portfolio Committees are established in line with the municipal departments to play an oversight role over the performance of the departments as to improve service delivery related matters. The O.R. Tambo District Municipality council has executive and legislative authority over the matters set out in Part B of schedule 4 and Schedule 5 of the Constitution. In administering the matters assigned to local government, the municipal council strives within its capacity to achieve the Constitutional objects of local government.

The new council for the term 2016\2021 was inaugurated during its First Council Meeting held on the 24th August 2016, wherein the Speaker, Cllr X. Nkompela, the Executive Mayor, Cllr N. Meth and the Chief Whip, Cllr T. Sokanyile were elected. In the same meeting, the Deputy Executive Mayor Cllr R.Z.Nogumla was appointed by the Executive Mayor. The Speaker was delegated by the council to appoint Section 79 Committee Chairpersons and members as per the Municipal Oversight Model adopted by council on the 30th September 2015. The new council was inducted on the 29th August to 01st September 2016 followed by the Section 79 Committee Workshop conducted on the 5th September 2016 to 6th September 2016. During the 2016\17 financial year, the Council successfully held seven (7) Council meetings, one open council meeting outside the chamber, the Inauguration of the Executive Mayor, four Special Council Meetings and two Ordinary Council meetings in terms of Section 29 of Local Government: Municipal Structures Act, No. 117 of 1998, and all of these meetings were publicized to enhance accessibility to the public.

The core mandate of the Legislative Arm of Council is focused on five themes:

- Accountability, Oversight and Scrutiny
- Strengthen capacity of the Legislative Arm of Council
- Public Participation to safeguard local democratic processes
- Monitoring and evaluation, and
- Sound Financial Management

HIGH LEVEL OVERVIEW: DEPARTMENT OF LEGISLATIVE SERVICES

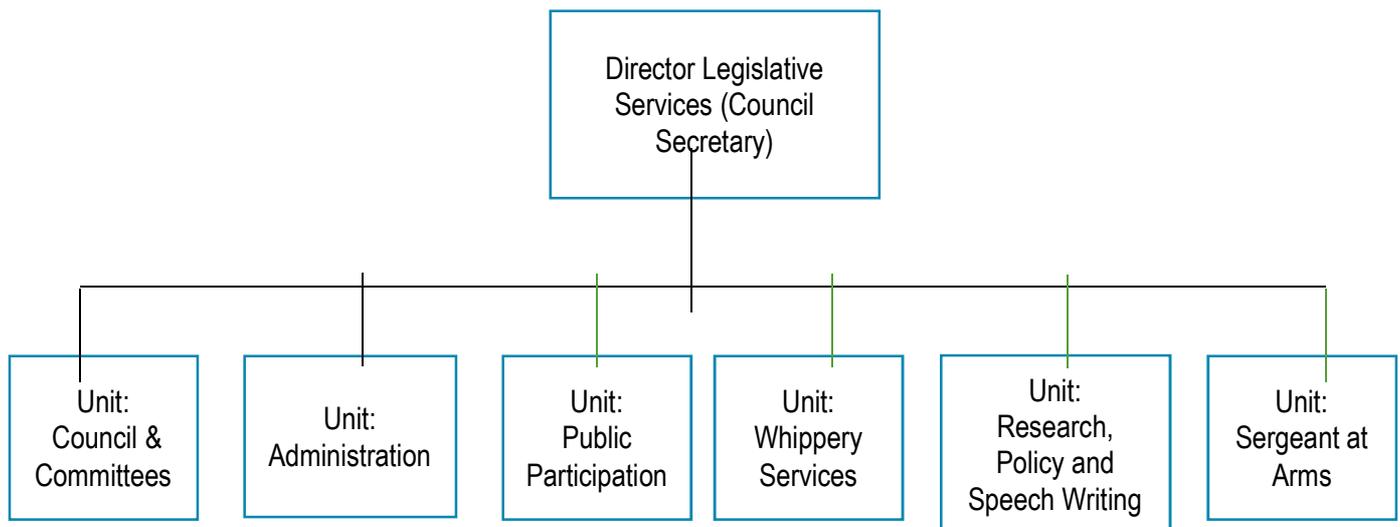


Figure 4: Organisational Structure- Legislative Services

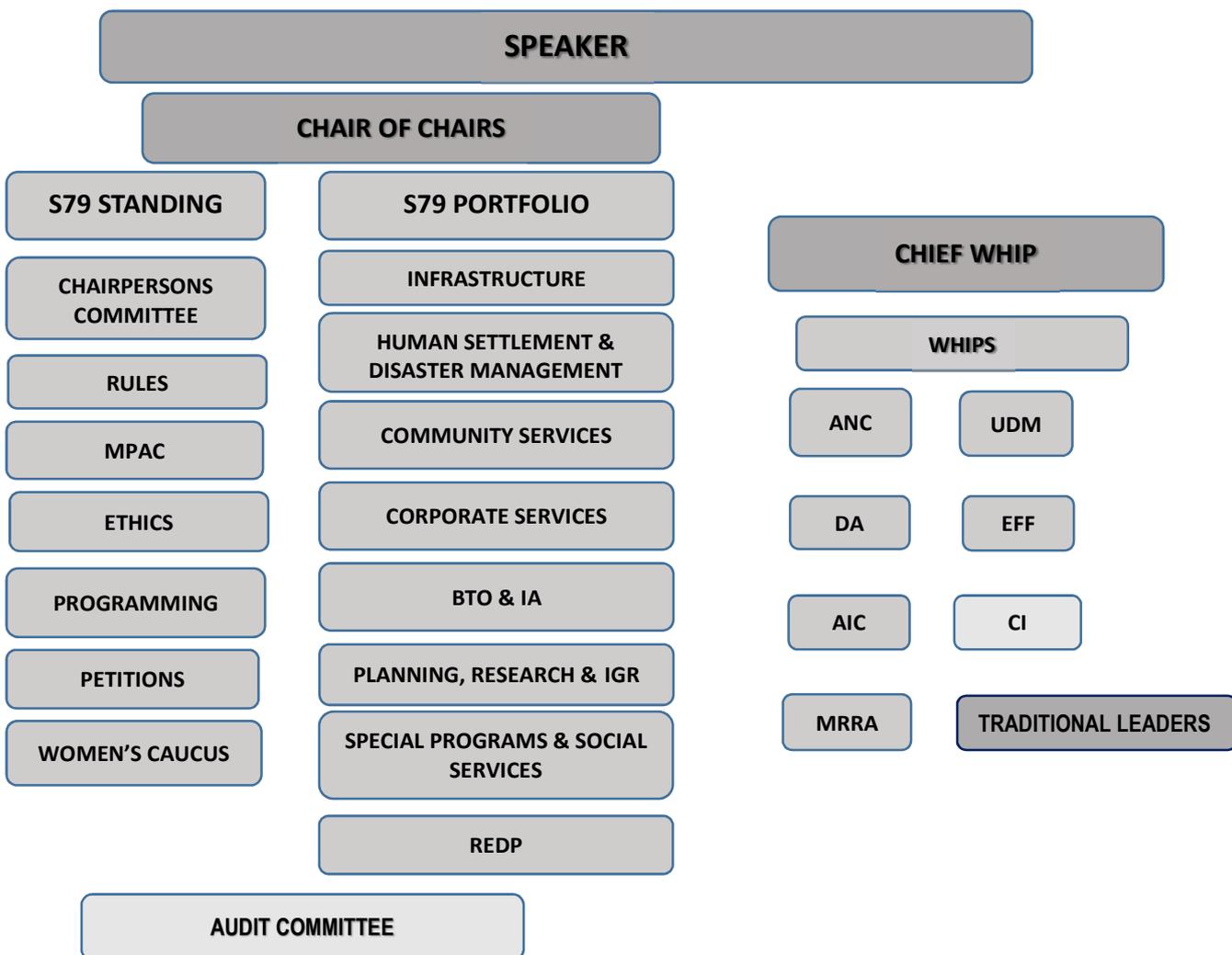
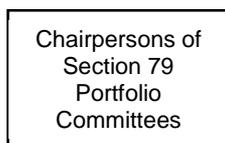


Figure 5: O.R. Tambo District Municipality Political Structure



2.1.2. COMPOSITION OF COUNCIL

In terms of Section 12 Notice of Local Government: Municipal Structures Act No. 117 of 1998, O.R. Tambo is a category C municipality which consists of 59 Councillors representing various political parties as shown in the table below:

Table 5: O.R. Tambo District Municipality Composition of Council

PARTY	TOTAL NO. OF CLLRS	PART-TIME CLLRS	FULL-TIME CLLRS	NUMBER OF FEMALE CLLRS
	59	35	24	31
ANC	44	26	18	28
UDM	05	3	2	1
DA	4	2	2	-
EFF	2	1	1	1
AIC	1	-	1	1
CI	1	-	1	-
MRRA	1	1	-	-

Table 6: O.R. Tambo District Municipality Local Municipal Councillors

Local Municipality	No. of Councillors	No. of Males	No. of Females
King Sabata Dalindyebo (KSD)	12	6	6
Nyandeni	7	1	6
Port St John's	4	1	3
Ingquza Hill	7	3	4
Mhlontlo	5	3	2

COUNCILLOR REPLACEMENTS AND RESIGNATIONS IN 2016\17

1. Cllr. Maqoko from KSD Local Municipality was replaced by Cllr Mkontwana
2. Cllr. Sobahle from KSD Local Municipality was replaced by Cllr Mcimbi
3. Cllr. N.P. Mkontwana from Mhlontlo Local Municipality was replaced by Cllr Dambuza
4. Cllr. Kupelo who was appointed as the Chairperson for Planning, Research and IGR Portfolio passed on.

2.1.3. POLITICAL DECISION MAKING

The Council is the decision making body of the municipality. Political Decision making refers to Council structures that sit to consider all reports going to Council. The reports from the management are tabled to the Mayoral Committee for adoption. The Mayoral Committee through the Leader of the Executive Business tables the reports to the Programming Committee to decide whether the reports be taken to Council or to oversight committees. The reports are then taken to Council for adoption.

2.1.4. GOVERNANCE FRAMEWORK: SEPARATION OF POWERS MODEL (SOP) & MUNICIPAL OVERSIGHT MODEL (MOM)

In the with the Separation of Powers Governance Model, adopted by council in September 2013, the council on the 30th September 2015, adopted a Municipal Oversight Model (MoM) for strengthening the functionality of the Section 79 Portfolio Committees of council established to play an oversight role. The council adopted the council standing orders in line with the afore stated governance frameworks on the 24th August 2016.

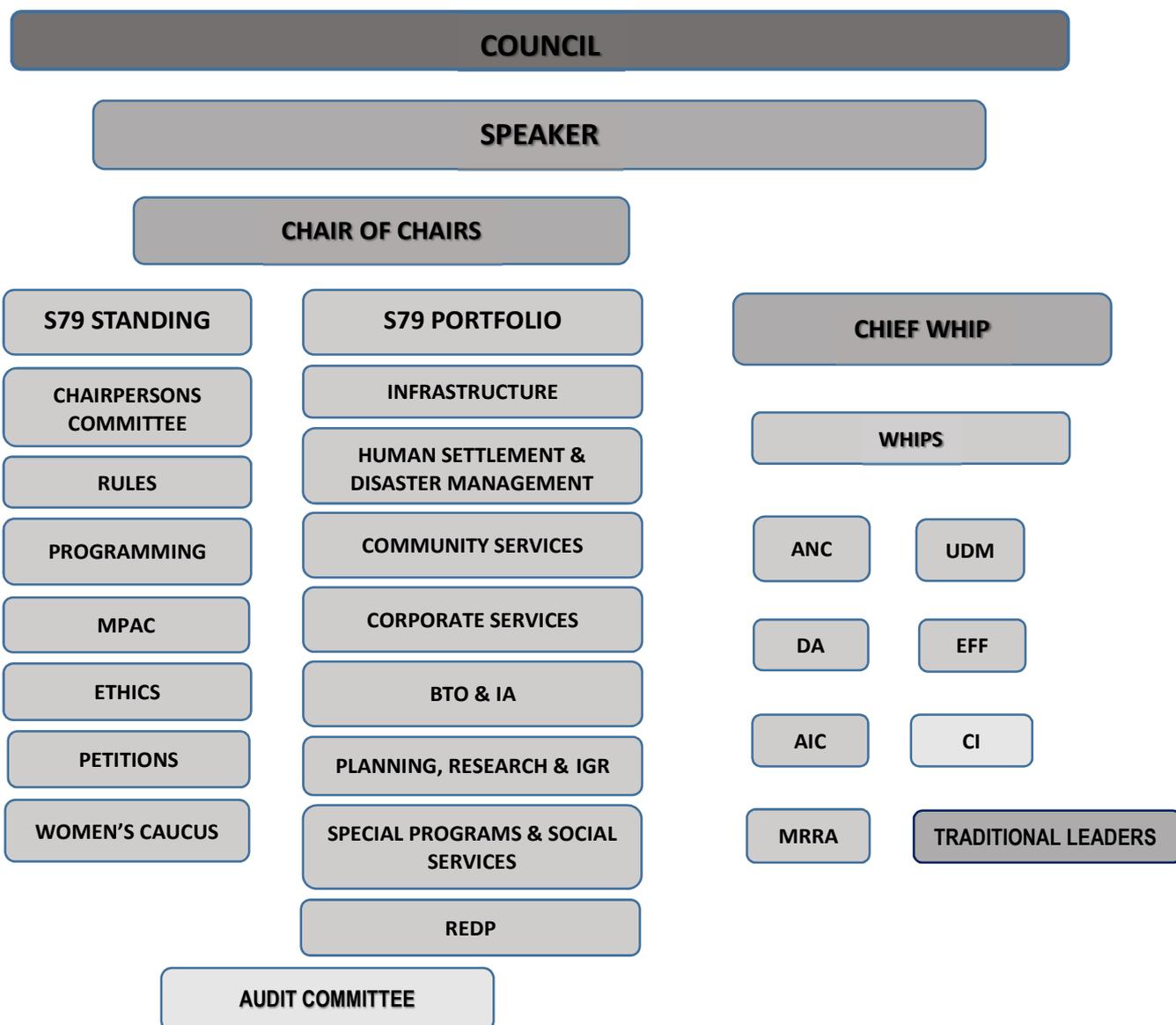
2.1.4.1. PETITIONS & PUBLIC PARTICIPATION COMMITTEE

The Petitions & Public Participation committee is constituted in terms of Section 79 of the Municipal Structures Act 117 of 1998 as a Section 79 Standing Committee of the Council of O.R. Tambo District Municipality. The main objectives of the Petitions & Public Participation Committee entails the following:

- (a) To encourage the involvement of Communities and Community Organisations in the matters of local government.
- (b) The development of systems to monitor and track petitions received in an accurate and effective manner.
- (c) The development of a feedback system for petitions received
- (d) To increase the effectiveness of public participation in the Council.
- (e) To develop and/or update a policy for public participation.
- (f) To diligently perform its power and functions in terms of these terms of reference.

O.R. Tambo District Municipality is involved in public participation through ward committees. Capacity building programmes were taken to ward committees in order to strengthen ward committee leadership in about 100 Ward Committee Members from KSD; Nyandeni; Port St Johns and Ingquza Hill Local Municipalities were trained on Report Writing; Minute Taking and Conflict Management Skills. The Municipality monitors the functionality of ward committees within the district by using the Ward Committee Monitoring Tool. On a quarterly basis, the Local Municipalities submits reports on all service delivery based issues.

2.1.1. POLITICAL GOVERNANCE



2.1.4.1. OVERSIGHT ROLE OF COUNCIL AND SECTION 79 COMMITTEES

The council committees are established in terms of Section 79 of the Municipal Structures Act 117 of 1998 as Standing and Portfolio Committees. Section 79 Standing Committees are chaired by non-executive fulltime councillors and the Section 79 portfolio committees are chaired by non-executive part time chairpersons.

The district municipality has seven Section 79 Standing Committees and eight Section 79 Portfolio Committees which are managed and coordinated by the Office of the Speaker as per the Separation of Powers Model that was adopted by Council on the 06th September 2013.

Table 7: S 79 Standing Committee Achievements

SECTION 79 STANDING COMMITTEE	CHAIRPERSON'S NAME	ACHIEVEMENTS
1. Rules Committee	Cllr. X. Nkompela	1. Adoption of Reviewed Council Standing Orders 2. Three Progress reports tabled to council 3. Study tour for all political party whips and delegates for the Executive Arm of council
2. Programming Committee		Effective sittings of all council meetings due to prior consideration of all items for council by the Programming Committee. Tabling of 4 Progress Reports to Council
3. Chairperson's Committee	Cllr A. Gantsho	Tabling of S79 Standing and Portfolio Committee Quarterly reports to Council 2. Four Quarterly Progress Reports tabled to council 3. Study tour for Oversight Committee Chairpersons
4. Municipal Public Accounts Committee (MPAC)	Cllr N. Pepping	1. Workshop on the: Consideration of Annual Reports and Annual Financial Statements, Implementation of Circular 63 of the MFMA 2. Tabling of Three reports to council: Second Quarter 2016\17 Progress Report; Oversight Report on the Unaudited and Audited Annual Report 2015\16 and the 4 th Quarter 2016\17 Progress Report
5. Ethics and Members Interest Committee	Cllr Gcinindawo	Workshop on all councillor benefit/welfare policies Provision of working tools for councillors Tabling of 4 Quarterly Progress Reports to Council
6. Multiparty Women's Caucus	Cllr Cwecwe	Conduction of Awareness Campaign for Prevention of Violence against Women Tabling of 4 Quarterly Progress Reports to Council
7. Petitions and Public Participation Committee	Cllr N. P. Mkontwana	Tabling of 5 Quarterly reports to council

SECTION 79 PORTFOLIO COMMITTEES NAME	NAMES OF DEPARTMENTS OVERSIGHTED	CHAIRPERSON	OVERSIGHT REPORTS ADOPTED BY COUNCIL
1. Infrastructure Services Portfolio Committee	Water and Sanitation Services and Technical Services	Cllr Z. Gusana	Five Oversight Reports: (4 th Quarter 2015\16, 1 st Quarter 16\17, 2 nd Quarter 2016\17, Midterm 2016\17 & 3 rd Quarter 2016\17) and 1 Focused Intervention Study Report
2. Human Settlement and Disaster Management Portfolio Committee	Human Settlement and Disaster Management Section under Community Services	Cllr N. Fono	Five Oversight Reports: (4 th Quarter 2015\16, 1 st Quarter 16\17, 2 nd Quarter 2016\17, Midterm 2016\17 & 3 rd Quarter 2016\17)
3. Corporate Services	Corporate Services	Cllr L. Mziba	Five Oversight Reports: (4 th Quarter 2015\16, 1 st Quarter 16\17, 2 nd Quarter 2016\17, Midterm 2016\17 & 3 rd Quarter 2016\17)
4. Community Services	Community Services	Cllr M.I. Nkungu	Five Oversight Reports: (4 th Quarter 2015\16, 1 st Quarter 16\17, 2 nd Quarter 2016\17, Midterm 2016\17 & 3 rd Quarter 2016\17)
5. Budget & Treasury Office (BTO)	BTO & Internal Audit	Cllr K. Mandita	Five Oversight Reports: (4 th Quarter 2015\16, 1 st Quarter 16\17, 2 nd Quarter 2016\17, Midterm 2016\17 & 3 rd Quarter 2016\17)
6. Planning, Research and Intergovernmental Relations	Office of the Municipal Manager	Cllr Kupelo	Five Oversight Reports: (4 th Quarter 2015\16, 1 st Quarter 16\17, 2 nd Quarter 2016\17, Midterm 2016\17 & 3 rd Quarter 2016\17)
7. Special Programs and Social Services Portfolio Committee	Office of the Executive Mayor	Cllr T. Mgaweni	Five Oversight Reports: (4 th Quarter 2015\16, 1 st Quarter 16\17, 2 nd Quarter 2016\17, Midterm 2016\17 & 3 rd Quarter 2016\17)
8. REDP	LED, Ntinga Development Agency & Kei Fresh Produce Market	Cllr N. Kuluta	Five Oversight Reports: (4 th Quarter 2015\16, 1 st Quarter 16\17, 2 nd Quarter 2016\17, Midterm 2016\17 & 3 rd Quarter 2016\17)

Table 8: S79 Committee Allocations

COMMITTEE'S NAME	NO. OF MEMBERS	ANC	TOTAL OPPOSITION	UDM	DA	EFF	AIC	CI	MRRA	TL	VACANCY
Rules Committee	16	8	5	-	1	1	1	1	1	3	-
Programming Committee	15	8	6	1	1	1	1	1	1	1	-
Chairperson's Committee	13	13	-	-	-	-	-	-	-	-	2
MPAC	14	8	4	1	1	1	-	-	1	2	-
Petitions & Public Participation	16	9	3	1	1	-	1	-	-	4	1(Chairperson)
Ethics & Members Interest Committee	14	6	5	1	1	1	-	1	1	3	-
Women's Caucus	33	28	7	1	-	1	-	-	-	5	-
Infrastructure Services	17	9	6	1	1	1	1	1	1	2	-
Human Settlement & Disaster Management	14	9	4	1	1	1	-	1	-	1	-
BTO	16	9	5	1	1	1	-	1	1	2	-
Planning, Research & IGR	16	9	5	1	1	1	-	1	1	2	1(Chairperson)
Corporate Services	14	9	5	1	1	1	-	1	-	1	-
Community Services	14	9	3	1	1	1	-	-	-	2	1 (ANC-member)
Special Programs & Social Services	13	9	2	1	1	-	-	-	-	2	1 (ANC-member)

2.1.4.3. PARTICIPATION OF TRADITIONAL LEADERS IN COUNCIL

Additional to 59 councillors, O.R. Tambo District Municipality has been joined by 12 Traditional Leaders who were also sworn in on the 24th August 2016. Section 212 (1) of the Constitution of the Republic of South Africa refers to the recognition of the institution of Traditional leadership by stipulating that national legislation may provide for a role for the institution of traditional leadership at all local communities. Section 81 of Local Government: Municipal Structures Act, No.117 of 1998 as well as section 4 of the Traditional Leadership and Governance Framework, Act No.43 of 2003 give effect to section 212 (1) of the Constitution by allocating a role to the institution of traditional leadership on governance and development issues at the sphere of local government. Section 81 (2) of the same Act further stipulates that:

- (a) The MEC for local government in a province, in accordance with Schedule 6 and by notice in the Provincial Gazette, must identify the traditional leaders who in terms of section (1) may participate in the proceedings of a municipal council.

The Traditional Leaders participating in council have played an essential role in guiding all the decisions taken regarding any matter. All Traditional Leaders participate effectively in Council debates. They are represented in all Section 79 Council Committees (Standing and Oversight Portfolio Committees).

2.2 ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

According to the MFMA 60(b): The Municipal Manager of O.R. Tambo District Municipality is the accounting officer of the municipality for the purposes of this Act and provides guidance on compliance with this Act to political structures; political office bearers, officials of the municipality and any entity under the sole or shared control of the district municipality. The O.R. District Municipality has well-established organisational structures and systems in place. The organisation has, through the planning and performance units, introduced mechanisms that will catapult the municipality's service delivery. The municipality has filled the critical posts of the Director: Water and Sanitation and Director: Human Settlements and is still in the process of soliciting a suitable candidate for the Director: Technical Services. The municipality's administrative structure continues to earnestly serve its mandate for developmental local government assigned thereto through the Municipal Structure Act, 1998. The municipality serves through eleven (11) directorates namely: Water and Sanitation; Technical Services; Community Services; Human Settlements; Executive Mayoral Services; Legislative Services; Rural Economic Development and Planning; Budget and Treasury; Internal Audit; Corporate Services and Office of the Municipal Manager.

TOP ADMINISTRATIVE STRUCTURE

Municipal Manager – Mr. O.N. Hlazo

Director Water and Sanitation – Mr. A. Velem

Acting Director Technical Services – Mr. M. Mkatini

Director Community Services – Ms. T. Somana

Director Human Settlements – Ms. N. Mnyanda

Director Executive Mayoral Services – Ms. N. Mbatani

Director Legislative Services – Ms. T. Tseane

Director Rural Economic Development and Planning – Ms. P.A.X. Dunywa

Chief Financial Officer – Mr. M. Moleko

Director Internal Audit – Mr. K. Sotshede

Director Corporate Services – Mr. F. Mphako

Director Office of the Municipal Manager – Mr. B.B. Matomela

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

2.3.1. INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL STRUCTURES

The O.R. Tambo District Municipality is one of the national pilot sites for the Presidential Intervention Programme that is specifically implemented in the King Sabata Dalindyebo. The Municipality forms part of the Presidential Intervention Programme which involves various national departments with a particular focus on infrastructure development in the district's major economic hub i.e. KSD local municipality. The programme facilitated the upgrade of the National Road (N2) road and various streets in Mthatha and surrounding areas, the Bulk Water and Waste Water Infrastructure around Mthatha, the Mthatha Airport as well as the construction of a new bridge in Mthatha. There are various work streams and working groups that are coordinated and convened for the acceleration of the programme and the district is one of the key stakeholders. The following are the structures that coordinate the programme:

- National Working Group
- Provincial Working Group
- Project Management
- The Work Streams- Water; Economic Development, Health and Social services; Human Settlement, Transport

2.3.2. NATIONAL INTERGOVERNMENTAL STRUCTURES

The district participates in the National Intergovernmental Relations structures through the provincial structures. The Premier Coordinating Forum is the structure that escalates all the district matter to the National Forums. However, since OR Tambo DM is the pilot site for the KSD Presidential Intervention Programme, there is direct link between the national and the district. National Departments sit in the, Provincial Working Group, Project Management and Work Streams. Furthermore National Minister in the Presidency convenes National Working Group that involve other ministries and MEC. Through this approach the District have the direct interface in the National IGR system.

2.3.3. PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The O. R. Tambo District Municipality attends and participates in the provincial intergovernmental structures. These include:-

- Premier's Co-ordinating Forum (PCF)
- Technical Support Group to the PCF
- Political Munimec comprising of Province and all local municipalities in the Province
- Technical Munimec
- Provincial Speakers Forum
- Provincial Steering Committee on EPWP

The meetings of the above structures are convened by the provincial government. In addition to these provincial forums the district Council is represented in the SALGA working groups. Moreover, as the district is the Water Services Authority it also participates in the Provincial Water Forum which is the provincial IGR structure for water services in the province under the leadership of the MEC for Local Government and sector department (Department of Water and Sanitation).

2.3.4. DISTRICT INTERGOVERNMENTAL STRUCTURE

In order to comply with the legislative requirements and fulfil its obligations in terms of co-operative governance and intergovernmental relations, O. R. Tambo District Municipality developed and adopted the District Intergovernmental Relation Framework Policy. Over the 2016/2017 financial year the policy framework was reviewed. The policy Framework established a number of internal structures that include:

- The District Mayors Forum (DIMAFO).
- The Technical Support Group which is composed of the Municipal Managers of the District and District Directors of sector department, is serving as a technical support to the DIMAFO;
- Sector forums such as:
 - Local Economic Development, Spatial Development and Environmental Management,
 - Infrastructure Development Forum,
 - Social Sector Forum,
 - Corporate Affairs Forum,
 - Financial Viability Forum,
 - Good Governance Forum,
 - Speakers Forum,
 - District Communications Forum,
 - IDP Representative Forum and Safety and Security Forum.

Over the year all these forums have been functional and able to coordinate and accelerate service delivery in the district. These forums are the basic structures that coordinate planning, implementation and monitoring of programmes across the sectors within the region. Though the district IGR structures have been in operations there are some that did not sit as per requirements. This therefore necessitates the review of the policy and structures in line with the terms of reference. The review tabled the minimization of the forums to three clusters in order to be aligned to the provincial model.

Subsequent to the district Intergovernmental Relation structures and its implementation the OR Tambo committed to implement the Integrated Service Delivery Model (ISDM) referred to as Masiphathisane as was adopted by National and Provincial government. As part of the implementation of the model War-rooms were to be established per each municipal ward and these serve as structures of coordinating service delivery from the ward-base level. In deed the municipality prioritized to facilitate the establishment of war rooms in all its wards that is 146. Over the financial year the district managed to establish the war rooms as per the following:-

- Ingquza Hill LM, 33 War Rooms established out of 33 wards.
- Mhlontlo LM, 26 War Rooms established out of 26 wards.
- KSD LM, 36 War Rooms established out of 36 wards.
- Port St Johns LM, 20 War Rooms established out of 20 wards.
- Nyandeni LM, 32 War Rooms established out of 32 wards.

In addition to the coordination of the establishment of the War Rooms the district provided support in the form of operational material. These include the procurement of the 146 Pull-up banners and provision of the register of service delivery issues to be considered by various government departments/ sectors. The procurement of the material serves to popularize the War Rooms as government service delivery structures and to ensure that they are functional.

2.3.5. RELATIONSHIPS WITH MUNICIPAL ENTITIES

The DM established Ntinga O.R. Tambo Development agency, a utility company and a special purpose vehicle responsible for spearheading Local Economic Development in the district. The entity has the Chief Executive Officer as the accounting officer and a board of directors, in which the political and administrative structures of the DM are represented. The entity was established to be the implementing agent of the O.R. Tambo District Municipality's (ORTDM) LED programmes focusing on:

- Strategic Infrastructure such as rail dams, electrification, roads (priority surfaced and rural access roads)
- Agriculture and Food Production
- Mari culture and Tourism
- Social Infrastructure and Services
- Institutional Building
- Any other functions delegated to Ntinga by ORTDM in terms of its powers and functions.

The council, following engagements with the National Treasury has taken a decision to review the mandate and refocus of Ntinga towards the core function of the District Municipality. It is in this regard that the O.R Tambo District Municipality took a resolution that Ntinga be converted from currently a Service Utility type of a municipal entity which was established through a municipal by-law in terms of section 86H of the Municipal Systems Act to a State owned company as enshrined by the Companies' Act. Over the financial Ntinga was successfully converted and this serve to ensure that it addresses some deficiencies.

Apart from the relations with the municipal entity the district provide support to its local municipalities as per Section 88 of the Local Government: Municipal Structures Act. Over the financial year various support areas have been identified and initiated and these include performance management, risk management, communication and internal audit. There has been a particular support to planning especially the coastal areas where the district supports for the development of the spatial development Frameworks in order to spearhead the development.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. PUBLIC MEETINGS

2.4.1. COMMUNICATION, PARTICIPATION AND FORUMS

The District Municipality is coordinating communication across district and sectors. This is part of the adopted IGR policy framework and the communication strategy. The policy prescribes for the establishment of the District Communicators Forum that serves to coordinate communication and promote participation in the municipal affairs. The OR Tambo had established the district communicator's forum constituted by the local municipality communication practitioners, provincial communicators from Office of the Premier, Cooperative governance and Traditional Affairs and the Government Communication Information Services with all other sector departments. Over the year the District Communicators forum has been functional and it executed its work that includes the development and implementation of the annual communication plan. The plan necessitated the implementation of various initiatives that include media briefings, production of newsletters, initiating slots in the radio shows and etcetera.

Through the district communicators forum the municipality further interface with other municipalities and sector departments through Provincial Local Government Forum that sit on quarterly bases. The forum serve to share lessons across municipalities as well as provide the necessary support with regard to the provincial matters that need to be taken into account into the municipal affairs. The forum also serves as mechanism to align the district, provincial and national priorities and agenda.

Over 2016/2017 financial year the OR Tambo District made some strides in improving communication with its customers towards the delivery of the core function (Water Services). It forged partnership with Vodacom South for the development of the Thethanathi system that responds to service delivery challenges. The model provides gargets and APP for reporting of water leakages, breakages as well as outages. It further generates reports on how the municipality is addressing these matters. The system/ model is mechanism that provide a two way communication system between municipality and its consumers.

2.4.2. EFFECTIVENESS OF PUBLIC MEETINGS HELD

In terms of Section 20 of Local Government: Municipal Systems Act No. 32 of 2000 meetings of a municipal council and those of its committees are open to the public, including the media, and the councillor such committee may not exclude the public, including the media, from a meeting. The Council of O.R. Tambo District Municipality complies with the above legislation.

PUBLIC MEETINGS

2.1.4.2. Ordinary Council Meetings

1. 30 September 2016
2. 08 December 2016
3. 30 March 2017
4. 29 June 2017

2.1.4.3. Open Ordinary Council Meeting- out of the council chamber

1. 13 October 2016- Inauguration of the Executive Mayor
2. 2nd June 2017- State of the District Address (SODA)

2.1.4.4. Special Council Meetings

Eleven Special Council meetings were held as follows:-

Quarter 1 2016\17:

1. 29 July 2016
2. 24th August 2016
3. 07th September 2016

Quarter 2 2016\17:

4. 28th October 2016

Quarter 3 2016\17:

5. 13th January 2017
6. 29th January 2017
7. 28th February 2017

Quarter 4 2016\17

8. 11th April 2017
9. 18th May 2017
10. 31st May 2017
11. 15th June 2017

2.5. IDP PARTICIPATION AND ALIGNMENT

Table 9 presents the IDP participation and alignment criteria.

Table 9: IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No	Comment
Does the municipality have impact, outcome, input, output indicators?	Yes (except for impact indicators)	The municipality is not yet at level of impact assessment
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes	These are product of the strategic planning
Does the IDP have multi-year targets?	Yes	Five year targets are capture in the IDP
Are the above aligned and can they calculate into a score?	Yes	Performance is measure based on the targets
Does the budget align directly to the KPIs in the strategic plan?	Yes	The budget is KPI based
Do the IDP KPIs align to the Section 56 Managers	Yes	Contracts of S56 are aligned to KPIs
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes	SDBIP has been developed
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes	12 outcomes are bases for IDP priorities
Were the indicators communicated to the public?	Yes	Through the IDP roadshows that took place across the locals municipality.
Were the four quarter aligned reports submitted within stipulated time frames?	Yes	All quarter reports were tabled to council at the stipulated time.

COMPONENT D: CORPORATE GOVERNANCE

2.6. RISK MANAGEMENT

The Municipal Finance Management Act section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. The municipality implements risk management so that it is in a position to take corrective action on possible obstacles towards the attainment of set objectives. In compliance with the legislative framework OR Tambo district municipality developed a risk management policy. It recognizes that risk management is a function of senior management of the municipality. Also the Chief Risk officer was appointed during the financial year to execute work pertaining risk management.

During the 2016/2017 financial year a strategic risk assessment exercise was conducted to identify and prioritize risks. Also effectiveness of current Controls were assessed and measures to improve them were identified and the implementations of such controls were assigned to various people in the municipality. As part of the oversight processes over risk management, management is required to prepare reports at-least once a quarter on progresses made on the implementation management actions and as such the risk unit follows up with the respective departments on a monthly basis and collects portfolio of evidence for all those actions that have been achieved for internal audit purposes and the audit committee has an oversight responsibility over risk management.

Risk management strategy has been developed and the policy together with the terms of reference of the risk and compliance committee have been reviewed and shared with councillors in the strategic workshop. However, the implementation of these is currently under way. The culture of risk management has not yet matured, it is in its infant stage and as such though there has been a positive shift in terms of understanding its importance from the institution; Risk management continues to be viewed as a compliance matter rather than being embedded on the day to day business and organizational culture. The focus is still at institutional and departmental assessment and has not yet reached or addressed project risk management.

The top ten (10) risks that have been identified in the municipality are the following:

Table 10: The top ten (10) risk identified in the municipality

KPA	RISK	RESIDUAL RISK EXPOSURE	RISK OWNER	COMMENTS
Basic Service delivery	Failure to Meet Blue & Green status	15	Director WSA	All actions committed not yet implemented
	Inability to provide access to sanitation services	16		
Local Economic development	Lack of contribution to economic development through Aqua-culture industry	16	Director: REDP	Actions committed are due on 31 Dec 2017
	Insufficient economic research and develop capacity in the district.	16		
	Failure to achieve a spatial equitable economic growth	16		
Financial Viability	Inability to meet set revenue targets	15	CFO	Some of the actions committed have been implemented: <ol style="list-style-type: none"> 1. Staff has been appointed to capacitate BTO 2. Ongoing MSCOA meetings 3. Policies have been reviewed and workshops on them were held. 4. . MSCOA compliant system has been procured
	Ineffective and inefficient implementation of sound financial management system	16		
	Non-compliance to Mscoa requirements	20		
Good Governance	Ineffective oversight	20	Municipal Manager	Some of the actions committed are still in progress: <ol style="list-style-type: none"> 2.8.1 Appointment of researchers
	Non implementation of recommendations of internal and external auditors	16		Management Action plan is followed up on a monthly basis, however there is a slow response to actions committed (consult report by IA on MAAP)
Institutional transformation	Failure to provide adequate ICT systems	20	Director: Corporate services	We could not get evidence that actions committed have been implemented.

These top ten risks have mitigating controls in place to reduce impact of these risks if they may occur and the mitigating controls are allocated to individuals to implement them.

2.7. ANTI-CORRUPTION AND FRAUD

Anti-fraud and anti-corruption policies are in place. These policies will yield positive results when fully implemented. A policy on declaration of conflict of interest by staff is in place. Incidents of suspected corruption are reported via the Presidential Hotline. Currently the municipality is developing its fraud hotline and the work on the conceptualisation of this has been initiated during the year under review. The following activities have been undertaken:

- Fraud awareness sessions have been held with various departments who are by nature prone to fraud such as SCM, HR; Human settlements and Community services. A plan for fraud prevention has been developed for the 17/18 financial year and shall be fully implemented.
- Staff have signed declaration of interests
- Workshop on the policies have been conducted
- There is a process which is still in progress to ensure that risk management unit works with labour relations to ensure that staff have signed the code of conduct.
- The institution has an internal audit unit who on an annual basis conduct audits in areas with high risks, this is also a means of testing the existing controls to ensure that they are strengthened to detect, prevent and mitigate any fraud risks identified. Through internal audit reports the institution is able to set action plans to improve the status quo.

Challenges that need to be addressed are as following:

- Non-reviewal and non-implementation of policy;
- Reported incidents not followed up, no internal disciplinary measures;
- Policies of the municipality not entrenched to the operations of the institution;
- Insufficient will by both political and administrative to resolve fraudulent activities, resulting in potential whistle blowers getting discouraged to report incidents that may not be pursued;
- No protective measures for whistle blowers;
- Backlogs on prosecution of reported incidents;
- No preventative and detective internal measures against fraud and corruption; and
- False alarms on fraud and corruption with a purpose to hide own corruption (camouflage).

2.8. SUPPLY CHAIN MANAGEMENT

The O. R. Tambo District Municipality established the Supply Chain Management (SCM) unit in accordance with chapter 11 of the Municipal Finance Management Act, Act No 56 of 2003. The SCM unit falls under the Budget and Treasury Unit (BTO) which is headed by a Chief Financial Officer.

For a quite a number of years the SCM unit had a serious shortage of staff vacancies due to delays in the finalization of the job evaluation process in order to appoint relevant qualified personnel. Currently the SCM is headed by the Manager Supply Chain. In the year under review the municipality managed to appoint a Senior Procurement Officer and two Senior Demand Officers. Other critical positions were advertised to ensure that the unit is fully flagged so that all the necessary compliance issues as well as the segregation of duties are adhered to.

The SCM unit also revised the Supply Chain Management Policy to be in line with the new PPPFA policy regulations and the policy was adopted by Council when the budget was adopted. Internal controls have been strengthened through the development and implementation of the revised internal control procedures and process flows.

Due to the shortage of staff the SCM took longer to implement the requirements of the Central Supplier Database (CSD) in ensuring that all suppliers that are doing business with the municipality are registered with CSD. However, that non-compliance has been addressed and all suppliers that are doing business with the municipality are verified for compliance with the CSD requirements. This will ensure that all procurement complies with the regulations and irregular expenditure is drastically reduced.

For the year under review more than 90% of the procurement has been from the suppliers from within the district municipality and that percentage is spread between businesses that are owned by youth and women. As part of the drive to ensure local beneficiation the SCM unit held a workshop conducted in partnership with the National Treasury for all suppliers to ensure that they are fully aware of their obligations to register with CSD in order to participate in the procurement processes of the municipality. Through the efforts of the accounting officer the bid committees have been structured in a way that is compliant to the SCM Regulations.

The personnel that is appointed in the SCM do possess the minimum qualifications as required by the SCM regulations for the SCM practitioners as they have completed the CPMD through an accredited institution which is Wits University.

As indicated above internal controls are continuously improved and with the support of the Chief Financial Officer Support Unit comprising of consultants from Price Water-House Coopers positive results are bearing fruits towards a clean audit opinion in the 2017/2018 financial year.

2.9. BY-LAWS

The district municipality has myriad functions, with a main mandate of being a water services authority and provider. The functions of the municipality are vast and include being solely responsible for municipal health and disaster management, meaning that the municipality serves all five local municipalities on municipal health and disaster management with no external assistance.

The municipality also has shared services which are: fire-fighting, local tourism, municipal airports, municipal planning and public transport. Shared services are functions that are both the competency of the district municipality and locals, or functions that the district has provided relief on.

Water Services has existing council adopted tariffs which are applicable to the citizens of the district. The municipality is still under a process of reviewing by-laws that enforce the existing tariffs. The municipality is currently under a robust approach of reviewing all of its strategies that are applicable to the aforementioned functions. This process precedes that of the development of by-laws, which will be subsequently adopted and enforced at the conclusion thereof.

2.10. WEBSITES

Section 75 of the Municipal Finance Management Act prescribed for the minimum content that must be displayed on the municipality's websites. The municipality has updated its website to serve as a mode of communication to the district citizens at large on municipal services, functions and duties. The following is a tabulation of the documents published on the website during the financial year:

Table 11: The documents published on the Municipality's/ Entity's Website

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL		
Documents published on the Municipality's/ Entity's Website	Yes/No	Publishing Date
All current budget-related policies	No	
The previous annual report (2015/16)		18/09/16
The Annual Report (2016/17) published/to be published		31/01/18
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2016/17) and resulting scorecards		04/09/16
All service delivery agreements (2016/17)	No	
All long-term borrowing contracts (2016/17)	No	
All supply chain management contracts above a prescribed value R200 000.00 for 2016/17	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2016/17	No	
Contracts agreed in 2016/17 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in 2016/17	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2016/17	No	

2.11. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

In order to fully fathom the magnitude of public satisfaction on municipal services, the municipality must put in place mechanisms that allow for direct feedback on services provided. It is paramount that a municipality evaluates its public satisfaction against its service delivery initiatives and deliverables. Every project or program implemented must be measured not only on its outcome but on the impact it has in the community in which it is intended to serve. The District municipality consists of five local municipalities namely: Mhlontlo, Nyandeni, Port St Johns, King Sabata Dalindyebo and Ingquza-Hill. In order to fathom the impact and magnitude of public satisfaction, the district municipality would have to conduct qualitative and quantitative research on the entire area by sampling a portion of the whole population thereof.

The municipality conducts recorded public meetings in order to consult with communities on burning issues, planned projects et cetera. These meetings are in place as a consultative process with citizens of the district. This is all the while the municipality is in the process of developing an information system database that will store informative features and citizens' satisfaction information. The system will identify critical performance scopes of citizens' satisfaction together with a satisfaction tree. This will be developed in the form of an algorithm which will identify different steps.

The first step of these will determine the organizations scopes and identify features of services given to citizens. These performance features will be identified according to the mission and major duties of the municipality. The second of these steps will be to form a process execution matrix based on the records of process execution. This is to determine the status of citizens' satisfaction with the public services as the performance measures will be collected in the form of a questionnaire. The third of these steps will be determining and identifying critical features of satisfaction by analysing the relationship between the service and the impact it has had on communities. The last of these steps is finding contingency mechanisms in areas where the service delivery initiatives did not produce the intended impact.

The aforementioned will assist in identifying a citizens' satisfaction model about services given by the municipality and how they can play a key role in the improvement of its citizens' satisfaction. This will assist the municipality in predicting citizens' satisfaction and to manage its performance to improve public satisfaction with its mandated services.

2.12. LEGAL SERVICES

The Municipal Finance Management Act 56 of 2003 prescribes the responsibilities of the Municipal Officials in financial management functions. Section 60 -76 gives financial management responsibilities to the Accounting Officer. In outlining the general financial management matters Section 63 of the Act prescribe that the Accounting Officer of a municipality is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets and liabilities of the municipality. The Act further note that Accounting Officer must take reasonable steps to ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality. The municipality has and maintains a system of internal control of assets and liabilities, including an assets and liability register.

As per the legislation the municipality has been in compliance to the requirements as it established within the legal services a register of litigations (contingencies and liabilities). The municipality therefore declare and reflect these matters in its annual financial statement and these have to be audited.

Over the financial year the municipality targeted to ensure that it eliminates its litigation by 25%, and as such this was achieved by attaining 71% improvement. Furthermore the institution targeted to improve the compliance by ensuring that all the agreements and contractual obligations are in vetted for compliance to the legislation.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

O.R Tambo District Municipality was not immune to drought, persistent heat and lack of rain which adversely affected water supply to the community of ORTDM. This was a major setback as its impact was felt by the community. The District has over the years moved with speed to expedite the provision of water to fight off backlogs. For the year in review, we planned to increased access to water through the connection of bulk infrastructure lines through the Mqanduli Corridor, Libode and Ngqeleni Corridor. We managed to connect up to 21339 households through communal tap system. In addition to the connections that were made, we managed to fix about 54 non-working schemes and we refurbished 4 schemes, purified schemes and spring protections.

The District is experiencing challenges of land claims, which impact on the completion of most of our projects. In a move set to unblock bottlenecks that delay completion of water projects, we managed to put spanner in the works and surmount all challenges to complete rollover projects in the new financial year.

Amongst other things that were a priority and have been achieved for the financial in review was to absorb temporal workers through the process of placement, the appointment of Managers in the operations of the offices in our 5 Local Municipalities and the capacitation of the Project Management Unit.

3.2. WASTE WATER (SANITATION) PROVISION

The sanitation provision within the district is compounded by the fact that our district is rural in nature and over 80% of our district population depends on pit latrine, chemical toilets and bucket system. For the year in review we have provided ventilated improvement pit to 9216 households out of a target of 16000 toilets. In addition we have upgraded the KSD sanitation from 12 mega litres to 24 mega litres and constructed pump stations with the capacity of 50 mega litres.

As the district in implementing all the water and sanitation projects, we managed to employ 1800 people through labour intensive programmes.

3.3. ENVIRONMENTAL MANAGEMENT AND WASTE MANAGEMENT

The White Paper on Environmental Management Policy emphasizes the need for implementing an effective information management system that makes environmental information accessible to all interested and affected parties responsible for and/or interested in effective environmental management. In this regard the O.R. Tambo DM developed an Environmental Management Plan (EMP), which provides a baseline assessment of the main environmental issues and challenges facing the District.

Based on the information obtained from the reviewed EMP, the District Environmental Management and Spatial Planning Technical Forum, working in partnership with DEDEA, has managed to prioritize programs and develop appropriate action plans and sector plans to respond to the most pressing and threatening issues of environmental management. These are plans such as IWMP, AQMP and CMP, and it is in the process of developing two sector plans, which are climate change strategy, as well as biodiversity sector plan. The ORTDM planned a number of training workshops focusing on environmental education so as to disseminate this environmental information together with practical programs on how to face these environmental challenges and ensure effective environmental management. One of these programs is the greenest municipality competition that start from the district, provincial and ends nationally. This competition takes place on annual bases and the district has conducted at least 8 competitions till this year.

Overall Environmental Governance

Through this pillar, the district has managed to establish more than six five **environmental clubs** throughout the district and these involve Tabata P.J.S In Ingquza Hill, Ndamase S.S.S in Nyandeni, Ngwaybanjwa S.S.S in King Sabata Dalindyebo, Qumbu Village in Mhlontlo and Nomvalo J.S.S In Port St Johns. The above mentioned schools have been supported with branded T-shirts, trees, composting powders to make their compost and also training for students on tree planting and composting. In partnership with DEDEAT, DEA and other stakeholders, O.R Tambo has managed to host and form part in Marine Day Celebration, Coastal Cleaning campaigns and Poaching Awareness throughout the district.

Air Quality Management

Over the last five years the O.R Tambo DM as mandated by the National Environmental Management: **Air Quality Management Act** of 2004 has amongst other things managed to develop the first generation Air Quality Management Plan and a designated Air Quality Officer for the district. Several Air Quality related complaints such as Ngolo **Dust Storms** have been attended to in the 2016/2017 financial year.

The section also presented the draft Air Quality Management Plan (**AQMP**) to the policy workshop for adoption and several awareness campaigns have been held together with DEDEAT. The O.R Tambo DM continue to participate fully in the Provincial Environmental Management and **Air Quality officers' forum** that sits quarterly to cascade issues to the province.

Waste management

The aspect of refuses collection from households, waste disposal and street cleaning is done by the Local Municipalities. The O.R Tambo District Municipality mainly focuses on co-ordination of waste planning and recycling activities in the district. A regional recycling facility through the IWMP has been identified as the major priority program within the district, which is having its own build-up processes. The involvement of communities in recycling through recycling cooperatives is one of the priority programs building up to the establishment of to the regional recycling facility as well as creating jobs in the communities.

The O.R Tambo DM in its 2016/17 financial year has managed to implement the first of its kind project called **Regional Recycling Project**. The uniqueness and nature of the project has attracted attention from all districts to replicate the approach. This project has been successfully implemented and now its operating smoothly. The district over the five year cycle has managed to review its district Integrated Waste Management Plan (**IWMP**); managed to designate a waste officer; participate in national and provincial waste forums to cascade local waste management issues and 2016/17 it also presented the its IWMP to the Policy Work. The district has in all times successfully implemented the **Greenest Municipality Competition awards**. The District in 2016/17 has given KSD position one to compete in the province and the KSD Municipality managed through the support of the District Managed to get position two in the provincial awards.

The largest capital project that has been planned is the regional recycling program, which is at implementation stage. The program is aiming at employing more than 500 people with direct and indirect jobs. For now that program has already employed more than 40 permanent jobs and more than 60 indirect jobs. This is the first project that has produced a convenient, reliable and people centred market for the customers to sell their recyclables. It provided the highest prices for the waste pickers and ensured the upliftment of all the O.R Tambo District Waste pickers and the only project that also has supported and captured all the **waste pickers** into the database.

The District has nine licenced landfill sites, with seven (**Qweqwe, Mqanduli, Libode, Qumbu, Tsolo, Flagstaff and Port St Johns**) landfill sites licenced for operation and two (**Lusikisiki and Mthatha**) landfill sites licenced for closure. All landfill sites except for Libode and Flagstaff have signage, record waste volumes in the entrances, reporting to the Waste Information system and landfilling. However the biggest challenge for all the O.R Tambo landfill sites is the compliance with the minimum standard conditions for landfill operation as well as compliance with the licence conditions. Port St Johns and Qumbu both have Material recovery facilities in their landfill sites.

Continued landfill audits and reporting to the waste information system still a challenge to all our landfill sites. The District as form of ensuring extended landfill space has introduced the concept of transfer station facilities and in 201/17 financial year the district has managed to licence for operation at least three transfer station (**Tsolo, Ngqeleni & coffee bay**).

Environmental Impact Management

O.R Tambo DM has managed to undergo technical training in order to ensure extensive capacity to do environmental screening of all MIG projects is achieved. The district has managed to comment on EIA application for some of the projects as the district can on. The district has also managed to comment on EIA application for some of the development projects since the district can only be a commenting authority on EIA's.

Conservation and biodiversity

The district through the Biodiversity Act of 2003 managed to implement the Alien invasive projects and also has participated in fight against Cycad poaching in Mhlontlo and Port St Johns. The district is in a process of developing Biodiversity Sector to govern all biodiversity related issues in the district. Through also the Environmental Club establishment, the district is also encouraging tree planting in all schools and have supplied all its environmental clubs with trees.

Marine and coastal management

The O.R Tambo District in 2016/17 as mandated by the **Integrated Coastal Management Act 24 of 2010** has among other things the third district nationally and the first district in the Eastern Cape to establish as per the act the **Municipal Coastal Committee**. The district also is among the first districts to develop **Coastal Management Plan** and has since 2016/17 presented the plan to the Policy Workshop for its adoption. The district has managed to participate in Coastal and Marine forums, coastal Cleaning Campaign held in Port St Johns, Marine day celebration in Coffee Bay.

Climate Change

As mandated by the White paper on Climate change, the O.R Tambo DM has in 2016/17 Managed to develop a draft climate change Response strategy for the district and also held several workshops in mainstreaming climate change onto the municipal IDP. In partnership with SALGA and through SALGA working Group on Climate Change the Port St Johns and King Sabata Dalindyebo were selected as the pilot municipalities to participate in South Africa-Canada partnership in an effort to respond to climate change impacts. Several projects together with Canada were selected to be priority in adapting to climate change impacts

3.4. HUMAN SETTLEMENTS

The mandate to build houses is a legislated Provincial competency and thus falls beyond the parameters of the OR Tambo District Municipality authority of services. However, the District Municipality is deeply rural and is a disaster prone area, which has prompted the District Municipality to adhere to the Disaster Management Act 52 of 2002 by providing relief at the face of Disaster and emergency.

3.4.1. SUSTAINABLE HUMAN SETTLEMENTS

In response to the plague of homelessness of the vulnerable and destitute, the District Municipality has developed a business plan or an implementing strategy, yet to be tabled to Council, for the distribution of temporary structures which will be submitted to the Provincial Department of Human Settlements for consideration. The business plan aims to bestow on the municipality a prerogative to provide houses without waiting on the Provincial Government, as it aims to catapult the distribution of temporal shelters in response to the Disaster Management Act no 57 of 2002, whereby a District Municipality is mandated to provide emergency relief to disaster affected families. Furthermore the adopted Social Relief program of the District is assisting the government Constitutional mandate to provide 'access to adequate housing'.

During the 2016/17 financial year, the District Municipality targeted to build 7 houses for the destitute. One house for was built for a beneficiary at Ingquza-Hill Local Municipality, Zinkumbini Location in Ward 14 and the other 6 houses were pledged to an area that has been riddled with service delivery protests at KSD local municipality, Mqanduli Ward (21). The District Municipality has handed over five structures with the remaining two to be handed over to beneficiaries in the 2017/18 financial year.

The ORTDM Human Settlements conducts consumer education on housing policies in villages of destitute individuals that have been identified as beneficiaries for houses and/or temporal structures. Enlisted below are the villages that received consumer education in the 2016/17 financial year:

Table 101: Consumer Education beneficiary communities

Local Municipality	Village	Ward
Ingquza Hill LM	Zinkumbini	14
King Sabata Dalindyebo LM	Mqanduli	21
Ingquza Hill LM	Jimbinxiwa	30
Ingquza Hill LM	Esiphaqeni	9
Ingquza Hill LM	Buhlanyana	12
Ingquza Hill LM	Umanzi	10
Enyandeni LM	Emahlatyana	18
Enyandeni LM	Ngqanda	23
Enyandeni LM	Ntsimbini	26
Port St Johns LM	Esihlanjini	2
Port St Johns LM	Mthumbane	6
Port St Johns LM	Mabalane	1
Port St Johns LM	Magebevu	1
Mhlontlo LM	Lower Rhoza	14
Mhlontlo LM	Magutywa	24
Mhlontlo LM	Gabazi	13
Mhlontlo LM	Entsheleni	12

The National Housing Code of 2009, requires that all houses built must be registered with the National Home Builders Registration Council (NHBRC). This means that the contractor itself must be registered with the NHBRC. This fact has posed the biggest constraint in soliciting service providers within the O.R. Tambo Region that comply with the National Housing Code, as none have produced verifiable NHBRC registrations. In hindsight, the NHBRC in conjunction with the District Municipality has a programme that serves to develop the youth in construction. The District Municipality has additionally developed a strategy that will developmentally train Previously Disadvantaged Individual (PDI) Contractors, and enrol them in an incubation programme within the KSD area as a pilot. The initiative has produced 641 PDI Contractors within the 2016/17 financial year.

The District Municipality is also currently involved in a project to develop, refurbish and/or erect 23 houses for the Adam Kok farm employees. During the 2016/17 financial year, the project met all its stages of planning to finality and is ready for execution in the 2017/18 financial year. An NHBRC registered service provider will be appointed for the project in the first Quarter of the 2017/18 financial year and will commence work, as per specification.

3.5. FREE BASIC SERVICES AND INDIGENT SUPPORT

The O.R. Tambo District Municipality is a predominantly rural municipality and the largest district municipality in South Africa. The district services copious amounts of people, who predominantly live below the bread line. This means that a large number of O.R. Tambo region residents are indigents. Indigents as per Indigent Policy are persons that earn a living wage of R 3000 and below. Indigents for the purposes of the policy are exhaustively defined to include members of child-headed households.

As a Water Services Authority and Provider, the sole mandate of the municipality is to make sure that water is provided to O.R. Tambo home owners. The municipality has developed an Indigent Policy as a guiding document for the provision of free basic services to people.

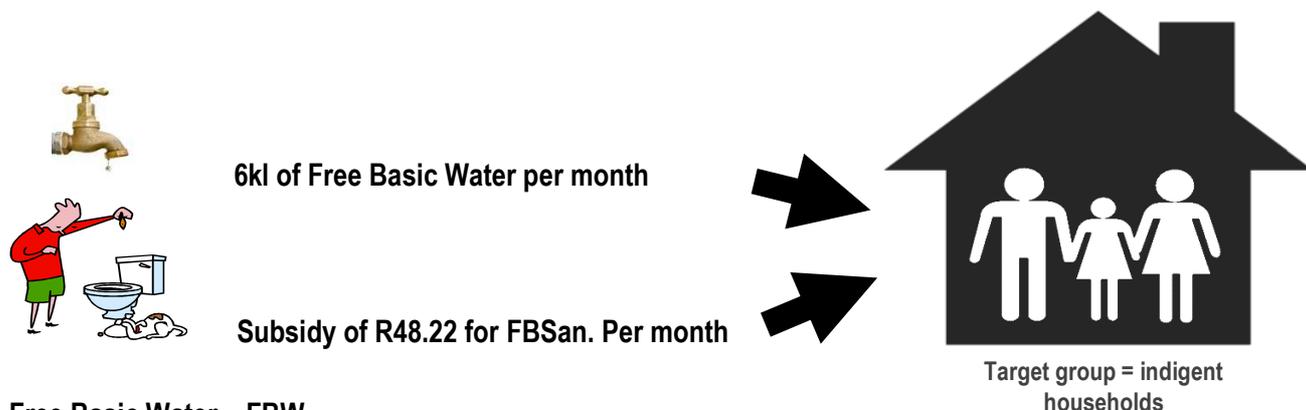
The Constitution of the Republic of South Africa Act, 1996, in the Bill of Rights protects social and economic rights, which include Free Basic Services (FBS). The role of developmental local government in partnership with the other spheres of government, that is, provincial and national, is to ensure the improvement of access of free basic services by the vulnerable groups. FBS are, therefore, a poverty alleviation measure that exists to cushion poor households against vulnerability. Access to these services improve the general well-being of indigent households and improve their health standards and economic circumstances. The implementation of an Indigent Policy becomes a progressive government programme that is critical for social transformation.

The fundamental aim of Indigent Policy is to guide the process of improving access to Free Basic Services by deserving indigent beneficiaries so that their lives can be improved. Establish a manner in which, these residents can be identified and registered in the municipality's indigent register.

The policy also recognizes the need for inter-governmental cooperation to ensure that there is proper coordination in targeting the poor when rolling out these services. The policy should primarily focus on achieving the fundamentals of an efficient and effective Free Basic Services Programme through both the basic alignment of this legislation and the identification of gaps in the current implementation of the Free Basic Services Programme by offering practical solutions to solve these challenges.

The general accepted definition of an indigent, are people who due to a number of factors, are unable to make any monetary contributions towards basic services, no matter how small those amounts. People who earn less than the minimum household joint gross income (two state pension grants), as prescribed by the National Policy from time to time. Indigent refers to those who lack "the necessities of life".

Households who cannot afford the above are considered to be indigent. At this sphere of government, O.R. Tambo DM is obliged to offer the following services to the indigents:



Free Basic Water – FBW

Each qualified indigent beneficiary/household shall receive subsidy to a maximum of 6 kl (6000 liters of water) per month, including the basic charges for such supply; provided that:

- a) Where the consumption exceeds 6 kl per month the municipality shall be entitled to restrict water supply to the property; and
- Where excessive consumption is partly due to leaking or poor plumbing, the municipality may install a yard connection to the outside of the dwelling and meter the consumption.

Free Basic Sanitation – FBSan.

Each qualified indigent beneficiary/household shall be fully subsidised for sanitation as provided for in the annual budget as determined by the municipality. The district municipality provided for a recorded 153 000 people with free basic services in the 2016/17 financial year.

COMPONENT B: ROAD TRANSPORT

3.6. QUALITY ROAD INFRASTRUCTURE

The Technical Services Department constructed a 2-kilometre-long road in Southernwood, Mthatha which comprises of the formerly dilapidated Errol Spring, Zanemali and Progress Streets. The tarred 2 kilometre road has a four kilometre sidewalk (2 kilometres on either side of the road) and 2 kilometres of storm water drainage. The Errol Spring stretch of the road had the department construct 8 taxi/bus stops (4 on either side) as the street serves as a public transportation route.

The department has embarked on a mission to develop rural communities by prioritizing their need for quality road infrastructure. The initiative has had the department start with KSD, Ward 27, where there was a construction of a virgin road in Ekukwezeni. The initiative is one of many, with the construction of more virgin roads in areas without no road access.

3.6.1. ARRIVE ALIVE PROGRAMS

Due to an increase in road deaths, the department joined arms with the national government in raising awareness by launching the Arrive Alive Campaign. The campaign is premised on cautioning and training road users on road carnage high risk factors. The campaigns also involved the training of individuals in after-crash care, so as to reduce disabilities and deaths attributed to road accidents.

The nature of the campaigns is twofold: with the Pedestrian training and awareness in the summer (December) and Animal Safety in the winter (June/July). This is because pedestrian accidents are usually in the rise during summer where pedestrians are generally out more in the road longer because it gets dark much later in the day. The training campaign has introduced the distribution of bright coloured t-shirts with reflectors in order to raise awareness in the importance of being visible when walking on the side of the road. The winter campaign is for Animal Safety which focused on training animal owners on the importance of having cattle grazing in a fenced space so that the animals do not stray. The other importance of the campaign was the erecting banners on the N2 and R61, cautioning drivers of the existence of stray animals on the roads that may endanger lives. The campaigns have been robustly introduced in the District with the use of media, community prayers, the branding of community roads and many other activities.

3.6.2. DISTRICT INTEGRATED TRANSPORT PLAN

The development of the District Integrated Transport Plan has allowed a comprehensive planning of the district transport system. The document is a sector plan which focuses on the transport system, mobility and the increasing needs of communities. The plan utilizes inferences drawn from data collected within and around the district for the development of an integrated transport plan. The plan allows for an integrated approach in picking out priority projects; this is done by looking at, amongst other things, the status quo as well as stakeholder feedback.

The development of the plan has allowed the municipality to respond to the highly publicized taxi violence that reared its ugly head in the region. The department made a concerted effort in developing a Taxi Assistance Program that works in controlling taxi channels, licensing, operating times et cetera. This has allowed the district to work together with the Department of Transport in issuing taxi licensing moratoriums when the need arises.

3.7. WASTE WATER (STORMWATER DRAINAGE)

Not applicable to the District Municipality as storm water is a competency of the local municipality.

COMPONENT C: PLANNING AND DEVELOPMENT

3.8. PLANNING

O.R. Tambo District Municipality's Planning Unit is charged to provide support to local municipalities with insufficient planning capacities and seeks to provide, co-ordinate and assist local municipalities with Town And Regional Planning Services in respect of policy formulation, proper land use development taking into account social, economic, and physical factors, the aim being to establish the basis on which one can create a positive environment for development initiatives; and to ensure sustainable and orderly land utilization and development through the development of SDF.

Progress made

The O.R. Tambo District Municipality's Spatial Development Framework was then reviewed in line with the new municipal demarcation and was adopted in the 2011/2012 financial year and is currently being reviewed for the 2017/18 council adoption. All five Local Municipalities of the District are planning to update their SDFs in line with the Spatial Planning and Land Use Management Act No.16 Of 2013 (SPLUMA).

Local municipalities are also undertaking processes to develop Comprehensive Land Use Management Systems (LUMS) for their areas of jurisdiction in line with the SPLUMA. Some of the achievements that have been identified through the DM's SDF implementation include:

- Enhanced Interventions and co-operation by the national and provincial spheres of government
- KSD O.R Tambo DM declared a presidential node
- Lubala -Mhlontlo rural development initiatives
- Mthatha Town facelift
- R5bn capital injection for KSD & the Mthatha town
- Mthatha airport Development
- The Lusikisiki Town Planning,
- Ngqeleni Town Precinct Plan
- Libode/Ntlaza LSDF
- Langeni LSDF
- Viedgesville/Mqanduli LSDF
- Western Mthatha LSDF
- Coffee Bay LSDF
- Port St Johns Tidal Pool planning in progress

Key Challenges

There is still a challenge for the municipalities to implement their SDFs, LSDFs and Precinct Plans. Lack of funding is one of the reasons that projects identified through these strategic frameworks are rarely implemented. Lack of commitment and consistency by Government on its identified programs, and especially catalytic projects usually render strategic frameworks developed to guide such projects being useless. The other challenge projects from National Government tend to have no coordinators placed at a District and Provincial level, resulting into poor coordination, and alignment.

The SPLUMA requires that Local Municipalities should develop Land Use management Systems (LUMS) covering the area of their jurisdictions, within five years from the 1st July 2015. One of the challenges for the municipalities is the lack of funding to undertake such activity. Another challenge, which hampers municipalities, is a phenomenon of relating to complex land administration. Land administration in the district vests in different structures (Municipal commonages, State land/communal land, and private land) and some of the challenges that have been noted are as follows:-

- Unclear Land Management Roles & Responsibilities
- LMs have limited planning and LUM capacity

- LMs have limited authority in rural areas (No policies means no enforcement)
- Un-managed settlement formation as a result of in land “Informal” trading.
- No link between planned development and sustainable provision of services
- Environmental Management not taken seriously thereby threatening natural resources that are a critical comparative advantage in ORTDM

Another challenge is that areas that fall out of commonages are still not well managed as a result of the past planning systems, which were only urban biased. It is envisaged that the full SPLUMA implementation in the form of comprehensive wall-to-wall LUMS will rectify this situation.

Despite the above listed challenges there are strategies that are planned for the next financial year. Those include the SDF updates by all LMs, LSDFs for catalytic projects (Mzimvubu Dam), and strategic Nodes. Planned LSDFs include, Ntabelanga Dam, Laleni Dam, Mnganzana LSDF, Mpande LSDF, and Ntlangano LSDF. A Precinct plan is also planned for Ntlaza Node. Other strategies that have been encouraged include the infill development, locating settlements near the existing road networks, nodal and corridor development.

3.8.1. SPATIAL PLANNING AND LAND USE MANAGEMENT

The O.R. Tambo District Municipality is located in the eastern part of the Eastern Cape Province, bound by the Indian Ocean to the East and the Mhlahlane and Baziya mountains behind Tsolo, and Qumbu to the west. The District encompasses diversity in physical landscape, land use and access to economic opportunities. Agricultural development forms part of the DM’s competitive advantage due to its temperature and soil. The coast is an excellent tourist attraction, with a number of resorts and hotels already in existence. Some of the challenges faced by the district with regard to economic development and physical planning include: Lack of skills resulting to unemployment in the key sectors of the economy, high illiteracy rate, diseases such as HIV/AIDS, poor infrastructure, lack of incentives to industries, land claims, crime and an inefficient public transport system & network

PROGRESS MADE ON SPLUMA IMPLEMENTATION

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) was assented by the President of the Republic of South Africa on the 05 August 2013, and it came into effect on the 1st July 2015. SPLUMA provides for:-

- a) A framework for a Planning System for the country (Sec2 [2])
- b) Development Principles (Sec 7)
- c) Policies and legislation (Sec 6)
- d) Spatial Development Frameworks (Chapter 4)
- e) Land Use Management through Schemes (Chapter 5)

- f) Land Development Management (Chapter 6)
- g) Other provisions (Chapter 7)

SPLUMA Applies to the entire area of the Republic as a supreme law on spatial planning and land use management. SPLUMA is meant to address racially based pre 1994 planning legislations, as well as to repeal most of them. SPLUMA came into effect on the 01 July 2015, and Local Municipal Councils in the District took resolutions on the establishment of the Municipal Planning Tribunals as required by the Act. Their resolutions were as follows:- Ingquza Hill LM and Port St. Johns LM formed a Joint Municipal Planning Tribunal, Nyandeni and Mhlontlo resolved to work with the District Municipality to form a District Planning Tribunal, and KSD resolved to have a Single Municipal Planning Tribunal.

In order for SPLUMA to be effectively implemented key milestones have to be achieved, and these include the appointing Authorized Official, Adoption and Gazetting of By-Laws, deciding on the Municipal Planning Tribunal option, Call for nominations, Gazette MPT, Establish Appeal Authority, Set Tariffs and Capacity Building.

The progress to date on SPLUMA implementation is as follows:

- KSD LM, PSJ LM and Ingquza LM and Mhlontlo have adopted their SPLUMA By-Laws, and Nyandeni LM is expected to adopt theirs in the first quarter of 2017/18 financial year.
- All other Municipalities except Nyandeni and Mhlontlo have gazetted their SPLUMA By-Laws. Mhlontlo and Nyandeni are expected to Gazette their By-Laws by the second quarter of 2017/18.
- During 2016/17 financial year, all Local Municipalities have called for nomination of members to serve on the Tribunals. The District called for nominations on behalf of the Mhlontlo and Nyandeni LM, which form part of the District Municipal Planning Tribunal. The response was very poor, as we managed to get only one response, but we intend to re-advertise, as well as approach relevant institutions as per the guidance of the SPLUMA Regulations.
- Nyandeni and Mhlontlo LM are only Municipalities that have not yet appointed their Appeal Authorities, and they are expected to confirm it by the first quarter of 2017/18 financial year
- All Municipalities are yet to set tariffs relating to SPLUMA
- Ingquza Hill LM and PSJ LM have appointed the members of the Tribunal, and conducted a training
- The District is facilitating for the signing of the SLA by O.R. Tambo District Municipality, Mhlontlo and Nyandeni LM. Its finalisation is expected by the second quarter of 2017/18 financial year.
- The District Municipality intends to work towards having a functioning District Municipal Planning Tribunal by the end of the last quarter of 2017/18 financial year. Some of the key milestones linked to that include the signing, advertising and gazetting of the District

Municipal Planning Tribunal SLA, re-advertising and call for nomination and appointment of Tribunal members, appointment of SPLUMA administrator, and training of Tribunal members.

Some of the challenges experienced in the SPLUMA implementation include the issue of Traditional Leaders who serve in the LM Council who would stage walk-outs when SPLUMA issues were being tabled in the Councils. This has resulted into considerable delays more especially for Nyandeni LM. An intervention was sought from the Office of the MEC as well as the DRDLR National and Provincial Offices, and they have promised to engage all Traditional Leaders of the Province. Until such time that Traditional Leaders are fully consulted and they support SPLUMA implementation in their Traditional areas, municipalities will face a serious challenge to develop comprehensive land use management systems for the areas of their jurisdictions.

3.9. LOCAL ECONOMIC DEVELOPMENT

LED in the O.R. Tambo Region seeks to promote sustainable socio-economic community driven programs. The O.R Tambo District further operates on principles that are focused on pursuing and building on the district's latent strengths and competitive advantages. Latent strengths relate to those forms of economic activities that the district has a significantly untapped developmental potential such as its landscapes and tourism potential.

According to Section 152 (1) (c), of South African Constitution under Local Economic Development Objective, it mandates that Local Economic Development should promote social and economic development.

LED in the district therefore seeks to grow the economy based on presently unrealized, under-realised and unexploited development potential, which represent a low hanging fruit. It is through such a perspective that factors such as local knowledge and skills, as well as communal aptitudes and capabilities are prioritised to drive economic growth and development.

LED for O.R Tambo also seeks to provide support for the needs of local communities in pursuance of improving the quality of life within the district through facilitation of local economic development. Whilst micro-enterprises have absorbed large numbers of unemployed people, they are in themselves not always able to generate appropriately remunerated long-term jobs.

Ntinga O.R Tambo Development Agency is the O.R Tambo DM municipal Entity, which is mainly focusing on implementing the district's key LED initiatives for poverty alleviation and business development and support.

The District Municipality utilized its budget to undertake the following critical activities as per the IDP targets:

- I. To boost agricultural contribution and to improve food security in the district through number of Agro-Industrial Programs developed and implemented.
- II. Through Enterprise Development, number of programs were implemented including District Informal Traders Summit which later resulted into O.R Tambo District hosting successfully a Provincial Informal Traders Summit.
- III. A continuous partnership with Furntech which commenced 2015/2016 financial year end has bear some fruits by training 10 more incubates from five local municipalities into furniture manufacturing.

Access to agricultural facilities for emerging farmers is one of the key initiatives in tapping on the Comparative advantage of the District. **Ongoing consultations and assistance with the informal trade sector including street trading is gaining momentum which emanated from the District's partnership with the Region of Tuscany, Italy which commenced in 2012 /2013 financial year end and soon after the program phased out, ORTDM carried on supporting informal traders by purchasing Tables, Stands, Chairs Gazibos and even Umbrellas for street traders at Nyandeni and PSJ Local Municipality. More training and awareness workshops are planned in partnership with the Department of Small Business Development (DSBD) and International Labour Organisation (ILO) for promotion of coordination within local association and further advised for the formation a movement that would represent informal traders at a district level. Another ongoing initiative is the graduating of informal traders to register their small business and to benefit by being part of the mainstream economy.**

3.9.1. LED INFRASTRUCTURE AND INVESTMENT PROMOTION

As part of the District coordinating work, the **Regional Industrial Development Forum (RIDF)** was established to identify sectors with low hanging fruit and attract investors to those arrears whilst dealing with medium and long-term LED matters. The RIP forum is adding to the LED forum, which sits quarterly to co-ordinate all the economic sectors and development agencies. Besides seedlings, fertilizer and other imputes, **Co-operatives were supported in renovating their structures; provide water tanks, installation of boreholes, ram pump, fencing, chicken cages and etc. as a program, which intends to uplift our Co-ops within the District.**

3.9.2. AGRO-PROCESSING & FACILITIES

As part of revitalizing and promoting agricultural development within the District, the District Agri-Parks Operational Task Team (Dapott) has been established with the collaboration of Department of Rural Development and Land Reform to spearhead implementation of Agri-Parks programs which are a National Government initiative to revive Agriculture in all District municipalities across the country. As a result, farmers across the District have been brought together to form a structure called 'District Agri-Parks Management Committee' (DAMC) whose purpose is to advise on the implementation of Agri-Parks programs. The program has three elements i.e. Farmer Production Support Units (FPSUs) which will be implemented in all LMs, Hub centre in Lambasi and Rural Urban Market Centre (RUMC) which the Dapott agreed to locate it in KSD LM. **This is an infrastructure program designed to promote Agri-Processing program within the District. In collaboration with farmers, LMs, DRDAR and DRDLR and DM, FPSUs sites have been identified in Tsolo junction under Mhlontlo LM, Mqanduli Red Hub under KSD LM, Edumasi Under PSJ LM, Zalu-Hill under Ingquza LM, Ntlaza under Nyandeni LM, and further farmer mobilization program held across all LM's except KSD LM.**

3.9.3. FORESTRY & TIMBER PRODUCTION

As the IDP and other Strategic documents of the DM have identified Forestry and Timber, **a Forest Development Strategy is being developed and adopted by Municipal structures.** The document provides implementation plan and clear projects proposal, which would take the District forward in terms of developing this sector and create job opportunities for our communities. As a result, the RID forum has identified this sector for an incubation program with low hanging fruits and ten people have been trained **with FURNTECH** with a collaboration of KSD LM, ECDC and DM. The program will be intensified in the year 2017/18 financial year.

3.9.4. MARI-CULTURE & AQUACULTURE INDUSTRY

The District strategic documents identified this sector as one among others, which has not yet been used to its full potential yet it has a major opportunity of boosting the economy of the District. As such 26 enterprises on this sector have been trained in the year 2017. In taking the advantage of N2 Wild Coast Road and in collaboration with partners on this sector, a process of producing/developing a strategy is underway and will be completed in 2017/18 financial year.

3.9.5. MAXIMIZE LOCAL EMPLOYMENT

The municipality is in a processes of implementing Expanded Public Works Program (EPWP) which is aiming job creation and poverty alleviation for the needy people of O.R Tambo by establishing projects and programs that are labour intensive. The district has adopted a policy that says all its infrastructure projects should be 100% EPWP compliant and all directors have signed performance contract that are binding them to create job opportunities in their daily activities and programs. In the 2016-17 financial year the district targeted to create 300 EPWP job opportunities and yet achieved 460. In the implementation of the infrastructure projects the municipality have achieved 1701 which is a bit lesser than what was targeted. However the municipality is planning to improve in this achievement through assistance from the various stakeholders and the departments within the municipality.

3.9.6. TOURISM DEVELOPMENT AND MARKETING

Tourism marketing is critical to the competitiveness of the tourism sector. The **National Tourism Sector Strategy (NTSS)** states that; *the role of Local Government in the tourism sector is to manage assets such as public land, and to provide important infrastructure.*

- *Create awareness through campaigns, using appointed advertising agencies, the public broadcaster, radio stations, social media, etc.*
- *Engage the Department of Basic Education to develop a school tour programme, possibly integrated with, for example, the curriculum for Life Orientation in the early high-school grades. Take into account any existing programmes; investigate funding from sponsorships/AID, and develop the programme.*
- *Develop an exchange programme where employees in enterprises within the industry visit another industry operator to experience holiday-making and/or visiting attractions. Use off-season and low season periods, when both labour and capacity are available. Look for transport/funding sponsors.*

The key focus for the 2016/17 financial year was the development of the Tourism Master Plan which has been successfully developed. Marketing of O.R Tambo as a tourism destination. Research information and management systems, visit arrivals, trends, destination marketing (print media, website, social media, exhibitions, shows, and identify platforms) Encourage participating of local stakeholders in tourism planning, by creating platforms like regional and local tourism forums, wherein experiences, challenges and solutions are shared. Facilitate establishment of associations, forge linkages to marketing, assist tourism SMMEs to attend exhibitions and shows e.g. Tourism Indaba Trade Shows through the programs listed below on tourism education and awareness; visual Arts and Craft Development; Marketing, Promotion and Research.

The District Municipality also conducts Marketing Research information on visitor arrivals and trends, including destination marketing (print media, website, social media, exhibitions, shows, and identify platforms) Encourage participating of local stakeholders in tourism planning, by creating platforms like regional and local tourism forums, wherein experiences, challenges and solutions are shared.

In term of marketing the 2016 Tourism Indaba was attended by 10 Local Tourism Organisation members from 5 different LMs to market their product offerings and establishments in the national and international annual event. 1000 copies for the newly developed tourism marketing brochure was developed and it was distributed during this major event and in the strategic Visitors Information Centres (VICs) in the province. The tourism unit website was developed and it is up and running though it needs some update on information population. There were also events that were assisted by the unit which include “Busiswa Home Coming” and “Native Summer Party” which increase the occupancy rates in our establishments and boost the economy of the region as the business sector also benefit from the spin offs of the events.

On Tourism Research and Development:

The programme seeks to audit and facilitate the provision infrastructure to and at tourist sites, e.g. roads, signage, water and sanitation, electricity, ablution facilities, viewing sites and amenities, and the overall destination management. Facilitate and coordinates activities and key deliverables associated with tourism support factors. The programme is meant to improve or expand our tourism product or operation to fit identified trends in global tourism and to position our local business to meet future market demands. Works hand in hand with arts, culture and heritage section in terms of research, information and management systems. Visit arrivals, trends, destination marketing (print media, website, social media, exhibitions, shows, and identify platforms). As a result of this program for the 2016/17 financial year 30 signage boards to the identified tourists attractions were developed and erected accordingly and the move was the results of the infrastructure audit exercises that are being conducted by the unit to address the lack of signage in our attractions.

3.9.7. TOURISM EDUCATION AND AWARENESS

Campaigns to create awareness focusing on host communities (where there are tourist activities), use of media (print and electronic) to engage learners and public to debate and support the cause for tourism. Holding tourism and cultural events, safety and security related activities with SAPS.

An annual tourism beach sport competition was held for the 3rd time since its inception in 2013/14 in PSJ. This tournament was held to educate the communities about the importance of taking part in tourism development as the domestic tourists in their own areas and how to treat tourists from outside. It also create the awareness on the importance of keeping our own natural resources like the untapped vegetation for filming industry and unspoiled beaches for tourism sport activities. The tournament involve the different codes of tourism sports like; beach soccer, volley ball and beach netball and these codes are being played by the youth from different LMs of O.R Tambo District. This tournament also uplift local economy as the locals come and sell during the event, SMMEs of the identified local municipality to render services during the day of the event and lastly accommodation establishments of the area increase their occupancy rate during this time.

3.9.8. VISUAL ARTS AND CRAFT DEVELOPMENT

The program enables members of the visual arts and craft community to promote their work and showcase their product to national and international markets and it also stimulate and strengthen the local economy. The program also aims at promoting and providing opportunities for visual artists and crafters in all disciplines to develop their art and talent in order to improve economic and other development opportunities. Access to markets is facilitated through the exhibitions, craft hubs, flea market events, cultural events as well as a business linkages program.

Identifying potential projects, new marketing opportunities. Assessment of skills, improving quality of craft products and capacity building.

In 2016/17, the District Municipality supported 12 crafters from the region who attended the annual National Arts Festival and exhibition show in Grahamstown on behalf of our 5 local municipalities, the selected crafters by the LMs were selling handmade products which were selected from different projects and co-operatives in each LM. The DM assisted the crafters by securing exhibition stalls, display equipment, promotional and marketing material and transportation of handmade products. They sold a lot of products during the event and they also came back with a number of orders to work on. There was also Mangaung African Cultural Festival (MACUFE) which is also another platform for Arts and Crafts market. 2 crafters supported who attended the event though they represented different project and Co-Ops and also 8 visual artist were equipped in picture and box framing training and the Co-Op is PSJ Shell Art in Port St Johns.

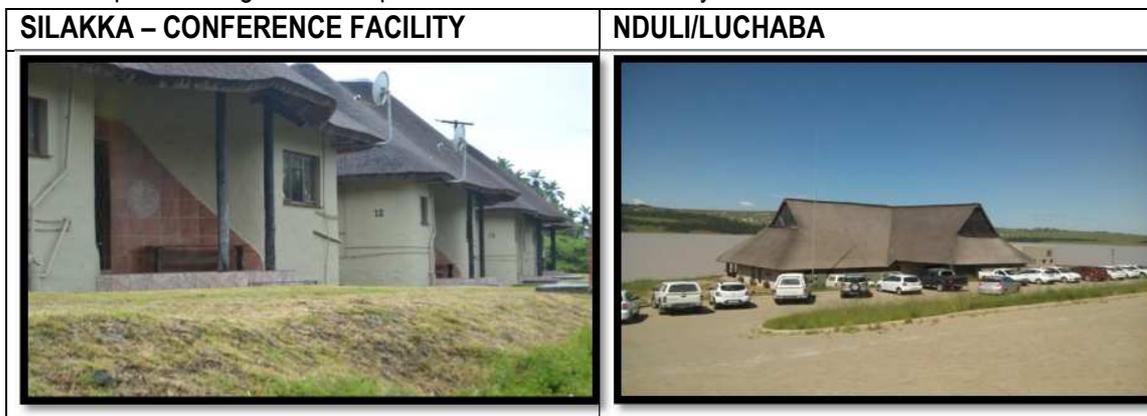
On Tourism Intergovernmental Relations and Collaborations;

The District Municipality also works hand in glove with its Local Municipalities and Sector departments on a number of programs that are implemented throughout the district. The ECPTA, National Department of Tourism and DEDEAT provides support and partnership on events support (Signature events and Regional Events) such as the Isingqisethu Wild coast Cultural Festival. Organizers are usually requested to submit proposals. The agency also supports SMME in the following ways:-

- Facilitating capacity building for tourism products
- Create marketing platforms for SMME's during exhibition shows i.e. Tourism Indaba; gateway travel show
- Facilitate quality assurance through grading for accommodation and camping sites thereby providing 50% subsidy
- Increase tourism, environment and conservation awareness in schools and communities
- Facilitating and hosting the Provincial Tourism Career Expo which assist learners doing tourism as a subject with transport and accommodation
- Community tourism support – institutional guidance and operations using viable models like Community Public Partnership (Chwebeni Cultural village)
- Create partnerships with SMME's around nature reserve so that they can provide services
- Provide necessary support to municipalities on tourism related activities
- Development of a business plan for Amatyengqina Horse racing centre in Qunu
- Upgrade of the Wild Coast hiking trail from Port St John's to Coffee Bay (construction of a check in office in Port St John's, construction of hikers huts at Mngazana and Mpande, renovation of hikers huts at Hluleka and alien clearing, signage on the trail)
- Nelson Mandela trail development i.e. Qunu, Mqhekezweni and Mvezo sites

Some of the major challenges with regards to tourism in the district is the poor access roads to tourism destinations and nature reserves; inadequate bulk services; inadequate intergovernmental relations and the lack of co-operative marketing efforts for the region. Although there are some challenges, the district also poses a number of investment potential with the district unique selling position being the convergence of the biodiversity and coast puts the Wild Coast in a clan of its own. The pristine environment favoured by the suitable climate contributes to the uniqueness of the offering. These investment opportunities include;

- **Mkhambathi** – 7700 ha (agreement signed to expand by 3500ha) and potential of 5 development nodes:-
 - Phase 1 concluded R65mil private sector investment
 - Phase 2 is currently underway to investment opportunity.
 - Game offerings and those to be introduced
- **Silaka Nature Reserve** - 400 ha located in Port St John's has 18 chalets and is a 3 star graded accommodation and has conference facilities. Opportunity to provide (food & meals).
- **Hluleka Nature Reserve** - 7 Chalets, 10 campsites, Hiking trail and 5 hikers huts and game: Redhartebeest, Zebra, Blesbuck, Reedbuck. The design of the new chalets for expansion is complete.
- **Nduli/Luchaba Nature Reserve** - 84 seat conference facility and restaurant the next phase being the development of chalets is underway.



One of the responsibilities of the ECPTA is the management of Marine Protected Areas (MPA). MPAs are important areas for biodiversity conservation as they protect representative samples of genetic diversity. They protect ecosystems and ecosystem processes and often they are important fish spawning areas. Protecting these waters therefore lead to increased fish growth, increased fish reproduction and survival. Adjacent areas benefit due to a spill over effect. This leads to high biodiversity value (species diversity) and economic value (tourism, sustainable use of resources). MPAs serve as benchmark areas against which any environmental change can be measured. It is important to balance conservation priorities with sustainable livelihoods of surrounding communities for effective management of MPA's.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

Community Services as a Department is responsible for the advancement of basic service delivery objectives and outcomes within the District Municipality. The community services department focuses on areas that provide a sustainable improvement in the welfare of human beings and their basic livelihood. The department focuses on an array of services which are: Sports, Recreation, Arts, Culture & Heritage; Libraries, Education and Information services; Community Safety; Disaster & Fire Services; Municipal Health Services et cetera.

3.10. SPORTS, RECREATION, ARTS, CULTURE & HERITAGE

Sports, Recreation, Arts, Culture and Heritage are pillar mechanisms in nation building and creating a better life for people. Great talent and stories are hidden behind those that lack resources to recognise spaces that will allow them to grow. The municipality has passionately formed partnerships with communities and key stakeholders to recognise marginalised individuals and help qualify their talents. Communities have a shared passion to realise the development of sports, recreation, arts, culture and heritage by building sustainable environments that promote the realisation thereof. These areas of focus are instrumental in restoring and strengthening human dignity, self-esteem and the pride of our people. The District Region boasts of a rich history that needs to be jealously protected and celebrated. This is why the municipality has invested in the region to make sure all facets of its beauty and talents are showcased and nurtured. Investment in transformation should take a bottom-up approach which has demanded an investment from the municipality to develop talent in rural and township communities.

3.10.1. SPORTS

The OR Tambo District is deeply rural and is in dire need of social infrastructure in rural areas. The municipality had committed in building and maintaining sports fields for the youth in communities. Sports facilities are also extremely important as they serve as a deterrent in criminal activities amongst the youth. Crime has become prevalent in many communities and has become the order of the day for many young persons. There are numerous contributing factors to this fact, however one of them is a lack of activities that consume the youths time. Sporting facilities range from soccer, boxing, netball et cetera develop aspiring sports stars at grass roots level.

The department has been involved in the Steve Vukile Tshwete Championship games which are provincial games that are coordinated by the Local Government in partnership with DSRAC and sport federations. These are developmental games played by under 19's. The games start at ward level up to local municipality level through the Mayors cup programme. These culminate to O.R Tambo Cup games at District level. Where the winners represent the District at Provincial level.

The OR Tambo teams won the provincial champions in Table Tennis both in the Girls Doubles and Singles; as well as the Girls Volley Ball's teams.

The department has also looked at previously marginalised groups in sport. People in disability have been marginalised and not given enough opportunity to grow in sport. Xolani Bomvana has been consistently supported by the O.R Tambo District Municipality in his sporting career in Javelin. Mr Bomvana is the current South African holder in Javelin and Discus. Ms Pumza Makiva, an OR Tambo resident, participated in the Steve Tshwete Games with the support of the municipality. She represented the Eastern Cape during the national table tennis championships, at which she victoriously qualified to represent South Africa at the Continental Championships in Tunisia.

O.R Tambo District Municipality supports the Mthatha Bucks F.C a local soccer team participating in the National First Division League. The team contributes on the growth of KSD Growth Development plat as it attracts visitors to Mthatha. The team also attracts Sport Tourism and this ploughs back into the economy of the country. Mthatha Sport supporters are rated No 1 in the National First Division as the Mthatha Stadium is always filled to its capacity every time Mthatha Bucks hosts a match. This has allowed Mthatha soccer supporters to patriotically gather on Sundays to collectively support their favourite team.

3.10.2. ARTS, CULTURE AND HERITAGE UNIT

In preserving the districts heritage, the municipality has supported the Mhlontlo traditional leadership by providing Grass cutting machines for the maintenance of Mhlontlo Grave Site as a Heritage site. The municipality has also proudly supported the fallen heroes of the 1960 Pondo Revolt massacre. A slab and sculpture monument representing the victims of the Pondo Revolt community members that were killed in the base of the hill was constructed. Currently the battle field slab is being fenced and landscaped to be a tourist destination. Tourism sites raise investor confidence within a space and allow for the growth of the towns economy.

The District established and launched the O.R Tambo Cultural and Creative Industry Federation of South Africa. The federation is responsible for controlling and managing all CCFSA related initiatives in partnership with relevant spheres of Government. The O.R Tambo Arts and Culture industry has been exposed to and participated in National Arts Festival. The District has taken numerous groups annually to perform during the festival, while also showcasing the diversity in the District's talents.

3.11. LIBRARIES, INFORMATION AND EDUCATION UNIT

The District Municipality in partnership with JB Marx Trust Foundation hosted 6th JB Max Career Expo at KSD Airport hangers. The event was attended by 8000 learners from two Department of Education Districts (O.R Tambo Inland and O.R Tambo Coastal).

The career expo was a great success and assisted majorly in informing learners of numerous career options they can explore and the diverse sources of funding they can solicit. Education is an area of focus in the district so the department has started with the construction of community public libraries in Nyandeni Local Municipality. Amongst the many initiatives the department has invested in education, it is also supporting under performing schools with educational material that will assist in schools getting better marks.

3.12. MUNICIPAL HEALTH SERVICES

Municipal Health Services is about creating and maintaining sustainable healthy environments. The unit promotes good public health systems by supporting already existing services or forming partnerships to establish good health care in spaces that it lacks. The District Environmental Health Services includes a package of Municipal Health Services as defined in the National Health Act No 61 of 2003. The municipality is however going through a devolution process for municipal health services and this process is 95% achieved.

Health care in the district is extremely important to the municipality, this is why the municipality solicited authority to enforce the Food Cosmetic and Disinfectant Act. The purpose of the act is to 'control the sale, manufacture and importation of foodstuffs, cosmetics and disinfectants, and to provide for incidental matters.' The municipality takes the duty by the Act seriously and conducts checks in all retail stores within the District. This is to make sure that the quality of the food sold to O.R. Tambo Region persons is uncompromised and meets all health standards. The municipality is in the process of establishing and launching the National Health Insurance (NHI) Forum to catapult health standards within the district.

The department has introduced a cleaning and greening initiative in all local municipalities. The program is aimed at cleaning communities and maintaining its grounds. The program is an ongoing initiative working together with the Extended Public Works Program (EPWP) to keep communities green. The program has been done in the following communities:

- Ward 29 Mqanduli - Phangindlela Junior Secondary School – KSD LM (Mqanduli)
- Ward 27 Zwelodumo High School - KSD LM (Viedgesville)
- Ward 9 Sihlabeni - Mangqukwana Junior Secondary School – NyandeniLM
- Ward 6- Port St Johns Junior Secondary School – PSJ LM)
- Ward 6 - Langa High School – Ingquza Hill LM (Flagstaff)
- Ward 5 - Tsolo High School – Mhlontlo LM

The municipality has passionately supported O.R. Tambo learners in institutions of higher learning with financial and academic aid. The initiative has paid for or assisted in practical learning at least 13 students at the Nelson Mandela Metropolitan University, Mangosuthu University of Technology and the Durban University of Technology in the 2015/16 financial year.

3.13. COMMUNITY SAFETY

The O.R. Tambo Region runs on a coastal plateau as thus has vastly utilised oceans. The oceans are used for recreational as well as other reasons which is why the municipality has made an effort in coastal safety. The initiative is the sole responsibility of the municipality and it employs 160 people for five months. The initiative is the Coastal Safety Programme which employs 80 patrollers and 80 Life Guards during the festive and Easter seasons. The program was previously funded by the Extended Public Works Program. The other 160 jobs were created for 5 months in the Coastal Safety programme: 80 patrollers and 80 Life Guards during the 2016/17 festive season including the Easter period. Council has approved funding for these programmes through the District municipality 2017/18 budget, as there are no current funds within EPWP grant.

In line with the Community Safety Initiative, the municipality has a Draft Crime Prevention Strategy which was developed and is undergoing a process of review for Council approval. The Department has been involved in the safer schools programmes, which are done hand in hand with the Department of Education and the Department of Safety & Liaison in improving safety within the District schools. The District has formed partnerships with communities, law enforcement agencies and Safety & Liaison. The partnerships have mitigated the prevalence of crimes within schools and the youth. This has created a positive perception that the district is becoming safer and law enforcement agents have become strict in bringing alleged perpetrators to court.

The implementation of the safer schools programs has proven to be a great deterrent in the youth committing crime, as it has introduced sporting activities as well as after school initiatives to keep the youth occupied and catapulting their talents. The district municipality together with the District Department of Sport has positively implemented programs in the Mthontsasa area, Flagstaff (Sports against Crime – February 2017), and with equipment and kits for Sports against Crime in Lusikisiki.

An allocated budget of R98 000 for the Community Safety Forum was exhausted in the training of 28 CPF members through Safety & Liaison.

The unit has employed an additional body of staff comprising of 5 junior posts and 2 senior level employees within the department through the internal interview process.

3.14. SOCIAL DEVELOPMENT SECTION

This section ensures coordination of Early Childhood Development, Life Skills Programmes to Youth; Moral Regeneration, Social Relief of Distress and Child Protection engagements for the District. The unit seeks to protect and promote the rights of families and individuals under distress.

3.14.1. EARLY CHILDHOOD DEVELOPMENT

The unit coordinated an Early Childhood Development summit for the 2016/17 financial year. The following objectives were a focal point of the Summit:

- To strengthen the voice of all critical role – players in the advancement of Early Childhood development in O.R. Tambo, through equal engagement and dialogue process
- To explore and adopt accessible guidelines that are relevant and applicable to the situation within O.R. Tambo district municipality.
- Explore funding and resource mobilization opportunities towards an enhanced community based ECD.
- Ensure that all children in O.R. Tambo district municipality are accessing quality and risk free ECD through an improved ECD Practice.

This Early Childhood Development Summit was a planning session which was graced by the presence of the Honourable Minister of Basic Education, Minister Angie Motshekga. The summit was a platform for Public-Private sectors to commit on the crucial development of O.R. Tambo District Region children as the time is ripe to invest in them. The summit yielded positive results as each stakeholder committed to a role to play henceforth.

In all five (5) Local Municipalities two (2) Early Childhood Development Centers were visited for profiling purposes. The following spaces were visited:

1. KSD LM: Mthatha (Zwivelile preschool) & Coffee Bay (Ikhaya Labantwana preschool)
2. Nyandeni LM: Ngqeleni (ngqeleni preschool) and Libode (sinethembe preschool)
3. Mhlontlo LM: Qumbu (Mbuthe preschool) & Tsolo (nkcalukeni preschool)
4. Ingquza Hill LM: Lusikisiki (Palmerton) & Flagstaff (candle-light preschool)
5. Port St Johns LM: Mdovu & Mhumbane

The Summit arrived at numerous factors that may have a negative bearing on children and the youth. The sub-standard level of foundation phase education may be negatively impacting on the mental development of a child. Cooperative Social Responsibility has to be strengthened in the District; this raised much interest with private partners like Standard Bank pledging to contribute towards the regeneration of social cohesion and Early Childhood Development (ECD). Professionalism in the ECD field needs to be strengthened & thereby standardised. Walter Sisulu University, one of our own Institutions of Higher learning, is embarking on developing an academic career path premised on ECD that is projected to take off by 2019.

3.14.2. MORAL REGENERATION SERVICES

Twenty (20) young individuals were trained in life skills in local municipalities. Topics discussed by the facilitator and young people were issues around behaviour, decision making and substance abuse. Life skills training was meant to equip young people on making the right life choices and eliminating moral decay.

Moral Regeneration life skills training was implemented in the following arrears:

- Ingquza Hill Local Municipality, in Lusikisiki Palmerton.
- Port ST Johns Local Municipality in Chaguba village.
- Nyandeni LM, Thabo Mbeki village.
- Mhlontlo Local Municipality at Lower Malepelepe village.
- Life skills training for KSD LM is still under way.

3.14.3. SOCIAL RELIEF OF DISTRESS

Eleven families in distress received material support during 2016/17 financial year. Port St Johns has been confronted with multiple brutal incidents that warranted the municipality to respond in the form of amenities based on the specific need. Port St Johns local municipality has been an area of focus as numerous incidents that emanated from the area prompted a huge public outcry both at a national and local level.

3.14.4. CHILD PROTECTION

Child Protection activities were coordinated in all local municipalities. There were National, Provincial and Local Activities that took place in the District within the 2016/17. These programs have been instrumental in uplifting the urgency of care, support and protection of children; and to make a concerted effort in fighting against abuse on children. The activities aimed to deliver an important message that, the best interests of the child are of paramount importance; and that the welfare of a child should be the order of the day and not an event based thing.

Various activities took place in all Local Municipalities but the District is currently focusing on KwaNtsila, PSJ where an act of Cannibalism took place. The community's morality is to be regenerated and a promise of an effort to strengthen the safety of individuals, by also alerting community members on their role in ensuring the welfare of individuals.

3.15. DISASTER RISK MANAGEMENT & FIRE SERVICES

The disaster management centre has engaged in a number of activities and the implementation of specific projects. The unit has been extremely eager in working on set targets, and where time and resources allowed, over achieved on some.

The disaster centre has trained 50 volunteers on hazard specific risk avoidance and response with emphasis on:

- (a) Dealing with emergency situations.
- (b) Understand psychology of disaster management.
- (c) Conflict resolution, and
- (d) Scene management

The centre also orientated 48 new Councillors on Disaster Management an exercise which was aimed at equipping political leaders, as elected custodians of communities, on ways in which to deal with and mitigate disaster. The workshop was a good success and was instrumental in laying a foundation for the integration of disaster risk reduction on municipal programmes. This workshop was held at the Garden Court Mthatha in March 2017.

The issue of skills and capacitation is extremely important in the municipality. The municipality is a strong believer in elevating the educational capacity of its employees so that they are better equipped in executing their duties. As a result, the department sent four officials within the department to the University of the Free State to attend a course on Climate Change. The capacitation has allowed the employees to be more knowledgeable in issues affecting and around the ecosystem, environment and infrastructure. This course was a certificated training focused on:

- a) Identification of hazards caused by climate change;
- b) Undertaking community based risk assessment with a practical exercise in one of the informal settlements of Bloemfontein.
- c) Use of GIS and spatial data to map where specific hazards and vulnerabilities are located in the area of study.
- d) Calculations and presentation of resilience reports for management purposes.

During January 2017, the district had an unexpected weather event which resulted in the damage of over 3800 households and left 1387 families homeless. The disaster was a *vis-major*, which prompted the municipality to provide relief within its available resources. The disaster was of great magnitude that it demanded the attention of the country. The municipality then solicited numerous resources through stakeholders such as SASSA, DSD, SANDF, AL IMDAAD, REDCROSS, CHECKERS, MTHATHA BUSINESS CHAMBER, KSD Local Municipality, etc. Relief costing in excess of R500 000 in the form of warm meals, food parcels, blankets and heating/cooking stoves were issued to the disaster victims.

- (a) The disaster in itself cost numerous millions, funding the municipality could not provide alone.

- (b) Eskom foundation through the Red Cross Society injected R700 000 to assist additional victims with relief.
- (c) The department of Rural Development and Land Reform assisted with R26 million specifically to intervene in the housing and education infrastructure that was damaged. This project was a joint initiative between DRDLR and DoHS which saw 297 households being provided with temporal shelters.
- (d) The Premier's office also contributed with R70 million to intervene in assisting households who were left homeless. This exercise of distribution and providing shelter to the homeless is still ongoing.

The centre has also been engaged in establishing itself in all local municipalities by seeking land to establish disaster management facilities. The local municipalities of Mhlontlo, Nyandeni, and Ingquza Hill have already donated suitable land, with KSD and PSJ local municipalities promising to also donate land. A service provider has been contracted at a cost of R4.8 million to supply park homes to Ingquza Hill, Nyandeni, Mhlontlo and KSD. A further R 950 000 has been requested as a variation to the existing order to include fencing and security systems for the sites.

The centre has also been engaged in public awareness campaigns either alone or with other stakeholders. These campaigns of community engagements have been hazard specific to targeted wards. Volunteers have been used initially in the campaigns but satellite centres took over after all enlisted volunteers were redeployed to the fire service.

COMPONENT E: SPECIAL PROGRAMMES

3.16. EXECUTIVE MAYORAL SERVICES

The Executive Mayoral Services as a department specific to the Executive Mayor is instrumental in identifying the needs of the community; identifying and developing criteria for the evaluation of strategies, programmes and services due to the community. The Executive Mayoral Services serves communities on basic amenities, provides mayoral support on societal issues and strengthens stakeholder engagement with the municipality.

The Mayoral Services department has several units within it which carry out duties that are specific to vulnerable groups, groups of interests, previously disadvantaged and the mandate of the Constitution of the Republic of South Africa, 1996. The Special Programmes Unit within the office of the Executive Mayor is the pillar unit of the department with numerous subsections within it. The unit spearheads the mainstreaming of programs that are aimed at vulnerable groups and groups that South Africa deems to have been previously disadvantaged.

The department is responsible for the sitting of the Mayoral Committee meetings, a section 80 committee that executively holds the administration accountable.

The Mayoral Committee is the first reporting committee when the Management Committee has signed them off. Mayoral Committee are legislated to sit monthly, which the department objectively complied. The Department has also held a Mayoral Lekgotla session, where the entire department together with the relevant stakeholders, were invited to a session that was spread over numerous days to discuss departmental plans, strategies, find amicable solutions to issues, engage on pertinent topics and basically outline a clear plan on the programs the Executive Mayor is to head.

The Executive Mayoral Office has held Mayoral Imbizo's which were aimed at strengthening public participation and the accountability to the public. The Mayoral Imbizo's are generally premised on urgent social issues that arise and demand urgent attention by the custodians of communities. The Imbizo's were held across the district, in three local municipalities, Nyandeni, Port St Johns and KSD, which were the main areas that were riddled with grave communal social issues and disaster concerns.

3.16.1. SECTORAL ENGAGEMENTS

The Executive Mayoral Office supports a number of sectors that are instrumental in the livelihood of communities and business interests. The office convenes sector meetings with the: Business Sector; Traditional Leadership and the ORTDM Chaplaincy. The Business Sector is focused on uplifting service providers, to create a platform and support system in which business owners share information on expertise, successes and issues. The sector also allows the municipality to engage in ways in which the business sector may be better supported by the municipality. The traditional leadership, as born custodians of communities are important stakeholders. They meet with the municipality on communal projects and ways to better understand the needs of communities and ways to bring projects that will not only develop communities but will empower individuals. The OR Tambo District Chaplaincy led the Arrive Alive Campaign prayer and has been instrumental in leading campaigns of Moral Regeneration in the communities.

3.16.2. HIV/AIDS PROGRAMME

The District has had an escalating HIV/AIDS containment prevalence in the 2016/17 financial year. This has raised much concern and the municipality has had to strengthen its quest to reduce the growing numbers. The Eastern Cape Province has recorded a weekly infections rate of 299 for young women between the ages 15-24 years old. A number of 71 in the 299 has been from the OR Tambo District Region alone. This places the district at the highest rate recorded per week in the Province and 7th in the country. HIV/AIDS has numerous contributing factors, which none the District takes for granted, this why the District has made a concerted effort in fostering cordial relations with key stakeholders in combating the disease and providing adequate information on the disease.

The District Aids Council and Local Aids Council have tirelessly worked to try and make sure the number decreases rapidly. Ward Aids Forums have been established to try get communities to take initiative and ownership in programs that alleviate the prevalence of the disease. Three Ward Aids Forums have been established in KSD local municipality, with four in the Port St Johns area and two in Ingquza-Hill local municipality.

Numerous HIV/Aids awareness campaigns were conducted in all five local municipalities. The campaigns incorporated ABC awareness, PMTCT awareness and youth educational programs that were held in numerous schools. The campaigns were conducted in conjunction with AmaKhomkhulu, Imbumba Yamakhosikazi Akomkhulu, and eNyandeni, Ndluzula, Emcwerheni and Ndimakude.

3.16.3. INKCIYO AND ULWALUKO PROGRAMMES

The Executive Mayoral Services launched the Inkciyo Programme which was held at Nyandeni Great Place. The Inkciyo programme has had awareness campaigns and fundraising initiatives for community benefit. The Inkciyo initiative is a cultural practice that celebrates virgin girls. The program is part of a campaign to instil pride in young girls for their decision to remain virgins. The program celebrates the existence of young girls and validates their power in a society does not consistently nurture young girls.

Ulwaluko is a male circumcision ceremony, a cultural practice that symbolizes the transition from being a boy to being a man. The process of circumcision has jealously claimed the lives of many young men, through ignorance or negligence. The Eastern Cape remains province has the highest number of lives claimed by circumcision and/or induced by the process. The number of deaths have attracted national intervention programs with stringent rules regulating the process. Numerous campaigns have been held on the training of qualified Incibi, safe and healthy amaboma to house the young men. The Emacwerheni Traditional Authority in Mhlontlo Ward 12; Nyandeni Great community; Port St Johns and Hombe Ward 20 in Ingquza-Hill communities have launched their awareness campaigns. The number of deaths have significantly been reduced through this initiative, with circumcision is summer and on boys younger than 18 years being prohibited.

3.16.4. FOCUS GROUPS

The District Municipality has been a leader in uplifting men and women through training and capacitation initiatives. The district has trained 100 individuals on free range egg production; 100 on project management, 50 young women were trained on various components of company registration, 50 women from KSD were trained on beading.

A women's dialogue was held to discuss issues and challenges facing women. The aim of the dialogue was to allow women to reclaim their space in society.

The dialogue was an upliftment program to give women a space to devise ways in which they will unapologetically exist and dominate without feeling inferior to me. To discuss issues that are specific to women and how to find space for those issues to be resolved.

The District holds awareness on illnesses that are prevalent in society. These illnesses are Alzheimer, Dementia, Parkinson's et cetera. These illnesses are common in our societies and are extremely misunderstood with accusations of witchcraft when a people had fallen prey to the disease. The district municipality educated communities so that they are able to seek the needed help and be able to handle the conditions. Elderly people were accused of witchcraft

Cancer campaigns were held so as to educate individuals on the importance of going for constant checks at local clinics so that the disease is contained or eliminated at an early stage. The advancement of cancer in people demands the lives of people and has risen at an alarming rate. Cancer, just like HIV/Aids, has had a negative stigma in society and hence people shun away from getting help. The awareness campaigns allow individuals to own these conditions and seek the treatment the government proudly provides for its people.

The Miss OR Tambo Initiative has recorded a resounding success in developing and contributing to building a bright future for young women in O.R Tambo district as most of the contestants have completed a tertiary qualification and are working as professionals in their various disciplines. All winners over the years were given a car on top of many other hampers, compliments of Vodacom. For the 2016/17 pageant, all 15 contestants were given the full wardrobe of all costumes they wore in the competition.

The Executive Mayor pronounced that all 2016 contestants be eligible for financial academic assistance and as such at least seven of them (7) out of 15 qualified and were awarded. Of the 7 that qualified, six (6) passed to next level in 2017 and one (1) received an academic exclusion for having failed a major subject.

SPU – CHILDREN

Elevating the literacy rate within the district is one of the municipality's greatest passions. The Eastern Cape has the lowest matric pass rate with an extremely compromised standard of education. The matric pass rate can be attributed to numerous factors which the district municipality is committed to solving piecemeal. The Executive Mayor's Office has formed partnerships with stakeholders such as Anglo-Gold Ashanti to invest in numerous schools and making sure matric results are improved.

The partnership started in 2013, with a focus on 21 schools from different local municipalities. The programme is for the benefit of all mathematics, physical science and English in grade 12 from the selected schools. The schools enrolled a number of 120 students, of which 116 acquired Bachelors passes, while 4 received Diplomas. The District received top achievers from 3 KSD schools, 1 in Mhlontlo and 1 in Ingquza-Hill local municipality. One of the learners from Holy Cross High School received a National Recognition Award.

The initiative supports the following schools:

- KSD local Municipality
 - Attwell Madala School; St Johns College; Luthubeni School; Ngwayibanjwa School; Dudumayo School; Holy Cross High School and Sinolwazi Senior Secondary School (SSS).
- Mhlontlo Local Municipality
 - Shawbury School; Little Flower School; Somagunya School; Thandanani School and St Barths School
- Nyandeni Local Municipality
 - Ndimakude High School, Phangalele High School; Sandi School and St. Patricks School
- Port St. Johns Local Municipality
 - Port St. Johns High School and Gcinumthethe High School
- Igquza-Hill Local Municipality
 - Toli SSS; Parlmerton SSS and Phambili SSS.

In addition to the Star Schools programme, the office of the Executive Mayor and Former Speaker identified 18 schools from around the District in pursuit of improving matric results and the high-school turnover rate. School learners were awarded with scientific calculators, professional tutorials, home cells and on-site counselling to assist learners to manage exam anxiety.

The following schools were supported:

- Qumbu Town: Welsh School; Jongilizwe School; Daluhlanga School; Mchasa School and Somagunya School.
- KSD LM: Sea View School; Gengqe School; Upper Mpeko School; Zwelibangile School; Dalibaso School; Kwanobuhle School and Khulanathi School.
- Libode Mega: Ngqeleni School; Smuts Ndamase School; Vakele School; Mabhulana School; Nogemane School; Mangala School and Nyangilizwe School.
- Lusikisiki Town: Zwelibongile School; Botha Sigcawu School and Bodweni School.

Partnerships with Anglo-Gold Ashanti include the Career Exhibition where 2500 learners from over 36 schools from around the District are invited to learn on the various career options and opportunities available to young people. The career Expo aims to motivate young individuals to explore as many career options as they opt to. The South African National Defence Force and Military Veterans Ncise Military Base sent over 3000 learners to attend the career expo, so as to broaden the knowledge of the learners.

The Tourism Sector together with the Department of Education also conducted a career expo at the airport hangers where over 2500 learners were in attendance. The department also drives the back to school campaign where more than 140 learners are provided with schooling garments and schooling equipment. The awarded schools were: Gilindoda JSS; Coza JSS; Mdingi JSS; Cetywayo JSS; Ngqwarha JSS and Lands Ands JSS.

An initiative to distribute reusable sanitary towels to young girl learners from indigent families that cannot afford monthly sanitary wear. The initiative demand is extremely high and the municipality has provided only but a fraction of young ladies because of a limit in resources. Sanitary Towels were also distributed to school learners during the 67 minutes for Mandela. The municipality continues to solicit partnerships in this regard, as reclaiming the dignity of our young ladies remains of paramount importance.

The protection and general welfare of children is extremely important. As legislation prescribes that the best interests of the child are more important, and generally outweigh any other subordinate right. The district together with the Department of Social Development led a Child Protection Week in Ingquza-Hill local municipality. The SAPS and Department of Health also joined arms in the initiative, by providing awareness on the importance of keeping a child safe and taken care. The initiative further highlighted to care-givers that neglecting the safety of the child is a chargeable offence.

SPU – DISABILITY

The district municipality partnered up with Ingquza-Hill Disability Forum in training and conducting awareness campaigns for people with disabilities. Disabled people within the district are negatively stigmatised by being made to feel inadequate. These initiatives aimed at creating a voice for the disabled and empowered them to be able to realise that their disability does not make them inferior. The initiatives handed out nine wheelchairs to people within KSD and Mhlontlo LMs. During the 67 minutes in honour of Nelson Mandela, family groups were also targeted, where a family in KSD with 3 disabled children were provided with aid. The EFATA school for the Deaf is also an area of focus where the municipality supports their initiatives and art works by exhibiting their craft during the Deaf International Conference in Johannesburg.

3.17. ACADEMIC FINANCIAL ASSISTANCE FOR TERTIARY STUDENTS

The Council approved to have a Bursary Committee within the OR Tambo District Municipality to award bursaries to deserving individuals from families that cannot afford tertiary education. The bursary committee awards bursaries only to students in South African accredited tertiary institutions.

The education bursary is in response to a national crisis that saw the rise of the 'Fees Must Fall' campaign around the country which not only destabilised education but also halted educational practises for a while. The bursary is further in response of the extreme need of educational funding by deserving students that face the wrath of financial exclusion although they maintain excellent grades. The bursary realises the Constitutional right to education by making South Africans realise that education is not a right to be exercised by those who are economically independent. The bursary fund has taken to tertiary ± 170 students within the district, with numerous success stories and no leniency on academically non-performing students who do so with no justifiable attributing factors.

COMPONENT F: ENVIRONMENTAL PROTECTION

Not a function of the District Municipality

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.18. EXECUTIVE AND COUNCIL

The Executive arm of the municipality is politically headed by the Executive Mayor and administratively by the municipal manager. The District municipality is a non-delegated municipality with the Municipal Manager serving as the accounting officer and advisor to the Executive Mayor. The Executive Mayor has the power to elect a Mayoral Committee, which serves as an executive committee of council, to advise the Executive Mayor on executive decisions. The Mayoral Committee is made up of political Members of the Mayoral Committee (MMCs) which are equivalent to the number of executive departments within the municipality. The Executive Mayor reports to Council on all executive functions subsequent to Mayoral Committee meetings.

The Council is the legislative arm of the municipality which is headed by the Council Speaker. The legislative arm houses councillors which serve on different oversight committees. The legislative arm has section 79 committees which are politically headed by chairpersons and these serve as oversight committees to legislative departments. The legislative committees report to and compile reports to council on their oversight function. The legislative arm also houses the Office of the Chief Whip, which impartially takes care of all interests of political parties serving in council.

3.19. FINANCIAL MANAGEMENT

The Budget and Treasury Office has a duty, amongst other things, to keep the municipality financially viable in order to carry out its mandate as a Water Services Authority and other emanating service delivery needs. The department works in compliance with the Generally Recognized Accounting Practices, Municipal Finance Management Act (MFMA) No. 56 of 2003, its related circulars and regulations.

The department has been instrumental in the improved spending on the allocated Municipal Infrastructure Grants (MIG), Water Services Infrastructure Grant (WSIG) and Regional Bulk Infrastructure Grant (RBIG), by instilling sound financial mechanisms that complement the demand in service delivery. The 2016/17 financial year, the municipality has depleted a total of 100% of the MIG, 100% of WSIG and 100% of RBIG.

National Treasury introduced the Municipal Standard Charts of Accounts (mSCOA), a model of financial reform that requires a multi-dimensional recording and reporting of every transaction across seven segments. Five work streams were established to fully integrate and assimilate mSCOA within the municipality, so as to ensure it will be in full motion come July, 1st, 2017, as per National Treasury, MFMA SCOA Circular(s).

The District Municipality pulled all stops to ensure the adherence to circulars, by being mSCOA compliant, and having an mSCOA compliant Council adopted Budget for 2017/18. The District Municipality scored second in the country in terms of being mSCOA compliant and ready.

The department has revamped its Revenue Collections Unit to a more customer-care-friendly look. The project is yet to be completed as it began in the 2016/17 financial year.

3.19.1. REVENUE COLLECTION

With regards to municipal revenue, water supply remains a viable cost recovery mechanism and a primary source of revenue. Insufficient collection of revenue affects the growth of the municipal budget adversely hence the introduction of cost recovery measures. The aforementioned cost recovery measures will be enhanced by the review and development of financial policies that are to be tabled to Council for adoption.

In the quest to catapult revenue collections, a Revenue Enhancement Strategy was introduced, launched and implemented in all five local municipalities. The purpose of the initiative was to invite all rate payers to join in arms with the municipality, in surmounting their debt owed to the DM, while also introducing and incentivizing a culture of rate paying. The initiative saw much success with revenue collections improving by 100% in the 2016/17 financial year.

The department has sought for alternative sustainable sources of revenue generation to boost the municipality's cost recovery mechanisms; to reduce reliance on grants; and improve budget growth. The department has utilized high-earning investments, with an amount of R35million reported in returns in the 2016/17 financial year.

3.19.2. EXPENDITURE AND LIABILITY MANAGEMENT

Expenditure and Liability management is the responsibility of the accounting officer of the municipality, the Municipal Manager. Upon the instance where a municipality incurs unauthorized, irregular or fruitless and wasteful expenditure; the municipality must investigate the cause and hold a person responsible. According to section 32 of the Municipal Finance Management Act, the municipal council must elect/nominate a council committee to investigate the unauthorized, fruitless and wasteful expenditure.

OR Tambo currently sits at an inflated amount of unauthorized, irregular or fruitless and wasteful expenditure, which has been historically accumulated since time immemorial. The accumulation of this amount is the reason the 2017-2022 council elected a council committee to investigate the deliberate or negligent authorization of a fruitless and wasteful expenditure.

The council will then make findings on the expenditure and hold a person responsible for the expenditure.

The council may either make recommendations on mechanisms to recover or rectify such expenditure or to write off the expenditure as irrecoverable. The accounting officer of the municipality must then make recommendations on ways in which the reoccurrence of the unauthorized, irregular or fruitless and wasteful expenditure can be subverted.

3.20. CORPORATE SERVICES

This report is intended to be a 2016/17 annual report of the Corporate Services department. The report is prepared in the context of corporate services being a transversal function that supports all departments in the municipality, that is, the department provides its services to support all other departments and provides them with the environment conducive to the maximization of service delivery efforts.

3.20.1. PLACEMENT OF EMPLOYEES IN THE NEW ORGANISATIONAL STRUCTURE

The department drafted and presented the policy for placement in the Local Labour Forum. The policy was adopted and it is used to place the employees into the new organogram. The process of placement is continuing and is scheduled to be completed in the first quarter of 2016/17 financial year. Central to the placement process is the participation of all stakeholders in the process. These stakeholders include the HODs, IMATU, SAMWU and Corporate Services Department (providing technical support). Placement has been completed for these Departments:

- Office of the Municipal Manager
- Executive Mayoral Office
- Executive Mayoral Services
- Corporate Services
- Legislative Services
- Rural Economic Development and Planning
- Human Settlements
- Engineering
- Community Services
- Water Services

3.20.2. RECRUITMENT AND SELECTION

The recruitment of strategic and compliance posts is currently underway. The following posts form part of the posts that have to be filled in the short term. These posts are:

- Manager HRD
- Skills Development Facilitator
- Occupational Health and Safety Officer

- Director Water Services
- Manager: WSA
- PMU Manager
- Manager Communications
- Chief Risk Officer
- Manager IDP
- Manager Corporate Performance, Reporting and Monitoring and Evaluation
- Legal Advisor to Council and Proceedings
- Manager LED
- GM: GL Revenue, Budget Reporting and AFS
- GM: SCM, Asset Management and Municipal Support.

Advertisements were done for the above posts. Recruitment for them is scheduled to be concluded in the first quarter of 2016/17 financial year.

The municipality is further issuing an internal advert in order to address inconsistencies that were identified during the placement process. The internal advert is also issued as a means of eradicating salary disparities that has been plaguing the municipality resulting in prolonged work stoppages and strikes by employees. After internal advertisement, the municipality will then begin to issue external adverts in order to recruit best talent available nationally.

3.20.3. IMPLEMENTATION OF EMPLOYEE SELF SERVICE (ESS)(Automated Leave)

The Municipality is currently using the leave-book system for leave applications. This has resulted in poor management of leave as it is very difficult to control and reconcile leave book in an institution as big as OR Tambo District Municipality. The department is now converting from the leave-book management system to an automated version.

The automated system has been installed, training of leave champions per Department has been done. The system is fully implemented in the Corporate Services and Legislative Services Departments. The two departments were used as pilot departments in the implementation of the ESS program. The system software has also been rolled out to the Office of the Municipal Manager and the Office of the Executive Mayor. The Human Resources Unit is currently making preparations to roll out the system to the rest of the departments.

3.20.4. REGULATION OF ACTING APPOINTMENTS

The Municipality has been appointing employees on acting capacity for periods in excess of three (3) months, in contravention of the provisions of the Collective Agreements and Basic Conditions of Employment Act. All such acting appointments were terminated and new requests, where necessary, are being processed in line with these pieces of legislation.

The system has now been cleaned of these irregular acting appointments. All acting appointments are now currently done according to applicable legislation.

3.20.5. JOB EVALUATION

The process of Job Evaluation has long been a problematic issue in the institution. At one time the process came to a standstill because of challenges that included problems of capacity in the Job Evaluation Unit. In May 2016 the project was resurrected with the help of a service provider. The project is at a stage where the job descriptions have all been finalized. These have been quality checked in preparation for the grading exercise. The service provider has had to rewrite some of the job descriptions that were either missing or non-existent from the pool in the municipality's archives. The municipality is in the process of reviving the Job Evaluation Committee in order to begin the process of grading the jobs from both the district municipality and the 5 local municipalities.

3.20. 6. EMPLOYEE WELLNESS

The department is currently prioritizing the wellness of all municipal employees. The department recognises the fact that employees of OR Tambo District Municipality are currently working under very stressful conditions in the light of unfinished programmes of placement, job evaluations and salary disparities in general. To this end, the department has lined up a number of programmes and projects aimed at giving relief to employees. These include the revitalisation and putting adequate equipment in the gymnasium of the municipality at Government Printers, wellness events, debt counselling, medical screenings and promotion of sporting activities.

Woman's month is commemorated in the month of August in South Africa. In the August month we commemorate and celebrate women's contribution towards liberation struggle of South Africa. O.R Tambo district municipality partnered with Department of Health and dedicated this month in fighting against cervical cancer which is one of the diseases that contribute to death of our women in the country yet is it both preventable and treatable. Cervical cancer is caused by Human Papilloma Virus (HPV) which is said to be the most sexually transmitted infection. On the **16 August 2016** O.R. Tambo district municipality commemorated and celebrated woman's day by encouraging employees to take preventative steps towards their productive health. To encourage self-management of health in general by having regular check-ups and to encourage use of sanitary towels and hygiene during menstruation cycles.

Wellness objective is to enhance productivity of human resources, and maintain a high morale of staff complement by promoting both physical and mental health of both employer & employees in fulfilling service delivery objectives to the communities in the O.R. Tambo District jurisdiction this is achieved through sports activities that the O.R Tambo municipality participates on.

Just at the end of the first quarter from **23 – 30 September 2016** the employee wellness unit organized the O.R Tambo municipality employees to attend SAIMSA Games in **MAHIKENG LOCAL MUNICIPALITY (NORTH WEST PROVINCE)**.

O.R Tambo district municipality having partnered with SAPS and Social Development organized an event during the period of 16 days of non-violence against women and children and termed it “**EMPOWERMENT OF SURVIVORS OF DOMESTIC AND GENDER BASED VIOLENCE**” The event took place on the **29 November 2016**, the aim of the event was to: -

- To encourage silent women victims to talk about abuse and ensure that they get help
- To encourage the reporting of abuse
- To encourage men to talk about abuse and discourage abusive behaviour
- To help employees to understand how their own attitudes and actions might perpetuate sexism and violence.

Wellness unit invited the community of O.R. Tambo District Municipality to participate in an interdenominational prayer meeting. The event was held at O.R Tambo Hall on the **11 January 2017**. People are nurtured in communities where religion forms an important part of their cultural make –up. In some cases this important aspect of their culture gets suppressed or is ignored due to work pressures or due to adoption of different life styles. Adoption of different life styles without religion denies a person the spiritual fulfilment which every person needs for a complete sense of well -being, and this often results in an imbalance of energy within the human psyche.

3.20.7. SAFETY AND SECURITY

The Municipality is currently a victim of break-ins, theft of municipal assets, information leakages, misuse of vehicles and abuse of fuel cards that results in serious financial losses due to lack of proper control measures.

The following table highlights these incidents and measures that have been taken to minimise them:

Table 112: Incidents and control measure

INCIDENT	CONTROL	PROGRESS
01. None availability of Security Policy	Submission of Policy to Council for Adoption	Achieved
02. Misuse of Fuel Cards	Improvement and revitalization of investigative capacity in the safety and security section	Achieved. Drivers have been arrested and disciplinary proceedings have been implemented against them.
03. No Security Screening and vetting on employees and Service providers	Submission of Policy for Council adoption	Achieved

3.20.8. TRAINING AND DEVELOPMENT

The purpose of the training and development section is to improve the capacity of employees and communities in the OR Tambo district Municipality. The trainings are consolidated in the Workplace Skills Plan that is compiled and submitted to the Local Government SETA every year. The trainings are also implemented in compliance with the minimum competencies as identified by National Treasury in respect of Senior Managers, Finance and Supply Chain Officials. The following table is a highlight of targeted training interventions in pursuance of the above criteria:

Table: 13 Annual training Report 2016/17

WORKPLACE SKILLS PLAN
ANNUAL TRAINING REPORT 2016/17

A. EMPLOYED LEARNERS

NO	LEARNING PROGRAMME	OCCUPATIONAL CATEGORY OF BENEFICIARIES	ACTUAL NO. OF BENEFICIARIES TRAINED	DURATION OF TRAINING	NAME OF TRAINING PROVIDER	TYPE OF TRAINING
1.	CPMD	Middle Managers, Accountants, Assistant Accountants, Chief Officers	25	1 Year	Wits	Certificate
2.	Project Management	Middle Managers, Senior Officers & Junior Officers	13	5 Days	LeMark training & Development	Skills Programme
3.	Pipe Laying	Plumbers	20	5 Days	Ntinga training & Development	Skills Programme
4.	Organisation Development And Job Evaluation	Managers , Senior Officers	2	5 days	Delloitte	Skills Programme
5.	Occupational Health & Safety With 1 St Aid	General Workers	15	5 days	SYTM Consultants	Skills Programme

NO	LEARNING PROGRAMME	OCCUPATIONAL CATEGORY OF BENEFICIARIES	ACTUAL NO. OF BENEFICIARIES TRAINED	DURATION OF TRAINING	NAME OF TRAINING PROVIDER	TYPE OF TRAINING
6.	Payday System	Accountants , HR Officers, Admin Clerks	5	5 days	Payday	Skills Programme
7.	TLB Operator Training	Plant Operators	14	2 weeks	Uninikhaya Trading & Projects	Skills Programme
8.	Cleaning & Hygiene	General Workers	13	5 days	Ntinga Training & Development	Skills Programme
9.	GIS Course	Manager	1	5 days	LGSETA	Skills Programme
10.	Mentoring And Coaching	Middle managers, Senior Officers	15	5 Days	HDPISA	Skills Programme
11.	Basic Computer Skills	General Workers	20	5 Days	Dululwazi Computer training Centre	Skills Programme
13.	Wellness Practitioner Course	Junior Officer	1	3days		Skills Programme

NO	LEARNING PROGRAMME	OCCUPATIONAL CATEGORY OF BENEFICIARIES	ACTUAL NO. OF BENEFICIARIES TRAINED	DURATION OF TRAINING	NAME OF TRAINING PROVIDER	TYPE OF TRAINING
14.	Local Labour Forum training	LLF Committee members	23	3 days	Rantsane Mario training Solutions	Skills Programme
15.	SD & EE Committee	Managers , Senior Officers Labour and Junior Officers	18	2 Days	LGSETA	Skills programme
16.	Introduction to Local Government	Traditional Leaders	12	5 days	Ethembeni Training & Consulting	Skills Programme
17.	Waste Water Treatment Process (level 3)	Plant Superintendents Plumbers	10	1 year	Mahube Training & Development	Learnership
TOTAL			207			

NO.	NO. OF BENEFICIARY	NAME OF INSTITUTION	QUALIFICATION/ CERTIFICATE
1	2	WSU	B. Tech PRM, Btech PA
2	1	Stellenbosh	Honours: Public Admin,
3	1	Cranefield college	Post Grad. Diploma: Project Management
4	9	UJ	Diploma in Transport Management x 1 , Cert in Municipal governance x 8
5	1	Info Tech	Nat. Cert. Bookkeeping
6	1	Cape Peninsula	B. Tech: Water Engineering
7	3	UNISA	Certificate in Risk Management, Cert in OHS, Cert. in Forensic Investigation & Auditing
8	1	CUT – FS	B. Tech: Environmental Health
9	2	NMMU	Honours: Dev. Studies, Masters in PM
10	1	Lyceum College	BA: Disaster & Safety Management
11	2	University of Free State	Honours: Spatial Planning x 2
12	1	University of Cape Town	Business Risk Management
13	16	Regent Business School	Bcom in Accounting x10, Bcom in HRM X 6
14	6	Univ. of Fort Hare	Certificate in LG Law & Admin
15	27	Univ. of Fort Hare	CPMD
16	12	WITS –Joburg	CPMD
17	10	WITS-Durban	CPMD
18	19	WITS- East London	CPMD
19	26	WITS- Mthatha	CPMD
TOTAL	141		

B. UNEMPLOYED LEARNERS

N O.	LEARNIN G PROGRAMME	OCCUPATIO NAL CATEGORY OF BENEFICIA RIES	PLANNED NO. OF TRAINING BENEFICIA RIES	ACTUAL NO. OF BENEFICIA RIES TRAINED	DURATI ON OF TRAINI NG	NAME OF TRAININ G PROVID ER	TYPE OF TRAINI NG
1.	Life guarding	Unemployed	80	20	5 days	Ntinga training & Develop ment	Skills Program me
2.	Internship	Unemployed	20	43		n/a	Experien tial Training
3.	Student Trainees	Unemployed	48	48	6-18 months	n/a	Experien tial Training
4.	Water & Waste Water Treatment (Level 2)	Unemployed	10	10	1 year	Mahube Training & Develop ment	Learners hip
TOTAL			158	121			

The Training Committee already exists in the municipality, but it needs revitalization and re-launch as it has not held meetings for a long time.

3.20.9. GEOGRAPHICAL INFORMATION SYSTEMS (GIS)

The aim and purpose of the section is to document and provide access to all tangible and intangible resources of the District Municipality including those that belong to the Local Municipalities of the OR Tambo District Municipality. These resources include infrastructural projects and facilities, databases in hard and soft format. The following are the highlights of what the section has achieved to date.

Table 124: GIS Achievements

Project	Description	Progress
Capture District Municipality projects and facilities	Water and Sanitation projects have been captured on the GIS System.	A lot of information still has to be collected and captured and be posted in the website for consumption by interested stakeholders
Link deeds information with the municipal debtors	The aim was to link all municipal debtors to the municipal systems	KSD debtors have been linked to the system in the municipality.
Conduct User Requirements analysis	The project here will look at the status quo of the District Municipality and Local Municipalities and document the findings. The aim is to establish a steering committee to deal with all GIS related matters for the whole district.	Requirements analysis was done and a report was produced. Two meetings were held with Provincial and National COGTA Departments.
Upgrade ArcGIS Server	The project here is upgrade the current system into Corporate System or Enterprise system with much bigger capacity to handle all the data that is anticipated from the whole district wide.	Planned for first quarter 16/17 Financial Year

The GIS unit has since been placed under the Department of Water Services.

3.20.10. EMPLOYEE RELATIONS

Policies and Procedures

Grievance procedure and code of conduct currently exists and is available to all employees; the mission of the section is to create awareness around its availability and utilisation.

Cases for the financial year 2016/17

There are 11 misconduct cases for this financial year.

- The first case is between O.R. Tambo DM and employee in Finance. The case still continues. The case is at the stage of hearings.
- The second is a case involving 8 employees who are alleged to be abusing fuel cards. Three employees have already been suspended. The case has also been handed over to the SAPS. The cases for other 5 employees are still ongoing.

- Three cases were finalised and were ultimately dismissed. The two dismissals were confirmed at the South African Local Government Bargaining Council. The third one lodged an appeal to the finding and the sanction and was reinstated on appeal. However the employer decided to pursue the disciplinary proceedings against the said employee.
- Two employee from Community Services were charged for various counts, one was found guilty and dismissed, and the other one is still ongoing.

Capacity Building

- The Department conducted Road shows on the code of conduct and the grievance procedure to all departments including satellite offices .

3.21. OVERSIGHT FOR SERVICE DELIVERY

The Legislative Services Department acts as the legislative arm of the municipality by being the home of the District Municipality Council. The Council is the highest decision making body within the municipality and remains independent to the executive arm.

One of the instrumental role(s) the Legislative Department plays is that of municipal oversight in all service delivery initiatives implemented by the executive.

The department is segmented into numerous oversight committees that are answerable to Council. The role of the committees is to ensure:

- Policies are implemented and adhered to;
- Budget is adequately allocated and utilized;
- Executive departments carry out their mandate as prescribed; and
- Service delivery and accountability are uncompromised.

The Municipal Public Accounts Committee (MPAC) remains at the helm of oversight and accountability with a mandate to ensure good governance in the municipality. The committee has legislated sittings that summon executive departments to account on the implementation of programs in a manner that is consistent with the approved municipal plans, allocated budget and legislation (and circulars). All executive departments are answerable to the MPAC and each department is invited at least once a month to account on the departments activities of the preceding month.

Every single executive department has a portfolio committee which is headed by a political head. Each portfolio committee sits every single month with the departmental head to decipher on programs, projects and matters relating to the department. The committees play an oversight role by making sure that the department adheres to and plays its role in the quest of delivering on services par excellence.

Every department has a role of doing physical verification of programs and projects. These projects are picked at random and/or when the need warrants a visit for verification. This happens throughout the year when committees go on site visits to verify the authenticity of implemented projects and programs. Physical verification remains the most credible oversight mechanism as it allows for greater stakeholder involvement.

The following table illustrates the projects that were physically verified by the MPAC

Table 135: Physical Verification of projects by MPAC

PROJECT	FINDINGS/ COMPLAINTS BY COMMUNITIES	CORRECTIVE MEASURE
Flagstaff Treatment Woks	Communities wanted the project to be fast tracked	ORTDM installed generators as an interim measure whilst awaiting Electrification from ESKOM
Port St. Johns	Poor performance of the Contractor was raised	The contract was terminated , a new contractor has been appointed and is currently on site
Upper Mhlahlana Treatment Woks	Communities wanted the project to be fast tracked	The department has appointed the Consultant and has started with the designs
Mqanduli Waste Water	Damages were identified on the plant	Department is busy with the assessment of the extent of damage to quantify the amount of work to be done

The legislative department has an inescapable mandate to ensure stakeholder relations are always maintained and enhanced through public participation. The petitions unit has a role of going to communities and dealing with petitions handed in to the Council Speaker's office. Petitions generally raise administrative concerns that emanate through communities concerns in service delivery. The petitions unit relays the concerns to the relevant departments, which then get responded to and provide a way forward in solving concerns raised.

The department has also held two Open Council with the theme 'Taking Council to the People.' The role of the Council was to go to a community and hold Council in a transparent and accountable fashion. During the Council, petitions that were handed in were dealt with, and an open dialogue session opened with members of the public being able to raise questions and have them answered.

3.22. MONITORING, REPORTING AND EVALUATION

The Integrated Development Plan (IDP) and the Performance Management, Monitoring and Evaluation units fall within the office of the Municipal Manager. The main responsibility, amongst others, is to ensure credible processes for service delivery planning, monitoring and evaluation.

A municipality is mandated by section 38 of the Municipal Systems Act 32 of 2000 to 'establish a performance management system that is proportional with its resources; best suited to its circumstances; and in line with the priorities, objectives, indicators and targets as contained in its Integrated Development Plan (IDP). To promote a culture of performance management among its political structures, political office bearers, councillors and in its administration. The municipality must administer its affairs in an economical, effective, efficient and accountable manner.'

The management of performance in the municipality is instrumental in monitoring and ensuring that the municipality's mandate is fulfilled par excellence. This ensures the mitigation of risks and risk causing agents, thus being able to foster timeous and effective turn-around strategies where needed. Performance management also allows accolades to be granted where the results allow, thus serving as an incentive to supersede set targets.

3.22.1. MUNICIPAL REPORTING

The Performance Management Unit has made a concerted effort in strengthening the compliance culture within the institution. The unit introduced various forms of reporting mechanism for information sharing within and across departments in the municipality.

Reporting templates were given to departments to factor in information on programs as per SDBIP, so that service delivery targets are constantly worked on. Section heads are to sit with their subordinates on a weekly basis, so as to share information; while Directors sit with section heads on a monthly basis. The meetings with Directors are formal, and the filled in reporting templates are to be sent to the PMS unit for monitoring and evaluation monthly.

Performance Management Systems Platforms

According to section 83(2) of the Municipal Structures Act 117 of 1998 'functions and powers (1) must be divided in the case of a district municipality and the local municipalities within the area of the district municipality...'. The district municipality in subsection (3) is mandated 'to seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by, building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking.'

The OR Tambo District Municipality sought to foster cordial relations with its local municipalities, with the aim to amicably debunk compliance issues. The district together with its local municipalities established platforms in which challenges and success stories are shared, with the aim to support one another.

The platforms discuss notions related to municipality's functions and powers, compliance (including mSCOA), having credible IDPs and SDBIP such that functions are not duplicated between the district and local municipalities. The platforms forge ways of dealing with and mitigating risks, for which the risk register remains of paramount importance

COMPONENT G: ORGANISATIONAL PERFORMANCE SCORECARD

BASIC SERVICES AND INFRASTRUCTURAL DEVELOPMENT

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Human Settlements	Coordination of planning and Development of Sustainable Human Settlements	Accreditation of O.R Tambo DM as an implementing agent for housing development	BSDI - 1	Number of Council approved Human Settlements Business Plans submitted to the Department of Human Settlements	N/A	N/A	0	1	0	Performance not fully effective	Policy presented to Mayco and recommended that Councillors must be workshopped, workshop conducted on the 26th of June 2017 and recommended for Council adoption but it was not included to agenda items for Council of 29 June 2017.	Policy to be included in Agenda Items of the next Council sitting for adoption in the next financial year	Council Register Acknowledgement receipt

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		Construction of houses for destitute and vulnerable families	BSDI - 2	Number of housing units for destitute and vulnerable groups constructed	R 2,100,000	N/A	7	7	5	Performance not fully effective	Unavailability of building material in the region resulting to delays to the contractor, and the area where the contractor is building houses is a hotspot area whereby the community protests is a norm demanding service delivery (KSD Ward 21)	The Department to form partnership with the manufactures of approved building material.	Happy letters Completion Certificates
		Construction of houses for Adam Kok farm workers	BSDI - 3	Number of housing units for Adam Kok farm workers constructed	R 4,050,000	N/A	0	100%	100%	Fully effective	N/A	N/A	Happy Letters and Completion Certificates
		Conducting Human Settlements awareness and education campaigns in the region	BSDI - 4	Number of reports for the upgrades of informal settlements projects submitted	N/A	N/A	New Indicator	1	1	Fully effective	N/A	N/A	Acknowledgement of Receipt Reports (signed)

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Community Services	To increase community participation in Sports, recreation, arts, culture and heritage programmes	Expand and maximize the value and utility of community service centres and community facilities (including sports fields, libraries etc.)	BSDI - 5	Number of community sports fields maintained	R 550,000	N/A	1	1	1	Fully effective	N/A	N/A	Pictorial Evidence, Proof of Payment, Happy Letters
		Maintain, Preserve and Promote heritage sites including those within liberation route	BSDI - 6	Number of initiation schools supported	R 550,000	N/A	2	4	9	Outstanding performance	Joint training for all traditional nurses from all Local Municipalities in one venue enabled the District Municipality to reach more than planned.	N/A	Evaluation Report
			BSDI - 7	Number of Heritage Programmes implemented	R 250,000	R 300,000	New Indicator	7	7	Fully effective	N/A	N/A	Attendance Register, Programme, Pictorial Evidence
		BSDI - 8	Number of Sports-related partnerships formed	N/A	N/A	New Indicator	1	1	Fully effective	N/A	N/A	Signed Partnership Agreements	

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	To increase community participation in educational governance and training	Integration of school and community libraries	BSDI - 9	Number of initiatives undertaken for promotion of library services	N/A	R 300,000	5	4	4	Fully effective	N/A	N/A	Pictorial Evidence, Report, Delivery Notes
			BSDI - 10	Number of partnerships established for community Library development	N/A	N/A	1	1	1	Fully effective	N/A	N/A	Attendance Register, Signed MOU
	To contribute to the reduction of preventable health risks in the district	Compliance with and enforcement of relevant environmental health regulations and standards	BSDI - 11	Percentage completion of the devolution of the Environmental Health function	R 7,150,000	N/A	0	100%	0%	Performance not fully effective	No authentic list of assets and environmental health practitioners from KSD local municipality. The transfer agreement has not yet been concluded by the ORTDM & KSD LM.	FastTrack signing of the existing transfer agreement and, authentic list	Copies of letters of staff transfer
			BSDI - 12	Percentage of notifiable medical conditions investigated within 24hrs of reporting	R 50,000	N/A	100%	100%	100%	Fully effective	N/A	N/A	Investigation Reports
			BSDI - 13	Percentage of reported illegal dumps cleared	R 100,000	N/A	100%	100%	100%	Fully effective	N/A	N/A	Pictorial Evidence, Inspection Reports

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	To improve the well-being of all vulnerable groups and general welfare of indigent.	Provide Social Safety net	BSDI - 14	Percentage of households supported in disaster affected areas	R 230,000	N/A	New Indicator	100%	100%	Fully effective	N/A	N/A	Disaster Report, Pictorial Evidence, Happy Letters
	To reduce the risk and mitigate the impact of disasters, fires and emergencies to communities	Ensure proactive, during and post disaster strategies and measures are in place.	BSDI - 15	Number of Disaster Integrated information management portal linked with O.R. Tambo Information Management Systems	R 1,500,000	N/A	New Indicator	1	1	Fully effective			Information System Integration Report
BSDI - 16			Number of Road Incident Management System Task Groups facilitated	R 1,350,000	N/A	1	3	3	Fully effective	N/A	N/A	Road Incident Management System Report, Attendance Registers	
BSDI - 17			Number of District Disaster Risk profiles tabled to Technical task Team			1	1	1	Fully effective	N/A	N/A	District Disaster Risk profile, Attendance Registers, Minutes	
BSDI - 18			Number of Municipal Disaster Risk Management Plans submitted to Council	R 500,000	R 500,000	1	1	0	Performance not fully effective	All departments failed to develop Municipal Departmental Disaster Risk Management Plans despite training and numerous reminders written to them	2017/18 Performance Agreements of all Directors includes this as one of the targets in their Annual Plans.	Municipal Disaster Risk Management Plan, Council Minutes, Attendance Registers	

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		Reduce the occurrence of fires and emergencies	BSDI - 19	Number of Disaster Community Awareness campaigns conducted	R 558,620	N/A	10	60	60	Fully effective	N/A	N/A	Programmes, Attendance Registers, Pictorial Evidence, Fire Awareness Report
			BSDI - 20	Number of fire fighting vehicles purchased	R 13,000,000	N/A	3	3	3	Fully effective	N/A	N/A	Inspection Report, Pictorial Evidence, Delivery Notes, Proof of Payments
		Improve institutional capacity to respond and mitigate the impact of fires and emergencies	BSDI - 21	Percentage of fire and emergency incidents responded to within 30 minutes for areas within a 50 kilometres radius	N/A	N/A	0%	60%	100%	Performance significantly above expectations	The section managed to respond to all fire and emergency incidents that were within 30 minutes for areas within a 50 kilometres radius	N/A	Fire Incident Report
			BSDI - 22	Percentage of fire and emergency incidents responded to within 1 hour 45 minutes for areas more than 50 kilometres radius	N/A	N/A	0%	60%	100%	Performance significantly above expectations	The section managed to respond to all fire and emergency incidents that were within 1 hour 45 minutes for areas more than 50 kilometres	N/A	Fire Incident Report

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
											radius		
	Contribute to improved community safety and security	Building stakeholder consensus for community safety	BSDI - 23	Number of functional District Safety Forums held	R 210,000	N/A	1	2	2	Fully effective	N/A	N/A	Attendance Registers, Minutes
Rural, Economic & Development Planning	Improve Waste and environmental Management within O.R. Tambo District to comply with statutory requirements	Establish environmental compliant and sustainable development. (including ISO 14001)	BSDI - 24	Number of partnerships formed	R 700,000	N/A	New Indicator	3	3	Fully effective	N/A	N/A	Signed Partnership Agreements
			BSDI - 25	Number of recycling cooperatives established			6	10	10	Fully effective	N/A	N/A	Copies of Cooperative Documents, List of Cooperative members with ID copies, Minutes, Attendance Registers
			BSDI - 26	Number of Environmental Management Forums held			4	4	4	Fully effective	N/A	N/A	Attendance Registers, Minutes

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Executive Mayoral Services	To contribute to the prevention, reduction and management of the spread of HIV/AIDS, STI and TB	Mainstreaming of HIV/AIDS management	BSDI - 27	Number of wards with Ward based HIV/Aids Forums established (Back to Basics)	R 1,000,000	N/A	17	12	12	Fully effective	N/A	N/A	Attendance Registers Ward Aids Forum Reports
			BSDI - 28	Number of health care workers and care givers supported (monthly stipend)			21	17	17	Fully effective	N/A	N/A	Monthly Timesheets
			BSDI - 29	Number of people that have undergone Voluntary Counselling and Testing			2727	8722	8722	Fully effective	N/A	N/A	Voluntary Counselling & Testing Centre Report
	To improve the well-being of all vulnerable groups and general welfare of indigents	Coordinate the mainstreaming of special programmes targeting vulnerable groups	BSDI - 30	Number of people from vulnerable groups that completed an academic programme	R 2,800,000	N/A	181	106	112	Fully effective	N/A	N/A	Academic Records Certificates of Completion
			BSDI - 31	Number of people from vulnerable groups that completed other scarce skills, training and capacity building programmes	R 6,750,000	N/A	600	1970	5606	Outstanding performance		N/A	Attendance Register Pictorial Evidence Training Report

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
			BSDI - 32	Number of programmes implemented to empower and create jobs for the youth, women, disabled and elderly			11	11	14	Performance significantly above expectations	A rise in gender-based incidents prompted the DM to provide more assistance than was initially planned.	N/A	Attendance Register Pictorial Evidence Report on Implemented Programmes
			BSDI - 33	Number of households receiving social safety support (distress support, child protection etc.)	R 3,800,000	N/A	16950	19500	2027	Performance not fully effective			Pictorial Evidence Database of District households receiving social safety support Report on Social Safety Support
Technical Services	To provide access to sustainable basic energy and electricity	Provision of electricity to all outstanding households and new settlements	BSDI - 34	Number of Electricity Forum meetings held	R 500,000	N/A	New indicator	4	3	Performance not fully effective	Meeting for the last quarter could not happen due to national events that were held in the District	District Wide Infrastructure Forum will be resuscitated in the first Qtr. 2017/18. Agenda items that were to be discussed in the 4th Qtr. 2016/17 will be discussed in the 1st Qtr. 2017/18.	Attendance registers & minutes of meetings

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	To improve road infrastructure network in the district through the establishment of a Project Management Office	Development of a PMO to support construction and maintenance of roads to service centres and economic nodes	BSDI - 35	Number of Project Management Offices (PMO) established in the District	N/A	N/A	New indicator	1	0	Performance not fully effective	The function of the establishment of the PMO office has been moved to the Office of the MM due to lack of capacity in the Department.	N/A	Attendance Registers and Minutes of PMO meetings
		Construction of roads to service centres and economic nodes	BSDI - 36	Kilometres of roads rehabilitated	R 20,000,000	N/A	1.5 kms	2 kms	2km	Fully effective	N/A	N/A	Site meeting minutes, Attendance Registers, Project Close-out Reports & Completion certificate
	Ensure access to safe, secure, reliable and affordable public transport system	Improve public transport infrastructure, Coordination of planning and regulation of public transport system, Promote public transport transformation and diversification	BSDI - 37	Number of Transport master plans approved	R 5,523,000	N/A	1	1	1	Fully effective	N/A	N/A	Agenda item to Council
			BSDI - 38	Number of Rural Road Asset Management Systems developed		N/A	1	1	0	Performance not fully effective	The target was supposed to measure the number of LM's with roads assessed as the system will be completed in 2019	Target has been revised in the 2017/18 financial year	Minutes of meetings, Agendas, Attendance registers and Rural Road Asset Management System

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Water & Sanitation	1.1 Provide access to potable water	Long term water infrastructure planning	BSDI - 39	Percentage completion of Ngangelizwe Breaking New Ground (BNG) Bulk sewer and water system	R 12,000,000	N/A	80%	100%	80%	Performance not fully effective	Contractor did not work in line with projected time-frames and could not catch-up on lost time	Main contractor ceded the work after he was advised by the project team. The new contractor progressed very well although it could not achieve the set target.	Site meeting minutes, Attendance Registers, Project Close-out Reports & Completion certificate
			BSDI - 40	Percentage completion of pipeline to Langeni Housing Development	R 1,000,000	N/A	0	100%	5%	Performance not fully effective	Budget exhausted at design stage and could not take the project to the next stage of construction	The project will be incorporated to Upper Mhlahlane Water Supply in 2017-2018FY	Site meeting minutes, Attendance Registers, Project Close-out Reports & Completion certificate
		Implementation of Regional water schemes to cover greater areas with no access to sustainable	BSDI - 41	Percentage completion of phase 4 & 5 for Coffee Bay Regional Water Supply Scheme(RWSS)	R 163,000,000	N/A	0	50%	83%	Outstanding performance	contractor performed more than expected	N/A	Site meeting minutes, Attendance Registers, Project Close-out Reports & Completion certificate

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		water sources (includes the integration of previously non-viable water schemes)	BSDI - 42	Percentage completion of Mqanduli Corridor Bulk Water Supply Scheme (WSS)	R 135,826,158	N/A	60%	100%	88%	Performance not fully effective	project delayed by termination of Mokenamokwe na Contract	New contractor appointed to replace terminated contractor, AW to put pressure on Department of Labour to unleash suspension of activities on ANIX site	Site meeting minutes, Attendance Registers, Project Close-out Reports & Completion certificate
			BSDI - 43	Percentage completion of Libode and Ngqeleni Corridor Bulk Water Supply Scheme(WSS)	R 198,731,738	N/A	0	30%	48%	Outstanding performance	contractor performed more than expected	N/A	Site meeting minutes, Attendance Registers, Project Close-out Reports & Completion certificate
			BSDI - 44	Percentage completion of Flagstaff Phase 3 Regional Water Supply Scheme (RWSS)	R 13,359,883	N/A	75%	100%	90%	Performance not fully effective	The scope of work has been increased by additional new villages and slow progress of the reservoir construction by sub-contractor delayed the project	Main contractors instructed to issue sub-contractor notices of none performance	Site meeting minutes, Attendance Registers, Project Close-out Reports & Completion certificate

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
			BSDI - 45	Number of stand-alone schemes refurbished	R 118,239,000	N/A	New Indicator	6	4	Performance not fully effective	R10m was added to complement number of schemes	N/A	Technical report and Business Plan Report and Appointment Letter
			BSDI - 46	Number of water works refurbished	R 12,000,000	N/A	20	12	14	Fully effective	N/A	N/A	Technical report and Business Plan Report and Appointment Letter
			BSDI - 47	Number of indigent households supplied with tanks and gutter for rainwater harvesting	R 1,000,000	N/A	655	250	100	Performance not fully effective	We only managed to provide 100 tanks, wrong specification was advertised and couldn't advertised as the financial year was lapsed.	Term contract will be used to procure tanks in 2017/18 FY	Signed Happy Letters by beneficiaries and Ward Councillor
			BSDI - 48	Numbers of water tanks provided to Local Municipalities with no water source			150	150	150	Fully effective	N/A	N/A	Proof of delivery signed by the Ward Councillor or Traditional Leader
			BSDI - 49	Number of purified mega litres of water carted and delivered to communities.	R 10,154,000	N/A	87	150	189	Performance significantly above expectations	Due to drought, demand of water carting was higher than planned. A virement was approved to enable this demand	N/A	Tally Sheets and Signed Delivery Note by the beneficiaries

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
			BSDI - 50	Number of indigent households receiving free basic water & Sanitation Services			92000	153000	153000	Fully effective	N/A	N/A	Indigent Register and report to Council detailing of beneficiaries
			Achieve a blue drop status for all water treatment plants and provide mobile water treatment plants quality in all water schemes	BSDI - 51	Blue drop status compliance	R 1,200,000	N/A	46%	50%	46%	Performance not fully effective	Not assessed by DWS	Request assessment from DWS
	To provide access to sanitation services	Eradication of rural sanitation backlogs	BSDI - 52	Number of Ventilated Improved Pit (VIP) toilets provided	R 176,319,807	N/A	158527	16000	9216	Performance not fully effective	Contractors appointed late in March 2017 instead of September 2016		Happy Letters and Completion Certificates
			BSDI - 53	Number of public toilet facilities upgraded	R 2,350,000	N/A	3	4	0	Performance not fully effective	Lack of land	Toilet facilities could not be upgraded as Port St Johns and Mqanduli areas have been identified and currently we are in process of writing to the	Completion certificate

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
												municipalities and inform them about upgrades	
			BSDI - 54	Percentage completion of bulk sewer projects – Mqanduli	R 1,800,000	N/A	85%	100%	92%	Performance not fully effective	The sewer pipe crossed the private land and the owner stopped the project	The letter as demanded by the owner was sent for his consideration	Completion certificate
			BSDI - 55	Percentage completion of bulk sewer projects - Port St Johns (PSJ)	R 2,615,856.07	N/A	0%	10%	10%	Fully effective	N/A	N/a	Quarterly Progress Reports
			BSDI - 56	Percentage completion of bulk sewer projects – Lusikisiki	R 6,551,912.00	N/A	96%	100%	96%	Performance not fully effective	The project delays were due to Eskom electricity supply to the plant	Eskom has since provided supply and the project is under commissioning	Completion Certificate
			BSDI - 57	Percentage completion of bulk sewer projects – Flagstaff	R 13,728,289.07	N/A	60%	100%	40%	Performance not fully effective	Sole owner of the contractor pass on and legal processes delayed the project	Project will be advertised	Completion certificate

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
			BSDI - 58	Percentage completion of bulk sewer projects – Qumbu	R 200,000	N/A	0	5%	5%	Fully effective	N/A	N/A	Quarterly progress reports
			BSDI - 59	Percentage completion of bulk sewer projects – Libode	R 9,688,856.07	N/A	0	5%	10%	Outstanding performance	The project target was to complete designs which is measured 5% in terms of industry norm, however this project stage was exceeded by achieving tender stage which is equal to 10%	N/A	Quarterly progress reports
		Operation and maintenance of sewerage treatment plants and sewerage pump stations	BSDI - 60	Number of sewage treatment plants maintained	R 3,000,000	N/A	1	3	0	Performance not fully effective	ORTDM has only one sewage treatment plant and which is currently under upgrading and the two other WWTW are under construction.	To accelerate the completion of the WWTW under construction	Site meeting minutes, Attendance Registers, Project Close-out Reports & Completion certificate, sewage and treatment plants refurbishment and maintenance program
			BSDI - 61	Number of sewage pump stations maintained	R 12,000,000	N/A	New Indicator	5	0	Performance not fully effective	Deviating from procuring through quotation to open tender	Putting pressure to BTO	Site meeting minutes, Attendance Registers, Project Close-out

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
											system		Reports Completion & certificate
			BSDI - 62	Green drop status compliance	R 1,000,000	N/A	26%	50%	26%	Performance not fully effective	It was not been assessed by Department of Water and Sanitation	N/A	Green Drop Compliance Certificate
	Public Employment	Maximize job/employment creation particularly for youth and women in all infrastructure, social and economic development programmes.	BSDI - 63	Number of non-functional schemes refurbished	R 10,000,000	N/A	New indicator	51	54	Fully effective	N/A	N/A	Detailed report / Pictorial evidence

LOCAL ECONOMIC DEVELOPMENT

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Human Settlements	Coordination of planning and Development of Sustainable Human Settlements	Training of PDI contractors in different fields of Human settlements development in 5 LMs	LED - 1	Number of emerging Previously Disadvantaged Individuals (contractors) trained	N/A	N/A	8	20	64	Outstanding performance	The letter to NHBRC requesting training for PDI's was responded to earlier than we anticipated (it is usually a lengthy process) and training could commence sooner than expected. NHBRC provided the ORTDM additional budget for training. (50 Youth and 14 PDI Contractors)	N/A	Attendance Registers and Certificates

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Rural, Economic & Development Planning	To improve co-ordination & integration of LED programs for sustainable trade and investment within the District	Strengthen IGR structures for integrated LED programmes.	LED - 2	Number of Local Economic Development Forums held	R 200,000	N/A	12	12	12	Fully effective	N/A	N/A	Attendance Registers, Minutes
		Promotion of district Trade and Investment	LED - 3	Number of Local Economic Development Sector Planning Strategies submitted to Executive Mayoral Committee	R 800,000	R 400,000	3	1	2	Performance significantly above expectations	One Local Economic Development Sector Planning Strategy that was supposed to be completed during the first quarter of 2017/18 was completed before the end of 2016/17.	N/A	LED Strategy, Agricultural Development Strategy, Forestry Development Strategy, Trade and Investment Strategy

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		Build capacity of SMME and cooperatives	LED - 4	Number of Small Medium Micro Enterprises (SMME's) capacitated	R 1,700,000	R 2,400,000	20	88	88	Fully effective	N/A	N/A	Attendance Registers, Certificates of Attendance
	To enhance access to LED infrastructure, agro-processing and value add facilities	Improved service standards for the District Processing Plants and improved local farmers access to markets	LED - 5	Percentage transfer of assets to Ntinga OR Tambo Development Agency	R 200,000	N/A	New Indicator	100%	100%	Fully effective	N/A	N/A	Project Close Out Report, Signed copy of Asset Register
	Develop forestry & timber production for economic development	Enhance Economic viability of the forestry & timber sector for the district.	LED - 6	Number of Incubatees supported	R 250,000	N/A	10	10	10	Fully effective	N/A	N/A	Signed Service Level Agreement, Monthly Progress Reports
	Develop mariculture and aquaculture industry production for economic development	Aqua-culture skills development.	LED - 7	Number of Aquaculture enterprises trained	R 350,000	N/A	20	50	32	Performance not fully effective	The delegates from other Local Municipalities who were expected to attend the training did	Monthly engagements meetings are being held with LMs in order to conduct status quo analysis of	Attendance Registers, Certificates of Attendance

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
											not attend	aquaculture enterprises prior to the training	
	Coordinate Tourism Development and Marketing for the district.	Strengthen Tourism Research & Tourism Development	LED - 8	Number of Tourism Master Plans submitted to Executive Mayoral Committee	R 300,000	N/A	1	0	0	Not applicable	Target was adjusted to zero		
	To maximize Public employment in all sectors of the economy	Maximize job/employment creation particularly for youth and women in all Infrastructure, social and economic development programmes.	LED - 9	Number of jobs created through municipality's local, economic development initiatives including Expanded Public Works Programme	R 3,213,000	N/A	406	300	461	Outstanding performance	The municipality added additional budget as there were many projects that were being implemented	N/A	Signed Contracts, Reports, Attendance Registers
	To achieve spatially equitable economic growth across the district	Develop plans for District Catalytic Projects & Creation of Special Economic Zones	LED - 10	Number of District Spatial Planning Strategic Frameworks submitted to Mayoral Committee	R 1,600,000	N/A	0	1	1	Fully effective	N/A	N/A	District Spatial Development Framework

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Water & Sanitation	Public Employment	Maximize job/employment creation particularly for youth and women in all Infrastructures, social and economic development programmes.	LED - 11	Number of Jobs Created (long, medium & short Term) in labour intensive programmes	R 5,000,000	N/A	8833	1600	1777	Performance significantly above expectations	ORTDM received funding to implement other programmes from the KSD Presidential interventions	N/A	Signed Contracts

FINANCIAL MANAGEMENT AND VIABILITY

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Budget & Treasury Office	To increase revenue generation	Effective billing and revenue collection	FVM - 1	Outstanding service debtors to revenue	R 16,100,000	N/A	15%	16.5%	16.5%	Fully effective	The municipality has conducted data cleansing which resulted in the improvement in billing.	N/A	Bank Statements / Debtors Aged Analysis
			FVM - 2	Amount of future cash invested in high-earning investments			R20.4 Million	R22 Million	R35 Million	Outstanding performance	The municipality chose to invest in a high earning investment portfolio	N/A	Bank statements / Investments reconciliations
			FVM - 3	Cost coverage			New Indicator	10.6%	40%	Outstanding performance	The district has applied a sound, prudent financial management by ensuring that the district does not spend what it does not have	N/A	Bank Statements / Debtors Aged Analysis
			FVM - 4	Debt Coverage			New Indicator	11%	0%	Outstanding performance	ORTDM has no debt	N/A	Debtors Aged Analysis

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	To ensure 100% compliance to legislated budget turnaround times and spend	Improvement in the accuracy of financial planning for more credible budgeting	FVM - 5	Number of budgets submitted to National Treasury	N/A	N/A	2	2	2	Fully effective	N/A	N/A	Budget / Council Agenda Item / Newspaper advert
			FVM - 6	Number of Section 52d reports submitted to National Treasury	N/A	N/A	4	4	4	Fully effective	N/A	N/A	Section 52d Report / Acknowledgement of receipt from Treasury / Submission sheet to Mayor
			FVM - 7	Number of Section 71 reports submitted to National Treasury	N/A	N/A	12	12	12	Fully effective	N/A	N/A	Section 71 Report / Acknowledgement of receipt from Treasury / Submission sheet to Mayor
		Improve financial management capacity and efficiency	FVM - 8	Percentage spend of quarterly Financial Management Grant (FMG) allocation	N/A	N/A	100%	100%	100%	Fully effective	N/A	N/A	Processed Payment Recons / Section 52d Report
			FVM - 9	Percentage spend of quarterly Municipal Infrastructure Grant (MIG) allocation	N/A	N/A	100%	100%	100%	Fully effective	N/A	N/A	Processed Payment Recons / Section 52d Report
			FVM - 10	The percentage of a municipality's capital budget spent on capital projects identified for a particular financial year in terms of the municipality's	N/A	N/A	100%	100%	100%	Fully effective	N/A	N/A	Processed Payment Recons / Section 52d Report

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
				integrated developmental plan									
			FVM - 11	Percentage spend on Operations and Maintenance (O&M)	N/A	N/A	100%	100%	100%	Fully effective	N/A	N/A	Processed Payment Recons / Section 52d Report

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Legislative Services	To improve/ensure council and community oversight for service delivery implementation	Strengthen internal governance structures, systems and protocols to monitor and ensure compliance with the legislative	GGPP - 1	Number of Municipal Oversight Model (MOM) imperatives (Annual Reports, Budget, Quarterly Reports and FIS) assessed	R 1,300,000	N/A	28	28	39	Outstanding performance	The SDBIP was development in the previous financial year and the council after election in August 2016 came up with additional committee	N/A	Portfolio Oversight Reports

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification	
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)		
		framework	GGPP - 2	Number of Portfolio Oversight Reports tabled to Council			28	28	40	Outstanding performance	The SDBIP was development in the previous financial year and the council after election in August 2016 came up with additional committee	N/A	Portfolio Oversight Reports	
			GGPP - 3	Number of Standing Committee Reports tabled to Council			28	28	28	Fully effective	N/A	N/A	Portfolio Oversight Reports, Council Minutes	
			GGPP - 4	Number of Ordinary Council meetings held		R 510,000	N/A	4	4	4	Fully effective	N/A	N/A	Standing Committee Reports, Council Minutes
			GGPP - 5	Number of Open Council meetings held				1	2	2	Fully effective	N/A	N/A	Council Notice, Attendance Register, Minutes of meeting
		Provide platform for LM representative councillors in DM council to present	GGPP - 6	Number of Local Municipality reports tabled to Council	N/A	N/A	New Indicator	20	20	20	Fully effective	N/A	N/A	Council minutes and LM Reports

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		service delivery issues and challenges raised and prioritized by their LM councils											
		Provide the necessary support to Whippery in facilitating accountability of councillors to constituencies	GGPP - 7	Number of Whippery policies tabled to Council	N/A	N/A	New Indicator	1	1	Fully effective	N/A	N/A	Whippery Policy, Council Minutes
			GGPP - 8	Percentage of ward committees assessed as fully functional using ward committee guidelines	R 1,000,000	N/A	New Indicator	100%	100%	Fully effective	N/A	N/A	Assessment Reports
Office Of The Municipal Manager	To coordinate effective intergovernmental relations across portfolio boundaries of governmental actors within the District	Make service delivery central to the functioning of technical and political IGR structures both at LM and DM levels	GGPP - 9	Number of Inter-Governmental Relations (IGR) partnerships formed	R 500,000	N/A	4	3	0	Performance not fully effective	Agreement on Argentina could not be signed as the municipality lacked funding in order to contract.	The department will continue to pursue the agreements for the development of the district and funds have been committed	Signed Partnership Agreements/MOUs/Contracts

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		To ensure effective, efficient and accountable local governance	GGPP - 10	Number of War Rooms established	R 1,200,000	N/A	New Indicator	146	136	Fully effective	N/A	N/A	Quarterly Reports to Standing Committee List of Appointed members of structures Coordination structures exist with agendas and minutes of meetings
	Ensure credible integrated service delivery planning (IDP), monitoring, reporting and evaluation	Development of the district long term planning	GGPP - 11	Number of District Visions 2030 plans submitted to Council	R 2,000,000	N/A	New Indicator	1	1	Fully effective	N/A	N/A	Council Agenda and Minutes. Council register
		Improve quality of IDP in line with prescribed processes and guidelines – with full participation and ownership by political champion, IGR partners and communities	GGPP - 12	Integrated Development Plan (IDP) credibility rating provided by COGTA	R 7,500,000	N/A	High	High	High	Fully effective	N/A	N/A	Letter from the MEC and COGTA Report
		Implement a	GGPP - 13	Auditor-General Opinion expressed on Pre-determined Objectives	R 1,200,000	N/A	Qualified	Unqualified	Qualified	Performance not fully effective	There was no performance management unit in the Municipality and that resulted in the 2 material findings that were identified by AG	PMS policy has been developed and will be implemented in the new financial year along with all other procedures developed to assist the	Auditor-General Report

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		comprehensive Institutional service delivery performance reporting, monitoring and evaluation in line with the prescribed legislative framework and guidelines											
			GGPP - 14	Number of Service Delivery and Budget Implementation Plans (SDBIPs) endorsed by the Mayor			1	1	1	Fully effective	N/A	N/A	Signed copy of the SDBIP from the Office of the Executive Mayor
			GGPP - 15	Number of Annual and Oversight Reports submitted to Council			6	6	7	Fully effective	N/A	N/A	Council Agenda and Minutes. Council register
	To ensure a well-coordinated and integrated district wide communication	Maintain a two way communication with communities and staff	GGPP - 16	Number of communication initiatives undertaken	R 8,500,000	N/A	5	8	32	Fully effective	N/A	N/A	Quarterly Communication Reports
	To ensure effective Audit function for improved	Addressing all issues raised by internal, AG	GGPP - 17	Auditor-General Opinion expressed on	N/A	N/A	Qualified	Unqualified	Qualified	Performance not fully effective	Lack of systems/processes and procedures and	Recruitment and development of staff and establishment of	Auditor-General Report

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	compliance, clean administration and clean governance	and audit committee; by integrating action plans		Compliance (Laws & Regulations)							capacity/staff 25 material findings identified	systems/processes and procedures	
		Addressing all issues raised by internal, AG and audit committee; by integrating action plans	GGPP - 18	Number of follow-up reports on Internal Audit, Audit Committee and Auditor-General issues submitted to the Audit Committee	N/A	N/A	1	4	4	Fully effective	N/A	N/A	Reports to the Audit Committee
		Functional and effective of Audit Committee	GGPP - 19	Number of Audit Committee meetings held	R 300,000	N/A	4	4	5	Fully effective	A special Audit Committee meeting had to be convened for approval of 2017/18 Internal Audit Plan, Audit Committee Charter and Internal Audit Charter	An Audit Committee for 2017/18 FY will be developed and strictly monitored for adherence	Minutes of meetings Attendance Registers Reports submitted to Council after each quarterly meeting

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		Provide Internal Audit support to Port St Johns and Mhlontlo Local Municipalities, Ntinga and Port St Johns Development Agency	GGPP - 20	Number of organisations provided with Internal Audit support	R 4,000,000	R 0	5	4	4	Fully effective	N/A	N/A	Audit Committee Reports
		Improve capacity of internal legal services to minimise municipalities' exposure to avoidable litigation	GGPP - 21	Reduction in litigation cases	N/A	N/A	New Indicator (52 cases in 15/16 FY)	25%	71%	Outstanding performance	There has been a particular focus to clear up all long outstanding litigations which resulted to resolving lot of matters	N/A	Litigation Register
		Develop systems to monitor and provide support to departments on compliance with key	GGPP - 22	Percentage compliance issues resolved	N/A	N/A	New Indicator	60%	60%	Fully effective	N/A	N/A	Service Level Agreements Contracts Advice provided to Accounting Officer

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		contractual obligations, key legislation and collective agreements											
	Functional and effective risk management in the institution	Develop a risk based internal audit plan for the current year and report thereon.	GGPP - 23	Number of risk register reports submitted to Audit Committee	R 350,000	N/A	1	4	4	Fully effective	N/A	N/A	Risk Register Reports Audit Committee Reports
		Develop a risk based internal audit plan for the current year and report thereon	GGPP - 24	Number of risk based internal audit plans approved by 30 June	N/A	N/A	1	1	1	Fully effective	N/A	N/A	Risk based plan Minutes of Audit Committee meeting
	To improve/ensure council and community oversight for service delivery implementation	Strengthen internal governance structures, systems and protocols to monitor and ensure compliance with the legislative framework	GGPP - 25	Number of agreements/ social compact agreements / Memorandum of Understandings (MOUs) signed on service delivery related	R 700,000	N/A	0	8	8	Fully effective	N/A	N/A	Copies of Signed Agreements/Memorandum of Understanding

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
				matters									
Executive Mayoral Services	To improve/ensure council and community oversight for service delivery implementation	Strengthen internal governance structures, systems and protocols to monitor and ensure compliance with the legislative framework	GGPP - 26	Number of Executive Committees (Section 80) deemed functional using the Council committee assessment tool	R 6,700,000	N/A	12	4	8	Performance significantly above expectations	1 Ordinary Mayoral Committee Meeting and 2 Special Mayoral Committee Meetings held	N/A	Attendance Register Minutes
		Strengthen internal governance structures, systems and protocols to monitor and ensure compliance with the legislative framework	GGPP - 27	Number of Executive Mayoral Imbizo's held			8	8	10	Fully effective	Additional Imbizo's were held due to the fact that the Municipality was doing planning for the new 5 year term	N/A	Pictorial Evidence Mayoral Imbizo Report Advertisement Posters

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
		Strengthen internal governance structures, systems and protocols to monitor and ensure compliance with the legislative framework	GGPP - 28	Number of sector engagement with sectors of society held			8	8	11	Performance significantly above expectations	N/A	N/A	Attendance Register Pictorial Evidence Sector Engagement Report
		Strengthen internal governance structures, systems and protocols to monitor and ensure compliance with the legislative framework	GGPP - 29	Number of service delivery initiatives undertaken with the ambassador programme			2	8	3	Performance not fully effective			Attendance Register Pictorial Evidence Service Delivery Initiatives Summative Report
Budget & Treasury Office	To strengthen the governance and control environment over all financial matters to	Comply with prescribed accounting standards, legislation as well as all	GGPP - 30	Auditor-General Opinion expressed on Financial Statements	R 8,000,000	N/A	Qualified	Unqualified	Qualified	Performance not fully effective	Basis for qualification is irregular expenditure	An institutional has a new paradigm to be implemented in the new financial year	Audit Report / Management Letter

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	eliminate wasteful, unauthorised and irregular expenditure	related guidelines and circulars for financial planning and reporting	GGPP - 31	Percentage adherence to municipal Standard Chart of Accounts (mSCOA) implementation	R 7,000,000	N/A	New Indicator	100%	100%	Fully effective	N/A	N/A	mSCOA Report
			GGPP - 32	Percentage compliance of chart of accounts in line with municipal Standard Chart of Accounts (mSCOA)				100%	100%	Fully effective	N/A	N/A	Trial Balance
		To ensure 100% compliance with MFMA regarding the payment of creditors	GGPP - 33	Percentage of creditors paid within 30 days	N/A	N/A	80%	100%	100%	Fully effective	N/A	N/A	Paragraph 36 Report / Audit Report
Corporate Services	To ensure effective functional and improved compliance, clean administration	Promote good ethical environment and improve control systems to intensify fight	GGPP - 34	Number of Whistle Blowing Policies submitted to Council for approval	R 100,000	N/A	0	1	1	Fully effective	N/A	N/A	Council Minutes Council Agenda

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	and clean governance	against fraud and corruption (Zero tolerance)	GGPP - 35	Number of Anti-corruption and Fraud Policies submitted to council for approval			0	1	1	Fully effective	N/A	N/A	Council Agenda Council Register
			GGPP - 36	Number of recruitment policies reviewed			0	1	1	Fully effective	N/A	N/A	Amended Recruitment Policy
			GGPP - 37	Number of Codes of Conduct customised for municipal employees			0	1	1	Fully effective	N/A	N/A	Customised Code of Conduct

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT (UPDATE)

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
Corporate Services	To improve the organisational performance capacity of O.R. Tambo District Municipality	Review organizational capacity status quo	MTID - 1	Number of Municipalities who have completed a Job Evaluation process	R 2,000,000	R 2,000,000	0	3	2	Performance not fully effective	The Job Evaluation process started late because of labour unrest. There was also a dispute declared by unions about the JE procedures	An agreement has been reached in the Job Evaluation Committee and the process is continuing at an accelerated pace.	Job Evaluation Report
		Attract and retain representative, skilled and competent human resources	MTID - 2	Percentage completion of the placement process on prioritised budgeted posts	R 600,000	N/A	0%	100%	100%	Fully effective	N/A	N/A	Placement Report
		Ensure that the ORTDM has all the required and up-to-date Human Resource-related policies	MTID - 3	Number of Human Resource (HR)-related policies submitted to Council for approval	R 100,000	N/A	16	4	4	Fully effective	N/A	N/A	Council Minutes Council Agenda
		Attract and retain representative, skilled and competent human resources	MTID - 4	Number of new vacant positions filled	R 3,726,138	N/A	0	14	21	Outstanding performance	N/A	N/A	Copies of Appointment Letters

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	To improve institutional performance through skills development	Conduct capacity building for O R Tambo district Municipality	MTID - 5	The percentage of a municipality's budget actually spent on implementing its workplace skills plan	R 4,800,000	N/A	New Indicator	0.2%	0.2%	Fully effective	N/A	N/A	Municipal Budget Workplace Skills Plan Training Budget Report to Standing Committee
	To improve inclusion of HDI in the economy of the District	Compliance of Employment Equity Act	MTID - 6	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	R 3,726,138	N/A	New Indicator	12	13	Fully effective	N/A	N/A	Copies of appointment Letters
	To monitor and evaluate individual employee performance to ensure achievement of IDP and SDBIP objectives	Monitor all employee performance within the institutional PMS	MTID - 7	Number of performance reviews conducted for Senior Managers	N/A	N/A	0	4	0	Performance not fully effective	No assessments were done for Senior Managers as the unit for Individual Performance has not been fully capacitated	Manager has been appointed towards the end of the financial year and assessments will be conducted for annual evaluations	Evaluation Reports

Department	Strategic Objective	Strategies	Indicator Code	Indicator	Programme Budget Allocation	Adjusted Programme Budget Allocation	Baseline	Annual Target	ANNUAL PERFORMANCE EVALUATION				Means of Verification
									Annual Actual	Annual Performance Assessment	Reason for Deviation (For all under achieved and over achieved targets)	Corrective Action (To be specific with timelines)	
	Ensuring provision of Basic Services in a well-structured, efficient and integrated manner	To provide safety measures for the Councillors and Employees of the ORTDM	MTID - 8	Number of Municipal Offices with upgraded Wi-Fi network connectivity	R 500,000	N/A	0	3	14	Outstanding performance	N/A	N/A	Feedback Report from Users
	To improve knowledge management within the District	Improve preservation and accessibility of municipal documents and records	MTID - 9	Number of Departments with updated records at the registry	R 270,000	N/A	0	1	0	Performance not fully effective	The target was not achieved as space had to be created in the registry to accommodate the new files. The process of creating space meant that some files had to be destroyed, a process which is done after obtaining permission from the Provincial Archives	To accelerate the centralisation process	Distraction Certificate Distraction Register Transfer Register
	To ensure safety and security in the municipality.	Provision of physical security measures to protect assets, personnel and information	MTID - 10	Number of Municipal facilities provided with protection services	R 15,000,000	N/A	0	45	45	Fully effective	N/A	N/A	Assessment Report
	To maintain sound and stable labour relations	Implement fair labour practices by promoting enhanced adherence to labour relation and existing policies	MTID - 12	Number of Local Labour Forum Meetings conducted	N/A	N/A	12	4	5	Fully effective	N/A	N/A	Attendance Register Minutes of Meetings

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE
(PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Total number of employees	Vacant positions	New Employees	Resignations
969 staff in a payroll	929	36	08
78 casuals			

4.1.1 TOTAL NUMBER OF NUMBER OF MUNICIPAL EMPLOYEES PER DEPARTMENT

NAME OF DEPARTMENT	TOTAL NO OF EMPLOYEES
Legislative Services	39
Human Settlement	10
Community Services	119
REDP	16
Corporate Services	62
Budget & Treasury	116
Internal Audit	06
Office of the Municipal Manager	16
Water & Sanitation	520
Technical Services	02
Office of the Executive Mayor	63
TOTAL	969

4.1.2 STAFF TURNOVER PER THE CATEGORIES AND POST LEVELS

Resignations	
Senior Managers	01
Middle management	0
General staff	07
Total	08
Retirements	
Senior Managers	0
Middle management	0
General staff	10
Total Retirements	10

Deaths	
Senior Managers	0
Middle Managers	02
General staff	11
Total deaths	13

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

4.2.1 POLICIES

Policy	Status
Attendance & Punctuality	New
Essential user scheme	Reviewed
Overtime policy	Reviewed
Acting allowance policy	Reviewed
Code of conduct policy	Reviewed
Termination of services policy	Reviewed
Bursary policy	Reviewed
Subsistence & Travelling policy	Reviewed
Integrated Employee/Employer Wellness	Reviewed
Retention policy	Reviewed
Whistle Blowing policy	New
Sexual Harassment	New
Information & Communication Technology	Reviewed
Security Management & Access Control policy	Reviewed

4.2.2 INJURIES, SICKNESS AND SUSPENSIONS

The table below reflects on the resignations, injuries, death and pensions

Category	Number Of Employees
Injuries	03
Death	13
Pension	10

4.2.3 PERFORMANCE REWARDS

There were no performance rewards over the financial year as the municipality is still busy developing its performance management systems.

COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

4.3 SKILLS DEVELOPMENT AND TRAINING

The District Municipality has made a reasonable improvement in ensuring that opportunities for growth through Education and Training is realized by the employees and the community of OR Tambo holistically. Based on the programmes that were undertaken from the previous financial year, much has been achieved progressively in the area of capacity building and training through rendering an integrated Human Resources Development programmes. In setting up a conducive environment for education and training opportunities, the HRD Policies have been developed and workshopped to all key stakeholders and are just awaiting for the council resolution. Below are some of the achievements in various HRD Programmes being:

4.3.1 Establishment of the District HRD Council

OR Tambo District HRD Council has been launched over a two day summit that convened from the 17-18th of July 2017. The Council has been established as the supreme body that will advise the District Municipality on all matters relating to HRD, focusing amongst many on the following primary mandate:

- To advise the District Municipality on HRD related matters,
- To endorse and coordinate the District Human Development Strategy.
- To identify bottlenecks (institutional, organizational, financial, etc.)

Amongst the key considerations of the launch summit was to unanimously discuss and adopt the Council Charter and its Council Working Groups as well discussions on the Terms of Reference for such working groups.

In this platform another focus was to ensure that all stakeholders within the OR Tambo District who have a direct interest and much needed contribution to Education and Training interventions of the District are able to express their voice and further commit to the partnership pledge to achieve a common goal which will focus on the following themes.

- ii. Development of the District HRD Strategy/Plan
- iii. Development and Implementation of the District Catalytic skills supply
- iv. New edge action and applied research and innovation

In Line with the District Development Plan (DDP), the Council shall therefore facilitate the utilisation of Education and Training initiatives that will drive the successful transformation of the economy of the district into an innovative and knowledge based economy through implementation of the OR Tambo long term vision and plan. The success of the economic growth through education and training will be achieved through 3 pillars which are, Economic development, Infrastructure & Human Development where in mega development programmes and projects will be engineered to fast-track and speed up the economy of the District in order to create employment opportunities as well as increased productivity. The OR TAMBO HRD Council launch summit was a great success with an attendance of seventy two (72) delegates. The OR District Municipality is proud to become the first district to launch the HRD council especially through the support from the Office of the Premier and ECSECC.

4.3.2 Implementation of Experiential Training Programmes (Student Trainees & Internships)

Since 2016/17 financial year the District Municipality has offered forty eight (48) student training opportunities and twenty (20) internships to the youth of the District. These students were placed across all departments within the District Municipalities and some from Local Municipalities under Internal Audit Section. During 2017/18 financial year the number of student trainees given experiential training has increased from Forty three (43) to fifty three (53).the Municipality has also forty eight (48) internship opportunities that were advertised in July/August and the learners are shall assume duties from November/December 2017.

4.3.3 Artisan Development Training Programme (Mobile Artisan School)

The artisan training programme has been implemented from 2016/17 financial year in order to provide self-employment opportunities to the ordinary members of the community across the District. A minimum of 10 learners in both brick laying and plumbing to a total of 20 were recruited by all five Local Municipalities through the Skills Development Unit in each Municipality through a coordinated consultation process. The training was conducted by Africa International Training Facilities from the 10th of February 2017 focusing on theory with classroom practical demonstrations and was completed on the 17th of March 2017.

All learners are currently placed by Local Municipalities in areas where they are gaining practical work experience for a minimum period of 12 months on various housing projects and at district water treatment works. The artisan programme was fully funded by the District Municipality whilst the Local Municipalities were responsible to fund the learner stipend of R 1500 per month. Based on the above, further support has been provided to Municipalities who had applied for district intervention where necessary. A Certificate Award Ceremony graduation was organized to award the learners their certificates of Competence on the 20th June 2017.

During the 2017/28 financial year, for the same programme the District Municipality is currently soliciting a partnership with Coega Development Cooperation to train further 100 beneficiaries focusing on 80% youth participation in the programme in the field of Plumbing and brick laying in an endeavour to contribute to the Local Economic Development wherein training shall be conducted in local B&Bs, across all the towns constituting the District Municipality.

4.3.4 Study Assistance and Short Programme Funding for Employed Learners

On the Study Assistance/ Bursary administration programme, the Municipality has approved eighteen (18) study assistance applications for various fields of study which are in line with the scope of Local Government Sector. Amongst the formal qualifications that are studied within the Municipality is the Municipal Finance and Supply Chain Management (MFSCM) certificate. The enrolment of officials in the programme is to ensure that all officials working in the financial management and supply chain department including Managers who have a financial responsibilities are competent in terms of Municipal Regulations on Minimum Competency Levels as published under Government Notice R493 in Government Gazette 29967 dated 15 June 2007. Commencement date: 1 July 2007.

Forty (40) officials started doing five (5) additional modules starting from August to December 2017, and a further group of 29 officials have started CPMD training under group 45 who are expected to complete in June 2018. Skills programmes and short courses have been implemented for officials within various departments with a total of seventy three (73) beneficiaries. The District Municipality has also funded a Basic Traffic Officer course as a support intervention for Mhlontlo Local Municipality.

4.3.5 State Of District Skills Development & Employment Equity Committee And District SDF Forums

The District Skills development & Employment Equity Committee has been re-established in April 2017, and the quarterly meetings are convening smoothly as they convene once in each quarter. The first meeting convened on the 25th of April 2017, and the second meeting convened on the 8th of August 2017. The next meeting will convene in December 2017 as per the calendar of meetings.

The District Municipalities across the Province have a District Skills Development Forum that convenes once every quarter as duly established by the Local Government Sector Education and Training Authority (LGSETA) to discuss the District training and development programmes and consolidate a report in order to present such in the Provincial SDF Forum. The OR Tambo District SDF Forums are convening once every quarter on a rotational basis in order to promote integration and participation of member municipalities.

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Statement of Financial Performance

Figures in Rand	Note(s)	Municipality		Group	
		2017	2016 Restated ^a	2017	2016 Restated ^a
Revenue					
Revenue from exchange transactions					
Service charges	23	206,822,345	195,346,165	206,822,345	195,346,165
Rental of facilities and equipment	24	35,118	24,334	822,311	871,664
Interest earned - External Investments	25	36,424,629	32,992,639	39,527,839	35,170,049
Interest earned - Outstanding debtors	25	46,914,379	42,029,128	46,914,379	42,029,128
Other revenue	26	130,902,542	95,835,102	134,176,919	99,157,474
Other gains on continued operations	27	2,614,672	1,774,552	2,618,472	1,782,052
Total revenue from exchange transactions		423,713,685	368,001,920	430,882,265	374,356,532
Revenue from non-exchange transactions					
Transfer revenue					
Income from agency services	28	65,599	87,741	407,060	714,406
Government grants and subsidies received	29	1,523,251,348	1,303,780,772	1,525,626,145	1,349,111,016
Public contributions and donations	30	-	236,323	-	236,323
Total revenue from non-exchange transactions		1,523,316,947	1,304,104,836	1,526,033,205	1,350,061,745
Total revenue	40	1,947,030,632	1,672,106,756	1,956,915,470	1,724,418,277
Expenditure					
Employee related costs	31	(411,062,458)	(367,323,103)	(436,850,549)	(393,172,154)
Remuneration of councillors and Board	32	(16,746,729)	(16,881,814)	(17,749,620)	(17,601,212)
Depreciation and amortisation	33	(161,764,357)	(152,596,763)	(164,455,909)	(156,133,624)
Impairment Loss	34	(146,934,160)	(107,693,467)	(147,042,014)	(107,782,248)
Repairs and maintenance	8	(86,490,925)	(74,789,855)	(86,311,406)	(75,026,842)
Finance costs	35	(5,906,270)	(389,463)	(6,001,430)	(578,510)
Bulk purchases	36	(42,406,949)	(43,844,958)	(42,406,949)	(43,844,958)
Contracted services	37	(44,831,711)	(28,423,559)	(45,219,246)	(29,036,219)
Grants and Subsidies paid	38	(149,374,829)	(107,935,868)	(110,011,495)	(122,981,264)
General Expenses	39	(410,125,316)	(369,779,455)	(416,684,497)	(377,137,168)
Total expenditure		(1,475,643,704)	(1,289,658,305)	(1,472,733,115)	(1,323,294,189)
Operating surplus		471,386,928	402,448,451	484,182,355	401,124,078
Gain on disposal of assets and liabilities		-	-	237,146	163,336
Loss on Disposal of Assets		(903,737)	-	(903,737)	-
Fair value adjustments	41	(136,500)	-	(276,050)	(81,105)
Assets written off		(14,848,063)	-	(14,848,063)	-
		(15,888,300)	-	(15,790,704)	82,231
Surplus for the year		455,498,628	402,448,451	468,391,651	401,206,309

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	17,521,409	-	17,521,409	20,694,091	3,172,682	B1
Receivables: Non-exchange	-	-	-	12,158,687	12,158,687	B2
Receivables: Exchange	180,547,615	121,512,734	302,060,349	54,820,259	(247,240,090)	B2
VAT receivable	4,442,242	-	4,442,242	83,382,717	78,940,475	B3
Current Portion of Long-term Liabilities	2,199,648	-	2,199,648	-	(2,199,648)	B4
Cash and Cash Equivalents	652,291,268	(138,836,170)	513,455,098	253,822,500	(259,632,598)	B5
	857,002,182	(17,323,436)	839,678,746	424,878,254	(414,800,492)	
Non-Current Assets						
Biological Assets	14,934,893	-	14,934,893	20,194,646	5,259,753	B6
Investment Property	-	-	-	2,200,000	2,200,000	B7
Property, Plant and Equipment	8,220,832,984	(4,813,000)	8,216,019,984	5,360,762,090	(2,855,257,894)	B8
Intangible Assets	2,534,722	-	2,534,722	1,087,462	(1,447,260)	B9
Heritage Assets	-	-	-	90,000	90,000	
Long-term receivables	-	-	-	1,199,163	1,199,163	
	8,238,302,599	(4,813,000)	8,233,489,599	5,385,533,361	(2,847,956,238)	
Total Assets	9,095,304,781	(22,136,436)	9,073,168,345	5,810,411,615	(3,262,756,730)	
Liabilities						
Current Liabilities						
Long-term liabilities	260,000	-	260,000	-	(260,000)	
Payables from exchange transactions	333,016,640	(16,323,438)	316,693,202	371,620,585	54,927,383	B10
Payables from non-exchange	-	-	-	18,710,614	18,710,614	B11
Consumer deposits	2,500,000	-	2,500,000	1,604,949	(895,051)	
Provisions	-	-	-	2,211,000	2,211,000	B12
	335,776,640	(16,323,438)	319,453,202	394,147,148	74,693,946	
Non-Current Liabilities						
Long-term liabilities	-	-	-	38,795,339	38,795,339	B13
Employee benefit obligation	90,000	-	90,000	64,042,052	63,952,052	B14
	90,000	-	90,000	102,837,391	102,747,391	
Total Liabilities	335,866,640	(16,323,438)	319,543,202	496,984,539	177,441,337	
Net Assets	8,759,438,141	(5,812,998)	8,753,625,143	5,313,427,076	(3,440,198,067)	
Reserves						
Accumulated surplus / (Deficit)	8,759,438,141	(5,812,998)	8,753,625,143	5,313,427,076	(3,440,198,067)	

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Comparison of budget and actual – Capital Expenditure

DETAILS	Actual 2016/17 R	Actual 2015/16 R	Percentage Variance %	Budgeted 2016/17 R	Variance actual/ budgeted %
Executive and Council	1,990,177	-	100%	3,000,000	34%
Budget and Treasury Office	6,769,193	18,727,473	-64%	41,640,500	84%
Corporate Services	-	-	0%	1,850,000	100%
Planning and Development	-	261,057	-100%	12,040,000	100%
Health	-	-	0%	1,300,000	100%
Housing	-	-	0%	2,830,000	100%
Public Safety	6,909,897	-	100%	15,000,000	54%
Roads and Transport	-	-	0%	7,000,000	100%
Water	791,826,668	566,823,713	40%	1,131,874,200	30%
Other	-	-	0%	50,000	100%
	807,495,935	585,812,243		1,216,584,700	

The table above depicts a difference of R409 million between the 2016/17 budget and the actual expenditure as reflected in note 7 of the audited annual financial statements. The difference is mainly attributable to VAT amount of R113 million excluded in the actual expenditure of R807.4 million indicated above, MIG operating expenditure of R51 million included in the capital budget where as in the actual figure it was included under operating expenditure, MIG grant amounting to R90 million that was withheld by COGTA. The remaining difference relates to underspending in various votes especially on asset renewal. All conditional grant expenditure were fully spent in the year under review. For more details on conditional grants, refer to component D below.

Reconciliation of Budget Surplus (Deficit) with the Surplus / (Deficit) per Statement of Financial Performance.

DETAILS	2017	2016
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	65,318,385	864,132,194
Revenue variances	763,603,154	(827,220,355)
Expenditure variances:		
Employee Related Costs	(19,398,947)	9,351,327
Remuneration of Councillors	2,493,894	(16,623,351)
Depreciation and Amortisation	(2,423,207)	12,903,237
Impairment Losses	(109,834,160)	(61,193,467)
Repairs and Maintenance	(86,490,925)	(16,132,353)
Interest Paid	(5,906,270)	210,537
Bulk Purchases	8,593,051	6,315,250
Contracted Services	(29,831,711)	5,649,442
Grants and Subsidies Paid	(93,743,483)	556,886,476
General Expenses	(36,881,157)	(132,003,732)
Actual surplus before appropriations	455,498,624	402,275,204

The table above depicts variances between the budget and actual based on standard classification. The variance is mainly attributable to revenue recognition of conditional grant expenditure where conditions have been met, increase in debtors' impairment loss due to non-payment by customers, increase in grants and subsidies paid due to increase in water carting expenditure as a result of drought, increase in repairs and maintenance as well general expenses as a result of sealing of reservoirs.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Statement

Figures in Rand	Note(s)	Municipality		Group	
		2017	2016 Restated*	2017	2016 Restated*
Cash flows from operating activities					
Receipts					
Service Charges		131,019,302	138,484,484	129,548,814	138,063,463
Government Grants and Subsidies		1,523,251,348	1,299,670,758	1,511,317,746	1,296,584,964
Interest income		54,218,833	50,274,777	57,322,045	52,452,187
Public Contributions and Donations		-	236,323	-	414,974
Other receipts		125,201,149	75,271,383	124,632,570	79,865,910
		1,833,690,632	1,563,937,725	1,822,821,175	1,567,381,498
Payments					
Employee related costs		(401,822,458)	(361,712,760)	(428,613,440)	(387,729,335)
Suppliers Paid		(183,084,326)	(119,371,043)	(191,018,188)	(113,674,438)
Interest Paid		(5,906,270)	(389,463)	(6,001,430)	(578,510)
Other payments		(543,123,311)	(451,093,765)	(487,642,665)	(431,703,333)
Remuneration of Councilors		(16,746,729)	(16,881,814)	(16,746,729)	(17,643,213)
		(1,150,683,094)	(949,448,845)	(1,130,022,452)	(951,328,829)
Net cash flows from operating activities		683,007,538	614,488,880	691,070,878	616,171,885
Cash flows from investing activities					
Purchase of property, plant and equipment	8	(807,495,934)	(585,551,186)	(809,271,875)	(585,886,889)
Proceeds from sale of property, plant and equipment	8	-	-	539,088	304,011
Purchase of intangible assets	9	-	-	(805,184)	-
Purchase of biological assets	12	-	(261,057)	(318,000)	(421,538)
Proceeds from sale of biological assets	12	1,907,802	225,639	1,957,702	286,089
Decreases due to harvest / Sale of biological assets		-	400,913	-	400,913
Decrease / (Increase) in Long-term receivables		(1,513)	(900,843)	(1,513)	(900,843)
Increase due to Births of Biological Assets		-	-	-	7,500
		(805,589,645)	(586,086,534)	(807,899,782)	(586,210,756)
Cash flows from financing activities					
Increase in long term liabilities		38,795,339	-	38,795,339	-
Repayment of borrowings		(20,436)	(84,422)	(20,436)	(124,396)
		38,774,903	(84,422)	38,774,903	(124,396)
Net increase/(decrease) in cash and cash equivalents		(83,807,204)	28,317,924	(78,054,001)	29,836,733
Cash and cash equivalents at the beginning of the year		337,629,704	309,311,780	369,392,735	339,556,008
Cash and cash equivalents at the end of the year	7	253,822,500	337,629,704	291,338,734	369,392,741

COMPONENT D: OTHER FINANCIAL MATTERS

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

Report of the auditor-general to Eastern Cape Provincial Legislature and the council on the O.R. Tambo District Municipality

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the O.R. Tambo District Municipality set out on pages ... to ... , which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the O.R Tambo District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Irregular expenditure

3. The municipality did not disclose all its irregular expenditure incurred during the year as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 57 to the consolidated and separate financial statements was materially understated in respect of amounts incurred during the year that were identified during the audit process. I was unable to determine the full extent of the misstatement for the disclosed amount of R679,9 million in note 57.

Context for the opinion

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

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the year ended 30 June 2017 in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2016.

Unauthorised expenditure

9. As disclosed in note 55 to the consolidated and separate financial statements, unauthorised expenditure amounting to R1 million (2015-16: R18,3 million) was incurred by the municipality during the year. In addition the municipality accumulated a balance of R2,3 billion which was written off during the 2016-17 financial year. This resulted in a closing balance of R1 million (2015-2016: R2,3 billion) at the end of the 2016-17 financial year which has not been investigated by the council.

Irregular expenditure

10. As disclosed in note 57 to the consolidated and separate financial statements the municipality accumulated an irregular expenditure balance of R4,3 billion, of which R2,1 billion was written off during the 2016-17 financial year. This resulted in a closing balance of R2,8 billion (2015-2016: R4,3 billion) at the end of the 2016-17 financial year which has not been investigated by the council.

Fruitless and wasteful expenditure

11. As disclosed in note 56 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R5,9 million (2015-2016: R0,5 million) was incurred by the municipality during the year. In addition the municipality accumulated a R21,6 million (2015-2016: R24,2 million) balance at the end of the 2016-17 financial year which has not been investigated by council.

Impairment loss

12. As disclosed in the consolidated and separate financial statements material debt impairments of R141,4 million (2015-16: R88,7 million) on receivables from exchange and non-exchange transactions was disclosed in note 34 to the consolidated and separate financial statements. This arose from the poor expected recoverability of trade debtors.

Material losses

13. As disclosed in note 60 to the consolidated and separate financial statements, material losses of R22,8 million (2015-16: R12,8 million) was incurred as a result of water losses.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the consolidated and separate financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

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

22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following development priorities presented in the annual performance report of the municipality for the year ended 30 June 2017:

Development priorities	Pages in the annual performance report
Development priority – key performance area (KPA 1): basic service delivery and infrastructure	x – x
Development priority – KPA 2: local economic development	x – x

23. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

24. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 1: Basic service delivery and infrastructure

Usefulness

Indicator not consistent

BSDI-3.number of housing units for Adam Kok farm workers constructed

25. The indicator was reported as number of housing units for Adam Kok farm workers constructed, while the indicator was approved as percentage completion of the planning phases for the construction of Adam Kok housing units in the adjusted service delivery and budget implementation plan (SDBIP). This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000)(Municipal Systems Act).

Indicators not verifiable

26. I was unable to obtain sufficient appropriate audit evidence to validate the existence of systems and processes that enable reliable reporting of actual service delivery against the indicators detailed in the table below, as required by the Framework for managing programme performance information. This was due to a lack of adequate technical indicator descriptions and/or formal standard operating procedures or documented system descriptions. Furthermore there was a lack of adequate supporting documentation to substantiate systems and processes. I was unable to validate the existence of systems and processes by alternative means.

Performance Indicator	Reported achievement
BSDI-6. number of initiation schools supported	9
	2027
BSDI-33.number of households receiving social safety support (distress support, child protection etc.)	
BSDI-41.percentage completion of phase 4 &5 for Coffee Bay Regional Water Supply Scheme(RWSS)	83%
BSDI-42.percentage completion of Mqanduli Corridor Bulk Water Supply Scheme (WSS)	88%
BSDI-44.percentage completion of Flagstaff Phase 3 regional Water Supply Scheme (RWSS)	90%
BSDI-45. number of stand-alone schemes refurbished	4
	100
BSDI-47.number of indigent households supplied with tanks and gutter for rainwater harvesting	
BSDI-50.number of indigent households receiving free basic water & Sanitation Services	153 000
BSDI-51.blue drop status compliance	46%
BSDI-54.percentage completion of bulk sewer projects - Mqanduli	92%
BSDI-62.green drop status compliance	26%
BSDI-63.number of non-functional schemes refurbished	54

Reliability

BSDI-33.number of households receiving social safety support (distress support, child protection etc.)

27. The systems and processes implemented by the municipality to ensure accurate reporting of its actual performance against all of the planned indicators and targets of KPA 1: basic service delivery and infrastructure was not effective. The reported achievement for target of 19 500 was misstated as the evidence provided indicated 2790 and not 2027 as reported.

Limitation of scope – various indicators

28. I was unable to obtain sufficient appropriate audit evidence for 26 out of the 37 indicators relating to KPA 1: basic service delivery and infrastructure. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements of the following indicators:

Performance indicator	Reported achievement
BSDI-2. number of housing units for destitute and vulnerable groups constructed	5
BSDI-6. number of initiation schools supported	9
BSDI-14. percentage of households supported in disaster affected areas	100%
BSDI-21. percentage of fire and emergency incidents responded to within 30 minutes for areas within a 50 kilometres radius	100%
BSDI-22. percentage of fire and emergency incidents responded to within 1 hour 45 minutes for areas more than 50 kilometres radius	100%
BSDI-39. percentage completion of Ngangelizwe Breaking New Ground (BNG) Bulk sewer and water system	80%
BSDI-40. percentage completion of pipeline to Langeni Housing Development	5%
BSDI-41. percentage completion of phase 4 & 5 for Coffee Bay Regional Water Supply Scheme (RWSS)	83%
BSDI-42. percentage completion of Mqanduli Corridor Bulk Water Supply Scheme (WSS)	88%
BSDI-43. percentage completion of Libode and Ngqeleni Corridor Bulk Water Supply Scheme (WSS)	48%
BSDI-44. percentage completion of Flagstaff Phase 3 regional Water Supply Scheme (RWSS)	90%
BSDI-45. number of stand-alone schemes refurbished	4
BSDI-46. number of water works refurbished	14

Performance indicator	Reported achievement
BSDI-47. number of indigent households supplied with tanks and gutter for rainwater harvesting	100
BSDI-49. number of purified mega litres of water carried and delivered to communities.	189
BSDI-50. number of indigent households receiving free basic water & sanitation services	153 000
BSDI-51. blue drop status compliance	48%
BSDI-52. number of Ventilated Improved Pit (VIP) toilets provided	9 216
BSDI-54. percentage completion of bulk sewer projects - Mqanduli	92%
BSDI-55. percentage completion of bulk sewer projects - Fort St Johns (PSJ)	10%
BSDI-56. percentage completion of bulk sewer projects – Lusikisiki	96%
BSDI-57. percentage completion of bulk sewer projects – Flagstaff	40%
BSDI-58. percentage completion of bulk sewer projects –Gumbu	5%
BSDI-59. percentage completion of bulk sewer projects –Libode	10%
BSDI-62. green drop status compliance	26%
BSDI-63. number of non-functional schemes refurbished	54

KPA 2: Local economic development

Reliability

29. I was unable to obtain sufficient appropriate audit evidence for two out of the 11 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means.

Consequently, I was unable to determine whether any adjustments were required to the reported achievements of the following indicators:

Performance indicator	Reported achievement
LED-4. number of small medium micro enterprises (SMME's) capacitated	88
LED-7. number of aquaculture enterprises trained	32

Other matters

30. I draw attention to the matters below.

Achievement of planned targets

31. Refer to the annual performance report on page(s) x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under / overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs x; x; x of this report.

Report on audit of compliance with legislation

Introduction and scope

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

Strategic planning and performance management

34. The performance management system and related controls were not maintained or were inadequate as they did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Budgets

35. Reasonable steps were not taken to prevent unauthorised expenditure of R 1,0 million, as disclosed in note 51 to the annual consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA.

Annual financial statements, performance and annual report

36. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of

the MFMA. Material misstatements of current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the consolidated and separate financial statements receiving a qualified audit opinion.

Expenditure management

37. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred.
38. Effective steps were not taken to prevent fruitless and wasteful expenditure of R5,9 million, as disclosed in note 53 to the consolidated and separate annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by legal and interest costs.
39. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Consequence management

40. Irregular and fruitless and wasteful expenditure was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) and b of the MFMA.

Procurement and contract management

41. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management(SCM) regulation 17(a) and (c). Similar non-compliance was also reported in the previous year.
42. Quotations were accepted from bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
43. Quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
44. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).
45. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the previous year.
46. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

47. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
48. The preference point system was not applied on some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 200). Similar non-compliance was also reported in the previous year.
49. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by Preferential Procurement Regulation 9(1).
50. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by Preferential Procurement Regulation 9(1).
51. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by Preferential Procurement Regulation 9(5).
52. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the previous year.
53. Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

Human resource management

54. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.

Conditional grants

55. The municipality did not evaluate its performance in respect of programmes funded by the Municipal Infrastructure Grant, as required by section 12(5) of the DoRA. The municipality did not evaluate its performance in respect of programmes or functions funded by the Regional Bulk Infrastructure Grant, as required by section 12(5) of the DoRA.

Other information

58. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and

those selected development priorities presented in the annual performance report that have been specifically reported in the auditor's report.

57. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
58. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
59. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

- The leadership did not establish a compliance and performance culture within the municipality. This is further substantiated by the fact that no officials have been held accountable for past unauthorised, irregular and fruitless and wasteful expenditure incurred as confirmed by the work performed by the section 32 committee established by the council. Officials continued to disregard legislation governing procurement and SCM and the leadership did not respond with appropriate consequence management steps against these officials through formal investigations. Consequently a significant portion of irregular expenditure was again detected during the audit process. The leadership adopted a reactive approach to irregular expenditure that focused on the identification and reporting of irregular expenditure after it was incurred instead of focusing on the prevention of it. Leadership's inability to address and prioritise this critical area had a direct bearing on the number of compliance findings raised.
- The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall process of planning, budgeting, implementation and reporting within the annual financial statements and annual performance report as well as compliance with legislation.
- The institution did not have adequate action plans in place to address shortcomings in irregular expenditure, compliance and performance management that were identified during internal and external review processes.

- Systems and processes were not in place to monitor compliance with applicable legislation. This is a repeat finding. Resources available at the municipality were focused on addressing deficiencies in the annual financial statements; however, this focus did not extend to the compliance deficiencies.
- Management did not respond to all the recommendations of the audit committee and internal audit unit which affected the effectiveness of these governance structures and resulted in repeat audit findings being raised.

AUDITOR-GENERAL

East London

20 December 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT A: AUDITOR – GENERAL OPINION ON FINANCIAL STATEMENTS YEAR 2016/2017

Financial statement item	Material misstatement		Impact	
	Finding	Occurred in prior year (Insert Yes/No)	R current year	R previous year
	Differences found between AFS and general ledger			
	Water			
	Sewerage		47 444 58	
	Other		39 060 188	
	Understatement of impairment disclosure		86 504 348	
			42 144 952	
Current liabilities				
Payables	DR: Expenditure		70 213 783	
	CR: Payables		(70 213 783)	
	(Additional payables identified that was not recorded in 16/17 financial year)			
Expenditure				
	DR General expenditure	116 285 293		
	CR Payables	(116 285 293)		
	(Additional expenditure identified that was not recorded in 16/17 financial year)			
Disclosure				

AUDIT OF THE FINANCIAL STATEMENTS

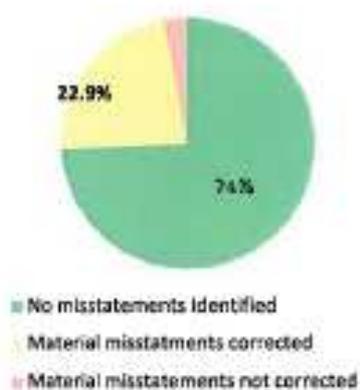
81. We identified material misstatements in the consolidated financial statements during the audit. These misstatements were not prevented or detected by the municipality's system of internal control. These material misstatements also constitute non-compliance with section 122 of the Municipal Finance Management Act (MFMA).

82. The misstatements that were not corrected form the basis for the qualified opinion on the consolidated financial statements.

Financial statement item	Material misstatement		Impact	
	Finding	Occurred in prior year (Insert Yes/No)	R current year	R previous year
Material misstatements not corrected				
Disclosure	Irregular expenditure is incompletely recorded	No	Unknown	
Material misstatements corrected				
Non-current assets				
Property, plant and equipment	Disclosure – casting error in note	No	96 831 648	
	Dr Accumulated Surplus		12 934 272	
	Cr Moveable assets		(12 934 272)	
	(Assets could not be verified)			
Current assets				
Receivables from exchange transactions	Dr Impairment	No	183 809 397	
	Cr Provision for impairment		(183 809 397)	
	(Impairment incomplete)			

Financial statement item	Finding	Occurred in prior year (Insert Yes/No)	Material misstatement	
			Impact R current year	Impact R previous year
Cash Flow statement	Material differences found on recalculation of cash flow statement	No		
Contingent liabilities	Attorney confirmation could not be obtained to confirm the completeness of contingent liabilities (material qualitative scope limitation)	No	41 121 531	
Irregular expenditure	Completeness of irregular expenditure	No		3 402 820 933
Commitments	Net understatement of commitments	No	295 037 859	

Status of financial statements submitted



Impact of correction of misstatements



COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2016/17

Report of the auditor-general to Eastern Cape Provincial Legislature and the council on the O.R. Tambo District Municipality

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the O.R. Tambo District Municipality set out on pages ... to ... , which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the O.R Tambo District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Irregular expenditure

3. The municipality did not disclose all its irregular expenditure incurred during the year as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 57 to the consolidated and separate financial statements was materially understated in respect of amounts incurred during the year that were identified during the audit process. I was unable to determine the full extent of the misstatement for the disclosed amount of R679,9 million in note 57.

Context for the opinion

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

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the year ended 30 June 2017 in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2016.

Unauthorised expenditure

9. As disclosed in note 55 to the consolidated and separate financial statements, unauthorised expenditure amounting to R1 million (2015-16: R18,3 million) was incurred by the municipality during the year. In addition the municipality accumulated a balance of R2,3 billion which was written off during the 2016-17 financial year. This resulted in a closing balance of R1 million (2015-2016: R2,3 billion) at the end of the 2016-17 financial year which has not been investigated by the council.

Irregular expenditure

10. As disclosed in note 57 to the consolidated and separate financial statements the municipality accumulated an irregular expenditure balance of R4,3 billion, of which R2,1 billion was written off during the 2016-17 financial year. This resulted in a closing balance of R2,8 billion (2015-2016: R4,3 billion) at the end of the 2016-17 financial year which has not been investigated by the council.

Fruitless and wasteful expenditure

11. As disclosed in note 56 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R5,9 million (2015-2016: R0,5 million) was incurred by the municipality during the year. In addition the municipality accumulated a R21,6 million (2015-2016: R24,2 million) balance at the end of the 2016-17 financial year which has not been investigated by council.

Impairment loss

12. As disclosed in the consolidated and separate financial statements material debt impairments of R141,4 million (2015-16: R88,7 million) on receivables from exchange and non-exchange transactions was disclosed in note 34 to the consolidated and separate financial statements. This arose from the poor expected recoverability of trade debtors.

Material losses

13. As disclosed in note 60 to the consolidated and separate financial statements, material losses of R22,8 million (2015-16: R12,8 million) was incurred as a result of water losses.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the consolidated and separate financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

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

22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following development priorities presented in the annual performance report of the municipality for the year ended 30 June 2017:

Development priorities	Pages in the annual performance report
Development priority – <i>key performance area</i> (KPA 1): basic service delivery and infrastructure	x – x
Development priority – KPA 2: local economic development	x – x

23. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

24. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 1: Basic service delivery and infrastructure

Usefulness

Indicator not consistent

BSDI-3.number of housing units for Adam Kok farm workers constructed

25. The indicator was reported as number of housing units for Adam Kok farm workers constructed, while the indicator was approved as percentage completion of the planning phases for the construction of Adam Kok housing units in the adjusted service delivery and budget implementation plan (SDBIP). This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000)(Municipal Systems Act).

Indicators not verifiable

26. I was unable to obtain sufficient appropriate audit evidence to validate the existence of systems and processes that enable reliable reporting of actual service delivery against the indicators detailed in the table below, as required by the Framework for managing programme performance information. This was due to a lack of adequate technical indicator descriptions and/or formal standard operating procedures or documented system descriptions. Furthermore there was a lack of adequate supporting documentation to substantiate systems and processes. I was unable to validate the existence of systems and processes by alternative means.

Performance indicator	Reported achievement
BSDI-6. number of initiation schools supported	9
BSDI-33.number of households receiving social safety support (distress support, child protection etc.)	2027
BSDI-41.percentage completion of phase 4 &5 for Coffee Bay Regional Water Supply Scheme(RWSS)	83%
BSDI-42.percentage completion of Mqanduli Corridor Bulk Water Supply Scheme (WSS)	88%
BSDI-44.percentage completion of Flagstaff Phase 3 regional Water Supply Scheme (RWSS)	90%
BSDI-45. number of stand-alone schemes refurbished	4
BSDI-47.number of indigent households supplied with tanks and gutter for rainwater harvesting	100
BSDI-50.number of indigent households receiving free basic water & Sanitation Services	153 000
BSDI-51.blue drop status compliance	46%
BSDI-54.percentage completion of bulk sewer projects - Mqanduli	92%
BSDI-62.green drop status compliance	26%
BSDI-63.number of non-functional schemes refurbished	54

Reliability

BSDI-33.number of households receiving social safety support (distress support, child protection etc.)

27. The systems and processes implemented by the municipality to ensure accurate reporting of its actual performance against all of the planned indicators and targets of KPA 1: basic service delivery and infrastructure was not effective. The reported achievement for target of 19 500 was misstated as the evidence provided indicated 2790 and not 2027 as reported.

Limitation of scope – various indicators

28. I was unable to obtain sufficient appropriate audit evidence for 26 out of the 37 indicators relating to KPA 1: basic service delivery and infrastructure. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements of the following indicators:

Performance indicator	Reported achievement
BSDI-2. number of housing units for destitute and vulnerable groups constructed	5
BSDI-6. number of initiation schools supported	9
BSDI-14. percentage of households supported in disaster affected areas	100%
BSDI-21. percentage of fire and emergency incidents responded to within 30 minutes for areas within a 50 kilometres radius	100%
BSDI-22. percentage of fire and emergency incidents responded to within 1 hour 45 minutes for areas more than 50 kilometres radius	100%
BSDI-39. percentage completion of Ngangelizwe Breaking New Ground (BNG) Bulk sewer and water system	80%
BSDI-40. percentage completion of pipeline to Langeni Housing Development	5%
BSDI-41. percentage completion of phase 4 & 5 for Coffee Bay Regional Water Supply Scheme (RWSS)	83%
BSDI-42. percentage completion of Mqanduli Corridor Bulk Water Supply Scheme (WSS)	88%
BSDI-43. percentage completion of Libode and Ngqeleni Corridor Bulk Water Supply Scheme (WSS)	48%
BSDI-44. percentage completion of Flagstaff Phase 3 regional Water Supply Scheme (RWSS)	90%
BSDI-45. number of stand-alone schemes refurbished	4
BSDI-46. number of water works refurbished	14

Performance indicator	Reported achievement
BSDI-47. number of indigent households supplied with tanks and gutter for rainwater harvesting	100
BSDI-49. number of purified mega litres of water carted and delivered to communities.	189
BSDI-50. number of indigent households receiving free basic water & sanitation services	153 000
BSDI-51. blue drop status compliance	46%
BSDI-52. number of Ventilated Improved Pit (VIP) toilets provided	9 216
BSDI-54. percentage completion of bulk sewer projects - Mqanduli	92%
BSDI-55. percentage completion of bulk sewer projects - Port St Johns (PSJ)	10%
BSDI-56. percentage completion of bulk sewer projects – Lusikisiki	96%
BSDI-57. percentage completion of bulk sewer projects – Flagstaff	40%
BSDI-58. percentage completion of bulk sewer projects –Qumbu	5%
BSDI-59. percentage completion of bulk sewer projects –Libode	10%
BSDI-62. green drop status compliance	26%
BSDI-63. number of non-functional schemes refurbished	54

KPA 2: Local economic development

Reliability

29. I was unable to obtain sufficient appropriate audit evidence for two out of the 11 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means.

Consequently, I was unable to determine whether any adjustments were required to the reported achievements of the following indicators:

Performance indicator	Reported achievement
LED-4. number of small medium micro enterprises (SMME's) capacitated	88
LED-7. number of aquaculture enterprises trained	32

Other matters

30. I draw attention to the matters below.

Achievement of planned targets

31. Refer to the annual performance report on page(s) x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under / overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs x; x; x of this report.

Report on audit of compliance with legislation

Introduction and scope

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

33. The material findings on compliance with specific matters in key legislations are as follows:

Strategic planning and performance management

34. The performance management system and related controls were not maintained or were inadequate as they did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Budgets

35. Reasonable steps were not taken to prevent unauthorised expenditure of R 1,0 million, as disclosed in note 51 to the annual consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA.

Annual financial statements, performance and annual report

36. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of

the MFMA. Material misstatements of current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the consolidated and separate financial statements receiving a qualified audit opinion.

Expenditure management

37. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred.
38. Effective steps were not taken to prevent fruitless and wasteful expenditure of R5,9 million, as disclosed in note 53 to the consolidated and separate annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by legal and interest costs.
39. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Consequence management

40. Irregular and fruitless and wasteful expenditure was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) and b of the MFMA.

Procurement and contract management

41. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management(SCM) regulation 17(a) and (c). Similar non-compliance was also reported in the previous year.
42. Quotations were accepted from bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
43. Quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
44. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).
45. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the previous year.
46. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

47. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
48. The preference point system was not applied on some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 200). Similar non-compliance was also reported in the previous year.
49. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by Preferential Procurement Regulation 9(1).
50. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by Preferential Procurement Regulation 9(1).
51. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by Preferential Procurement Regulation 9(5).
52. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the previous year.
53. Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

Human resource management

54. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.

Conditional grants

55. The municipality did not evaluate its performance in respect of programmes funded by the Municipal Infrastructure Grant, as required by section 12(5) of the DoRA. The municipality did not evaluate its performance in respect of programmes or functions funded by the Regional Bulk Infrastructure Grant, as required by section 12(5) of the DoRA.

Other information

56. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and

those selected development priorities presented in the annual performance report that have been specifically reported in the auditor's report.

57. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
58. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
59. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

- The leadership did not establish a compliance and performance culture within the municipality. This is further substantiated by the fact that no officials have been held accountable for past unauthorised, irregular and fruitless and wasteful expenditure incurred as confirmed by the work performed by the section 32 committee established by the council. Officials continued to disregard legislation governing procurement and SCM and the leadership did not respond with appropriate consequence management steps against these officials through formal investigations. Consequently a significant portion of irregular expenditure was again detected during the audit process. The leadership adopted a reactive approach to irregular expenditure that focused on the identification and reporting of irregular expenditure after it was incurred instead of focusing on the prevention of it. Leadership's inability to address and prioritise this critical area had a direct bearing on the number of compliance findings raised.
- The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall process of planning, budgeting, implementation and reporting within the annual financial statements and annual performance report as well as compliance with legislation.
- The institution did not have adequate action plans in place to address shortcomings in irregular expenditure, compliance and performance management that were identified during internal and external review processes.

- Systems and processes were not in place to monitor compliance with applicable legislation. This is a repeat finding. Resources available at the municipality were focused on addressing deficiencies in the annual financial statements; however, this focus did not extend to the compliance deficiencies.
- Management did not respond to all the recommendations of the audit committee and internal audit unit which affected the effectiveness of these governance structures and resulted in repeat audit findings being raised.

AUDITOR - GENERAL

East London

20 December 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

COMPONENT C: ORTDM MANAGEMENT AUDIT ACTION PLAN 2016-17

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
Basis of Qualification (Qualification Paragraph)						
3	Irregular expenditure	The municipality did not disclose all its irregular expenditure incurred during the year as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 57 to the consolidated and separate financial statements was materially understated in respect of amounts incurred during the year that were identified during the audit process. I was unable to determine the full extent of the misstatement for the disclosed amount of R679,9 million in note 57.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the Institution at large and also lack of understanding the legislation and regulations. 2. Poor procurement planning within the Institution, no Procurement Plan. 3. Poor control environment (attitude towards controls and compliance) within the Municipality. 4. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Revisit the entire population on the cashbook and tenders awarded in the 2016/17 financial period (01 July 2016 - 30 June 2017). 2. Submit restated irregular expenditure to the Office of Auditor General (AG) by 31 March 2018. 3. Facilitate and engage National Treasury (Office of the Accountant General) for condonement of the non-compliance expenditure identified in the AG Report. 	<ol style="list-style-type: none"> 1. Chief Financial Officer (CFO). 2. Municipal Manager (MM). 3. MM and CFO. 	<ol style="list-style-type: none"> 1. 28 February 2018. 2. 31 March 2018. 3. 28 February 2018.
Emphasis of Matters						

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
8	Restatement of corresponding figures	As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the year ended 30 June 2017 in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2016.	This is the results of minor delays experienced on finalisation of some components of the Annual Financial Statements e.g. Finalisation of Infrastructure Assets Register.	<ol style="list-style-type: none"> 1. The municipality will vigorously implement accounting policies and financial procedures in line GRAP standards and best practises regarding preparation of AFS. 2. Continuous timely preparation of the Annual Financial Statements to allow timely review of the AFS . 3. The service provider assisting the Municipality on preparation of AFS is on site throughout the financial year; assisting the Municipality in resolving some of the findings raised by Auditor General. 	<ol style="list-style-type: none"> 1. Chief Financial Officer (CFO). 2. CFO 3.CFO. 	<ol style="list-style-type: none"> 1. 10 August 2018. 2. 10 August 2018. 3. Ongoing.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
9	Unauthorised expenditure	As disclosed in note 55 to the consolidated and separate financial statements, unauthorised expenditure amounting to R1 million (2015-16: R18,3 million) was incurred by the municipality during the year. In addition the municipality accumulated a balance of R2,3 billion which was written off during the 2016-17 financial year. This resulted in a closing balance of R1 million (2015-2016: R2,3 billion) at the end of the 2016-17 financial year which has not been investigated by the council.	<ol style="list-style-type: none"> 1. Council formed a MFMA Section 32 Ad-hoc Committee to investigate prior years(2012-2017) Unauthorised Expenditure, the Committee thus focused on this period only due to capacity constraints. 2. Municipal resources dedicated to investigation prior years unauthorised expenditure due to capacity constraints as thousands of transactions were to be investigated for Irregular Expenditure.. 	<ol style="list-style-type: none"> 1. Council to investigate the remaining balance of Unauthorised Expenditure. 2. ORTDM to maintain Unauthorised Expenditure registers on quarterly basis which will be tabled to Manco and MPAC as a preventive control. 	<ol style="list-style-type: none"> 1. Municipal Manager 2. Municipal Manager 	<ol style="list-style-type: none"> 1. 30 June 2018 2. 28 February 2018
10	Irregular expenditure	As disclosed in note 57 to the consolidated and separate financial statements the municipality accumulated an irregular expenditure balance of R4,3 billion, of which R2,1 billion was written off during the 2016-17 financial year. This resulted in a closing balance of R2,8 billion (2015-2016: R4,3 billion) at the end of the 2016-17 financial year which has not been investigated by the council.	<ol style="list-style-type: none"> 1. Council formed a MFMA Section 32 Ad-hoc Committee to investigate prior years(2013-2016 and some 2017 Irregular Expenditure) Irregular Expenditure, the Committee thus focused on this period only due to capacity constraints. 2. Municipal resources dedicated to investigating prior years irregular 	<ol style="list-style-type: none"> 1. Council to investigate the remaining balance of Irregular Expenditure. 2. ORTDM to maintain Irregular Expenditure registers on quarterly basis which will be tabled to Manco and MPAC as a preventive control. 	<ol style="list-style-type: none"> 1. Municipal Manager 2. Municipal Manager 	<ol style="list-style-type: none"> 1. 30 June 2018 2. 28 February 2018

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
			expenditure due to capacity constraints and the Irregular Expenditure was qualification item in 2015/16.			
11	Fruitless and wasteful expenditure	As disclosed in note 56 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R5,9 million (2015-2016: R0,5 million) was incurred by the municipality during the year. In addition the municipality accumulated a R21,6 million (2015-2016: R24,2 million balance at the end of the 2016-17 financial year which has not been investigated by council.	1. Council formed a MFMA Section 32 Ad-hoc Committee to investigate prior years(2013-2016) Fruitless and Wasteful Expenditure, the Committee thus focused on this period only due to capacity constraints. 2. Municipal resources dedicated to investigating prior years irregular expenditure due to capacity constraints as thousands of transactions were to be investigated for Irrgular	1. Council to investigate the remaining balance of Fruitless and Wasteful Expenditure. 2. ORTDM to maintain Fruitless and Wasteful Expenditure registers on quarterly basis which will be tabled to Manco and MPAC as a preventive control.	1. Municipal Manager 2. Municipal Manager	1. 30 June 2018 2. 28 February 2018

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
			Expenditure which was qualification item in 2015/16.			
12	Impairment loss	As disclosed in the consolidated and separate financial statements material debt impairments of R141,4 million (2015-16: R88,7 million) on receivables from exchange and non-exchange transactions was disclosed in note 34 to the consolidated and separate financial statements. This arose from the poor expected recoverability of trade debtors.	Impairment provision reconciliation was not adequately reviewed, this inadequate review resulted in this error not being identified at the stage of Annual financial statements preparation	<ol style="list-style-type: none"> 1. Accounts receivables impairment to be conducted for each debtor account when performing the reconciliations. 2. Municipality is implementing WCDM. 3. Data cleansing on debtors is currently underway. 4. Appointment of an external Debt Collector to improve collectability of amounts owed to prevent accounts receivable impairment losses. 	<ol style="list-style-type: none"> 1. CFO. 2. Director Water Services. 3. CFO and Director Water Services and Revenue Manager. 4. CFO and Revenue Manager. 	<ol style="list-style-type: none"> 1. 31 March 2018. 2. 1 March 2018. 3. 31 January 2018. 4. 30 April 2018.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
13	Material losses	As disclosed in note 60 to the consolidated and separate financial statements, material losses of R22,8 million (2015-16: R12,8 million) was incurred as a result of water losses.	<ol style="list-style-type: none"> 1. Water inventory counts not performed on a quarterly basis. 2. No bulk water metres. 3. No register of water losses is kept and updated throughout the year 	<ol style="list-style-type: none"> 1. Awarding contract for procurement for implementation of Water Conservation and Water Demand Project. 2. Develop a water losses register, the register to be updated on a quarterly basis. 	<ol style="list-style-type: none"> 1. Water Services Director 2. Water Services Director 	<ol style="list-style-type: none"> 1. 31 March 2018. 2. 30 April 2018
Other Matters						
25	AoPO (Usefulness)	<p>BSDI-3.number of housing units for Adam Kok farm workers constructed</p> <p>The indicator was reported as number of housing units for Adam Kok farm workers constructed, while the indicator was approved as percentage completion of the planning phases for the construction of Adam Kok housing units in the adjusted service delivery and budget implementation plan (SDBIP). This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000)(Municipal Systems Act).</p>	<ol style="list-style-type: none"> 1. Lack management oversight. 2. Internal Audit recommendations on review of the Draft Annual Performance Report were not implemented. 3. Possible human error. 4. Late preparation and submission of the Annual Performance Report by the Departments; leading to a limited review of the APR. 	<ol style="list-style-type: none"> 1. Develop guidelines and checklist for Portfolio Of Evidence (POE). 2. Establishment of Performance Audit Committee 3. Establish accurate Baselines for all KPIs in particular Infrastructure projects. 4. Ensure that all KPIs with targets expressed in % must have numerators and denominators 5. Ensure Standard Operating Procedure's (SOP's) and Technical Indicator Descriptors (TIDs) are approved. 6. Implement automated PMS to 	<ol style="list-style-type: none"> 1. Director : OMM and Manager: M&E 	<ol style="list-style-type: none"> 1. 28 February 2018. 2. 30 June 2018. 3. 30 June 2018.

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
26	AoPO (Verifiable)	<p>Indicators not verifiable I was unable to obtain sufficient appropriate audit evidence to validate the existence of systems and processes that enable reliable reporting of actual service delivery against the indicators detailed in the table below, as required by the Framework for managing programme performance information. This was due to a lack of adequate technical indicator descriptions and/or formal standard operating procedures or documented system descriptions. Furthermore there was a lack of adequate supporting documentation to substantiate systems and processes. I was unable to validate the existence of systems and processes by alternative means.</p>		<p>minimise human error resulting in inconsistencies. 7. Develop guidelines on how to properly capture correction action and reasons for deviations. 8. Head of Departments will be encouraged to submit the departmental reports on preparation of APR on time for consolidation and proper review.</p>		

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
27&28	AoPO (Reliability)	<p>Reliability: BSDI-33.number of households receiving social safety support (distress support, child protection etc.)</p> <p>27. The systems and processes implemented by the municipality to ensure accurate reporting of its actual performance against all of the planned indicators and targets of KPA 1: basic service delivery and infrastructure was not effective. The reported achievement for target of 19 500 was misstated as the evidence provided indicated 2790 and not 2027 as reported. Limitation of scope – various indicators</p> <p>28. I was unable to obtain sufficient appropriate audit evidence for 26 out of the 37 indicators relating to KPA 1: basic service delivery and infrastructure. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements of the</p>				

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
		following indicators:				
29	AoPO (Reliability)	<p>KPA 2: Local economic development Reliability I was unable to obtain sufficient appropriate audit evidence for two out of the 11 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether</p>				

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
		any adjustments were required to the reported achievements of the following indicators:				
34	Strategic planning and performance management	34. The performance management system and related controls were not maintained or were inadequate as they did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).	1. PMS Policy not reviewed to correct the gaps raised by Auditor General.	1. Conduct a detailed review of the PMS Policy and ensure Standard Operating Procedure's (SOP's) and Technical Indicator Descriptors (TIDs) are approved.	1. Director : OMM and Manager: M&E	1. 30 June 2018.

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
35	Budgets	Reasonable steps were not taken to prevent unauthorised expenditure of R 1,0 million, as disclosed in note 51 to the annual consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the Institution at large and also lack of understanding the legislation and regulations. 2. Poor procurement planning within the Institution, no Procurement Plan. 3. Poor control environment (attitude towards controls and compliance) within the Municipality. 4. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. The Municipality is currently implementing MSCOA budget which will assist on preventing unauthorised expenditure. 2. The municipality to maintain a register of Unauthorised Expenditure to be tabled at Manco and MPAC quarterly. 	<ol style="list-style-type: none"> 1. CFO. 2. MM and CFO. 	<ol style="list-style-type: none"> 1. 10 August 2018 2. 10 August 2018.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
36	Annual financial statements, performance and annual report	The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the consolidated and separate financial statements receiving a qualified audit opinion.	This is the results of minor delays experienced on finalisation of some components of the Annual Financial Statements e.g. Finalisation of Infrastructure Assets Register.	<ol style="list-style-type: none"> 1. Management will ensure that the AFS are prepared on time to allow on time proper review by the relevant stakeholders (Management, Internal Audit and Audit Committee). 2. Management will take into consideration the audit findings raised in the 2016/17 auditor general report when preparing the 2017/18 AFS. 	<ol style="list-style-type: none"> 1. MM and CFO. 2. MM and Senior Management. 	<ol style="list-style-type: none"> 1. 10 August 2018. 2. 30 June 2018.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
37	Expenditure management	Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Poor procurement planning within the Institution. 3. Poor control environment (attitude towards controls and compliance) within the Municipality. 4. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Ongoing implementation of Irregular Expenditure Compliance Checklist. 2. Irregular Expenditure Registers prepared monthly and be signed off by the CFO or delegatee before being presented to management committee (MANCO) and quarterly to MPAC. 3. Internal Audit to provide assurance on the identified Irregular Expenditure as per the Irregular Expenditure schedules/registers on a quarterly basis. 4. Appointment SCM staff 	<ol style="list-style-type: none"> 1. CFO and Senior Management. 2. CFO and Manager: SCM. 3. Director Internal Audit. 4. CFO 	<ol style="list-style-type: none"> 1. Monthly. 2. Monthly. 3. Quarterly. 4.01 April 2018

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
38	Expenditure management	Effective steps were not taken to prevent fruitless and wasteful expenditure of R5,9 million, as disclosed in note 53 to the consolidated and separate annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by legal and interest costs.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Poor procurement planning within the Institution. 3. Poor control environment (attitude towards controls and compliance) within the Municipality. 4. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Ongoing implementation of Fruitless and Wasteful Expenditure compliance checklist. 2. Fruitless and Wasteful Expenditure Registers prepared monthly and be signed off by the CFO or delegatee before being presented to management committee (MANCO) and quarterly to MPAC. 3. Internal Audit to provide assurance on the identified Irregular Expenditure as per the Fruitless and Wasteful Expenditure schedules/registers on a quarterly basis. 4. Appointment SCM staff 	<ol style="list-style-type: none"> 1. CFO and Senior Management. 2. CFO and Manager: SCM. 3. Director Internal Audit. 4. CFO 	<ol style="list-style-type: none"> 1. Monthly. 2. Monthly. 3. Quarterly. 4.01 April 2018
39	Expenditure management	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	<ol style="list-style-type: none"> 1. Invoices held by end user departments upon receipts from the service provider. 2. Lack of formal documentation/recording the reasons for delays on processing of invoices. 	<ol style="list-style-type: none"> 1. Develop a detailed process flow for tracking of invoices within the municipality in line with the Expenditure Management Policy. Amongst other things the process flow will make reference on how to deal with invoices processed late due to queries on them and steps to be taken against officials who 	<ol style="list-style-type: none"> 1. CFO. 	<ol style="list-style-type: none"> 1. 1 February 2018.

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
				keep invoices in their offices such that they are paid after 30 days.		
40	Consequence management	Irregular and fruitless and wasteful expenditure was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) and b of the MFMA.	1. Council formed a MFMA Section 32 Ad-hoc Committee to investigate prior years(2013-2016 and some irregular expenditure for 2017) Irregular, Fruitless and Wasteful Expenditure, the Committee thus focused on this period only due to capacity constraints. 2. Municipal resources dedicated to investigating prior years irregular expenditure due to capacity constraints as thousands of transactions were to be investigated for Irrgular Expenditure which was qualification item in 2015/16.	1. Compile a register and follow up on all transgressions that transpired from irregular, fruitless and wasteful expenditure, as noted in the Auditor General 2016/17 Audit Report. 2. Develop and monitor register for Irregular, fruitless and wasteful expenditure and unauthorised expenditure. 3. Implement the Council-approved Irregular, Unauthorised, Fruitless and Wasteful Expenditure Policy	1. CFO and Manager SCM. 2. MM and CFO. 3. MM	1. 28 February 2018. 2. 28 February 2018 3. 01 March 2018.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
41	Procurement and contract management	Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management(SCM) regulation 17(a) and (c). Similar non-compliance was also reported in the previous year.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Poor procurement planning within the Institution. 3. Poor control environment (attitude towards controls and compliance) within the Municipality. 4. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Each department to appoint service providers using term contracts. 2. Implementation of consequence management in line with the Irregular, unauthorised, fruitless and wasteful expenditure policy, SCM Police and the Code of Conduct. 3. All informal travelling booking requests done over the phone or via email must be formalised within 24 hours during the working days. If it is done during the weekend it must be formalised first thing on Monday before mid-day i.e. paperwork to be prepared first thing on Monday morning. 	<ol style="list-style-type: none"> 1. MM and Senior management. 2. MM and Senior management. 3. Senior Management. 	<ol style="list-style-type: none"> 1. 31 March 2018. 2. 28 February 2018 3. 1 February 2018.
42		Quotations were accepted from bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. The Municipality is currently using Centralised Supplier Database to confirm declaration of interest and confirming Suppliers Tax Compliance matters. 2. Maintain an SCM compliant checklist to ensure that suppliers complete MBD 4 forms 	<ol style="list-style-type: none"> 1. CFO, SCM Manager and Bid Committees. 2. CFO, SCM Manager and Bid Committees. 	<ol style="list-style-type: none"> 1. Ongoing. 2. Ongoing.

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
				(declaration forms).		
43		Quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.	<ol style="list-style-type: none"> Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> The Municipality is currently using Centralised Supplier Database to confirm declaration of interest and confirming Suppliers Tax Compliance matters. Maintain an SCM compliant checklist to ensure that suppliers submit their tax certificates/tax Pin from SARS. 	<ol style="list-style-type: none"> CFO, SCM Manager and Bid Committees. CFO, SCM Manager and Bid Committees. 	<ol style="list-style-type: none"> Ongoing. Ongoing.

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
44		Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Poor procurement planning within the Institution. 3. Poor control environment (attitude towards controls and compliance) within the Municipality. 4. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Each department to appoint service providers using term contracts. 2. Implementation of consequence management in line with the Irregular, unauthorised, fruitless and wasteful expenditure policy, SCM Police and the Code of Conduct. 3. All informal travelling booking requests done over the phone or via email must be formalised within 24 hours during the working days. If it is done during the weekend it must be formalised first thing on Monday before mid-day i.e. paperwork to be prepared first thing on Monday morning. 	<ol style="list-style-type: none"> 1. MM and Senior management. 2. MM and Senior management. 3. Senior Management. 	<ol style="list-style-type: none"> 1. 31 March 2018. 2. 28 February 2018 3. 1 February 2018.

Paragraph No.	Section	Paragraph/ summary	Root cause	Action	Responsibility	Due Date
45		Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the previous year.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Poor procurement planning within the Institution. 3. Poor control environment (attitude towards controls and compliance) within the Municipality. 4. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Each department to appoint service providers using term contracts. 2. Implementation of consequence management in line with the Irregular, unauthorised, fruitless and wasteful expenditure policy, SCM Police and the Code of Conduct. 3. All informal travelling booking requests done over the phone or via email must be formalised within 24 hours during the working days. If it is done during the weekend it must be formalised first thing on Monday before mid-day i.e. paperwork to be prepared first thing on Monday morning. 	<ol style="list-style-type: none"> 1. MM and Senior management. 2. MM and Senior management. 3. Senior Management. 	<ol style="list-style-type: none"> 1. 31 March 2018. 2. 28 February 2018 3. 1 February 2018.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
46		Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Poor procurement planning within the Institution. 3. Poor control environment (attitude towards controls and compliance) within the Municipality. 4. Overriding of controls by some Senior Management. 	1. SCM Practitioner has since been appointed to serve in a Bid Adjudication Committee.	1. CFO.	1. 1 December 2017.
47		Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. The Municipality is currently using Centralised Supplier Database to confirm declaration of interest and confirming Suppliers Tax Compliance matters. 2. Maintain an SCM compliant checklist to ensure that suppliers submit their tax certificates/tax Pin from SARS. 3. Appointment of SCM staff 	<ol style="list-style-type: none"> 1. CFO, SCM Manager and Bid Committees. 2. CFO, SCM Manager and Bid Committees. 3. CFO 	<ol style="list-style-type: none"> 1. Ongoing. 2. Ongoing. 3. 01 April 2018

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
48		The preference point system was not applied on some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 200). Similar non-compliance was also reported in the previous year.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Each department to appoint service providers using term contracts. 2. Implementation of consequence management in line with the Irregular, unauthorised, fruitless and wasteful expenditure policy, SCM Police and the Code of Conduct. 	<ol style="list-style-type: none"> 1. MM and Senior management. 2. MM and Senior management. 	<ol style="list-style-type: none"> 1. 31 March 2018. 2. 28 February 2018.
49		Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by Preferential Procurement Regulation 9(1).	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Review and update SCM Policy to make reference to the objective criteria of awarding. 2. Maintain an SCM compliant checklist to ensure that local content is taken into account when tenders are evaluated. 	<ol style="list-style-type: none"> 1. CFO and SCM Manager. 2. CFO and SCM Manager. 	<ol style="list-style-type: none"> 1. 31 March 2018. 2. 28 February 2018.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
50		Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by Preferential Procurement Regulation 9(1).	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. Bid Specifications will be crafted to be specific on objective criteria, which will state that the highest bidder may not be awarded. 2. Review and update SCM Policy to make reference to the objective criteria of awarding. 3. Municipality to use Term Contracts. 4. Appointment of SCM Staff (population of SCM organogram). 	<ol style="list-style-type: none"> 1. CFO, SCM Manager, Senior Management Manager and Bid Specification Committee. 2. CFO and SCM Manager. 3. CFO and Senior Management. 4. CFO. 	<ol style="list-style-type: none"> 1. 1 February 2018. 2. 31 March 2018. 3. 1 February 2018. 4. 31 March 2018.
51		Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by Preferential Procurement Regulation 9(5).	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Overriding of controls by some Senior Management. 3. Non compliance to SCM Policy 	<ol style="list-style-type: none"> 1. Bid Specifications will be crafted to be specific on objective criteria, which will state that the highest bidder may not be awarded. 2. Review and update SCM Policy to make reference to the objective criteria of awarding. 3. Municipality to use Term Contracts. 4. Appointment of SCM Staff (population of SCM organogram). 	<ol style="list-style-type: none"> 1. CFO, SCM Manager, Senior Management Manager and Bid Specification Committee. 2. CFO and SCM Manager. 3. CFO and Senior Management. 4. CFO. 	<ol style="list-style-type: none"> 1. 1 February 2018. 2. 31 March 2018. 3. 1 February 2018. 4. 31 March 2018.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
52		The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the previous year.	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Overriding of controls by some Senior Management. 3. Non compliance to SCM Policy 	<ol style="list-style-type: none"> 1. FastTrack the appointment of the Contract Manager. 2. Strengthen project monitoring by Project Managers. 3. Appointment of SCM Staff (population of SCM organogram). 	<ol style="list-style-type: none"> 1. CFO. 2. Senior Management. 3. CFO. 	<ol style="list-style-type: none"> 1. 31 March 2018. 2. 1 February 2018. 3. 31 March 2018.
53		Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).	<ol style="list-style-type: none"> 1. Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. 2. Overriding of controls by some Senior Management. 	<ol style="list-style-type: none"> 1. The Municipality is currently using Centralised Supplier Database to confirm declaration of interest and confirming Suppliers Tax Compliance matters. 2. Maintain an SCM compliant checklist to ensure that suppliers complete MBD 4 forms (declaration forms). 	<ol style="list-style-type: none"> 1. CFO, SCM Manager and Bid Committees. 2. CFO, SCM Manager and Bid Committees. 	<ol style="list-style-type: none"> 1. Ongoing. 2. Ongoing.

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
54	Human resource management	Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.	1. Performance evaluation system has not yet been cascaded to employees below Section 57 Managers.	1. Start with the performance evaluation of Section 57 Managers 2. Cascade performance evaluation to managers reporting to Section 57 Managers	1. Director : OMM and Manager: M&E 2. Director: OMM and Manager M&E	1. 31 March 2018 2. 30 June 2018
55	Conditional grants	The municipality did not evaluate its performance in respect of programmes funded by the Municipal Infrastructure Grant, as required by section 12(5) of the DoRA. The municipality did not evaluate its performance in respect of programmes or functions funded by the Regional Bulk Infrastructure Grant, as required by section 12(5) of the DoRA.	1. Lack of monitoring and control by Senior Management over maintaining of information for the Projects.	1. Develop and monitor a project monitoring plan for each project manager.	1. Director: Water and Sanitation	31 March 2018
Internal Control Deficiencies						

Paragraph No.	Section	Paragraph/summary	Root cause	Action	Responsibility	Due Date
60	Internal control deficiencies	<p>I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.</p> <ul style="list-style-type: none"> The leadership did not establish a compliance and performance culture within the municipality. This is further substantiated by the fact that no officials have been held accountable for past unauthorised, irregular and fruitless and wasteful expenditure incurred as confirmed by the work performed by the section 32 committee established by the council. Officials continued to disregard legislation governing procurement and SCM and the leadership did not respond with appropriate consequence management steps against these officials through formal investigations. Consequently a significant portion of irregular expenditure was again detected during the audit process. The leadership adopted a reactive 	<ol style="list-style-type: none"> Capacity constraints within the SCM Unit and the institution at large and also lack of understanding the legislation and regulations. Poor procurement planning within the Institution. Poor control environment (attitude towards controls and compliance) within the Municipality. Overriding of controls by some Senior Management. No policy in place to address irregular, unauthorised, fruitless and wasteful expenditure Compliance register was not in place during the year under review. 	<ol style="list-style-type: none"> Municipality to use Term Contracts. Discontinue usage of Regulation 32 until there is clarity from Policy Makers (National Treasury). Appointment of SCM Staff (population of SCM organogram). Ongoing implementation of Irregular Expenditure Compliance Checklist. Irregular Expenditure Registers prepared monthly and presented to management committee (MANCO) and quarterly to MPAC. Internal Audit to review the Irregular Expenditure schedules/Irregular Expenditure Register to provide quality assurance on a quarterly basis. Facilitate and engage National Treasury (Office of the Accountant General) for condonement of the non-compliance expenditure. Implementation of prevention controls on irregular expenditure. Municipality to use Term Contracts. Checklist attached on requisitions to be reviewed and signed by the Head of Departments (Directors). Implement Irregular, unauthorised, fruitless and 	<ol style="list-style-type: none"> MM and Senior Management. MM and Senior Management. CFO. CFO and Senior Management. CFO and Manager: SCM. Director Internal Audit. Municipal Manager and CFO. CFO and Senior Management. CFO and Senior Management. CFO and Senior Management. MM Director Office of the MM. Director Office of the MM 	<ol style="list-style-type: none"> 31 March 2018. 31 March 2018. 31 March 2018. Monthly. Monthly. Quarterly. 28 February 2018. 1 February 2018. 1 February 2018. 1 February 2018. 28 February 2018 Ongoing 28 February 2018



APPENDICES

APPENDIX A – COUNCILLORS: COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

1. LIST OF COUNCIL MEMBERS

NO	SURNAME & INITIAL	DESIGNATION	POLITICAL PARTY	DESIGNATION
1	Nkompela X.	ORTDM REP	ANC	Speaker
2	Meth N.	ORTDM REP	ANC	Executive Mayor
3	Sokanyile T.	ORTDM REP	ANC	Chief Whip
4	Nogumla R.Z.	ORTDM REP	ANC	Deputy Executive Mayor
5	Ngozi W.	ORTDM REP	ANC	MMC: Infrastructure Services
6	Ngqongwa N.	KSD- REP	ANC	MMC: BTO & IA
7	Mdoda- Sigcau N.Z.	ORTDM REP	ANC	MMC: Corporate Services
8	Mdlele N.	ORTDM REP	ANC	MMC: Community Services
9	Sabona J.	ORTDM REP	ANC	MMC: REDP
10	Mjokovana D.	INGQUZA HILL REP	ANC	MMC: Human Settlement & Disaster Management
11	Godongwana S.	ORTDM REP	ANC	MMC: Special Programmes & Social Services
12	Giyose R.M.	ORTDM REP	ANC	MMC: Planning, Research & IGR
13	Gantsho A.A.	ORTDM REP	ANC	Chair of Chairs
14	Gcinindawo N.	KSD REP	ANC	Chairperson: Ethics & Members Interest Standing Committee
15	Pepping P.N.	ORTDM REP	ANC	Chairperson: MPAC Standing Committee
16	Cwecwe N.	INGQUZA HILL REP	ANC	Chairperson: Women's Caucus Standing Committee

NO	SURNAME & INITIAL	DESIGNATION	POLITICAL PARTY	DESIGNATION
17	*Mkotwana N.P. (Replaced by Cllr M.B. Dambuza)	ORTDM REP	ANC	Chairperson: Petitions & Public Participation Standing Committee
18	Mandita K.	ORTDM REP	ANC	Chairperson: BTO Portfolio Committee
19	Nkungu M.I	INGQUZA HILL REP	ANC	Chairperson: Community Services Portfolio Committee
20	Kuluta N.	ORTDM REP	ANC	Chairperson: REDP Portfolio Committee
21	Gusana Z.	KSD REP	ANC	Chairperson: ISS Portfolio Committee
22	Kupelo T.E (RIP-May 2017)	NYANDENI REP	ANC	Chairperson: Planning, Research & IGR Portfolio Committee
23	Mziba L	NYANDENI REP	ANC	Chairperson: Corporate Services Portfolio Committee
24	Fono N.	PSJ REP	ANC	Chairperson: Human Settlement & Disaster Portfolio Committee
25	Mgaweni T.	MHLONTLO REP	ANC	Chairperson : Special Programmes & Social Services Portfolio Committee
26	Bara B.	KSD REP	DA	Councillor
27	Beqezi N.	ORTDM REP	ANC	Councillor
28	Bokwe F.	PSJ REP	ANC	Councillor
29	Bunzana M.	KSD REP	UDM	Councillor
30	Cube Z.	PSJ REP	ANC	Councillor
31	Dudumayo B.R.	ORTDM REP	UDM	Councillor
32	Dumisa T.	INGQUZA HILL	ANC	Councillor

NO	SURNAME & INITIAL	DESIGNATION	POLITICAL PARTY	DESIGNATION
33	Gaxeni F.	NYANDENI REP	ANC	Councillor
34	Gqwetha B.	KSD REP	UDM	Councillor
35	Ketwa U.	ORTDM REP	EFF	Councillor
36	Mabasa S.N.	INGQUZA HILL REP	DA	Councillor
37	Mabongo L	ORTDM REP	ANC	Councillor
38	Madwantsi P.	NYANDENI REP	ANC	Councillor
39	Malghas B.	KSD REP	MRRA	Councillor
40	Malghas U.	KSD REP	ANC	Councillor
41	Mathanzima S.	MHLONTLO REP	ANC	Councillor
42	Mbangatha N.	INGQUZA HILL REP	ANC	Councillor
43	Mbewu B. S.	MHLONTLO REP	DA	Councillor
44	Mcimbi T.E. (*Replaced Cllr Sobahle from KSD)	KSD REP	ANC	Councillor
45	Mfiki N.	PSJ REP	ANC	Councillor
46	Mkontwana N. *(Replaced Cllr Maqoko from KSD)	KSD REP	ANC	Councillor
47	Msakeni M.	KSD REP	ANC	Councillor
48	Mvango O.H.	ORTDM REP	AIC	Councillor
49	Mzimane N.	KSD REP	UDM	Councillor
50	Ndude L.M.	ORTDM REP	UDM	Councillor
51	Nkani N.	INGQUZA HILL REP	ANC	Councillor
52	Nonkothamo N.	NYANDENI REP	ANC	Councillor
53	Ntshoyi N.	NYANDENI REP	ANC	Councillor

NO	SURNAME & INITIAL	DESIGNATION	POLITICAL PARTY	DESIGNATION
54	Ntukuntezi L.	MHLONTLO REP	ANC	Councillor
55	Pato T. Z.	ORTDM REP	CI	Councillor
56	Qangani S.	MHLONTLO REP	ANC	Councillor
57	Sabisa T.S.	ORTDM REP	ANC	Councillor
58	Tshotsho L.	NYANDENI REP	EFF	Councillor
59	Xangayi C. T.	ORTDM REP	DA	Councillor
60	Cebiso L.	TRADITIONAL LEADER	KSD	Traditional Leader
61	Dudumayo M.	TRADITIONAL LEADER	KSD	Traditional Leader
62	GROOM J.J.	TRADITIONAL LEADER	MHLONTLO	Traditional Leader
63	Mjoji P.A.	TRADITIONAL LEADER	INGQUZA HILL	Traditional Leader
64	Meji N.	TRADITIONAL LEADER	PSJ	Traditional Leader
65	Mtirara B.P.	TRADITIONAL LEADER	KSD	Traditional Leader
66	Mdutshane G.C.	TRADITIONAL LEADER	INGQUZA HILL	Traditional Leader
67	Mtirara M.	TRADITIONAL LEADER	KSD	Traditional Leader
68	Ndabeni V.	TRADITIONAL	PSJ	Traditional Leader

NO	SURNAME & INITIAL	DESIGNATION	POLITICAL PARTY	DESIGNATION
		LEADER		
69	Ndamase N.	TRADITIONAL LEADER	NYANDENI	Traditional Leader
70	Ndamase H	TRADITIONAL LEADER	NYANDENI	Traditional Leader
71	Tyali G.	TRADITIONAL LEADER	MHLONTLO	Traditional Leader

2. S79 STANDING COMMITTEES ALLOCATIONS

NO.	NAME OF COMMITTEE	NAMES OF MEMBERS	DESIGNATION
1	Rules Committee	Cllr Nkompela X.	Chairperson
		Cllr Sokanyile T.	Chief Whip
		Cllr Gantsho A.A.	Chair of Chairs
		Cllr Pepping N.P.	Member
		Cllr Cwecwe	Member
		Cllr Dambuza	Member
		Cllr Nonkotamo	Member
		Cllr Cube Z.	Member
		Cllr Mbewu B.S.	Member
		Chf Mtirara B.P.	Member
		Chf Ndabeni V.	Member
		Chf Ndamase N.	Member

NO.	NAME OF COMMITTEE	NAMES OF MEMBERS	DESIGNATION
2	Programming Committee	Clr X. Nkompela	Chairperson
		Clr T. Sokanyile	Chief Whip
		Clr A. Gantsho	Chair of Chairs
		Clr N.P. Mkontwana	Whip-Chairperson's Committee
		Clr Mfiki	Whip Rules Committee
		Clr U. Malghas	Whip- MPAC
		Clr T. Dumisa	Whip: Ethics & Members Interest Committee
		Clr Nkani	Whip: Petitions & Public Participation Committee
		Clr M. Bunzana	Whip: UDM
		Clr B. Mbewu	Whip: DA
		Clr U. Ketwa	Whip: EFF
		Clr B. Malghas	MRRA
		Clr T.Z. Pato	CI
		Clr O.H. Mvango	AIC
		Nkosi G. Tyali	Whip: Traditional Leaders
		Clr R.Z. Nogumla	Ex-Officio Member (DEM-Leader of Executive Business)
3	Chairperson's Committee	Clr A. Gantsho	Chairperson
		Clr N. P. Pepping	MEMBER
		Clr S. Gcinindawo	MEMBER
		Clr Cwecwe	MEMBER
		Clr N. P. Mkontwana	MEMBER

NO.	NAME OF COMMITTEE	NAMES OF MEMBERS	DESIGNATION
		Cllr Z. Gusana	MEMBER
		Cllr N. Fono	MEMBER
		Cllr L. Mziba	MEMBER
		Cllr M.I. Nkungu	MEMBER
		Cllr K. Mandita	MEMBER
		Cllr T.E. Mcimbi	MEMBER
		Cllr T. Mgaweni	MEMBER
		Cllr N. Kuluta	MEMBER
4	Municipal Public Accounts Committee	Cllr Pepping N.	Chairperson
		Cllr Malghas U.	Whip
		Cllr Dumisa T.	Member
		Cllr Qangani S.	Member
		Cllr Mbewu B.S.	Member
		Cllr Mfiki N.	Member
		Cllr Madwantsi P.	Member
		Cllr Ketwa U.	Member
		Cllr Ntshoyi N.	Member
		Cllr Ntukuntezi I.	Member
		Cllr Bunzana	Member
		Nk Dudumayo	Member
		Nk Mdutshane G.	Member
5	Ethics & Members Interest Committee	Cllr Gcinindawo N.	Chairperson
		Cllr Dumisa T.	Whip
		Cllr Malgas U.	Cllr

NO.	NAME OF COMMITTEE	NAMES OF MEMBERS	DESIGNATION
		Cllr Ntshoyi N.	Cllr
		Cllr Ntukuntezi I.	Cllr
		Cllr Bokwe N.F.	Cllr
		Cllr Matanzima N.	Cllr
		Cllr Maqoko T.	Cllr
		Cllr Bara	Cllr
		Cllr Mzimane N.	Cllr
6	Petitions & Public Participation	Cllr Dambuza M.	Chairperson
		Cllr Nkani M.	Whip
		Cllr Nonkotamo N.	Member
		Cllr Beqezi N.	Member
		Cllr Bokwe N.F.	Member
		Cllr Mabongo L.S.	Member
		Cllr Sobahle N.	Member
		Cllr Gaxeni F.	Member
		Cllr Mbewu S.B.	Member
		Cllr Ndude L.M.	Member
		Cllr Mandita K.D.	Member
7	Multi Party Women's Caucus	Cllr Cwecwe N.	Chairperson
		Cllr Sokhanyile T.	Whip
		Cllr Meth N.	Executive Mayor
		Cllr Sigcau N.Z.	Member
		Cllr Ngqongwa N.	Member
		Cllr Mdledle N.	Member

NO.	NAME OF COMMITTEE	NAMES OF MEMBERS	DESIGNATION
		Cllr Giyose R.M.	Member
		Cllr Pepping N.	Member
		Cllr Mkontwana N.	Member
		Cllr Mabongo L.	Member
		Cllr Beqezi N.	Member
		Cllr Mvango O.H.	Member
		Cllr Gcinindawo N.	Member
		Cllr Malgas U.	Member
		Cllr Maqoko T.	Member
		Cllr Mzimane N.	Member
		Cllr Ntshoyi N.	Member
		Cllr Kupelo T.E. (RIP)	Member
		Cllr Mcimbi T.E.	Member
		Cllr Nonkothamo N.	Member
		Cllr Mziba L.	Member
		Cllr Madwantsi P.	Member
		Cllr Tshotsho L.	Member
		Cllr Mbangatha N.	Member
		Cllr Nkani N.	Member
		Cllr Fono N.	Member
		Cllr Bokwe F.	Member
		Cllr Mfiki N.	Member
		Cllr Matanzima S.	Member
		Chief Mtirara B.P.	Member

NO.	NAME OF COMMITTEE	NAMES OF MEMBERS	DESIGNATION
		Chief Cebiso L.	Member
		Chief Ndamase H.	Member
		Chief Ndamase N.	Member
		Chief Meji N.	Member

3. SECTION 79 PORTFOLIO COMMITTEES ALLOCATION

NO.	NAME OF COMMITTEE	NAME OF COMMITTEE MEMBERS	DESIGNATION
1	Infrastructure Services Portfolio Committee	Cllr Gusana Z.	Chairperson
		Cllr Gaxeni F.	Whip
		Cllr Dumisa T.	Member
		Cllr Ntunkunzezi I.	Member
		Cllr Bokwe F.	Member
		Cllr Msakeni J.M.	Member
		Cllr Mabongo L.S.	Member
		Cllr Sabisa T.	Member
		Cllr Xangayi C.T.	Member
		Cllr Malgas B.	Member
2	Budget and Treasury Office Portfolio Committee	Cllr Mandita K.	Chairperson
		Cllr Maqoko T.	Whip
		Cllr Mbangatha N.	Member
		Cllr Sabisa T.	Member
		Cllr Ntshoyi N.	Member

NO.	NAME OF COMMITTEE	NAME OF COMMITTEE MEMBERS	DESIGNATION
		Cllr Matanzima S.	Member
		Cllr Dumisa T.	Member
		Cllr Sobahle N.	Member
		Cllr Xangayi C.T.	Member
		Cllr Malgas B.	Member
3	Community Services Portfolio Committee	Cllr Nkungu M.I.	Chairperson
		Cllr Sobahle N.	Whip
		Cllr Msakeni J.	Member
		Cllr Nonkothamo N.	Member
		Cllr Mbangatha N.	Member
		Cllr Mfiki N.	Member
		Cllr Begezi N.	Member
		Cllr Qangani S.	Member
		Cllr Bara B.	Member
4	Corporate Services Portfolio Committee	Cllr Mziba L.	Chairperson
		Cllr Nkani N.	Whip
		Cllr Mfiki N.	Member
		Cllr Bokwe F.	Member
		Cllr Malgas U.	Member
		Cllr Madwantsi P.	Member
		Cllr Maqoko N.	Member
		Cllr Sabisa T.	Member
		Cllr Xangayi C.T.	Member
5	Human Settlement & Disaster Management	Cllr Fono N.	Chairperson

NO.	NAME OF COMMITTEE	NAME OF COMMITTEE MEMBERS	DESIGNATION
		Cllr Sobahle N.	Whip
		Cllr Qangani S.	Member
		Cllr Madwantsi P.	Member
		Cllr Matanzima S.	Member
		Cllr Begezi N.	Member
		Cllr Mbangatha N.	Member
		Cllr Nonkothamo N.	Member
		Cllr Bara B.	Member
6	Rural, Economic Development & Planning	Cllr Kuluta N.	Chairperson
		Cllr Ntshoyi N.	Whip
		Cllr Mfiki N.	Member
		Cllr Sabisa T.	Member
		Cllr Matanzima S.	Member
		Cllr Nkani N.	Member
		Cllr Madwantsi P.	Member
		Cllr Malgas U.	Member
		Cllr Xangayi C.T.	Member
		Cllr Malgas B.	Member
7	Planning, Research and Intergovernmental Relations	Cllr Mcimbi T.E.	Chairperson
		Cllr Mabongo L.S.	Whip
		Cllr Mbangatha N.	Member
		Cllr Maqoko T.	Member
		Cllr Bokwe N.F.	Member
		Cllr Ntukuntezi I.	Member

NO.	NAME OF COMMITTEE	NAME OF COMMITTEE MEMBERS	DESIGNATION
8	Special Programmes and Social Services	Cllr Gaxeni F.	Member
		Cllr Qangani S.	Member
		Cllr Mbewu B.	Member
		Cllr Malgas B.	Member
		Cllr Mgaweni T.	Chairperson
		Cllr Mabongo L.S.	Whip
		Cllr Gaxeni F.	Member
		Cllr Begezi N.	Member
		Cllr Nkani N.	Member
		Cllr Malgas U.	Member
		Cllr Dumisa T.	Member
		Cllr Nonkotamo N.	Member

4. COUNCIL AND COMMITTEE MEETINGS ATTENDANCE

All the council and committee meetings were held in 2016\17 as per the 2016\17 Council Calendar and all the meetings quorated as per the provisions of the council adopted standing orders.

APPENDICE B – COMMITTEE AND COMMITTEE PURPOSES

SECTION 79 COMMITTEES OF COUNCIL

1. SECTION 79 STANDING COMMITTEES OF COUNCIL

SECTION 79 STANDING COMMITTEE	CHAIRPERSON'S NAME
8. Rules Committee	Cllr. X. Nkompela
9. Programming Committee	
10. Chairperson's Committee	Cllr A. Gantsho
11. Municipal Public Accounts Committee (MPAC)	Cllr N. P. Pepping
12. Ethics and Members Interest Committee	Cllr S. Gcinindawo
13. Multiparty Women's Caucus	Cllr Cwecwe
14. Petitions and Public Participation Committee	Cllr N. P. Mkontwana

2. SECTION 79 PORTFOLIO COMMITTEES OF COUNCIL

SECTION 79 PORTFOLIO COMMITTEES NAME	NAMES OF DEPARTMENTS OVERSIGHTED	CHAIRPERSON
9. Infrastructure Services Portfolio Committee	Water and Sanitation Services and Technical Services	Cllr Z. Gusana
10. Human Settlement and Disaster Management Portfolio Committee	Human Settlement and Disaster Management Section under Community Services	Cllr N. Fono
11. Corporate Services	Corporate Services	Cllr L. Mziba
12. Community Services	Community Services	Cllr M.I. Nkungu
13. Budget & Treasury Office (BTO)	BTO & Internal Audit	Cllr K. Mandita
14. Planning, Research and Intergovernmental Relations	Office of the Municipal Manager	Cllr T.E. Mcimbi
15. Special Programs and Social Services Portfolio Committee	Office of the Executive Mayor	Cllr T. Mgaweni
16. REDP	LED, Ntinga Development Agency & Kei Fresh Produce Market	Cllr N. Kuluta

SCOPE OF THE TERMS OF REFERENCE (PURPOSE) FOR S79 STANDING COMMITTEES

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
1. Rules Committee	<p>1.To promote the realisation of the vision, strategic objectives and priorities of O.R. Tambo District Municipality.</p> <p>2.To assist the Council in developing and administering Standing Rules for Council meetings for its efficient functioning of the committees of Council.</p> <p>3.To develop, advise and monitor the implementation of Council's policy with regard to Civic Functions and presentations.</p> <p>3.To diligently perform its power and functions in terms of these terms of references.</p> <p>4.To promote adherence to appropriate dress code for all council and committee meetings.</p>
2. Programming Committee	<p>1.To oversee and regulate the programming of Council's agenda and proceedings.</p> <p>2.To recommend a Programme of debates.</p> <p>3.To diligently perform its power and functions in terms of these terms of references.</p>
3. Chairperson's Committee	<p>1.To oversee and regulate the functioning of the Section 79 Standing Committees and Portfolio Committees activities\ programmes, and reporting.</p> <p>2.To strengthen the oversight role and accountability played by council committees.</p> <p>3.To diligently perform its power and functions in terms of these terms of references.</p>
4. Municipal Public Accounts Committee (MPAC)	<p>3.1 ROLE OF THE MPAC</p> <p>The Committee is accountable to Council and is operating as an overseer and makes recommendations to the Council for its consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of the Accounting Officer, Heads of Departments, officials and other members of senior management. The role of the Committee is to assist the Council to ensure that:</p> <p>3.1.1 The municipality fulfils its constitutional mandate of service delivery to the community and achieves the set objectives;</p> <p>3.1.2 The municipality is managed in an efficient, effective and ethical, corruption and fraud free manner ; and</p>

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	<p>3.1.3 The municipal resources are utilised in an economic manner.</p> <p>3.2 AUTHORITY OF THE MPAC</p> <p>The MPAC Committee has the authority as per the SALGA recommendations:</p> <p>3.2.1 To call the Executive and/or any Councillor to report on any matter reported in terms of finances to ensure that every cent is accounted for.</p> <p>3.2.2 to oversee all programmes of the municipality and to investigate value for money on projects – overseeing the planning and implementation of projects against expenditure.</p> <p>3.2.3 to request, access information and monitor such based on suspicion of imprudent financial management.</p> <p>3.2.4 to instruct the Executive and any other committee members, management and other employees to be present at a given meeting to hear and answer for themselves and for possible interview and input regarding items of the agenda.</p> <p>3.2.5 to direct any matter for investigation through the relevant investigation Departments, Office of the Auditor General and law enforcement agencies within its terms of reference.</p> <p>3.2.6 to have unrestricted access through the Office of the Accounting Officer to employees of Council, information relating to all personnel, books of account, records, assets and liabilities of the Council and to any other sources of relevant information that may be required from the Council for the purpose of</p>

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	<p>carrying out its duties and responsibilities.</p> <p>3.2.7 to seek any information (and have access) it requires from any MMC/Councillor. All MMCs and Councillors are directed to co-operate with any request made by the Committee.</p> <p>3.2.8 MPAC shall have direct access to internal and external auditors and may direct investigations in any matter when necessary.</p> <p>3.2.9 The Committee should have permanent referral as they become available, of –</p> <ul style="list-style-type: none"> (a) all accounts and financial statements of the municipality; (b) all reports of the Auditor-General; (c) all reports of the Audit Committee; (d) Information on compliance (see section 128 and 133 of the MFMA); (e) Information in respect of any disciplinary actions taken in terms of the Municipal Finance Management Act (MFMA); (f) Information in respect of transgressions in terms of the MFMA. <p>3.2.10 The Committee also has the right to summon any person to give evidence before it, or to require any person or institution to report to it. In the interest of accountability, the Committee may call individuals who were responsible at the time of the events, even though they may since have resigned from the municipality.</p> <p>3.2.11 Receive technical support from the Internal Audit office.</p> <p>3.2.12 The committee must hold public hearings and instruct other committee members, management and other employees to be present at a given meeting to hear and answer for themselves and for possible interview and input regarding items of the agenda.</p> <p>3.2.13. The committee must monitor the extent to which its recommendations and those of the AG are carried</p>

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
	<p>out.</p> <p>3.2.14 The committee must invite and receive submissions from the public.</p> <p>3.2.15 The committee must undertake fieldwork (i.e. oversight visits within the municipality) to get first-hand information on any municipal matters.</p> <p>3.2.16 The committee must consider recommendations and reports from the Audit Committee.</p> <p>3.2.17 MPAC may consider any financial reports or financial statements jointly with the Audit Committee.</p> <p>3.2.18 MPAC must consider the oversight reports of the portfolio committees with regard to quarterly performance, budget expenditure and focused intervention study.</p> <p>3.2.19 The committee must ensure that the municipality complies with the provisions of the King IV Report.</p> <p>3.2.20 MPAC requires the executive to attend its meetings where required, and will not be able to engage the municipal manager (accounting officer) and senior management in the absence of the executive or political office bearers, as this will encroach on the role of the executive who has the responsibility for oversight over the administration of the municipality.</p> <p>The MPAC is not authorised to:</p> <ul style="list-style-type: none"> (a) Discuss matters that are still under investigation or <i>sub-judice</i>, but can in-committee receive progress reports on matters under investigation. (b) Report to Council on allegations not investigated. (c) Call any person outside Council (e.g. contractor, service provider, etc.) to account for the monies of the municipality and municipal entities where such outside person is implicated in the forensic investigation report.

SECTION 79 STANDING COMMITTEE	SCOPE OF THE TERMS OF REFERENCE
5. Ethics and Members Interest Committee	(1)To promote adherence to the Code of Conduct for councillors. (2)To develop, advise and monitor the implementation of Council's policy with regard to councillors welfare and benefits. (3)To diligently perform its power and functions in terms of these terms of references. (4)To promote adherence to council standing orders. (5)To promote adherence to appropriate dress code for all council and committee meetings.
6. Multiparty Women's Caucus	1.To act as an advisory, influencing and consultative body by representing the interests and concerns of women members in Council and making submissions to the Council. 2.To engage on empowerment issues with women in political structures outside Council.
7. Petitions and Public Participation Committee	1.to encourage active involvement of communities and community organisations in the affairs of the municipality; 2.to increase the effectiveness of Public Participation in the affairs of the municipality; 3.to ensure the consideration, monitoring and tracking of petitions lodged to the municipality; 4.to ensure that timeous feedback is given to Petitioners; 5.to ensure adherence to Community Complaints and Petitions Handling Policy; Public Participation Policy; and Public Participation Strategy;

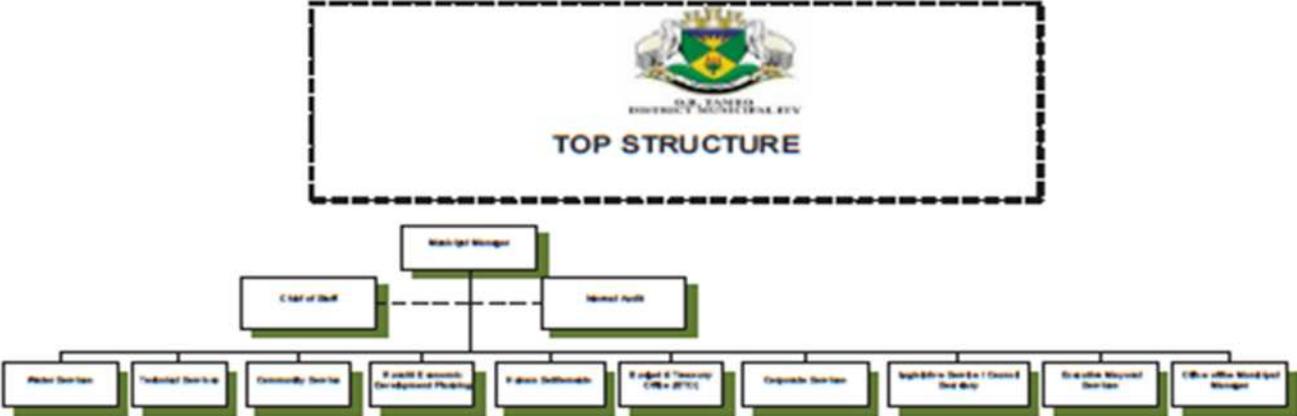
SCOPE OF THE TERMS OF REFERENCE (PURPOSE) FOR S79 PORTFOLIO COMMITTEES

SECTION 79 PORTFOLIO COMMITTEES NAME	PURPOSE
<p>1.Infrastructure Services & Technical Services Portfolio Committee</p> <p>2.Human Settlement and Disaster Management Portfolio Committee</p> <p>3.Corporate Services</p> <p>4.Community Services</p> <p>5.Budget & Treasury Office (BTO) and Internal Audit</p> <p>6.Planning, Research and Intergovernmental Relations</p> <p>7.Special Programs and Social Services Portfolio Committee</p> <p>8.REDP</p>	<p>(1)The Committee maintains oversight on the Member of the Mayoral Committee (MMC), and the department in fulfilling their responsibilities, including the implementation of policies, By-laws, regulations and other applicable legislation.</p> <p>(2)To fulfil its oversight responsibility, the Committee must scrutinize and oversee the extent to which the department is fulfilling its Constitutional obligations in respect of –</p> <ul style="list-style-type: none"> (i) the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5, and any other matter assigned to it by national or provincial legislation; and (ii) the promotion and fulfilment of all the rights enshrined in Chapter 2 - the Bill of Rights, sub-sections 7 – 39; <p>(3)To scrutinize the reports of the department, for submission to Council pursuant to the requirements of, but not limited to, the Structures, Systems and Finance Acts respectively and to report to Council with recommendations;</p> <p>(4)To scrutinize the reports of institutions established by Chapter 9 of the Constitution, in particular, the reports of the Auditor-General to the extent that reflections on the department are made by the Auditor-General.</p> <p>(5)To establish mechanisms that will enable the Committee to undertake Focused Intervention studies and Oversight visits;</p>

SECTION 79 PORTFOLIO COMMITTEES NAME	PURPOSE
	<p>(6) To facilitate the participation of the public in the oversight processes of the Committee; and</p> <p>(7) To ensure the scrutiny and review of the efficacy of policies and By-laws made, as a means of ensuring accountable and responsive local government.</p>

APPENDIX C- THIRD TIER ADMINISTRATIVE STRUCTURE

ANNEXURE 2: ADMINISTRATIVE STRUCTURE OF THE MUNICIPALITY



APPENDIX D – FUNCTIONS OF MUNICIPALITY/ ENTITY

APPENDIX E & F WARD REPORTING & INFORMATION

The following report covers the information required in appendix E& F of the Annual Performance Report

REPORT ON FUNCTIONALITY OF WARD COMMITTEES WITHIN THE DISTRICT

O.R. Tambo District Municipality is involved in public participation through ward committees. Capacity building programs was taken to ward committees in order to strengthen ward committee mode. About 100 Ward Committee Members from KSD; Nyandeni; Port St Johns , Ingquza Hill Local Municipalities and Mhlontlo LM were trained on Leadership; Communication, Conflict Management, minute taking and report writing Skills. Community Education programs were also conducted in Mhlontlo LM, Nyandeni and Port St Johns. LMs. The Municipality monitors the functionality of ward committees within the district by using the Ward Committee Monitoring Tool. On a quarterly basis, the Local Municipalities submit reports on functionality of ward committees in line with Ward Committee Monitoring Tool.

Community participation is of high importance in all municipal programs; including IDP/Budget process wherein IDP/Budget roadshows were conducted in all local municipalities. The Annual report was also taken to communities after it was tabled to Council. Communities were requested to submit their comments on the Annual Report, but no submissions were received.

In order to involve communities in Council decisions, two Open councils (Taking Council to the People) were held, wherein the council meetings were held outside the council premises. In addition to that, community members were encouraged to take part in council by hosting 2 sector parliaments (Disabled Council and Women's Council).

Municipal Monitoring Tool

Municipality	No. of Wards	No. of wards with Ward Schedules	No. of Ward Committee Meetings Organized	% Attendance by Ward Committee Members	% Attendance by CDWs	Door-to-Door Campaigns Conducted	Community Meetings Organized	No. of wards submitted Monthly Reports to the Office of the Speaker	No. of wards with Updated Ward Profile
Nyandeni LM	32	32	32	312 of 316= 98%	16 of 28= 57%	Nil	86 of 283	32	32
			32	312 of 318= 98%	22 of 32= 69%	Nil	15 of 283	32	
			N/A	N/A	N/A	N/A	N/A	N/A	
Port St Johns LM	20	20	20 of 20	193 of 200= 97%	20 of 20= 100%	32 of 191	46 of 191	20	20
			20 of 20	193 of 200= 97%	20 of 20= 100%	52 of 191	50 of 191	20	
			20 of 20	193 of 200= 97%	20 of 20= 100%	89 of 191	42 of 191	20	
Ingquza Hill LM	32	32	N/A	N/A	N/A	N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A	N/A	N/A	
			N/A	N/A	N/A	N/A	N/A	N/A	
Mhlontlo LM	26	26	20 of 26	192 of 256 = 77%	11 of 25= 42%	49 of 257	84 of 256	20 of 26	26
			21 of 26	184 of 256= 71%	16 of 25= 64%	85 of 257	88 of 256	21 of 26	
			N/A	N/A	N/A	N/A	N/A	N/A	
King Sabata Dalindyebo LM	36	36	N/A	N/A	N/A	N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A	N/A	N/A	
			N/A	N/A	N/A	N/A	N/A	N/A	

Issues Raised to the Council:

- No issues were raised to Local Municipal Councils;

Resolutions on Issues Raised to the Council:

- N/A

Comments:

- All wards from Nyandeni; Mhlontlo; and Port St Johns Local Municipalities have Ward Schedules (schedule of ward committee and ward general meetings);
- All wards at Mhlontlo; Port St Johns and Nyandeni Local Municipalities have updated Ward Profiles;

- There is 100% attendance of Ward Committee Meetings by CDWs at Port St Johns Local Municipality;
- Only Ward Committees of Mhlontlo and Port St Johns Local Municipalities conduct Door-to-Door Campaigns to identify Challenges facing communities;

Challenges:

- Poor sitting of Ward Committee Meetings at Mhlontlo Local Municipality
 - At Mhlontlo Local Municipality:
 - only 20 of 26 wards convened Ward Committee Meetings in April 2017; and
 - only 21 of 26 wards convened Ward Committee Meetings in May 2017
- Moderate submission of reports to the Office of the Speaker at Mhlontlo Local Municipalities;
- only 20 of 26 wards at Mhlontlo Local Municipality submitted reports to the Office of the Speaker in April 2017; whereas
- only 21 of 26 wards at Mhlontlo Local Municipality submitted reports to the Office of the Speaker in May 2017
- There is poor sitting of Ward General Meetings across the district;
- At Nyandeni LM ward 19 CDW has been chased away by the community in a mass meeting and insisted that she must not participate in any activity of the ward, accusing her that she does not belong to the ward instead she belongs to Ward 1 of PSJ Local Municipality. The Speaker of Nyandeni LM has tried to intervene but failed and referred the matter to Cogta for intervention.
- At Mhlontlo,
 - >Ward 9 there is no CDW
 - > Ward 18 one ward committee member is under suspension and investigation by the LM
- The attendance of ward committee meetings by CDWs at Nyandeni and Mhlontlo Local Municipalities is not good enough;
- There is lack of administrative support and monitoring of Ward Committee Meetings by local municipalities due to lack of personnel in the Offices of Speakers;
- There is poor conducting of Door to Door Campaigns by Ward Committees across the district;

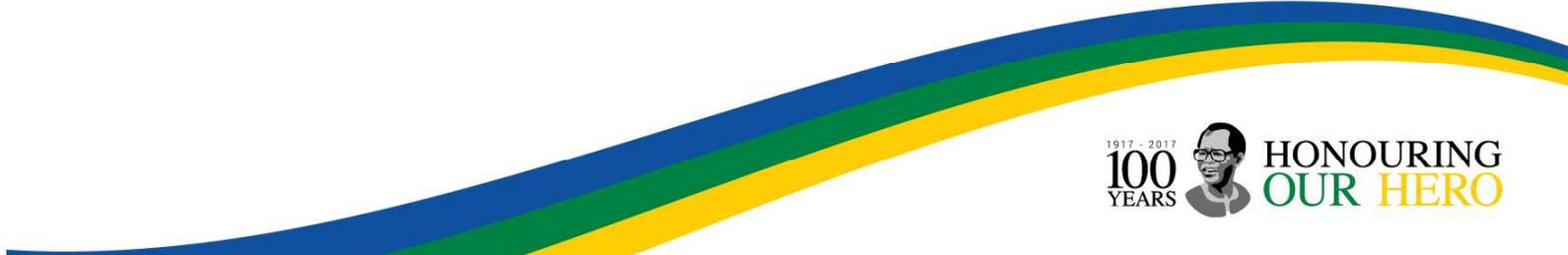
Recommendations:

It is recommended to the District Speakers Forum that:

1. Intervene to the case of CDW of Ward 19 in Nyandeni
2. Offices of Speakers must continue encouraging CDWs to attend Ward Committee Meetings;

3. Officials in municipalities within the district must provide technical support, and monitor Ward Committee and Ward/Village Meetings where possible;
4. The Speaker of Mhlontlo Local Municipality must intervene in the issue of Ward 9 where there is no CDW
5. Ward Committees within the district must be encouraged to conduct Door to Door Campaigns more emphasis on Nyandeni Local Municipality
6. Ward clerks/ administrators must be employment
7. Statutory documents (MFMA, MSA, Constitution etc) are highly recommended to be delivered ASAP

APPENDIX G – REPORT OF THE MUNICIPAL AUDIT COMMITTEE



AUDIT COMMITTEE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. Introduction

As required by section 166(2) of the Municipal Finance Management Act, 56 of 2003, the Audit Committee report is prepared as prescribed by section 166(2) of the MFMA and in line with the recommendations of the King III report on Corporate Governance for South Africa 2009 and its Code of Governance Principles. The Audit Committee performs its duties in accordance with its approved Charter by the Municipal Council and the MFMA.

The terms of reference are set out in the Audit Committee Charter, which is approved by Council and it's continuously reviewed and updated for changes in legislation, business circumstances, and corporate governance practices. The Audit Committee confirms that, it has complied with its statutory obligations and has discharged its duties in accordance with the Charter.

The role of the Committee is defined in its charter and cover amongst others the following:-

- To advise Council and management on matters relating to accounting policies, safeguarding of assets, the operation of adequate systems of financial control, recording and reporting, and the preparation of financial statements in compliance with the applicable legal requirements and applicable accounting standards;
- Provide an oversight role on the development and implementation of the entity-wide- financial risk management;
- To approve the risk-based three (3) year rolling plan and the annual plans proposed by the both internal and external auditors and ensure coordination between their audit activities;
- To advise Council on matters relating to performance management;
- AC approves and monitor Internal Audit 3-Year Rolling Plan.
- To recommend the appointment or termination of the Director: Internal Audit; and evaluates the effectiveness of Internal Audit unit.
- Review the audit strategy and regularly engage external auditors on matters relating to annual audit.

2. MEMBERSHIP

1. Mr. S. Simelane Chairperson, appointed in May 2016
2. Mr. PH. Songo Appointed in May 2016
3. Ms. S. Makhathini Appointed in May 2016
4. Mr. M. Msiwa Appointed in September 2016
5. Ms. N. Mketsu Appointed in September 2016

None of the above members are officials of the Municipality or its Entities. All the members of the Committee are independent, with no interests in the management or conduct of the business of the Municipality.

3. ATTENDANCE REGISTER

Meetings:

The Audit Committee held three meetings in the year under review. The attendance at the meetings was as following:

Member Name	28.08.2016	01.11.2016	24.01.2017	24.02.2017	28.06.2017
Mr. S. Simelane	P	P	P	P	P
Ms. S. Makhathini	P	P	P	A	P
Ms. N. Mketsu	A	P	A	P	A
Mr. P. Songo	P	A	P	P	p
Mr. M. Msiwa	A	P	P	A	p

*

P = Present

A = Apologized

The Auditor-General has a standing invitation to attend Audit Committee meetings. The Municipal Manager, Chief Financial Officer, Chief Risk Officer, Director: Internal Audit, and other key executive members are required to attend the meetings of the Committee. The Internal Auditor, Auditor-General, and Management are afforded individual closed sessions with the Committee.

4. SUMMARY OF THE MAIN ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE YEAR UNDER REVIEW.

In line with the MFMA and the King IV report on Corporate Governance, the Audit Committee executed the following activities during the year:-

4.1 Internal Audit

- Considered the adequacy of resources and effectiveness of the Internal Audit function, which included the approval of the annual operational and three –year rolling risk-based internal audit plan;
- Approved Internal Audit² Charter for the year;
- Reviewed the reports from Internal Audit related to the work performed as per approved annual plan relating to the adequacy and effectiveness of the organisation’s internal control environment, systems, and process together with the adequacy and appropriateness of the related management’s corrective action plan(s).

4.2 External Audit

- Reviewed and supported the audit strategy of the external auditor, with specific reference to the proposed audit scope, approach, and audit fees;
- Considered with management the quality and effectiveness of the external audit process, areas of concern and the improvement plans being developed to mitigate identified risks;
- Recommended for submission of Annual Financial Statements by Council to Auditor General;
- Reviewed the significant accounting practices, judgements and estimates adopted by the organisation in the application of Generally Recognised Accounting Practices (GRAP), and found those to be appropriate;
- Reviewed the significant accounting policies adopted by the organisation and all



proposed changes in accounting policies and practices, and recommended any changes considered appropriate in terms GRAP to Council for approval;

- Reviewed the Management Letter and the Audit Report from the external auditor concerning the effectiveness of the organisation's internal control environment, systems, and process;
- Reviewed the adequacy and effectiveness of the Management Audit Action Plan;
- Monitored the implementation of the Management Audit Action Plan, and
- Ensured that, there is a process for the Audit Committee to be informed of any reportable irregularities identified and reported by the external auditor.

4.3. Draft Annual Report 2015/16

Both the Municipality and entities annual reports for 2015/16 were discussed. The Committee raised amongst other things the following issues with management;

- Corrective action to address poor performance were not clear in some instances,
- Performance Assessment on directors not effected yet,
- Concern regarding the PMS Manager vacant position,,
- Portfolio of evidence not being presented for some targets,
- It was noted that some targets were not SMART. Management was advised to take action to rectify targets to be SMART.

Overall

In general, the report, in particular to the service delivery part of the annual report gives an account of how the municipality has performed against its set targets, which allows the users of the report to assess whether the municipality has performed according to the set targets or not.

The Municipality obtained a Qualified Audit opinion, which the Committee notes.

The Committee supported the submission of the APR to the Auditor General pending that the recommended changes are effected before submission. It was also resolved that management should submit POEs to the AG before close of business on 31 August 2016.



7. OTHER MATTERS

- Provided oversight to Council in discharging its duties relating to the organisation's systems of internal control, risk management, compliance, and Information and Communication Technology (ICT) governance;
- Reviewed and monitored the organisation's compliance with applicable legislation and regulations, including without limitations, the MFMA, and Treasury Regulations through the reports of both Internal and External auditors;
- Reviewed management's reports on items of fruitless and wasteful and irregular expenditure as well as losses through criminal conduct;
- Completed the annual Audit Committee self-assessment survey and reviewed the results thereof.

7.1 Annual Evaluation of the Control Environment by the Committee

As required by the MFMA and King Report on Corporate Governance, the Audit Committee has performed annual assessment and evaluation of the organisation's systems of internal controls together with the effectiveness of the finance function, including the competency of the Director: Internal Audit, the results are presented below:-

7.2 The effectiveness of internal control environment

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that, liabilities and working capital are efficiently managed. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk-based audit plan, as well as the identification of corrective actions to any deficiencies in the system of internal controls and proposes enhancements to the controls and processes. From the various reports of the Internal Audit Function, inclusive the report of the External auditor, it was noted that, there were weaknesses in the system of internal controls.

7.3 Evaluation of the annual financial statements

The Committee reviewed the Unaudited Annual financial Statements for the 2016/2017 financial year as required section 166(b) of the MFMA.

The Audit Committee concur with and accept the Auditor General's report on the

annual financial statement, and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor General.

7.4 Assessment of the Finance Function and Competency of the Chief Financial Officer

Through the assessment of the Internal Audit's reports and the final report of the External auditor, the Committee has evaluated the adequacy and effectiveness of the financial function. The Committee is of the view that, there is extensive improvement required in relation to the financial control environment as a result of the outcome of both Internal Audit and External Audit report.

7.5 Evaluation of Internal Audit Function

The Audit Committee has evaluated the reports of Internal Audit function and is satisfied with the competency of the head of Internal Audit and the Internal Audit function. Audit committee commends Internal Audit for having completed the operational risk-based audit plan for the year.

7.6 Risk Management Function

In our view, risk management was established at the municipality through the appointment of the Chief Risk officer. The Risk management founding documents were reviewed by Audit committee and recommended for approval.

Conclusion

This report is submitted to Council for consideration. Our recommendations are meant to assist with the improvement of control environment and internal controls in general. Council is urged to support the implementation of the Audit Committee recommendations by management.



S. Simelane CA (SA)

Chairperson: Audit Committee

APPENDIX H- LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

The municipality had no long-term contracts or Public Private Partnership contract during the current financial year

APPENDIX I- SERVICE PROVIDER PERFORMANCE SCHEDULE

DELIVERY CONTRACTS

Contract No.	Contract description	Supplier name	Contract status (select status using drop-down menu)	Supplier performance (select performance using drop-down menu)	Consequences (Select consequence using drop-down menu)	User department
RT 57-2016 V	Supply and delivery of 1 x audit q7 3.0 quattro	Volkswagen South Africa	Supplier delivered goods within agreed timeframe	Supplier performance compliant	Pay supplier and close out contract	Office of Executive Mayor / Poverty Relief
ORTDM SCMU 19-2016/17	Supply and delivery of one 1 Mercedes Benz GLE 400	Ronnies Motors	Supplier delivered goods within agreed timeframe	Supplier performance compliant	Pay supplier and close out contract	Office of the Speaker
RT 57-2016 T1	Supply and delivery of 4 x Toyota Land Cruiser 79 4.5 diesel s/c pick up	Toyota South Africa Motors Pty Ltd	Supplier delivered goods within agreed timeframe	Supplier performance compliant	Pay supplier and close out contract	Community Services
RT 57-2016 T2	Supply and delivery of 1 Toyota Quantaum 2.5 diesel 16 seater sesfikile	Toyota South Africa Motors Pty Ltd	Supplier delivered goods within agreed timeframe	Supplier performance compliant	Pay supplier and close out contract	Office of Executive Mayor / Poverty Relief
RT 57-2016 T3	Supply and delivery of 1 Toyota Corrolla quest 1.6 MID	Toyota South Africa Motors Pty Ltd	Supplier delivered goods within agreed timeframe	Supplier performance compliant	Pay supplier and close out contract	Office of Executive Mayor / Poverty Relief
RT 57-2016 T4	Supply and delivery of 1 Toyota Hilux 2.4 diesel s/c sr	Toyota South Africa Motors Pty Ltd	Supplier delivered goods within agreed timeframe	Supplier performance compliant	Pay supplier and close out contract	Office of Executive Mayor / Poverty Relief
RT 57-2016 ISUZU	Supply and delivery of light and heavy,	Isuzu Truck South Africa	Supplier delivered goods within agreed timeframe	Supplier performance compliant	Pay supplier and close out contract	Community Services

Contract No.	Contract description	Supplier name	Contract status (select status using drop-down menu)	Supplier performance (select performance using drop-down menu)	Consequences (Select consequence using drop-down menu)	User department
	commercial vehicles, buses and motor cycles					

SERVICE CONTRACTS

Contract No.	Contract description	Service provider name	Contract status (select status using drop-down menu)	Consultant's performance (select performance using drop-down menu)	Consequences (select consequence using drop-down menu)	User department
ORTDM SCMU 16-15/16	Development of the Integrated Transport Plan	Likhithanande Engineers	Contract completed	Consultant / Service provider's performance compliant	Pay consultant / service provider and close out contract	Technical Services
DEVIATION: PARAGRAPH 36 TULS	Establishment of a regional recycling program in the O.R Tambo District	Tulaspark Pty Ltd	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Pay consultant / service provider and close out contract	REDP
DEVIATION: PARAGRAPH 36 AQUA	Conducting of water treatment works assessment	Aquason Solution and Consulting Pty Ltd	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Pay consultant / service provider and close out contract	DWASS

Contract No.	Contract description	Service provider name	Contract status (select status using drop-down menu)	Consultant's performance (select performance using drop-down menu)	Consequences (select consequence using drop-down menu)	User department
ORTDM SCMU 04-2016/17	Development of Lalini Dam Local Spatial Development Framework	Ilizwe Town and Regional Planners	Contract completed	Consultant / Service provider's performance compliant	Pay consultant / service provider and close out contract	REDP
ORTDM SCMU 05-2016/17	Development of Ntabelanga Dam Spatial Development Framework	Tshani Consulting cc	Contract completed	Consultant / Service provider's performance compliant	Pay consultant / service provider and close out contract	REDP
ORTDM SCMU 06-2016/17	Development of Tourism Master Plan	Kyle Business Projects	Contract completed	Consultant / Service provider's performance compliant	Pay consultant / service provider and close out contract	REDP
ORTDM SCMU 22-2016/17	Development of the OR Tambo District Spatial Development Framework	Tshani Consulting cc	Contract completed	Consultant / Service provider's performance compliant	Pay consultant / service provider and close out contract	REDP
ORTDM SCMU 24-2016/17	Water service development plan	Aurecon	Contract completed	Consultant / Service provider's performance partially compliant	Pay consultant / service provider and close out contract	Water Service Authority
ORTDM SCMU 002-2016/17	Provision of Travel and Accommodation management services for a period of three (3) years	Swift Travel	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Not applicable	All departments
DEVIATION: PARAGRAPH 36 U CLUB	Rental of parking space	The Umtata health club	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Not applicable	Corporate Services

Contract No.	Contract description	Service provider name	Contract status (select status using drop-down menu)	Consultant's performance (select performance using drop-down menu)	Consequences (select consequence using drop-down menu)	User department
DEVIATION: PARAGRAPH 36 ARMS	Review of registers of unauthorised, irregular, fruitless and wasteful expenditure for O.R Tambo DM	Arms Management Solutions	Contract completed	Consultant / Service provider's performance compliant	Pay consultant / service provider and close out contract	Internal Audit
ORTDM SCMU 33-16/17	Provision of auctioning services & disposals of municipal assets	Riley Auctioneers	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Not applicable	Supply Chain Management
ORTDM SCMU 50-2016/17	Update of the infrastructure asset register	Aurecon	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Not applicable	Infrastructure
Par. 36	Honey Sucker/Jet-Vac's Service providers as per attached list.	Various sme's	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Not applicable	DWASS
Par. 36	TLB/Excavators service providers	Various sme's	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Not applicable	DWASS
DEVIATION: PARAGRAPH 36 BUSINESS	Upgrade of Venus system to a system MSCOA compliance	Bussiness Connexions	Contract proceeding according to agreed time schedule, within cost but	Consultant / Service provider's performance partially compliant	Not applicable	Corporate Services

Contract No.	Contract description	Service provider name	Contract status (select status using drop-down menu)	Consultant's performance (select performance using drop-down menu)	Consequences (select consequence using drop-down menu)	User department
			with challenges			
DEVIATION: PARAGRAPH 36 WATER CARTING	Water carting services	Various SMMEs:	Contract proceeding according to agreed time schedule, within cost and with no challenges	Consultant / Service provider's performance compliant	Not applicable	DWASS
		Zimophi Trading Enterprise				
		Notec Trading Pty Ltd				
		Tyekes Plant Hire & Construction				
		BJC 111 Business Enterprise				
		Zanamanzi Services Pty Ltd				
		Coks Trading Enterprises				
		JWHR Trading				

Contract No.	Contract description	Service provider name	Contract status (select status using drop-down menu)	Consultant's performance (select performance using drop-down menu)	Consequences (select consequence using drop-down menu)	User department
		Lungisa Beja Building Contractors				
		Nobulali Civils				
		Ayakha Construction				
		Girdwood Consulting Services				
		Mgagao Business Enterprises				
		Jubele Mluntwa Development				
		Songolomso Construction				
		Pioneer 1594 Construction Pty Ltd				
		Qhawe 1804 Trading Pty Ltd				

Contract No.	Contract description	Service provider name	Contract status (select status using drop-down menu)	Consultant's performance (select performance using drop-down menu)	Consequences (select consequence using drop-down menu)	User department
		Tapelo Building Construction				
		Best Thought				
		MSB Ultra Clean CC				
		Iva Olungaka Trading				
		Lion Share Developers				
		BPL Construction				
		Snembasa Trading				
		Sokulu Trading				
		T.G Buhlungu Transport				
		Ribela Trading and Projects				

CONSTRUCTION CONTRACTS

Contract No.	Contract description	Contractor name	Contract status (select status using drop-down menu)	Contractor's performance (select performance using drop-down menu)	Consequences (select consequence using drop-down menu)	User department
MIS 238 094	Construction of VIP toilets in Nyandeni ward 19	Mnandi Civils	Contract completed	Contractor's performance compliant	Not applicable	PMU
ORTDM SCMU 27-15/16	Buthongweni Water Supply Scheme: Abstraction and Water Treatment Works and Upgrade	Qumbiso Construction	Contract completed	Contractor's performance compliant	Not applicable	PMU
ORTDM SCMU 28-15/16	Buthongweni Water Supply Scheme: Pipeline Network and Access Road and Repair Upgrade	Mnandi Civils	Contract completed	Contractor's performance compliant	Not applicable	PMU
ORTDM SCMU 02-2016/17	Supply and delivery and erect disaster park homes	Prefabricated Projects	Contract not proceeding according to agreed time schedule, but with no cost overruns	Contractor's performance compliant	Not applicable, as delay not caused by contractor	Community Services
SCM Reg: 32 Uhuru	Ground water source development Port St Johns Ward 3 and 7	Uhuru Civils	Contract completed	Contractor's performance partially compliant	Not applicable	PMU
DEVIATION: PARAGRAPH 36 THUBALAM	Construction of 603 VIP toilets in ward 22 KSD	Thubalam Trading	Contract completed	Contractor's performance compliant	Not applicable	PMU

Contract No.	Contract description	Contractor name	Contract status (select status using drop-down menu)	Contractor's performance (select performance using drop-down menu)	Consequences (select consequence using drop-down menu)	User department
Circular 62 MANCO	Refurbishment & repairs of Ncambedlana pump station	Manco Business Enterprise JV	Contract completed	Contractor's performance compliant	Not applicable	DWASS
MIS 238 090 B	Construction of VIP toilets in Ingquza Hill ward 3B	Eyethu Project & Plant Hire	Contract completed	Contractor's performance compliant	Not applicable	PMU
MIS 232 517	Construction of VIP toilets in Ingquza Hill ward 14	360 Africa Project Managers CC	Contract completed	Contractor's performance partially compliant	Not applicable	PMU
MIS 238 096 B	Construction of VIP toilets in PSJ ward 11B	Igorha Construction	Contract completed	Contractor's performance compliant	Not applicable	PMU
MIS 238 096 A	Construction of VIP toilets in PSJ ward 11A	Corpco 1189 cc	Contract completed	Contractor's performance partially compliant	Not applicable	PMU
MIS 239 704	CONSTRUCTION OF VIP TOILETS INGQUZA HILL WRAD 22	Trispo Trading cc	Contract completed	Contractor's performance compliant	Not applicable	PMU
MIS 238 090 A	Construction of VIP toilets in Ingquza Hill ward 3A	Sosk Civils and Building	Contract completed	Contractor's performance partially compliant	Not applicable	PMU
MIS 238 096 C	Construction of VIP toilets in PSJ ward 11C	Bitline 1060 cc	Contract completed	Contractor's performance partially compliant	Not applicable	PMU

APPENDIX J- DISCLOSURE OF FINANCIAL INTERESTS

The Municipal Manager and Section 56 Managers had no financial interests during the financial year 2016/17.

APPENDIX K- REVENUE COLLECTION PERFORMANCE (BY VOTE AND SOURCE)

Revenue Collection Performance by Vote

Revenue collection is centralised at Budget and Treasury Office (BTO) and the overall revenue collected during the current year amounted to R 1,822,821,175

Revenue Collection Performance by Source

Description	Amount
Service Charges	129,548,814
Government Grants and Subsidies	1,511,317,746
Interest income	57,322,045
Other receipts	124,632,570
	1,822,821,175

APPENDIX L- CONDITIONAL GRANTS RECEIVED (EXCLUDING MIG)

Grant	Total Budget	Actual				Total	Variance	Variance %
		Q1	Q2	Q3	Q4			
Equitable Shares	669,303,000.00	278,876,000.00	-	223,101,000.00	167,326,000.00	669,303,000.00	-	0%
WSIG	109,739,000.00	27,435,000.00	54,870,000.00	27,434,000.00	-	109,739,000.00	-	0%
RBIG	343,183,000.00	171,592,000.00	68,636,000.00	102,955,000.00	-	343,183,000.00	-	0%
FMG	1,710,000.00	1,710,000.00	-	-	-	1,710,000.00	-	0%
EPWP	3,213,000.00	803,000.00	-	1,446,000.00	964,000.00	3,213,000.00	-	0%
							-	0%
	1,127,148,000.00	480,416,000.00	123,506,000.00	354,936,000.00	168,290,000.00	1,127,148,000.00	-	

APPENDIX M- CAPITAL EXPENDITURE: NEW & UPGRADE RENEWAL PROGRAMMES: INCLUDING MIG & NEW ASSET PROGRAMME

Capital Expenditure – New Assets Programme

DETAILS	Actual 2016/17 R	Actual 2015/16 R	Percentage Variance %	Budgeted 2016/17 R	Variance actual/ budgeted %
Executive and Council	-	-		3,000,000	100%
Budget and Treasury Office	15,669,267	18,727,473	-16%	41,640,500	62%
Corporate Services	-	-	0%	1,850,000	100%
Planning and Development	-	261,057	-100%	12,040,000	100%
Health	-	-	0%	1,300,000	100%
Housing	-	-	0%	2,830,000	100%
Public Safety	-	-	0%	15,000,000	100%
Roads and Transport	-	-	0%	7,000,000	100%
Water	787,578,383	566,823,713	41%	1,131,874,200	29%
Other	-	-	0%	50,000	100%
	803,247,650	585,812,243		1,216,584,700	

Capital Expenditure – Upgrade / Renewal Programme

The upgrade / Renewal programme for the current financial year consisted of replacement of water meters to the value of R4,248,285.36

APPENDIX N & O - CAPITAL PROGRAMMES BY PROJECT CURRENT YEAR

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
KSD LOCAL MUNICIPALITY							
1_17_4_P037	KSD	Extension of Coffee-Bay Regional Water Supply	Extension of Coffee-Bay Regional Water Supply	Water	MIG	Construction	64,222,008.39
	KSD	Extension of Coffee-Bay Regional Water Supply	Reticulation of Coffee-Bay Regional Water Supply - supply to remainder of Wards 24 & 25	Water	MIG	Business Plan	
	KSD	Extension of Coffee-Bay Regional Water Supply	Reticulation of Coffee-Bay Regional Water Supply - supply to Nyandeni LM Villages (Phase 5)	Water	MIG		
1_17_7_P040	KSD	Upgrading of Mhlahlane T/W & Extension to villages	Upgrading of Mhlahlane T/W & Extension to villages	Water	MIG	Construction	7,845,673.78
P111	KSD	Extension of Upper Mhlahlane Master Plan	Upgrading of Mhlahlane bulk infrastructure network and completion of reticulation to link with Mthatha Regional	Water	MIG	Detailed Designs	-
P151	KSD	Coffee Bay Wastewater Treatment Works and Sewers	Coffee Bay Wastewater Treatment Works and Sewers	Sewer	MIG	Pre-feasibility	
P105	KSD	Lukwethu Water Supply Scheme and Surrounding Villages	Lukwethu Water Supply Scheme and Surrounding Villages: - Project 1 (Ward 32) - Project 2 (Ward 31 & 18) - Project 3 (Ward 19 & 28)	Water	MIG	Feasibility- Design and Funding Applications	1,000,000.00

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
			- Project 4 (Ward 35 & 26)				
P105	KSD	Lukwethu Water Supply Scheme and Surrounding Villages	Lukwethu Water Supply Scheme and Surrounding Villages: - Project 1 (Ward 32)	Water	MIG	Feasibility- Design and Funding Applications	
P105	KSD	Lukwethu Water Supply Scheme and Surrounding Villages	Lukwethu Water Supply Scheme and Surrounding Villages: - Project 2 (Ward 31 & 18)	Water	MIG	Feasibility- Design and Funding Applications	
P105	KSD	Lukwethu Water Supply Scheme and Surrounding Villages	Lukwethu Water Supply Scheme and Surrounding Villages: - Project 3 (Ward 19 & 28) - Project 4 (Ward 35 & 26)	Water	MIG	Feasibility- Design and Funding Applications	
P123	KSD	KSD Presidential Initiative : Upgrade of the Mthatha Waste Water Treatment Works and Sewer reticulation	KSD Presidential Initiative : Upgrade of the Mthatha Waste Water Treatment Works and Sewer reticulation	Water	MIG	Construction	30,000,000.00
P121	KSD	KSD Presidential Initiative: Mthatha Regional Water Supply – Thornhill to Airport, Bedford Hospital, Military base and surrounding areas	KSD Presidential Initiative: Mthatha Regional Water Supply – Thornhill to Airport, Bedford Hospital, Military base and surrounding areas	Water	MIG	Construction	67,234,125.56

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
P120	KSD	KSD Presidential Initiative : Mthatha Regional Water Supply – Thornhill to Mqanduli via Viedgesville	KSD Presidential Initiative : Mthatha Regional Water Supply – Thornhill to Mqanduli via Viedgesville	Water	MIG	Construction	78,123,681.76
P115	KSD	KSD Presidential Initiative : Signall Hill Statagic Linkages: Mthatha Regional Water Supply – Rosedale to Nqadu corridor to supply the Mhlontlo LM villages	KSD Presidential Initiative : Signall Hill Statagic Linkages: Mthatha Regional Water Supply – Rosedale to Nqadu corridor to supply the Mhlontlo LM villages	Water	MIG	Detailed Designs	-
1_18_1_P044	KSD	Completion of Ward 18 Sanitation	Completion of Ward 18 Sanitation	sanitation	MIG	Business Plan	
1_18_1_P044	KSD	Completion of Ward 31 Sanitation	Completion of Ward 31 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	KSD	KSD Ward 27 Sanitation	Completion of KSD Ward 27 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	KSD	Completion of Ward 32 Sanitation	Completion of Ward 32 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	KSD	Provision of dry Sanitation Infrastructure to unserved wards	KSD LM dry sanitation project	Sanitation	MIG	Business Plan	
NYANDENI							
P112	Nyandeni	Extension of Rosedale Water Supply to Libode	Extension of Rosedale Water Supply to Libode	Water	MIG	Completion	7,800,000.00
1_17_6_P039	Nyandeni	Ngqeleni & Libode Corridors	Construction of bulk infrastructure for Libode & Ngqeleni Corridors	Water	MIG	Construction	78,450,143.68
P152	Nyandeni	Ngqeleni Corridor secondary bulk and reticulation	Construction of secondary bulk infrastructure for Ngqeleni Corridors	Water	MIG	Detailed Designs	-

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
P122	Nyandeni	Ngqeleni & Libode Corridors (Secondary Bulk)	Rosedale Extension to Libode Water Supply - village reticulation	Water	MIG	Detailed Designs	-
P153	Nyandeni	Libode Corridor (Secondary and reticulation infrastructure)	Rosedale to Libode Water Supply Phase 2. Extension of Rosedale Water Supply to Libode (Now Thornhill pending finalisation of new site) Wards 7,8,15,16,17,30	Water	MIG	Business Plan / Detailed Designs	-
P154	Nyandeni	Libode Corridor (Secondary and reticulation infrastructure)	Rosedale to Libode Water Supply Phase 2. Extension of Rosedale Water Supply to Libode (Now Thornhill pending finalisation of new site) Wards 7,8,15,16,17,30	Water	MIG	Business Plan / Detailed Designs	-
P113	Nyandeni	Ntsonyini Ngqongweni Regional Water Supply Scheme. Regional Water Scheme using the Mzimvubu River as Source	Ntsonyini Ngqongweni Regional Water Supply Scheme. Regional Water Scheme using the Mzimvubu River as Source: Source to supply Mhlanganisweni and Ncibeni-Ntlambela Regional Water Supply Schemes	Water	MIG	Detailed Designs / Tender	11,670,000.00
P114	Nyandeni	Ntsonyini Ngqongweni Regional Water Supply Scheme. Regional Water Scheme using the Mzimvubu River as Source	Ntsonyini Ngqongweni Regional Water Supply Scheme. Bulk Infrastructure for proposed scheme including M & E and ESKOM.	Water	MIG	Detailed Designs on bulk infrastructure	-

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
P155	Nyandeni	Mthatha regional Water Supply Scheme (Second Falls to Mdumbi) to reticulate Nyandeni Wards 22,23,24,25,26 and 28	Mthatha regional Water Supply Scheme (Second Falls to Mdumbi) to reticulate Nyandeni Wards 22,23,24,25,26 and 28	Water	MIG	Feasibility Study	
P156	Nyandeni	Upgrading of Cibeni Ntlambela Water Supply (Ward 17 & 19)	Upgrading of Cibeni Ntlambela Water Supply (Ward 17 & 19)	Water	MIG	Scoping - awaiting finalisation of Ntsonyini - Ngqongweni Mzimvubu Source Development	
P157	Nyandeni	Lwandile Regional Water Supply Scheme. Upgrading of existing water supply scheme	Lwandile Regional Water Supply Scheme. Upgrading of existing water supply scheme	Water	MIG	Scoping - awaiting finalisation of Ntsonyini - Ngqongweni Mzimvubu Source Development	
P158	Nyandeni	Extension of Mhlanganisweni Regional Water Supply Scheme (Tsitsa River Source) (Wards 1,3,5 & 27)	Extension of Mhlanganisweni Regional Water Supply Scheme (Tsitsa River Source) (Wards 1,3,5 & 27)	Water	MIG	Scoping - awaiting finalisation of Ntsonyini - Ngqongweni Mzimvubu Source Development	-
1_18_1_P044	Nyandeni	Nyandeni Ward 14 Sanitation	Nyandeni Ward 14 Sanitation	Sanitation	MIG	Construction	6,622,077.00
1_18_1_P044	Nyandeni	Completion of Ward 19 Sanitation	Completion of Ward 19 Sanitation	Sanitation	MIG	Construction	7,784,405.00

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
1_18_1_P044	Nyandeni	Completion Nyandeni LM dry sanitation programme	Completion of dry sanitation projects in various wards	Sanitation	MIG	Business Plan	
P128	Nyandeni	Upgrading of Ngqeleni Sewer System into full waterborne system	Upgrading of Ngqeleni Sewer System into full waterborne system	Sewer	MIG	Business Plan	-
1_18_7_P050	Nyandeni	Upgrading of Libode Sewer System into full water-borne system	Upgrading of Libode Sewer System into full water-borne system	Sewer	MIG	Detailed Design / Construction tender stage	600,000.00
							-
MHLONTLO							
1_17_8_P041	Mhlontlo	Extension to Mangxamfu Water Supply	Extension to Mangxamfu Water Supply	Water	MIG	Construction	12,761,672.67
P108	Mhlontlo	Extension of Sidwadweni / Tsolo Junction Water Supply	Extension of Sidwadweni / Tsolo Junction Water Supply	Water	MIG	Construction and Tender	7,590,200.00
P108	Mhlontlo	Extension of Sidwadweni / Tsolo Junction Water Supply	Construction of a 5 Ml/day packaged WTW and associated abstraction works, pumping and gravity mains and storage reservoirs	Water	MIG	Detailed Designs complete. Funding mobilisation	-
P108	Mhlontlo	Completion of Sidwadweni Regional Water Supply Scheme	Reticulation of Remainder of Mhlontlo Wards to be covered under the Ntabelanga Water Supply footprint.	Water	MIG	Feasibility	-

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
P159	Mhlontlo	Mhlontlo Wards 18 to 22 Regional Water Supply	Provision of basic water services to Mhlontlo wards not covered by the Ntabelanga Water Supply	Water	MIG	Pre-feasibility	-
P160	Mhlontlo	Upgrading of Upper Culunca Water Supply Scheme	Upgrading of existing WTW from 0,75 MI/day to 1,75 MI/day and upgrading of bulk pumping and gravity mains and storage reservoirs	Water	MIG	Pre-feasibility	-
P125	Mhlontlo	Upgrading Tsolo Town and Junction Sewer System into Waterborne - Phase 1	Upgrading Tsolo Town and Junction Sewer System into Waterborne - Phase 1	Sewer	MIG	Construction	-
1_18_5_P048	Mhlontlo	Upgrading Tsolo Town and Junction Sewer System into Waterborne - Phase 2	Upgrading Tsolo Town and Junction Sewer System into Waterborne - Phase 2	Sewer	MIG	Construction	50,627,000.65
1_18_6_P049	Mhlontlo	Upgrading Tsolo Town and Junction Sewer System into Waterborne - Phase 3	Upgrading Tsolo Town and Junction Sewer System into Waterborne - Phase 3	Sewer	MIG	Construction	-
P129	Mhlontlo	Upgrading of Qumbu Town Sewer System into waterborne	Upgrading of Qumbu Town Sewer System into waterborne	Sewer	MIG	Feasibility / Business Plan	-
1_18_1_P044	Mhlontlo	Ward 1 Sanitation	Ward 1 Sanitation	Sanitation	MIG	Business Plan	-
1_18_1_P044	Mhlontlo	Ward 8 Sanitation	Ward 8 Sanitation	Sanitation	MIG	Construction	14,876,125.63
1_18_1_P044	Mhlontlo	Completion of Ward 13 Sanitation	Completion of Ward 13 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	Mhlontlo	Completion of Ward 16 Sanitation	Completion of Ward 16 Sanitation	Sanitation	MIG	Business Plan	

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
1_18_1_P044	Mhlontlo	Completion of Ward 19 Sanitation	Completion of Ward 19 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	Mhlontlo	Completion of Ward 21 Sanitation	Completion of Ward 21 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	Mhlontlo	Ward 22 Sanitation	Ward 22 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	Mhlontlo	Ward 23 Sanitation	Ward 23 Sanitation	Sanitation	MIG	Business Plan	
PORT ST JOHNS							
1_17_9_P042	Port St Johns	PSJ Regional Water Supply Phase 5	PSJ Regional Water Supply Phase 5	Water	MIG	Construction	8,454,526.52
P161	Port St Johns	Upgrading of Cibeni Ntlambela Water Supply: Port St Johns wards - from the Mzimvubu Water Source	Upgrading of Cibeni Ntlambela Water Supply: Port St Johns wards - from the Mzimvubu Water Source	Water	MIG	Scoping - awaiting finalisation of Ntsonyini - Ngqongweni Mzimvubu Source Development	-
P162	Port St Johns	Upgrading of Port St. Johns Town Water Supply	Upgrading of Port St. Johns Town Water Supply	Water	MIG	Pre-Feasibility	-
P110	Port St Johns	Kwa Nyathi Regional Water Supply Scheme: Feasibility Study	Feasibility Study for Kwa Nyathi Regional Water Supply Scheme: KwaNyathi Village and surrounding areas	Water	MIG	Scoping to Implementation Readiness	-
P110	Port St Johns	Kwa Nyathi Regional Water Supply Scheme: KwaNyathi Village and surrounding areas: Port St Johns Wards	Kwa Nyathi Regional Water Supply Scheme: KwaNyathi Village and surrounding areas	Water	MIG	Scoping to Implementation Readiness	
P163	Port St	Upgrading of Tombo Water	Upgrading of Tombo Water	Water	MIG	Business Plan /	

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
	Johns	Supply	Supply			Feasibility Plan	-
P124	Port St Johns	Upgrading of PSJ Sewer System	Upgrading of PSJ Sewer System	Sewer	MIG	Design stage	1,560,000.00
1_18_1_P044	Port St Johns	Port St Johns Ward 9	Port St Johns Ward 9	Sanitation	MIG	Construction	6,447,350.02
1_18_1_P044	Port St Johns	PSJ Ward 2 Sanitation	PSJ Ward 2 Sanitation	Sanitation	MIG	Construction	15,056,760.68
1_18_1_P044	Port St Johns	Completion of PSJ Ward 3 Sanitation	Completion of PSJ Ward 3 Sanitation	Sanitation	MIG	Construction	8,566,786.45
1_18_1_P044		PSJ Ward 5 Sanitation	PSJ Ward 5 Sanitation	Sanitation	MIG	Construction	7,564,342.89
1_18_1_P044	Port St Johns	PSJ Ward 1 Sanitation	PSJ Ward 1 Sanitation	Sanitation	MIG	Construction	7,456,123.22
1_18_1_P044	Port St Johns	PSJ Ward 7 Sanitation	PSJ Ward 7 Sanitation	Sanitation	MIG	Construction	7,864,123.88
1_18_1_P044	Port St Johns	PSJ Ward 16 Sanitation	PSJ Ward 17 Sanitation	Sanitation	MIG	Construction	4,211,955.90
1_18_1_P044	Port St Johns	PSJ Ward 16 Sanitation	PSJ Ward 11 Sanitation	Sanitation	MIG	Construction	6,781,323.78
1_18_1_P044	Port St Johns	PSJ Ward 16 Sanitation	PSJ Ward 16 Sanitation	Sanitation	MIG	Construction	9,159,810.83
1_18_1_P044	Port St Johns	Provision of dry Sanitation Infrastructure to unserved wards	PSJ LM dry sanitation project	Sanitation	MIG	Business Plans	

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
INGQUZA HILL							
P110	Ingquza Hill	Kwa Nyathi Regional Water Supply Scheme: Feasibility Study	Feasibility Study for Kwa Nyathi Regional Water Supply Scheme: KwaNyathi Village and surrounding areas	Water	MIG	Scoping to Implementation Readiness	-
P109	Ingquza Hill	Msikaba Regional Water Supply Scheme: Feasibility Study	Msikaba Regional Water Supply Scheme: Msikaba River Source:	Water	MIG	Scoping to Implementation Readiness	800,000.00
P110	Ingquza Hill	Kwa Nyathi Regional Water Supply Scheme	Kwa Nyathi Regional Water Supply Scheme: KwaNyathi Village and surrounding areas	Water	MIG	Scoping to Implementation Readiness	
P109	Ingquza Hill	Msikaba Regional Water Supply Scheme	Msikaba Regional Water Supply Scheme: Msikaba River Source:	Water	MIG	Scoping to Implementation Readiness	
P117	Ingquza Hill	Flagstaff Regional Water Supply Phase 3	Flagstaff Regional Water Supply Phase 3	Water	MIG	Completion	12,670,123.44
P118	Ingquza Hill	Flagstaff Regional Water Supply Phase 4	Completion of reticulation for Flagstaff Regional Water Supply Scheme	Water	MIG	Feasibility	-
P119	Ingquza Hill	Upgrading of Flagstaff Sewer System into water-borne system (Phase 2)	Upgrading of Flagstaff Sewer System into water-borne system (Phase 2)	Sewer	MIG	Construction	15,670,450.00
1_18_3_P046	Ingquza Hill	Upgrading of Flagstaff Sewer System into water-borne system (Phase 3)	Upgrading of Flagstaff Sewer System into water-borne system (Phase 3)	Sewer	MIG	Business Plan	

Project Number	Local Municipality	Project name	Sub-Project name	Project Category (e.g. water/sanitation)	Source of funding	Status (Business Plan, Registration, design & tender, adjudication, construction etc.)	2016/2017 Allocation
P126	Ingquza Hill	Upgrading of Lusikisiki Sewer System into water-borne system (Phase 2)	Upgrading of Lusikisiki Sewer System into water-borne system (Phase 2)	Sewer	MIG	Detailed Design/ Construction Tender	-
1_18_1_P044	Ingquza Hill	Ingquza Hill Ward 30 Sanitation	Ingquza Hill Ward 30 Sanitation	Sanitation	MIG	Construction	13,359,882.50
1_18_1_P044	Ingquza Hill	Ingquza Ward 11 Sanitation	Ingquza Ward 11 Sanitation	Sanitation	MIG	Construction	5,123,562.33
1_18_1_P044	Ingquza Hill	Ingquza Ward 4 Sanitation	Ingquza Ward 4 Sanitation	Sanitation	MIG	Construction	4,883,231.88
1_18_1_P044	Ingquza Hill	Completion of ward 14 Sanitation	Completion of ward 14 Sanitation	Sanitation	MIG	Construction	1,967,011.00
1_18_1_P044	Ingquza Hill	Ingquza Hill Ward 8 Sanitation	Ingquza Hill Ward 8 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	Ingquza Hill	Ingquza Hill Ward 15 Sanitation	Ingquza Hill Ward 15 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	Ingquza Hill	Ingquza Hill Ward 29 Sanitation	Ingquza Hill Ward 29 Sanitation	Sanitation	MIG	Business Plan	
1_18_1_P044	Ingquza Hill	Ingquza Hill LM Dry Sanitation Programme	Completion of wards not fully covered with dry sanitation infrastructure.	Sanitation	MIG	Business Plan	
TOTALS							584,804,479.44

APPENDIX P- SERVICE CONNECTION BACKLOG AT SCHOOLS AND CLINICS

Schools without Electricity Supply

National Emis Number		School Name	District Name	Municipality Name	Comments	ENROLMENT	No of Units	Estimated Budget
200400040	MTHATHA	BIJOLO JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			
200401265	LIBODE	BOMVINI SP SCHOOL	O.R.Tambo	Nyandeni Local Municipality	None	163	340	652,775
200400064	MTHATHA	CABA SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200401253	MTHATHA	DOBE JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200500143	QUMBU	DUMEZWENI SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	31	180	581,000
200500145	QUMBU	DUMILE P SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	37	180	581,000
200400186	MTHATHA	FULINZIMA JP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200400209	MTHATHA	GOBIDOLO SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	ELECTRICITY			581000
200400230	MTHATHA	GQUBENI JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200400231	QUMBU	GQUKUNQA SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	37	180	581,000

National Emis Number		School Name	District Name	Municipality Name	Comments	ENROLMENT	No of Units	Estimated Budget
200400243	MTHATHA	GUNJANA JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	None	101	180	581,000
200500284	LUSIKISIKI	GWEXINTABA SP SCHOOL	O.R.Tambo	Ngquza Hill Local Municipality	None	183	370	666,275
200500333	LUSIKISIKI	JIBA SS SCHOOL	O.R.Tambo	Ngquza Hill Local Municipality	IDT RIP II			581000
200500381	LUSIKISIKI	kwaNDUMISO SP SCHOOL	O.R.Tambo	Ngquza Hill Local Municipality	None	132	180	581,000
200400345	MTHATHA	KWENXURA SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200400384	QUMBU	LOWER NGCOLOKENI SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	Check - Condition Assessment shows electricity			581000
200400407	LIBODE	LUNDINI JP SCHOOL	O.R.Tambo	Port St Johns Local Municipality	None	79	180	581,000
200400426	MTHATHA	LWANDLANA P SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200500493	MALUTI	MABHELENI SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200400440	#N/A	MADUKUDA SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	#N/A		581,000
200400450	LIBODE	MAGILA SP SCHOOL	O.R.Tambo	Nyandeni Local Municipality	None	75	180	581,000
200400494	QUMBU	MANZOTHUKELA JP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	25	180	581,000
200400503	QUMBU	MASIBAMBISANE SP	O.R.Tambo	Mhlontlo Local	IDT EISP			581000

National Emis Number		School Name	District Name	Municipality Name	Comments	ENROLMENT	No of Units	Estimated Budget
		SCHOOL		Municipality				
200400625	LIBODE	MNQABE JS SCHOOL	O.R.Tambo	Nyandeni Local Municipality	None	233	445	700,025
200500851	QUMBU	NDAKANA SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	140	305	637,250
200500256	LUSIKISIKI	NDIMBANENI SP SCHOOL	O.R.Tambo	Ngquza Hill Local Municipality	None	328	587	764,150
200400730	LIBODE	NDZULUKA P SCHOOL	O.R.Tambo	Nyandeni Local Municipality	IDT EISP			581000
200500880	LUSIKISIKI	NGIBE SP SCHOOL	O.R.Tambo	Ngquza Hill Local Municipality	None	102	180	581,000
200400749	MTHATHA	NGONYAMA JP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	None	155	328	647,375
200400809	MTHATHA	NOBUHLE SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200400814	LIBODE	NOKWINTI JP SCHOOL	O.R.Tambo	Nyandeni Local Municipality	None	18	180	581,000
200400856	MTHATHA	NTEKELELO JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200400901	MTHATHA	NZWAKAZI JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	ADDITIONAL CLASSROOMS			581000
200401412	MTHATHA	POLAR PARK PRIMARY SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200501131	QUMBU	SIYOYO JS SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	Check - Condition Assessment shows electricity			581000

National Emis Number		School Name	District Name	Municipality Name	Comments	ENROLMENT	No of Units	Estimated Budget
200401020	MTHATHA	SOMPA JP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200501177	LIBODE	TALENI SP SCHOOL	O.R.Tambo	Port St Johns Local Municipality	None	301	547	745,925
200401047	QUMBU	TEMBENI SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	Check - Condition Assessment shows electricity			581000
200401363	MTHATHA	THWALUPHAHLA SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200501245	LIBODE	TYONGWANA SP SCHOOL	O.R.Tambo	Port St Johns Local Municipality	None	277	511	729,725
200401141	MTHATHA	WATHA SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200401165	QUMBU	ZAMUKULUNGISA SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	142	308	638,600
200401190	QUMBU	ZIMBENGWINI SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	Check - Condition Assessment shows electricity			581000
200401209	MTHATHA	ZWELI JP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200501344	MT FRERE	ZWELIHLANGENE P SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	137	301	635,225
200401214	MTHATHA	ZWELIJONGILE SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	Check - Condition Assessment shows electricity			581000
200501347	QUMBU	ZWELISILE SP SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	None	55	180	581,000

Pits only and non-sanitation

National Emis Number	School Name	District	Enrolment	No of Units	Estimated Budget	Sector
200400085	AMAMBALU JS SCHOOL	MTHATHA	293	17	595	Public
200400104	BAMBILANGA JS SCHOOL	MTHATHA	310	17	595	Public
200401307	BANTWANANA JS SCHOOL	MTHATHA	314	22	770	Public
200401308	BAVUMELE JS SCHOOL	MTHATHA	276	17	595	Public
200401311	BAZINDLOVU SS SCHOOL	MTHATHA	443	22	770	Public
200401331	BITYI JS SCHOOL	MTHATHA	343	22	770	Public
200400113	CABA SP SCHOOL	MTHATHA	146	17	595	Public
200401216	CANDILANGA SP SCHOOL	MTHATHA	190	17	595	Public
200401335	CENTULI JS SCHOOL	MTHATHA	352	22	770	Public
200401341	CEZU JS SCHOOL	MTHATHA	386	22	770	Public
200401313	CIBINI JS SCHOOL	MTHATHA	318	22	770	Public
200401342	DALIBANGO SP SCHOOL	MTHATHA	159	17	595	Public
200401364	DALUKHANYO SS SCHOOL	MTHATHA	681	30	1050	Public
200400019	DINIZULU JS SCHOOL	MTHATHA	380	22	770	Public
200600495	DOBE JS SCHOOL	MTHATHA	220	17	595	Public
200400115	DUDUMAYO SS SCHOOL	MTHATHA	1442	34	1190	Public
200400044	DUKATOLE JS SCHOOL	MTHATHA	264	17	595	Public
200401158	DUMALISILE JS SCHOOL	MTHATHA	230	17	595	Public
200600854	DUMRANA PJS SCHOOL	MTHATHA	434	22	770	Public
200400154	EMAWENI JS SCHOOL	MTHATHA	190	17	595	Public
200400161	EMPA JS SCHOOL	MTHATHA	523	22	770	Public
200400045	ESIKOBENI PJS SCHOOL	MTHATHA	242	17	595	Public
200400071	FULINZIMA JP SCHOOL	MTHATHA	288	17	595	Public
200400080	FUTYE JS SCHOOL	MTHATHA	255	17	595	Public

National Emis Number	School Name	District	Enrolment	No of Units	Estimated Budget	Sector
200400382	GADUKA PJS SCHOOL	MTHATHA	259	17	595	Public
200400439	GASA JS SCHOOL	MTHATHA	427	22	770	Public
200401009	GWEBINKUNDLA JS SCHOOL	MTHATHA	370	22	770	Public
200400452	GXWALIBOMVU JS SCHOOL	MTHATHA	240	17	595	Public
200400463	JONGIBANDLA JS SCHOOL	MTHATHA	488	22	770	Public
200400023	JONGINTABA SS SCHOOL	MTHATHA	520	22	770	Public
200600133	JOYI SS SCHOOL	MTHATHA	627	30	1050	Public
200400030	KAMBI JS SCHOOL	MTHATHA	313	22	770	Public
200400486	KONQENI JS SCHOOL	MTHATHA	359	22	770	Public
200400037	KUYASA JS SCHOOL	MTHATHA	145	17	595	Public
200400065	KWAAIMAN JS SCHOOL	MTHATHA	362	22	770	Public
200400070	Kwa-PAYNE JP SCHOOL	MTHATHA	1165	34	1190	Public
200400072	LANDSEND JS SCHOOL	MTHATHA	230	17	595	Public
200400084	LOWER MATEKO PS SCHOOL	MTHATHA	371	22	770	Public
200400487	LOWER NGQWARA JS SCHOOL	MTHATHA	357	22	770	Public
200600594	LOWER XONGORA PJS SCHOOL	MTHATHA	253	17	595	Public
200400496	LUGXOGXO JS SCHOOL	MTHATHA	561	22	770	Public
200400510	LUKHANYISWENI SP SCHOOL	MTHATHA	197	17	595	Public
200400093	LUTUBENI SS SCHOOL	MTHATHA	656	30	1050	Public
200400152	LWANDLANA P SCHOOL	MTHATHA	317	22	770	Public
200400158	LYNDALE JS SCHOOL	MTHATHA	599	22	770	Public
200400538	MABEHANA JS SCHOOL	MTHATHA	651	30	1050	Public
200400237	MADONISI JS SCHOOL	MTHATHA	277	17	595	Public
200400170	MAJOLA LP SCHOOL	MTHATHA	236	17	595	Public
200400269	MAKAULA JS SCHOOL	MTHATHA	501	22	770	Public
200400216	MANDLENI JS SCHOOL	MTHATHA	375	22	770	Public

National Emis Number	School Name	District	Enrolment	No of Units	Estimated Budget	Sector
200401059	MANYOSINI SP SCHOOL	MTHATHA	245	17	595	Public
200400281	MATISO JS SCHOOL	MTHATHA	208	17	595	Public
200400304	MATSHONGWE JS SCHOOL	MTHATHA	147	17	595	Public
200400326	MAWELENI JS SCHOOL	MTHATHA	217	17	595	Public
200400222	MAXWELE SSS	MTHATHA	176	17	595	Public
200400238	MBASHE SP SCHOOL	MTHATHA	205	17	595	Public
200400375	MBOLOMPO COMPREHENSIVE SCHOOL	MTHATHA	357	22	770	Public
200400259	MBOZISA JS SCHOOL	MTHATHA	444	22	770	Public
200400303	MBOZISA JS SCHOOL	MTHATHA	387	22	770	Public
200400404	MBOZWANA JS SCHOOL	MTHATHA	159	17	595	Public
200400312	MDEDELENI JS SCHOOL	MTHATHA	463	22	770	Public
200400458	MDITSHWA SS SCHOOL	MTHATHA	211	17	595	Public
200400530	MHLABUNZIMA JS SCHOOL	MTHATHA	213	17	595	Public
200400537	MILTON DALASILE SS SCHOOL	MTHATHA	332	22	770	Public
200400702	MILTON MBEKELA SS SCHOOL	MTHATHA	931	34	1190	Public
200400727	MKWEZO JS SCHOOL	MTHATHA	349	22	770	Public
200400763	MNCWASA JS SCHOOL	MTHATHA	337	22	770	Public
200100469	MOKOLWENI JS SCHOOL	MTHATHA	102	10	350	Public
200401062	MPANDELA JS SCHOOL	MTHATHA	338	22	770	Public
200400552	MPEKO JS SCHOOL	MTHATHA	418	22	770	Public
200400555	MPEKO SS SCHOOL	MTHATHA	867	30	1050	Public
200400768	MPIKWANA JS SCHOOL	MTHATHA	477	22	770	Public
200400773	MPINDWENI JS SCHOOL	MTHATHA	764	30	1050	Public
200401160	MPINDWENI SS SCHOOL	MTHATHA	393	22	770	Public
200400585	MPUTI JS SCHOOL	MTHATHA	422	22	770	Public
200400785	MQANDULI JS SCHOOL	MTHATHA	201	17	595	Public

National Emis Number	School Name	District	Enrolment	No of Units	Estimated Budget	Sector
200400630	MQEKEZWENI JS SCHOOL	MTHATHA	247	17	595	Public
200401026	MVEZO JS SCHOOL	MTHATHA	356	22	770	Public
200400661	MVULANKULU SP SCHOOL	MTHATHA	232	17	595	Public
200400987	MZIMTSHA JP SCHOOL	MTHATHA	54	6	210	Public
200400802	MZIWODUMO JS SCHOOL	MTHATHA	251	17	595	Public
200400831	MZOMHLE JS SCHOOL	MTHATHA	361	22	770	Public
200400693	NCAMBELE JS SCHOOL	MTHATHA	224	17	595	Public
200600085	NCISE JS SCHOOL	MTHATHA	411	22	770	Public
200400700	NGANGENYATI SP SCHOOL	MTHATHA	417	22	770	Public
200400726	NGCANASINI JS SCHOOL	MTHATHA	315	22	770	Public
200400732	NGCENDESE JS SCHOOL	MTHATHA	298	17	595	Public
200400736	NGCWALA JS SCHOOL	MTHATHA	485	22	770	Public
200400774	NGCWANGUBA JS SCHOOL	MTHATHA	373	22	770	Public
200400851	NGQUNGE JS SCHOOL	MTHATHA	410	22	770	Public
200600868	NGWAYIBANJWA SS SCHOOL	MTHATHA	958	34	1190	Public
200400865	NGWENI JS SCHOOL	MTHATHA	300	17	595	Public
200600657	NJEMLA JS SCHOOL	MTHATHA	344	22	770	Public
200400838	NOBUHLE SP SCHOOL	MTHATHA	70	10	350	Public
200400867	NOTINARA JS SCHOOL	MTHATHA	139	17	595	Public
200400875	NQENCU PJS SCHOOL	MTHATHA	101	10	350	Public
200400905	NTABENI JS SCHOOL	MTHATHA	279	17	595	Public
200400885	NTLUKUHLA JS SCHOOL	MTHATHA	213	17	595	Public
200400906	NTSHABENI JS SCHOOL	MTHATHA	276	17	595	Public
200400942	NTSHETU JS SCHOOL	MTHATHA	174	17	595	Public
200400949	NXELE JS SCHOOL	MTHATHA	368	22	770	Public
200400952	ORANGE GROVE JS SCHOOL	MTHATHA	113	10	350	Public

National Emis Number	School Name	District	Enrolment	No of Units	Estimated Budget	Sector
200400927	PANGINDLELA JS SCHOOL	MTHATHA	923	30	1050	Public
200400940	PATO JS SCHOOL	MTHATHA	363	22	770	Public
200400955	PAZIMA JS SCHOOL	MTHATHA	617	22	770	Public
200400964	PINGILILI JS SCHOOL	MTHATHA	254	17	595	Public
200600143	POLAR PARK PRIMARY SCHOOL	MTHATHA	991	34	1190	Public
200400978	QINGQOLO JS SCHOOL	MTHATHA	210	17	595	Public
200400584	QINGQOLO SS SCHOOL	MTHATHA	209	17	595	Public
200400597	QIYA JP SCHOOL	MTHATHA	181	17	595	Public
200401184	QOKOLWENI JS SCHOOL	MTHATHA	210	17	595	Public
200401007	QOKOLWENI SS SCHOOL	MTHATHA	772	30	1050	Public
200400961	RAFUZA MNTUYEDWA SP SCHOOL	MTHATHA	201	17	595	Public
200400973	ROSS JS SCHOOL	MTHATHA	94	10	350	Public
200400628	ROZA PJS SCHOOL	MTHATHA	182	17	595	Public
200400999	SAKELA JS SCHOOL	MTHATHA	308	17	595	Public
200401000	SANGONI JS SCHOOL	MTHATHA	412	22	770	Public
200401008	SANKOBE JS SCHOOL	MTHATHA	308	17	595	Public
200600231	SEA VIEW JS SCHOOL	MTHATHA	341	22	770	Public
200600276	SEA VIEW SS SCHOOL	MTHATHA	350	22	770	Public
200600328	SIGOYO JS SCHOOL	MTHATHA	386	22	770	Public
200401010	SIGUBUDU JS SCHOOL	MTHATHA	213	17	595	Public
200600087	SITETO JS SCHOOL	MTHATHA	181	17	595	Public
200600357	SIXHONKXWENI SP SCHOOL	MTHATHA	247	17	595	Public
200600500	SIYAVUYA SP SCHOOL (USATHETHA)	MTHATHA	114	10	350	Public
200401018	SPEFUNDEVU JS SCHOOL	MTHATHA	115	10	350	Public
200401055	SPRINGVALE PJS SCHOOL	MTHATHA	322	22	770	Public
200100343	TABASE JS SCHOOL	MTHATHA	634	30	1050	Public

National Emis Number	School Name	District	Enrolment	No of Units	Estimated Budget	Sector
200401066	TAMSANQA JS SCHOOL	MTHATHA	445	22	770	Public
200401081	TANDOKAZI SP SCHOOL	MTHATHA	388	22	770	Public
200401223	THEMBELANI JP SCHOOL	MTHATHA	101	10	350	Public
200600359	THEMBELIHLE JP SCHOOL	MTHATHA	72	10	350	Public
200600374	TSHONTINI JP SCHOOL	MTHATHA	186	17	595	Public
200401096	TUNGWANA PS SCHOOL	MTHATHA	341	22	770	Public
200401119	TYALARA JS SCHOOL	MTHATHA	385	22	770	Public
200401151	TYUMBU JS SCHOOL	MTHATHA	388	22	770	Public
200401159	UPPER MPAKO JS SCHOOL	MTHATHA	396	22	770	Public
200600381	UPPER NGQWARA JS SCHOOL	MTHATHA	465	22	770	Public
200600431	UPPER NTLANGAZA JS SCHOOL	MTHATHA	142	17	595	Public
200600460	UPPER XONGORA JS SCHOOL	MTHATHA	170	17	595	Public
200401162	VUKANI SP SCHOOL	MTHATHA	321	22	770	Public
200600520	VUKUKHANYE JS SCHOOL	MTHATHA	82	10	350	Public
200600647	VULINDLELA SP SCHOOL	MTHATHA	141	17	595	Public
200401172	VULINGCOBO JS SCHOOL	MTHATHA	254	17	595	Public
200401187	VULINKETE SP SCHOOL	MTHATHA	213	17	595	Public
200600686	VULINKUNDLA JS SCHOOL	MTHATHA	187	17	595	Public
200401196	WATERFALL PARK P SCHOOL	MTHATHA	171	17	595	Public
200600743	ZANGQELE JS SCHOOL	MTHATHA	355	22	770	Public
200401218	ZANOKHANYO JS SCHOOL	MTHATHA	250	17	595	Public
200401212	ZANOKHANYO SP SCHOOL	MTHATHA	295	17	595	Public
200100887	ZIBODLA JS SCHOOL	MTHATHA	253	17	595	Public
200600745	ZIBUZELE JS SCHOOL	MTHATHA	254	17	595	Public
200401227	ZILINYAMA JP SCHOOL	MTHATHA	270	17	595	Public
200600874	ZWELAKHE JS SCHOOL	MTHATHA	271	17	595	Public

National Emis Number	School Name	District	Enrolment	No of Units	Estimated Budget	Sector
200600385	ZWELEBANGO JS SCHOOL	MTHATHA	261	17	595	Public
200401233	ZWELINZIMA SP SCHOOL	MTHATHA	187	17	595	Public
200600459	ZWELIVUMILE JS SCHOOL	MTHATHA	172	17	595	Public
200401312	ZWELIXOLILE JS SCHOOL	MTHATHA	443	22	770	Public
200600464	ZWELODUMO SS SCHOOL	MTHATHA	858	30	1050	Public
					110,145	

Eastern Cape - Schools without Water Supply

National Emis Number		School Name	District Name	Municipality Name	Enrolment
200400064	MTHATHA	CABA SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	146
200401253	MTHATHA	DOBE JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	220
200400145	MTHATHA	EAGERTON JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	522
200400230	MTHATHA	GQUBENI JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	326
200400388	LIBODE	LOWER NTLAZA JP SCHOOL	O.R.Tambo	Nyandeni Local Municipality	117
200400407	LIBODE	LUNDINI JP SCHOOL	O.R.Tambo	Port St Johns Local Municipality	79
200400450	LIBODE	MAGILA SP SCHOOL	O.R.Tambo	Nyandeni Local Municipality	75
200401248	LIBODE	NKALWENI SP SCHOOL	O.R.Tambo	Nyandeni Local Municipality	106

National Emis Number		School Name	District Name	Municipality Name	Enrolment
200400814	LIBODE	NOKWINTI JP SCHOOL	O.R.Tambo	Nyandeni Local Municipality	18
200400901	MTHATHA	NZWAKAZI JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	407
200501131	QUMBU	SIYOYO JS SCHOOL	O.R.Tambo	Mhlontlo Local Municipality	550
200401090	MTHATHA	UMTENTU JS SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	245
200501263	LUSIKISIKI	UPPER QOQO SP SCHOOL	O.R.Tambo	Ngquza Hill Local Municipality	268
200401214	MTHATHA	ZWELIJONGILE SP SCHOOL	O.R.Tambo	King Sabata Dalindyebo Local Municipality	181

Schools with no toilets

District	National Emis Number	School Name	Sector	Enrolment	No of Units	Estimated Budget
MTHATHA	200400209	GOBIDOLO SP SCHOOL	Public	411	22	770,000

APPENDIX Q- SERVICE BACKLOG EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

	Eeectricity	Informal Dwelling
King Sabata Dalindyebo LM	20800	1558
Mhlontlo LM	8500	1209
Ingquza Hill LM	13900	710
Nyandeni LM	12800	269
Port St Johns LM	7320	243
O.R Tambo DM	63320	3989

APPENDIX R- DECLARATIONS OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Grants made by the municipality

The table below indicates grants transferred to the municipal entity and municipalities under OR Tambo District.

Organisation	Nature of the project	Amount
Ntinga Development Agency	Economic Development	54,421,940
Mhlontlo Municipality	Municipal Support	600,000
Port Saint Johns Municipality	Municipal Support	700,000
Ingquza Hill Municipality	Municipal Support	600,000
Nyandeni Municipality	Municipal Support	600,000
King Sabata Dalindyebo	Municipal Support	600,000
		57,521,940

Loans made by the municipality

The municipality did not make any loans out to any organisations during the current financial year.

APPENDIX S- DECLARATION OF RETURNS NOT MADE IN DUE TIME MFMA S71

All section 71 reports were submitted with 10 working days of the month as required by section s71 of the MFMA.

VOLUME II: ANNUAL FINANCIAL STATEMENTS

OR Tambo District Municipality

(Registration number : DC15)
Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	Municipality		Group	
		2017	2016 Restated*	2017	2016 Restated*
Assets					
Current Assets					
Inventories	3	20,694,091	16,614,892	20,893,353	16,711,440
Receivables from exchange transactions	4	54,820,259	102,188,909	54,602,001	102,183,712
Receivables from non-exchange transactions	5	12,158,687	8,513,659	11,945,829	9,468,229
VAT receivable	6	83,382,717	78,435,954	83,382,717	78,435,954
Cash and Cash Equivalents	7	253,822,500	337,629,704	291,338,734	369,392,741
		424,878,254	543,383,118	462,162,634	576,192,076
Non-Current Assets					
Property, Plant and Equipment	8	5,360,762,090	4,733,405,485	5,372,308,323	4,746,141,144
Intangible Assets	9	1,087,462	2,099,104	1,901,754	2,136,398
Investment Property	10	2,200,000	2,200,000	2,200,000	2,200,000
Heritage Assets	11	90,000	90,000	90,000	90,000
Biological Assets	12	20,194,646	15,988,644	20,954,697	16,616,345
Long-term receivables	13	1,199,163	1,197,650	1,199,163	1,197,650
		5,385,533,361	4,754,980,883	5,398,653,937	4,768,381,537
Total Assets		5,810,411,615	5,298,364,001	5,860,816,571	5,344,573,613
Liabilities					
Current Liabilities					
Consumer deposits	14	1,604,949	2,450,082	1,604,949	2,450,082
Provisions	15	2,211,000	2,175,748	2,211,000	2,175,748
Payables from exchange transactions	16	371,620,596	378,618,200	373,044,467	386,468,023
Payables from non-exchange transactions	17	18,710,614	2,333,784	19,157,587	2,780,757
Unspent conditional grants and receipts	18	-	-	7,229,654	9,501,391
Current Portion of Long-term liabilities	19	-	20,436	-	20,436
		394,147,149	385,598,250	403,247,657	403,396,437
Non-Current Liabilities					
Long-term liabilities	19&20	38,795,339	-	38,795,339	-
Employee benefit Liabilities	21	64,042,052	54,837,304	64,042,052	54,837,304
		102,837,391	54,837,304	102,837,391	54,837,304
Total Liabilities		496,984,540	440,435,554	506,085,048	458,233,741
Net Assets		5,313,427,075	4,857,928,447	5,354,731,523	4,886,339,872
Accumulated surplus / (Deficit)	22	5,313,427,075	4,857,928,447	5,354,731,523	4,886,339,872

OR Tambo District Municipality

(Registration number : DC15)
Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	Municipality		Group	
		2017	2016 Restated*	2017	2016 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	23	206,822,345	195,346,165	206,822,345	195,346,165
Rental of facilities and equipment	24	35,118	24,334	822,311	871,664
Interest earned - External investments	25	36,424,629	32,992,639	39,527,839	35,170,049
Interest earned - Outstanding debtors	25	46,914,379	42,029,128	46,914,379	42,029,128
Other revenue	26	130,902,542	95,835,102	134,176,919	99,157,474
Other gains on continued operations	27	2,614,672	1,774,552	2,618,472	1,782,052
Total revenue from exchange transactions		423,713,685	368,001,920	430,882,265	374,356,532
Revenue from non-exchange transactions					
Transfer revenue					
Income from agency services	28	65,599	87,741	407,060	714,406
Government grants and subsidies received	29	1,523,251,348	1,303,780,772	1,525,626,145	1,349,111,016
Public contributions and donations	30	-	236,323	-	236,323
Total revenue from non-exchange transactions		1,523,316,947	1,304,104,836	1,526,033,205	1,350,061,745
Total revenue	40	1,947,030,632	1,672,106,756	1,956,915,470	1,724,418,277
Expenditure					
Employee related costs	31	(411,062,458)	(367,323,103)	(436,850,549)	(393,172,154)
Remuneration of councillors and Board	32	(16,746,729)	(16,881,814)	(17,749,620)	(17,601,212)
Depreciation and amortisation	33	(161,764,357)	(152,596,763)	(164,455,909)	(156,133,624)
Impairment Loss	34	(146,934,160)	(107,693,467)	(147,042,014)	(107,782,248)
Repairs and maintenance	8	(86,490,925)	(74,789,855)	(86,311,406)	(75,026,842)
Finance costs	35	(5,906,270)	(389,463)	(6,001,430)	(578,510)
Bulk purchases	36	(42,406,949)	(43,844,958)	(42,406,949)	(43,844,958)
Contracted services	37	(44,831,711)	(28,423,559)	(45,219,246)	(29,036,219)
Grants and Subsidies paid	38	(149,374,829)	(107,935,868)	(110,011,495)	(122,981,264)
General Expenses	39	(410,125,316)	(369,779,455)	(416,684,497)	(377,137,168)
Total expenditure		(1,475,643,704)	(1,269,658,305)	(1,472,733,115)	(1,323,294,199)
Operating surplus		471,386,928	402,448,451	484,182,355	401,124,078
Gain on disposal of assets and liabilities		-	-	237,146	163,336
Loss on Disposal of Assets		(903,737)	-	(903,737)	-
Fair value adjustments	41	(136,500)	-	(276,050)	(81,105)
Assets written off		(14,848,063)	-	(14,848,063)	-
		(15,888,300)	-	(15,790,704)	82,231
Surplus for the year		455,498,628	402,448,451	468,391,651	401,206,309

OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	Municipality		Group	
		2017	2016 Restated*	2017	2016 Restated*
Cash flows from operating activities					
Receipts					
Service Charges		131,019,302	138,484,484	129,548,814	138,063,463
Government Grants and Subsidies		1,523,251,348	1,299,670,758	1,511,317,746	1,296,584,964
Interest income		54,218,833	50,274,777	57,322,045	52,452,187
Public Contributions and Donations		-	236,323	-	414,974
Other receipts		125,201,149	75,271,383	124,632,570	79,865,910
		1,833,690,632	1,563,937,725	1,822,821,175	1,567,381,498
Payments					
Employee related costs		(401,822,458)	(361,712,760)	(428,613,440)	(387,729,335)
Suppliers Paid		(183,084,326)	(119,371,043)	(191,018,188)	(113,674,438)
Interest Paid		(5,906,270)	(389,463)	(6,001,430)	(578,510)
Other payments		(543,123,311)	(451,093,765)	(487,642,665)	(431,703,333)
Remuneration of Councillors		(16,746,729)	(16,881,814)	(16,746,729)	(17,643,213)
		(1,150,683,094)	(949,448,845)	(1,130,022,452)	(951,328,829)
Net cash flows from operating activities		683,007,538	614,488,880	691,070,878	616,171,885
Cash flows from investing activities					
Purchase of property, plant and equipment	8	(807,495,934)	(585,551,186)	(809,271,875)	(585,886,889)
Proceeds from sale of property, plant and equipment	8	-	-	539,088	304,011
Purchase of intangible assets	9	-	-	(805,184)	-
Purchase of biological assets	12	-	(261,057)	(318,000)	(421,538)
Proceeds from sale of biological assets	12	1,907,802	225,639	1,957,702	286,089
Decreases due to harvest / Sale of biological assets		-	400,913	-	400,913
Decrease / (Increase) in Long-term receivables		(1,513)	(900,843)	(1,513)	(900,843)
Increase due to Births of Biological Assets		-	-	-	7,500
Net cash flows from investing activities		(805,589,645)	(586,086,534)	(807,899,782)	(586,210,756)
Cash flows from financing activities					
Increase in long term liabilities		38,795,339	-	38,795,339	-
Repayment of borrowings		(20,436)	(84,422)	(20,436)	(124,396)
Net cash flows from financing activities		38,774,903	(84,422)	38,774,903	(124,396)
Net increase/(decrease) in cash and cash equivalents		(83,807,204)	28,317,924	(78,054,001)	29,836,733
Cash and cash equivalents at the beginning of the year		337,629,704	309,311,780	369,392,735	339,556,008
Cash and cash equivalents at the end of the year	7	253,822,500	337,629,704	291,338,734	369,392,741

OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / (Deficit)	Total net assets
Municipality		
Balance at 01 July 2015	4,445,235,596	4,445,235,596
Changes in net assets		
Surplus for the year	402,448,451	402,448,451
Correction of errors (Note 48 & 49)	10,244,400	10,244,400
Total changes	412,692,851	412,692,851
Restated* Balance at 01 July 2016	4,857,928,447	4,857,928,447
Changes in net assets		
Surplus for the year	455,498,628	455,498,628
Total changes	455,498,628	455,498,628
Balance at 30 June 2017	5,313,427,075	5,313,427,075
Note(s)		
Group		
Balance at 01 July 2015	4,473,502,813	4,473,502,813
Changes in net assets		
Surplus for the year	401,206,309	401,206,309
Total changes	401,206,309	401,206,309
Opening balance as previously reported	4,874,709,123	4,874,709,123
Adjustments		
Correction of errors (Note 48 & 49)	11,630,749	11,630,749
Restated* Balance at 01 July 2016 as restated*	4,886,339,872	4,886,339,872
Changes in net assets		
Surplus for the year	468,391,651	468,391,651
Total changes	468,391,651	468,391,651
Balance at 30 June 2017	5,354,731,523	5,354,731,523

OR Tambo District Municipality

(Registration number : DC15)
Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Municipality						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other gains on continued operations	-	-	-	2,614,672	2,614,672	
Service charges	236,406,590	10,000,000	246,406,590	206,822,345	(39,584,245)	A1
Rental of facilities and equipment	50,000	-	50,000	35,118	(14,882)	
Interest received (trading)	39,560,000	2,900,072	42,460,072	83,339,008	40,878,936	A2
Other revenue	183,650,812	36,634,000	220,284,812	130,902,542	(89,382,270)	A3
Total revenue from exchange transactions	459,667,402	49,534,072	509,201,474	423,713,685	(85,487,789)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	676,566,000	(2,340,000)	674,226,000	1,523,251,348	849,025,348	A4
Income from Agency Services	-	-	-	65,599	65,599	
Total revenue from non-exchange transactions	676,566,000	(2,340,000)	674,226,000	1,523,316,947	849,090,947	
Total revenue	1,136,233,402	47,194,072	1,183,427,474	1,947,030,632	763,603,158	
Expenditure						
Employee Related Costs	(407,986,949)	16,323,438	(391,663,511)	(411,062,458)	(19,398,947)	A5
Remuneration of councillors	(19,777,571)	536,948	(19,240,623)	(16,746,729)	2,493,894	
Depreciation and amortisation	(159,341,150)	-	(159,341,150)	(161,764,357)	(2,423,207)	A6
Finance costs	-	-	-	(5,906,270)	(5,906,270)	A7
Debt Impairment	(43,500,000)	6,400,000	(37,100,000)	(146,934,160)	(109,834,160)	A8
Repairs and maintenance	(64,318,385)	64,318,385	-	(86,490,925)	(86,490,925)	A9
Bulk purchases	(51,000,000)	-	(51,000,000)	(42,406,949)	8,593,051	
Contracted Services	(15,000,000)	-	(15,000,000)	(44,831,711)	(29,831,711)	A10
Transfers and Subsidies	(50,861,146)	(4,800,000)	(55,661,146)	(149,404,629)	(93,743,483)	A11
General Expenses	(322,448,201)	(66,654,458)	(389,102,659)	(410,095,516)	(20,992,857)	A12
Total expenditure	(1,134,233,402)	16,124,313	(1,118,109,089)	(1,475,643,704)	(357,534,615)	
Operating surplus	2,000,000	63,318,385	65,318,385	471,386,928	406,068,543	
Loss on disposal of assets	-	-	-	(903,737)	(903,737)	A13
Fair value adjustments	-	-	-	(136,500)	(136,500)	A14
Assets written-off	-	-	-	(14,848,063)	(14,848,063)	A15
	-	-	-	(15,888,300)	(15,888,300)	
Surplus / (Deficit) for the year	2,000,000	63,318,385	65,318,385	455,498,628	390,180,243	

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	17,521,409	-	17,521,409	20,694,091	3,172,682	B1
Receivables: Non-exchange	-	-	-	12,158,687	12,158,687	B2
Receivables: Exchange	180,547,615	121,512,734	302,060,349	54,820,259	(247,240,090)	B2
VAT receivable	4,442,242	-	4,442,242	83,382,717	78,940,475	B3
Current Portion of Long-term Liabilities	2,199,648	-	2,199,648	-	(2,199,648)	B4
Cash and Cash Equivalents	652,291,268	(138,836,170)	513,455,098	253,822,500	(259,632,598)	B5
	857,002,182	(17,323,436)	839,678,746	424,878,254	(414,800,492)	
Non-Current Assets						
Biological Assets	14,934,893	-	14,934,893	20,194,646	5,259,753	B6
Investment Property	-	-	-	2,200,000	2,200,000	B7
Property, Plant and Equipment	8,220,832,984	(4,813,000)	8,216,019,984	5,360,762,090	(2,855,257,894)	B8
Intangible Assets	2,534,722	-	2,534,722	1,087,462	(1,447,260)	B9
Heritage Assets	-	-	-	90,000	90,000	
Long-term receivables	-	-	-	1,199,163	1,199,163	
	8,238,302,599	(4,813,000)	8,233,489,599	5,385,533,361	(2,847,956,238)	
Total Assets	9,095,304,781	(22,136,436)	9,073,168,345	5,810,411,615	(3,262,756,730)	
Liabilities						
Current Liabilities						
Long-term liabilities	260,000	-	260,000	-	(260,000)	
Payables from exchange transactions	333,016,640	(16,323,438)	316,693,202	371,620,585	54,927,383	B10
Payables from non-exchange	-	-	-	18,710,614	18,710,614	B11
Consumer deposits	2,500,000	-	2,500,000	1,604,949	(895,051)	
Provisions	-	-	-	2,211,000	2,211,000	B12
	335,776,640	(16,323,438)	319,453,202	394,147,148	74,693,946	
Non-Current Liabilities						
Long-term liabilities	-	-	-	38,795,339	38,795,339	B13
Employee benefit obligation	90,000	-	90,000	64,042,052	63,952,052	B14
	90,000	-	90,000	102,837,391	102,747,391	
Total Liabilities	335,866,640	(16,323,438)	319,543,202	496,984,539	177,441,337	
Net Assets	8,759,438,141	(5,812,998)	8,753,625,143	5,313,427,076	(3,440,198,067)	
Reserves						
Accumulated surplus / (Deficit)	8,759,438,141	(5,812,998)	8,753,625,143	5,313,427,076	(3,440,198,067)	

OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service Charges	192,906,590	10,000,000	202,906,590	131,019,302	(71,887,288)	C1
Grants	1,751,360,000	(5,113,000)	1,746,247,000	1,523,251,348	(222,995,652)	C2
Interest income	39,560,000	2,900,072	42,460,072	54,218,833	11,758,761	
Other receipts	183,700,812	36,634,000	220,334,812	125,201,149	(95,133,663)	C3
	2,167,527,402	44,421,072	2,211,948,474	1,833,690,632	(378,257,842)	
Payments						
Employee related costs	(427,764,520)	(16,860,385)	(444,624,905)	(418,569,187)	26,055,718	
Suppliers Paid	(452,766,587)	(42,857,122)	(495,623,709)	(576,832,808)	(81,209,099)	C4
Interest Paid	-	-	-	(5,906,270)	(5,906,270)	
Grants and Subsidies paid	(50,861,146)	(4,800,000)	(55,661,146)	(149,374,829)	(93,713,683)	
	(931,392,253)	(64,517,507)	(995,909,760)	(1,150,683,094)	(154,773,334)	
Net cash flows from operating activities	1,236,135,149	(20,096,435)	1,216,038,714	683,007,538	(533,031,176)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,221,397,700)	4,813,000	(1,216,584,700)	(807,495,934)	409,088,766	
Proceeds from sale of property, plant and equipment	146,603,700	(2,040,000)	144,563,700	-	(144,563,700)	C5
Proceeds from sale of biological assets	-	-	-	1,907,802	1,907,802	
Decrease / (Increase) in Long-term receivables	-	-	-	(1,513)	(1,513)	
Net cash flows from investing activities	(1,074,794,000)	2,773,000	(1,072,021,000)	(805,589,645)	266,431,355	
Cash flows from financing activities						
Repayment of borrowings	-	-	-	(20,436)	(20,436)	
Movement in other liabilities	-	-	-	38,795,339	38,795,339	
Net cash flows from financing activities	-	-	-	38,774,903	38,774,903	
Net increase/(decrease) in cash and cash equivalents	161,341,149	(17,323,435)	144,017,714	(83,807,204)	(227,824,918)	
Cash and cash equivalents at the beginning of the year	490,960,118	(121,512,734)	369,437,384	337,629,704	(31,807,680)	
Cash and cash equivalents at the end of the year	652,291,267	(138,836,169)	513,455,098	253,822,500	(259,632,598)	

OR Tambo District Municipality

(Registration number : DC15)
Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

A1 - Correction of billing through data cleansing.

A2 - Non payment of consumers resulted in increase in interest on debtors and investing in high yielding investments resulted in higher interest on investments

A3 - Budget includes VAT and reserves whilst in GRAP, VAT is in accounts receivable and reserves in cashflow

A4 - Budget only reflects the operating grants whilst actual includes the revenue recognised on both capital and operating grants

A5 - Actual includes the wages for the casual workers which are outside payroll system whilst in budget, only salaries from payroll system.

A6 - More assets were depreciated than projected

A7 - Interest paid on DWA account for water. The debt was anticipated to be negotiated and no interest was budgeted for.

A8 - Non payment of consumers resulting in impairment of debtors.

A9 - Repairs on infrastructure more than budgeted for.

A10 - Budget includes the security services whilst in actual, all professional fees are included

A11 - Budget includes the allocation for Ntanga Development agency whilst actual includes other funding for events in community

A12 - Actual includes the expenditure for MIG operating expenditure whilst in budget, all MIG expenditure is capitalised

A13 - Was not projected in budget

A14 - Was not projected in budget

A15 - Was not projected in budget

B1 - Inventory not utilised as projected

B2 - Debtors pending investigations not included in budget

B3 - National Treasury template not aligned to GRAP and the VAT is included on receivable from non exchange

B4 - Projected for new contracts for photocopiers in budget but in actual, no new contracts

B5 - Withholding of grants and increase in spending than anticipated

B6 - Births and Wearing were projected less than actual

B7 - Projected to be reclassified to PPE in budget

B8 - Budget includes the all MIG expenditure whilst in actual outcomes, only expenditure that meets the PPE criteria

B9 - Procured less than budgeted for

B10 - Increase in accruals than budgeted for

B11 - National Treasury tables not aligned to GRAP. Included in payables from exchange transactions in the budget

B12 - Provisions not budgeted for

B13 - Long-term portion of the amount owed to the Department of Water and Sanitation

OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

- B14 - Benefit obligation not projected in the budget
- C1 - Decrease in collections from consumers than budgeted
- C2 - Withholding of MIG allocation
- C3 - VAT refunds less than budgeted for due to the withholding of grants
- C4 - Increase in spending than budgeted for
- C5 - Proceeds on sale were less than budgeted for

OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), as approved by the Minister of finance, including any interpretations, guidelines and directives issued by the Accounting Standard Board and the Municipal Finance Management Act (Act 56 of 2003).

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except where indicated otherwise. They are presented in South African Rand.

1.1 Changes in Accounting policy and comparability

Accounting policies have been consistently applied otherwise indicated below.

For the years ended 30 June 2017 and 30 June 2016 the municipality adopted the framework as set out in paragraph 1 above. The details of any resulting changes in Accounting policy and comparative restatements are set out below and in the relevant notes to the financial statements.

Those standards of GRAP and interpretations of such standards applicable to the operations of the municipality, are therefore as follows:

- GRAP 1 - Presentation of Financial Statements (as revised in 2010)
- GRAP 2 - Cash Flow Statements (as revised in 2010)
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
- GRAP 4 - The Effects of changes in Foreign Exchange Rates (as revised in 2010)
- GRAP 5 - Borrowing Costs
- GRAP 9 - Revenue from Exchange Transactions (as revised in 2010)
- GRAP 10 - Financial Reporting in Hyperinflationary Economies (as revised in 2010)
- GRAP 11 - Construction Contracts (as revised in 2010)
- GRAP 12 - Inventories (as revised in 2010)
- GRAP 13 - Leases (as revised in 2010)
- GRAP 14 - Events After the Reporting Date (as revised in 2010)
- GRAP 16 - Investment Property (as revised in 2010)
- GRAP 17 - Property Plant and Equipment (as revised in 2010)
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
- GRAP 21 - Impairment of non-cash-generating assets
- GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 25 - Employee Benefits
- GRAP 26 - Impairment of cash-generating assets
- GRAP 27 - Agriculture
- GRAP 31 - Intangible Assets
- GRAP 100 - Non-current Assets held for Sale and Discontinued Operations (as revised in 2010)
- GRAP 103 - Heritage Assets
- GRAP 104 - Financial Instruments
- GRAP 105 - Transfer of functions between entities under common control
- GRAP 106 - Transfer of functions between entities not under common control
- GRAP 107 - Mergers

Standards Issued, Not Yet Effective Date

- GRAP 20 - Related Party Disclosures
- GRAP 32 - Service Concession Arrangements: Grantor
- GRAP 108 - Statutory Receivables
- GRAP 109 - Accounting by Principals and Agents

Interpretations - Approved and not yet effective

- IGRAP 1 - Applying the Probability Test on Initial Recognition of Exchange Revenue
- IGRAP 2 - Changes in Existing Decommissioning Restoration and Similar Liabilities
- IGRAP 3 - Determining Whether an Arrangement Contains a Lease
- IGRAP 4 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IGRAP 5 - Applying the Restatement Approach under the Standard of GRAP on Financial Reporting



OR Tambo District Municipality

(Registration number : DC15)
Consolidated Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

In hyperinflationary Economies

- IGRAP 6 - Loyalty Programmes
- IGRAP 7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IGRAP 8 - Agreements for the Construction of Assets from Exchange Transactions
- IGRAP 9 - Distributions of Non-cash Assets to Owners
- IGRAP 10 - Assets Received from Customers
- IGRAP 11 - Consolidation - Special Purpose Entities
- IGRAP 12 - Jointly Controlled Entities - Non-Monetary Contributions
- IGRAP 13 - Operating Leases - Incentives
- IGRAP 14 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IGRAP 15 - Revenue - Barter Transactions Involving Advertising Services
- IGRAP 16 - Intangible Assets - Website Costs (effective 1 April 2013)

Interpretations – Approved and not yet effective

- IGRAP 17 - Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
- GRAP 2 - Cash Flow Statements (as revised in 2010)
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)

1.2 Critical Judgement, Estimates and Assumptions

In the application of the municipality's Accounting policies, which are described below, management is required to make judgments, estimates and assumptions about the carrying amounts and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and estimates that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

Revenue Recognition

Accounting policy 1.16.1 on revenue from exchange transactions and Accounting policy 1.16.2 on revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the municipality

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from exchange transactions) and GRAP 23 (Revenue from non-exchange transactions). As far as Revenue from non-exchange transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the significant risks and rewards of ownership of the goods and when service is rendered, whether the service has rendered, also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that the revenue in the current year is appropriate.

Financial Assets and liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement. Accounting Policy Policy 1.14 on Financial Assets Classification of financial assets and liabilities.

In making the above-mentioned judgement considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 (Financial Instruments)

OR Tambo District Municipality

(Registration number : DC15)
Consolidated Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.2 Critical Judgement, Estimates and Assumptions (continued)

Impairment of Financial Assets

Accounting policy 1.14 on Impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial assets recorded during the year is appropriate

Impairment of Trade receivables:

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

The total increase in estimation of the impairment of receivables from exchange transactions and that of receivables from non-exchange transactions are disclosed in notes 3 and 4 to the Annual Financial Statement

Fair Value Estimations

As described in Accounting policy 1.12 the municipality subsequently measures its Biological assets in terms of the fair value mode.

The valuation of assets are based on management's estimation. Management considered the impact of valuation techniques and market information in order to determine the valuations, and more specific as follows:

Biological Assets

The fair value less estimated point-of-sale costs used to value Biological assets requires management to make certain assumptions which are subject to change. The current assumptions are as follows:

- Cattle are valued at the prevailing market market rates, as determined by breed, genetic, merit and age, less point-of-sale costs.
- Fruit trees, harvest and vegetables are valued by way of arms' length transaction that would have been applied / prevailing in replacing the existing fruit trees, harvest and vegetables with new fruit trees, harvest and vegetables.

Useful lives of Property, Plant and Equipment, Intangible assets and Investment Property

As described in Accounting policies 1.8.3 and 1.9.1, the municipality depreciates its Property, Plant and Equipment (excluding land) and amortises its intangible assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of the assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on the management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time

Impairment: Write-down of Property, Plant and Equipment, Intangible Assets and Investment Property

Accounting policy 1.13 on impairment of assets, Accounting policy 1.9.1 on Intangible assets - Subsequent measurement, amortisation and impairment and Accounting policy 11.2 on inventory - Subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible assets and write-down of Inventories to the lowest of the cost and net realisable value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash generating assets) and GRAP 26 (Impairment of Cash generating assets). In particular, the calculation of the recoverable service amount for PPE and intangible assets and net realisable value for Inventories involves significant judgement by management

Estimated impairments during the year to Inventory, Property, Plant and Equipment, Intangible assets Investment Property, Heritage assets and biological assets are disclosed in notes 2, 7, 8, 9, and 10 to the Annual Financial statement, if applicable.



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OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.2 Critical Judgement, Estimates and Assumptions (continued)

Water Inventory

The estimation of Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the capacity of the reservoir. Furthermore, the length and width of all pipes are taken into account in determining the volume of the water on hand at year-end.

Defined Benefit Plan liabilities

As described in Accounting Policy 1.18 employee benefits - Post-employment benefits municipality obtains actuarial valuations of its Defined benefit plan liabilities, the defined benefit obligations of the municipality that were identified are post-retirement Health benefit obligations and Long-service awards. The estimated liabilities are recorded in accordance with the requirement of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant notes to the Annual Financial Statements.

Provisions and Contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring Contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Budget Information

Deviations between the budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the Annual Financial Statements.

1.3 Presentation currency

These consolidated annual financial statements are presented in South African Rand, rounded off to the nearest Rand which is the functional currency of the economic entity.

1.4 Going concern assumption

These consolidated annual financial statements have been prepared on a Going Concern Basis.

1.5 Offsetting

Assets, Liabilities Revenues and Expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

1.6 Standards, Amendments to Standards and interpretations issued but not yet effective

Those standards of GRAP and interpretations of such standards applicable to the operations of the municipality, are therefore as follows:

Standards Issued and Effective

- GRAP 1 - Presentation of Financial Statements (as revised in 2010)

GRAP 32 Service Concession agreement grantor - issued 2013

GRAP 106 Statutory Receivables - Issued September 2013

GRAP 17 Service Concession Agreements where a Grantor controls a significant Residual Interest in an Asset

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public sector accounting Standard Board, International Financial Reporting Standards or Generally accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet effective, the municipality may select to apply the principles established in that standard in developing appropriate Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in the following standards of GRAP that have been issued but not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not yet adopted these standards.

GRAP 20 Related Party disclosures (Revised)

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.7 Net Assets

Included in the Net assets of the municipality are the following reserves that are maintained in terms of specific requirements

1.7.1 Accumulated Surplus

1.8 Property, Plant and Equipment

1.8.1 Initial recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the economic entity, and the cost of the item can be measured reliably.

Property, Plant and Equipment is initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item property, plant and equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.8.2 Subsequent Measurement

Subsequent expenditure relating to the property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

1.8.3 Depreciation

Depreciation on assets other than land is calculated on cost using the straight-line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost is significant in relation to the cost item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Item	Depreciation method	Average useful life
Buildings		
• Improvements	Straight line	10 - 80 years
Plant and machinery	Straight line	2 - 20 years
Furniture and fittings	Straight line	5 - 20 years



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1.8 Property, Plant and Equipment (continued)

Motor vehicles	Straight line	5 - 15 years
Office equipment	Straight line	5 - 20 years
IT equipment		
▪ Computer Equipment	Straight line	5 years
Infrastructure		
▪ Roads and Paving	Straight line	5 - 67 years
▪ Sewerage	Straight line	5 - 100 years
▪ Storm Water	Straight line	7 - 100 years
▪ Water	Straight line	5 - 76 years
Emergency equipment	Straight line	5 - 10 years
Specialist Vehicles	Straight line	10 - 15 years
Bins and Containers	Straight line	5 years

The asset's residual values, estimated useful lives and depreciation methods are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectation differ from the previous estimate.

1.8.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

1.8.5 Infrastructure

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and impairment. Envelope assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

1.8.6 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

1.8.7 Leased assets

Assets capitalised under finance lease are depreciated over their expected useful lives on the same basis as property, plant and equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1.8.8 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are classified as revenue.

Gains or losses are calculated as difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposal are included in the Statement of Financial Performance as gain or loss on disposal of property, plant and equipment.

1.9 Intangible Assets

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is possible that the expected future economic benefits or service potential that attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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1.9 Intangible Assets (continued)

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of the new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the asset so that it will be available for use.
- management intends to complete the intangible asset and use or sell it
- there is an ability to use or sell the intangible asset.
- it can be demonstrated how the intangible asset will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and use or sell the intangible asset are available; and
- the expenditure attributable to the asset during its development can be measured reliably.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 and GRAP 26.

Intangible asset initially recognised at cost. The cost of an intangible asset is purchase price and other costs attributed to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at not cost, or for a nominal cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an intangible asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could be measured at its value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.9.1 Subsequent Measurement, Amortisation and Impairment

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives. The residual value of intangible assets with finite lives is zero, unless an active market exists. Where intangible assets are deemed to have intangible useful lives, such intangible assets are not amortised, however, such intangible assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	4 years

Intangible assets are annually tested for impairment as described in Accounting Policy 8 on Impairment of assets, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

1.9.2 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the proceeds of disposal and the carrying value, and is recognised in the Statement of Financial Performance.



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Accounting Policies

1.10 Investment Property

1.10.1 Initial Recognition

Investment property includes property (land or a building, or both land and buildings held under a finance lease) held to earn rentals and / or for capital appreciation, rather than held to meet service objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at a cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at the date of completion, including all directly attributable borrowing costs.

Based on management's judgement, the following criteria have been applied to distinguish investment property from owner occupied property or property held for resale:

- (a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
 - (b) Land held for a currently undetermined future use (if the municipality has not determined that it will use the land owner-occupied property for short-term sale in the ordinary course of operations, the land is recognised as held for capital appreciation);
 - (c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
 - (d) A property owned by the municipality and leased out at a below market rental; and;
 - (e) Property that is being constructed or developed for future use as investment property;
- The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property
- The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:
- (a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;
 - (b) Property being constructed or developed on behalf of third parties;
 - (c) Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
 - (d) Property that is leased to another entity under a finance lease;
 - (e) Property held to provide goods and services and also generates cash inflows; and;
 - (f) Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment;

1.10.2 Subsequent Measurement

Investment property is accounted for in accordance with the cost model as set out in GRAP 16 (at their cost prices less accumulated Depreciation). The municipality has no intention of selling its land and buildings and thus the Cost Model would represent the value of all land and buildings more fairly. The change has resulted in the municipality's Annual Financial Statements providing reliable and more relevant information about the value of Buildings and Land, based on the intended use of these assets in line with all valuation method of all other assets

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-Line Method over the useful life of the property, which is estimated at 10 - 80 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance

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1.10 Investment Property (continued)

1.10.3 Derecognition

An Investment Property shall be derecognised (eliminated from the Statement of Financial Position) on disposal or when the Investment Property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal

Property that is leased to another entity under a finance lease;

1.11 Heritage assets

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

1.11.1 Initial Recognition.

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

1.11.2 Subsequent Measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

1.11.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

1.12 Biological Assets

A Biological Asset is defined as a living animal or plant. Agricultural Produce is the harvested product of the municipality's Biological Assets.

1.12.1 Initial Recognition

The cost of an item of Biological Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Biological Assets are initially recognised at fair value less cost to sell on its acquisition date. The fair value of an item of Biological Assets is the transaction price or the market price.



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Accounting Policies

1.12 Biological Assets (continued)

Agricultural Produce is initially recognised at fair value less costs to sell at the date of the harvest. The municipality applies the measurement methods as described in Accounting Policy 15 on Inventories.

1.12.2 Subsequent Measurement

Subsequently all Biological Assets are measured at fair value less cost to sell on the reporting date. The fair value of an item of Biological Assets is the transaction price or the market price.

A gain or loss arising from the initial recognition of an item of Biological Assets at fair value less cost to sell and from a change in fair value at the reporting date shall be recognised in the Statement of Financial Performance.

A gain or loss arising from the initial recognition of an item of Agricultural Harvest at fair value less estimate point of sale cost at the date of the harvest shall be recognised in the Statement of Financial Performance.

1.12.3 Derecognition

The carrying amount of an item of Biological Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Biological Assets is included in the Statement of Financial Performance when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (at fair value) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Biological Assets.

1.13 Impairment of Assets

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets

1.13.1 Impairment of cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

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1.13 Impairment of Assets (continued)

1.13.2 Impairment of Non-Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

1.14 Financial Instruments

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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Accounting Policies

1.14 Financial instruments (continued)

The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Financial Assets - Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial Assets measured at Amortised Cost are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

Financial Assets measured at Fair Value are financial assets that meet either of the following conditions:

- (i) Derivatives;
- (ii) Combined instruments that are designated at fair value;
- (iii) Instruments held for trading;
- (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
- (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.

Financial Assets measured at Cost are investments in residual interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Classification

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial asset measured at amortised cost
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from Non-exchange Transactions	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents – Bank	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents – Cash	Financial asset measured at fair value
Current Portion of Long-term Receivables	Financial asset measured at amortised cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

Financial Liabilities

A Financial Liability is a contractual obligation to deliver cash or another Financial Asset to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

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Accounting Policies

1.14 Financial instruments (continued)

- (i) Financial Liabilities measured at fair value
- (ii) Financial Liabilities measured at amortised cost
- (iii) Financial Liabilities measured at cost

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial liability measured at amortised cost
Payables from Exchange Transactions	Financial liability measured at amortised cost
Payables from Non-exchange Transactions	Financial liability measured at amortised cost
Current Portion of Long-term Liabilities	Financial liability measured at amortised cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Initial and Subsequent Measurement

Financial Assets

Financial assets measured at Amortised cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

Financial assets measured at Fair value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.



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Accounting Policies

1.14 Financial instruments (continued)

Financial Liabilities

Financial Liabilities measured at Fair Value.

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

Impairment Financial assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Financial assets measured at amortised cost:

Accounts Receivable encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value plus transaction costs, and subsequently carried at amortised cost using the Effective Interest Rate Method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

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1.14 Financial instruments (continued)

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.15 Inventories

Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Subsequent Measurement

-Consumable Stores, Raw Materials, Work-in-Progress and Finished goods.

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the First-in-First-out Method for cost of commodities.

-Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the First-in-First-out Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

-Other Inventories

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.



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1.16 Revenue Recognition

General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from Exchange Transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from Non-exchange Transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue from Exchange Transactions

Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are provided as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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Accounting Policies

1.16 Revenue Recognition (continued)

Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor. Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.



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Accounting Policies

1.16 Revenue Recognition (continued)

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.17 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

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Accounting Policies

1.18 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for nonaccumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Post-employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

Defined contribution plans

A Defined Contribution Plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A Defined Benefit Plan is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash



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Accounting Policies

1.18 Employee benefits (continued)

allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

Where applicable the municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

NB: The municipality currently does not have any employees that fall under Defined Benefit Pension Plan

1.19 Leases

Classification

Leases are classified as Finance Leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as Operating Leases

The Municipality as lessee

Finance leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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Accounting Policies

1.19 Leases (continued)

Operating leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a Straight-line Basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Determining whether an Arrangement contains a lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

1.20 Grants-in-Aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

1.21 Value Added Tax

Value Added Tax assets and liabilities

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value Added Tax Act (Act No 89 of 1991)

The entities account for Value Added Tax on the Invoice Basis in accordance with section 15(1) of the Value-Added Tax Act (Act No 89 of 1991).

1.22 Unauthorised expenditure

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1996) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



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Accounting Policies

1.24 Fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Material Losses

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply with the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

1.26 Changes in Accounting Policies, Estimates and Errors

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

1.27 Treatment of Administration and Overhead expenses

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1.28 Contingent Assets and Contingent Liabilities

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements

1.29 Commitments

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.

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Accounting Policies

1.29 Commitments (continued)

- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

1.30 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councilors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.31 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

1.32 Comparative figures

Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2016 to 30 June 2017.

1.33 Long Term Liabilities

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

1.34 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.



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Accounting Policies

1.34 Impairment of cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the economic entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the economic entity.

Criteria developed by the economic entity to distinguish cash-generating assets from non-cash-generating assets are as follows:

1.35 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
2. General Information				
OR Tambo District Municipality (the municipality) is a local government institution in Mthetha, Eastern Cape Province, and has 5 local municipalities under its jurisdiction. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).				
Kei Fresh Produce Market NPC is a municipal entity in Mthetha, Eastern Cape Province. The addresses of its registered office and principal place of business are disclosed in the introduction and overview of the Annual Report. The principal activities of the entity are disclosed in the Annual Report.				
Nings OR Tambo Development Agency is a municipal entity in Mthetha, Eastern Cape Province. The addresses of its registered office and principal place of business are disclosed in the introduction and overview of the Annual Report. The principal activities of the entity are disclosed in the Annual Report.				
3. Inventories				
Water	277,161	414,182	277,161	414,182
Consumable Stores	20,416,930	16,200,710	20,616,192	16,297,258
	20,694,091	16,614,892	20,893,353	16,711,440
Inventories are held for own use and measured at the lower of the cost and current replacement cost. No write-downs of inventory to Net Realisable Value were required.				
The cost of water production for the year amounted to R1.70 per kilolitre (2016: R1.45 per Kilolitre).				
No inventories have been pledged as collateral for liabilities of the municipality				
4. Receivables from exchange transactions				
Gross balances				
Water	385,825,082	286,313,756	385,825,082	286,313,756
Sewerage	96,476,124	73,526,684	96,476,124	73,526,684
Other Receivables	161,382,742	184,388,520	161,278,160	184,664,614
	643,683,948	544,228,960	643,579,366	544,505,054
Less: Allowance for impairment				
Water	(344,349,158)	(250,534,147)	(344,349,158)	(250,534,147)
Sewerage	(89,414,027)	(65,155,256)	(89,414,027)	(65,155,256)
Other receivables	(155,100,504)	(126,350,648)	(155,214,180)	(126,631,939)
	(588,863,689)	(442,040,051)	(588,977,365)	(442,321,342)
Net balance				
Water	41,475,924	35,779,609	41,475,924	35,779,609
Sewerage	7,062,097	8,371,428	7,062,097	8,371,428
Other receivables	6,282,238	58,037,872	6,063,980	58,032,675
	54,820,259	102,188,909	54,602,001	102,183,712
Water				
Current (0 -30 days)	6,216,365	7,741,368	6,216,365	7,741,368
31 - 60 days	3,713,027	7,505,444	3,713,027	7,505,444
61 - 90 days	2,402,686	3,263,157	2,402,686	3,263,157
+90 days	29,143,846	17,269,640	29,143,846	17,269,640
	41,475,924	35,779,609	41,475,924	35,779,609



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
4. Receivables from exchange transactions (continued)				
Sewerage				
Current (0-30 days)	1,428,535	1,728,800	1,428,535	1,728,800
31 - 60 days	1,000,492	1,305,417	1,000,492	1,305,417
61 - 90 days	585,838	706,711	585,838	706,711
+90 days	4,047,232	4,630,500	4,047,232	4,630,500
	7,062,097	8,371,428	7,062,097	8,371,428
Other (specify)				
Current (0-30 days)	362,970	2,527,987	337,393	2,527,987
31 - 60 days	302,986	2,597,880	278,093	2,599,480
61 - 90 days	327,628	1,953,536	312,120	1,953,536
+90 days	5,288,654	50,958,469	5,136,374	50,951,672
	6,282,238	58,037,872	6,063,980	58,032,675
Summary of debtors by customer classification				
Residential				
Current (0-30 days)	10,092,833	9,473,864	10,092,833	9,473,864
31 - 60 days	8,396,202	10,190,738	8,396,202	10,190,738
61 - 90 days	8,875,788	10,591,993	8,875,788	10,591,993
+90 days	401,396,805	366,870,193	401,396,805	366,870,193
	428,761,628	397,126,788	428,761,628	397,126,788
Less: Allowance for impairment	(422,229,959)	(388,462,047)	(420,395,950)	(388,462,047)
	6,531,669	8,664,741	8,365,678	8,664,741
Industrial/commercial				
Current (0-30 days)	5,579,338	3,069,727	5,579,338	3,069,727
31 - 60 days	4,225,232	2,785,234	4,225,232	2,785,234
61 - 90 days	3,867,201	2,607,162	3,867,201	2,607,162
+90 days	70,767,269	45,390,290	70,767,269	45,390,290
	84,439,040	53,852,413	84,439,040	53,852,413
Less: Allowance for impairment	(81,463,518)	(46,019,574)	(80,933,701)	(46,019,574)
	2,975,522	7,832,839	3,505,339	7,832,839
National and provincial government				
Current (0-30 days)	5,806,523	4,286,677	5,544,714	4,286,677
31 - 60 days	3,659,727	3,851,406	3,446,960	3,851,406
61 - 90 days	2,726,558	2,038,062	2,490,269	2,038,062
+90 days	34,904,612	19,166,923	29,573,651	19,166,923
	47,097,420	29,343,068	41,055,594	29,343,068
Less: Allowance for impairment	-	-	-	-
	47,097,420	29,343,068	41,055,594	29,343,068
Other				
Current (0-30 days)	3,642,475	4,725,932	3,904,284	4,725,932
31 - 60 days	2,990,617	5,030,921	3,203,384	5,030,921
61 - 90 days	1,686,148	2,253,236	1,922,436	2,253,236
+90 days	78,433,081	51,896,602	83,764,041	51,896,602
	(85,170,212)	(7,558,432)	(91,157,777)	(7,558,432)
Less: Allowance for impairment	-	-	-	-
	1,582,109	56,348,259	1,636,368	56,348,259

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
4. Receivables from exchange transactions (continued)				
Total				
Current (0-30 days)	25,121,169	21,556,200	25,122,127	21,556,200
31 - 60 days	19,271,778	21,858,299	19,271,778	21,859,899
61 - 90 days	17,155,696	17,490,453	17,155,696	17,490,453
+90 days	582,135,306	483,324,008	583,507,567	484,526,713
	643,683,948	544,228,960	645,057,167	545,433,265
Less: Allowance for impairment	(588,863,689)	(442,040,051)	(590,455,166)	(443,249,553)
	54,820,259	102,188,909	54,602,001	102,183,712
Less: Allowance for impairment				
Current (0-30 days)	(17,113,300)	(9,558,045)	(17,304,723)	(9,558,045)
31 - 60 days	(14,255,273)	(10,449,559)	(14,407,071)	(10,449,558)
61 - 90 days	(13,839,544)	(11,567,047)	(14,006,338)	(11,567,048)
+90 days	(543,655,572)	(410,465,400)	(543,259,233)	(410,746,691)
	(588,863,689)	(442,040,051)	(588,977,365)	(442,321,342)
Reconciliation of allowance for impairment				
Balance at beginning of the year	(442,040,051)	(364,854,067)	(442,040,051)	(364,854,067)
Contributions to allowance	(161,746,754)	(88,706,598)	(161,860,430)	(88,987,889)
Debt impairment written off against allowance	14,923,116	11,520,514	14,923,116	11,520,514
	(588,863,689)	(442,040,051)	(588,977,365)	(442,321,342)
5. Receivables from non-exchange transactions				
Grant Expenditure	-	82,961,653	-	82,961,653
Short-term loans	18,805	4,386	18,805	4,386
Sundry Debtors	12,722,221	9,114,816	12,596,168	10,069,386
Other control accounts	96,315	73,111	96,315	73,111
Impairments	(678,654)	(83,640,307)	(765,459)	(83,640,307)
	12,158,687	8,513,659	11,945,829	9,468,229
Short-term Loans mainly comprise temporary advances made to local municipalities which are repayable within 12 months.				
Sundry Debtors are in respect of debts outstanding at year-end on normal business transactions entered into by the municipality				
The municipality does not hold deposits or other security for its Receivables. None of the Receivables have been pledged as security for the municipality's financial liabilities.				
Reconciliation of provision for impairment of receivables from non-exchange transactions				
Opening balance	83,640,307	83,640,307	83,719,149	83,719,149
Impairment Losses recognised	-	-	86,805	-
Amount Written off as uncollectable	(82,961,653)	-	(82,961,653)	-
	678,654	83,640,307	844,301	83,719,149
The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.				
In determining the recoverability of Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.				

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
5. Receivables from non-exchange transactions (continued)				
No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable.				
The following Loans and Receivables are included in the total amount of the Provision for Impairment				
Government Subsidy Claims	-	82,961,653	-	82,961,653
Sundry Debtors	678,654	678,654	844,301	757,496
	678,654	83,640,307	844,301	83,719,149
6. VAT Receivable				
VAT	83,382,717	78,435,954	83,382,717	78,435,954

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

Cash on hand	-	-	9,352	11,437
Bank balances	99,896,044	58,334,363	105,275,860	59,713,772
Short-term deposits	153,926,456	279,295,341	186,053,522	309,667,532
	253,822,500	337,629,704	291,338,734	369,392,741

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts

Current Investment Deposits

Short-term deposits	153,926,456	279,295,341	186,053,522	309,667,532
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Cell Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5 % to 6.8 % (2016: 5,25% to 8,20%) per annum.

Deposits attributable to Unspent Conditional Grants	-	-	-	-
Deposits attributable to Creditors	153,926,456	279,295,341	186,053,522	309,667,532
	153,926,456	279,295,341	186,053,522	309,667,532

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Figures in Rand	Municipality			Group	
	2017	2016	2017	2016	2016
7. Cash and Cash Equivalents (continued)					
The municipality and entities had the following bank accounts					
Account number / description	Bank statement balances			Cash book balances	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2015
Municipality: First National Bank - Current Account - 539 9013 7772	99,786,164	58,293,858	53,177,018	99,896,044	43,328,768
Kei Fresh Produce: First National Bank - Current Account -	228,699	299,481	274,055	228,699	274,055
Ninga Development Agency: First National Bank - Current Account - 621 6680 4742	5,157,522	1,142,214	1,287,412	5,185,305	1,283,174
Ninga Development Agency: First National Bank - Salaries Account - 621 8328 6890	12,220	8,713	15,702	12,220	15,631
Ninga Development Agency: First National Bank - DEAT Noghekawane Account - 623 1351 7081	-	-	30,266	-	30,266
Ninga Development Agency: First National Bank - DEAT Ndebenkulu Account - 623 1354 9167	-	-	4,435	-	4,435
Ninga Development Agency: First National Bank - Beziya Sustainable Villages (Surudec) Account - 622 5749 7290	-	-	19,101	-	19,101
Ninga Development Agency: Nedbank Account - 102 098 9009	-	-	11,845	-	11,845
Total	105,184,605	59,744,266	54,819,834	105,322,268	44,967,275

The municipality does not have any overdraft current account facilities with its banker and therefore does not incur interest on overdraft current accounts. Interest is earned at different rates per annum on favourable balances.

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.



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Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, Plant and Equipment

Municipality

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	26,869,794	-	26,869,794	26,869,794	-	26,869,794
Buildings	148,356,464	(49,098,625)	99,257,839	148,157,874	(41,877,060)	106,280,814
Infrastructure	5,089,697,807	(2,300,316,446)	2,789,381,361	4,923,666,437	(2,164,893,873)	2,758,772,564
Other property, plant and equipment	114,018,676	(48,536,308)	65,482,368	145,225,028	(56,403,897)	88,821,131
Infrastructure WIP	2,379,770,705	-	2,379,770,705	1,752,586,572	-	1,752,586,572
Leased Infrastructure	375,105	(375,062)	23	375,105	(300,495)	74,610
Total	7,759,088,551	(2,398,326,461)	5,360,762,090	6,996,880,810	(2,263,475,325)	4,733,405,485

Group

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	26,985,794	-	26,985,794	26,985,794	-	26,985,794
Buildings	184,251,184	(77,042,281)	107,208,903	184,140,741	(68,658,557)	115,482,184
Computer software	236,499	(236,499)	-	236,499	(236,499)	-
Infrastructure	5,089,697,807	(2,300,316,446)	2,789,381,361	4,923,666,437	(2,164,893,873)	2,758,772,564
Other property, plant and equipment	132,636,277	(63,674,740)	68,961,537	162,692,833	(70,453,413)	92,239,420
Infrastructure WIP	2,379,770,705	-	2,379,770,705	1,752,586,572	-	1,752,586,572
Leased Infrastructure	375,105	(375,062)	23	375,105	(300,495)	74,610
Total	7,813,953,371	(2,441,645,048)	5,372,308,323	7,050,683,981	(2,304,542,837)	4,746,141,144

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Write-offs	Disposals	Transfers -In	Transfers - Out	Depreciation	Total
Land	26,985,794	-	-	-	-	-	-	26,985,794
Buildings	115,482,184	198,590	-	(58,079)	-	-	(8,413,792)	107,208,903
Infrastructure	2,758,772,564	4,248,284	-	-	160,502,011	-	(134,141,498)	2,789,381,361
Other property, plant and equipment	92,239,420	17,138,795	(14,848,060)	(4,783,205)	-	-	(20,785,413)	68,951,537
Infrastructure WIP	1,752,586,572	787,686,144	-	-	-	(160,502,011)	-	2,379,770,705
Leased Infrastructure	74,610	-	-	-	-	-	(74,587)	23
	4,746,141,144	809,271,813	(14,848,060)	(4,841,284)	160,502,011	(160,502,011)	(163,415,290)	5,372,308,323

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Transfers - In	Transfers - Out	Other changes, movements	Depreciation	Impairment loss	Total
Land	32,118,977	-	-	-	-	(5,133,183)	-	-	26,985,794
Buildings	119,146,206	1,661,301	-	-	-	(875,765)	(4,449,558)	-	115,482,184
Infrastructure	2,878,295,552	9,790,933	-	4,588,171	-	6,344,277	(134,164,048)	(6,082,321)	2,758,772,564
Other property, plant and equipment	91,224,117	17,401,876	(140,674)	72,005	-	86,838	(16,404,742)	-	92,239,420
Infrastructure WIP	1,275,820,922	481,353,821	-	-	(4,588,171)	-	-	-	1,752,586,572
Leased Infrastructure	221,636	-	-	-	(72,005)	-	(75,021)	-	74,610
	4,396,827,410	510,207,931	(140,674)	4,660,176	(4,660,176)	422,167	(155,093,369)	(6,082,321)	4,746,141,144

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
8. Property, Plant and Equipment (continued)				
Assets pledged as security				
The municipality did not pledge any of its assets as security. The municipality's obligations under Finance Leases (see Note 19) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.				
Land and buildings carried at fair value				
The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.				
Expenditure incurred to repair and maintain property, plant and equipment				
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Land and Buildings	3,617,668	2,729,680	4,115,731	2,735,031
Infrastructure - Sanitation	15,103,360	7,432,908	15,103,360	7,432,908
Infrastructure - Water	65,086,907	59,866,207	64,084,137	59,866,207
Other Assets	2,682,990	4,761,059	3,008,411	4,993,006
	86,490,925	74,789,854	86,311,639	75,027,152

Other movements of Property, Plant and Equipment are in respect of Work-in-Progress completed and transferred to Cost.

The leased Property, Plant and Equipment is secured as set out in Note 18.

Refer to Appendices "B, C and E (4)" for more detail on Property, Plant and Equipment, including those in the course of construction.

Additional text

Delayed Projects

No projects that are currently in progress are experiencing significant delays.

Work-in-progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

Infrastructure: Roads	10,759,072	10,759,072	10,759,071	10,759,072
Infrastructure: Sewerage	77,635,925	79,514,568	77,635,925	79,514,568
Infrastructure: Water	2,289,780,247	1,737,991,892	2,289,780,247	1,737,991,892
Buildings	1,594,861	-	1,594,861	-
	2,379,770,105	1,828,265,532	2,379,770,104	1,828,265,532

9. Intangible Assets

Municipality	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7,770,393	(6,682,931)	1,087,462	7,770,393	(5,671,289)	2,099,104

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group			
	2017	2016	2017	2016		
9. Intangible Assets (continued)						
Group	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	9,021,930	(7,120,176)	1,901,754	8,216,746	(6,080,348)	2,136,398

Reconciliation of intangible assets - Group - 2017

Computer software, other	Opening balance	Additions	Amortisation	Total
Ward based database	2,136,398	805,184	(1,039,828)	1,901,754
	2,136,398	805,184	(1,039,828)	1,901,754

Other information

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31). All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Intangible Assets of the municipality.

8.1 Significant Intangible assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

8.2 Intangible assets with Indefinite useful lives

The municipality amortises all its Intangible Assets and non of such assets are regarded as having indefinite useful lives. The useful lives of the Intangible Assets remain unchanged from the previous year.

8.3 Impairment of Intangible assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

8.4 Work-in-Progress

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

8.5 Delayed Projects

No projects that are currently in progress are experiencing significant delays.



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Figures in Rand	Municipality			Group		
	2017	2016		2017	2016	
10. Investment Property						
Municipality	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2,200,000	-	2,200,000	2,200,000	-	2,200,000
Group	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2,200,000	-	2,200,000	2,200,000	-	2,200,000

Estimated Fair Value of Investment Property at 30 June

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. There are no contractual obligations on Investment Property.

Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

Work-in-Progress

The municipality had no capital projects for Investment Property which were not completed at year-end.

Delayed Projects

No projects that are currently in progress are experiencing significant delays.

11. Heritage Assets

Municipality	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	90,000	-	90,000	90,000	-	90,000
Group	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	90,000	-	90,000	90,000	-	90,000

Reconciliation of heritage assets Group - 2017

Historical buildings	Opening balance	Total
	90,000	90,000

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	2017	2016		2017	2016
11. Heritage Assets (continued)					
All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Heritage Assets of the municipality.					
Impairment of Heritage Assets					
No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.					
Heritage Assets measured after recognition using the Revaluation Model					
The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.					
Work-in-Progress					
The municipality had no capital projects for Heritage Assets which were not completed at year-end.					
Delayed Projects					
No projects that are currently in progress are experiencing significant delays.					



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12. Biological Assets

Municipality

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets	20,194,646	-	20,194,646	15,988,644	-	15,988,644

Group

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets	20,954,697	-	20,954,697	16,616,345	-	16,616,345

Reconciliation of biological assets - Group - 2017

	Opening balance	Additions	Additions through Non-exchange transactions	Decreases due to harvest / sales	Disposals	Transfers received	Gains or losses arising from changes in fair value	Total
Trees in a plantation forest	10,103,500	-	-	-	-	-	1,714,717	11,818,217
Sheep	2,800	-	-	-	(1,200)	-	-	1,600
Cattle	6,510,046	318,000	1,480,951	(1,957,702)	(318,406)	2,409,085	692,905	9,134,879
	16,616,346	318,000	1,480,951	(1,957,702)	(319,606)	2,409,085	2,407,622	20,954,696

All of the municipality's Biological Assets are held under freehold interests and no Biological Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Biological Assets of the municipality.

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12. Biological Assets (continued)

Fruit Trees in Plantation and livestock classified as Bearer Biological Assets at carrying value are made up as follows:

Figures in Rand

Trees in Plantation
Cattle
Sheep
Subtotal

Municipality - Actual Count		Municipality - Value	
2017	2016	2017	2016
18,370	18,370	11,818,217	10,103,500
1,471	1,173	8,376,428	5,885,144
-	-	-	-
19,841	19,543	20,194,645	15,988,644
19,841	19,543	20,194,645	15,988,644

Bearer Biological Assets are those biological assets that are used repeatedly or continuously for more than one year in an agricultural activity. At 30 June 2017 livestock held for sale comprised 1 471 cattle (2016: 1 173). During the year 314 cattle (2016: 213 cattle and no sheep) were sold.

Figures in Rand

Trees in Plantation
Cattle
Sheep
Subtotal

Group - Actual Count		Group Value	
2017	2016	2017	2016
18,370	18,370	11,818,217	10,103,500
1,538	1,241	9,134,879	6,510,046
1	2	1,600	2,800
19,909	19,613	20,954,696	16,616,346
19,909	19,613	20,954,696	16,616,346

Bearer Biological Assets are those biological assets that are used repeatedly or continuously for more than one year in an agricultural activity. At 30 June 2017 livestock held for sale comprised 1 538 cattle and 1 sheep (2016: 1 241 cattle and 2 sheep). During the year 326 cattle (2016: 213 cattle) were sold.

Biological Assets carried at Fair Value

The municipality's Biological Assets is valued annually at 30 June at fair value by an independent, professionally qualified, valuator. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar assets.

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016

13. Long-term receivables

Consumer debtors - Water	1,199,163	1,197,650	1,199,163	1,197,650
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The municipality does not hold deposits or any other security for its Long-term Receivables. No Long-term Receivables have been pledged as security for the municipality's financial liabilities. Long-term Receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

14. Consumer deposits

Water	1,604,949	2,450,082	1,604,949	2,450,082
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Consumer Deposits are paid by consumers on application for new water connections. The deposits are repaid when the water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid or accrued on Consumer Deposits held.

15. Provisions

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19)	175,000	62,496	175,000	62,496
Current Portion of Long-term Service Liability (See Note 19)	2,036,000	2,113,252	2,036,000	2,113,252
	<u>2,211,000</u>	<u>2,175,748</u>	<u>2,211,000</u>	<u>2,175,748</u>

Provisions have been restated to agree to the Actuarial Report for Post-retirement Health Benefits. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

The movement in provisions are reconciled as follows:

30 June 2017	Long-term Service	Post-retirement
Balance at beginning of year	2,113,252	62,496
Transfer from non-current	2,036,000	175,000
Expenditure incurred	(1,073,000)	(127,000)
(Over) / Under-Provision	(1,040,252)	64,504
	<u>2,036,000</u>	<u>175,000</u>
30 June 2016	Long-term Service	Post-retirement
Balance at beginning of year	2,271,547	65,856
Transfer from non-current	2,113,252	62,496
Expenditure incurred	(2,271,547)	(65,856)
	<u>2,113,252</u>	<u>62,496</u>

16. Payables from exchange transactions

Trade payables	113,348,483	256,049,951	114,164,276	256,651,781
Payments received in advanced	4,575,619	5,063,393	4,659,377	5,063,393
Retentions	22,170,154	21,692,053	22,170,154	21,692,053
Staff bonuses	7,069,965	6,171,977	7,240,160	6,281,045
Staff leave	43,288,012	38,152,918	47,324,677	41,930,095
Other Creditors	137,539,132	535,753	133,774,661	3,705,505
VAT Accrued account	43,629,221	50,952,155	43,711,162	51,144,151
	<u>371,620,586</u>	<u>378,618,200</u>	<u>373,044,467</u>	<u>386,468,023</u>

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	2017	2016	2017	2016

16. Payables from exchange transactions (continued)

Staff Bonuses accrue to the staff of the entity on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

17. Payables from Non-exchange transactions

Sundry Creditors	15,967,061	1,407,443	16,414,034	1,854,416
Salaries control accounts	2,743,553	926,341	2,743,553	926,341
	<u>18,710,614</u>	<u>2,333,784</u>	<u>19,157,587</u>	<u>2,780,757</u>

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been renegotiated by the municipality.

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Local Government Grants	-	-	-	300,348
Eastern Cape Development Corporation	-	-	249,974	675,304
Department of Economic Development Environmental Affairs and Tourism	-	-	306,720	395,172
ECDC Co-Operative Trust Fund	-	-	552,915	968,270
Department of Agriculture	-	-	5,917,489	7,009,917
Other Grant Providers	-	-	158,733	108,557
Provincial and National Government Grants	-	-	43,823	43,823
	-	-	<u>7,229,654</u>	<u>9,501,391</u>

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 28 for the reconciliation of Grants from Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. As at end of June 2017 the municipality had no unspent grants.



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
19. Long-term liabilities				
Minimum lease payments due				
- within one year	-	22,340	-	22,340
- in second to fifth year inclusive	-	-	-	-
- later than five years	-	-	-	-
	-	22,340	-	22,340
less: future finance charges	-	1,904	-	(1,904)
Present value of minimum lease payments	-	24,244	-	20,436
Present value of minimum lease payments due				
- within one year	-	20,436	-	20,436
- in second to fifth year inclusive	-	-	-	-
- later than five years	-	-	-	-
	-	20,436	-	20,436

Summary of Arrangements

Finance Lease Liabilities relates to Office Equipment with lease terms of 0 (2016: 1) years. The effective interest rate on Finance Leases was between 25.00% and 28.11% in 2016. Capitalised Lease Liabilities are secured over the items of equipment leased.

There were no new lease contracts entered into in the current year. A total amount R38 795 339 relates to a long term portion of the liability owed to the Department of Water and Sanitation as at 30 June 2017.

Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms were not more than 5 years in 2016. The effective interest rate on Finance Leases was between 25.00% and 28.11% in 2016.

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment

Included in these classes are the following significant leases:

(i) Facsimiles, Photocopiers, Printers and Scanners	R-	R 22 340
- Instalments are payable quarterly in advance		
- Average period outstanding	-	5 Months
- Average effective interest rate	-%	27.80%
- Average monthly instalment	R-	R 401.71

Breach of Loan Agreement

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
20. Long-Term Liabilities				
Department of Water Affairs (DWA)				
Total outstanding amount	88,795,339	-	88,795,339	-
Current Portion - (Included in Trade creditors)	(50,000,000)	-	(50,000,000)	-
	38,795,339	-	38,795,339	-

Summary of Arrangements

The long term portion of the liability emanates from an over due account of bulk water supplied by the Department of Water Affairs to OR Tambo District Municipality. The municipality and DWA reached an interest free agreement for the settlement of the outstanding debt over a period of 24 months. The current portion of R50 000 000 is included in current liabilities under Trade creditors.

21. Employee benefit liabilities

The amounts recognised in the statement of financial position are as follows:

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	(50,718,861)	(38,767,365)	(50,718,861)	(38,767,365)
Present value of the defined benefit obligation-partly or wholly funded	(13,323,191)	(16,069,939)	(13,323,191)	(16,069,939)
	(64,042,052)	(54,837,304)	(64,042,052)	(54,837,304)
Post-retirement health care benefits liability				
Opening balance	38,767,365	34,024,505	38,767,365	34,024,505
Contributions by plan participants	12,126,496	4,806,366	12,064,000	4,806,366
Transfer to Current Provisions	(175,000)	(62,496)	(175,000)	(62,496)
	50,718,861	38,767,365	50,656,365	38,767,365

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by PriceWaterhouseCoppers, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
21. Employee benefit liabilities (continued)				
In-service Members (Employees)	466	440	466	440
In-service Non-members (Employees)	529	349	529	349
Continuation Members (Retirees, widowers and orphans)	5	3	5	3
	<u>1,000</u>	<u>792</u>	<u>1,000</u>	<u>792</u>

The liability in respect of past service has been estimated as follows:

In-service Members (Employees)	39,288,000	30,059,762	39,288,000	30,059,762
In-service Non-members (Employees)	9,647,000	8,049,572	9,647,000	8,049,572
Continuation Members (Retirees, widowers and orphans)	1,959,000	720,527	1,959,000	720,527
	<u>50,894,000</u>	<u>38,829,861</u>	<u>50,894,000</u>	<u>38,829,861</u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

-Bestmed	-Bonitas
-Fedhealth	-GEMS
-Hoosmed	-Keyhealth
-LA Health	-Liberty
-Medshield	-Resolution Health
-Samwumed	

The Current-service Cost for the year ending 30 June 2017 is estimated to be R3 001 000, whereas the cost for the ensuing year is estimated to be R5 568 000 (30 June 2016: R2 833 806 and R3 001 255 respectively).

Net expense recognised in the statement of financial performance

Current service cost	3,001,000	2,833,806	3,001,000	2,833,806
Past service cost	38,829,681	34,090,361	38,829,681	34,090,361
Interest cost	3,791,000	3,265,651	3,791,000	3,265,651
Actuarial (gains) losses	5,399,000	(1,294,101)	5,399,000	(1,294,101)
Settlement	(127,000)	(65,856)	(127,000)	(65,856)
	<u>50,893,681</u>	<u>38,829,861</u>	<u>50,893,681</u>	<u>38,829,861</u>

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.00 %	9.77 %	12.00 %	9.77 %
Medical cost trend rates	11.10 %	8.75 %	11.10 %	8.75 %
Proportion of employees opting for early retirement	- %	0.81 %	0.81 %	0.94 %

Expected Retirement age		2017	2016
Expected Retirement Age - Females		63	65
Expected Retirement Age - Males		63	65

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
21. Employee benefit liabilities (continued)				
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of fund obligations	50,893,681	38,829,861	50,893,681	38,829,861
Unfunded Accrued Liability	50,893,681	38,829,861	50,893,681	38,829,861
Total Benefit Liability	<u>50,893,681</u>	<u>38,829,861</u>	<u>50,893,681</u>	<u>38,829,861</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	3,001,000	2,833,806	3,001,000	2,833,806
Interest cost	3,791,000	3,265,651	3,791,000	3,265,651
Actuarial losses / (gains)	5,399,000	(1,294,101)	5,399,000	(1,294,101)
	<u>12,191,000</u>	<u>4,805,356</u>	<u>12,191,000</u>	<u>4,805,356</u>

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Increase:				
Effect on the aggregate of the current service cost and the interest cost	3,093,000	670,900	3,093,000	670,900
Effect on the defined benefit obligation	11,632,000	3,640,347	11,632,000	3,640,347
Decrease:				
Effect on the aggregate of the current service cost and the interest cost	(2,509,000)	(897,000)	(2,509,000)	(897,000)
Effect on the defined benefit obligation	(9,103,000)	(4,922,188)	(9,103,000)	(4,922,188)

The municipality expects to make a contribution of R5 568 000 (2016: R5 792 295) to the Defined Benefit Plans during the next financial year.



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
21. Employee benefit liabilities (continued)				
Long Service Awards Liability				
Balance at beginning of year	16,069,939	12,509,800	15,652,191	12,509,800
Contributions to provision	(710,748)	5,673,391	(293,000)	3,242,391
Transfer to Current Provisions	(2,036,000)	(2,113,252)	(2,036,000)	(2,113,252)
	13,323,191	16,069,939	13,323,191	13,638,939

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Longservice Bonus Award is payable after 5 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by PriceWaterhouseCoopers, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 802 (2016: 789) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2017 is estimated to be R1 888 000, whereas the cost for the ensuing year is estimated to be R2 520 000 (30 June 2016: R1 891 630 and R1 888 282 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Expected Retirement Age - Females	63	65	63	65
Expected Retirement Age - Males	63	65	63	65

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	18,183,191	14,781,347	18,183,191	14,781,347
Current service costs	1,888,000	1,891,630	1,888,000	1,891,630
Interest cost	1,226,000	1,046,358	1,226,000	1,046,358
Benefits paid	(1,073,000)	(2,271,547)	(1,073,000)	(2,271,547)
Actuarial losses / (gains)	(4,865,000)	2,735,403	(4,865,000)	2,735,403
	15,359,191	18,183,191	15,359,191	18,183,191

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	15,359,191	15,652,191	15,359,191	15,652,191
Unfunded Accrued Liability	15,359,191	15,652,191	15,359,191	15,652,191
Total Benefit Liability	15,359,191	15,652,191	15,359,191	15,652,191

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1,888,000	1,891,630	1,888,000	1,891,630
Interest cost	1,226,000	1,046,358	1,226,000	1,046,358
Actuarial losses / (gains)	(4,865,000)	204,403	(4,865,000)	204,403
	(1,751,000)	3,142,391	(1,751,000)	3,142,391

The history of experienced adjustments is as follows:

Present Value of Defined Benefit Obligation	15,359,191	15,652,191	15,359,191	15,652,191
Experienced adjustments on Plan Liabilities	-	749,235	-	749,235

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	2017	2016	2017	2016
21. Employee benefit liabilities (continued)				
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:				
Increase:				
Effect on the aggregate of the current service cost and the interest cost	1,131,000	188,000	1,131,000	188,000
Effect on the defined benefit obligation	1,210,000	818,626	1,210,000	818,626
Decrease:				
Effect on the aggregate of the current service cost and the interest cost	(999,000)	(171,700)	(999,000)	(171,700)
Effect on the defined benefit obligation	(1,086,000)	(755,637)	(1,086,000)	(755,637)
	-	-	-	-

The municipality expects to make a contribution of R2 520 000 (2016: R3 114 376) to the defined benefit plans during the next financial year.

22. Accumulated surplus

The Accumulated Surplus consists of the following Internal Funds and Reserves:

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	5,313,427,074	4,857,928,447	5,354,731,458	4,887,313,375
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Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

23. Service charges

Sale of water	164,031,226	156,597,037	164,031,226	156,597,037
Sewerage and sanitation charges	42,791,119	40,696,848	42,791,119	40,696,848
Revenue Foregone	-	(1,947,720)	-	(1,947,720)
	206,822,345	195,346,165	206,822,345	195,346,165

The amounts disclosed above for revenue from charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

Additional text

24. Rental of facilities and equipment

Premises				
Venue hire	35,118	24,334	822,311	871,664

Rental revenue earned on Facilities and Equipment is in respect of non-financial rented out.



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
25. Interest Earned				
Interest earned - External Investments				
Bank Accounts	11,442,738	8,080,119	11,492,337	8,092,295
Investments	24,981,891	24,912,520	28,035,502	27,077,754
	36,424,629	32,992,639	39,527,839	35,170,049
Interest earned - Outstanding debtors				
Outstanding Billing Debtors	46,914,379	42,029,128	46,914,379	42,029,128
	83,339,008	75,021,767	86,442,218	77,199,177
26. Other revenue				
Farm Operations	8,014,934	2,672,233	10,877,105	4,891,306
VAT Refund (Own income in terms of MFMA Circular 48)	126,149,217	91,487,459	126,149,217	91,487,459
Tender documents	160,287	798,726	160,287	798,726
Sundry Income	(3,421,896)	876,684	(3,009,690)	1,979,983
	130,902,542	95,835,102	134,176,919	99,157,474
The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 21 to 27, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.				
27. Other gains gains on continued operations				
Gains in fair value of biological assets	2,614,672	1,774,552	2,618,472	1,782,052
28. Income from agency services				
Commission	65,999	87,741	407,060	714,406

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
29. Government grants and subsidies				
Operating grants				
Equitable share	669,303,000	622,201,000	669,303,000	622,201,000
Other Subsidies	391,532	5,558,217	416,964	5,558,217
Government grant (operating) 2	-	-	1,092,428	1,092,428
Government grant (operating) 3	-	-	425,330	425,330
Government grant (operating) 4	-	-	88,452	88,452
Government grant (operating) 5	-	-	743,155	-
	669,694,532	627,759,217	672,069,329	629,365,427
Capital grants				
National: EPWP	3,174,663	6,612,607	3,174,663	6,612,607
National: FMG	1,710,000	1,968,375	1,710,000	1,968,375
National: MIG	448,130,761	543,415,197	448,130,761	543,415,197
National: MSG	-	928,281	-	928,281
National: Municipal Water Infrastructure grant	96,763,259	108,939,587	96,763,259	108,939,587
National: Department of Roads and Transport	-	2,338,066	-	2,338,066
National: Department of Water Affairs	-	8,612,123	-	8,612,123
Other Government Departments	-	3,607,321	-	3,607,321
National: RBIG	301,016,101	-	301,016,101	-
Provincial Grants - Nlings	-	-	-	1,606,210
OR Tambo District Municipality Grants	-	-	-	1,959,245
Other Grants	-	-	-	921
	850,794,784	676,021,557	850,794,784	679,587,934
	1,520,489,316	1,303,780,774	1,522,864,113	1,308,953,361
Equitable Share				
Current-year receipts	669,303,000	622,201,000	669,303,000	622,201,000
In terms of the Constitution, this grant is used to subsidise the provision of basic services to the communities in the district. All water supply customers receive a monthly allocation of free water. This translates into a subsidy of R36.24 (2016: R116,37) per month towards the consumer account, which subsidy is determined annually by council. Furthermore, the municipality carts water to the urban and rural areas in the district as part of service delivery. No funds have been withheld.				
National: EPWP Grant				
Current-year receipts	3,213,000	6,693,000	3,213,000	6,693,000
Conditions met - transferred to revenue: Operating expenses	(3,174,663)	(6,612,607)	(3,174,663)	(6,612,607)
Other	(38,337)	(80,393)	(38,337)	(80,393)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 18)				
Expanded Public Works Programme Grants was allocated to the municipality for the environmental and water infrastructure projects. No funds have been withheld.				
National: FMG Funds				
Current-year receipts	1,710,000	1,575,000	1,710,000	1,575,000
Conditions met - transferred to revenue: Operating expenses	(1,710,000)	(1,568,375)	(1,710,000)	(1,568,375)
Other	-	(6,625)	-	(6,625)
	-	-	-	-



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016

29. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 18).

The Financial Management Grant is paid by the National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

National: MIG Funds

Current-year receipts	519,099,000	617,195,000	519,099,000	617,195,000
Conditions met - transferred to revenue: Operating expenses	(44,949,144)	(141,704,691)	(44,949,144)	(141,704,691)
Conditions met - transferred to revenue: Capital expenses	(403,181,617)	(401,710,507)	(403,181,617)	(401,710,507)
Other adjustments / Refunds	(70,968,239)	(73,779,802)	(70,968,239)	(73,779,802)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 18).

The Municipal Infrastructure Grant (MIG) was allocated for the construction of water and sanitation infrastructure where previously there was no infrastructure in order to provide for water as basic need. No funds have been withheld.

In terms of MFMA circular No 48 all conditional allocations (excluding interest earned thereon) that at year-end are not utilised, must revert back to the National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

A total amount of R90 million was withheld due to under spending

National: MSIG Funds

Current-year receipts	-	940,000	-	940,000
Conditions met - transferred to revenue: Operating expenses	-	(928,281)	-	(928,281)
Other adjustments / Refunds	-	(11,719)	-	(11,719)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 18).

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

Water Services Infrastructure Grant (WSIG)

Current-year receipts	109,739,000	124,303,000	109,739,000	124,303,000
Conditions met - transferred to revenue: Capital expenses	(96,763,259)	(108,939,587)	(96,763,259)	(108,939,587)
Other adjustments / Refunds	(12,975,741)	(15,363,413)	(12,975,741)	(15,363,413)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 18).

This grant was received for the building and maintenance of water and sanitation infrastructure in the district. No funds have been withheld.

National: Department Roads and Transport

Current-year receipts	-	2,693,000	-	2,693,000
Conditions met - transferred to revenue: Operating expenses	-	(2,338,066)	-	(2,338,066)
Other adjustments / Refunds	-	(354,934)	-	(354,934)
	-	-	-	-

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016

29. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 18).

This grant was allocated to assist the municipality to set up a rural roads asset management system. No funds have been withheld.

National: Other government departments

Balance unspent at beginning of year	-	4,110,015	-	4,110,015
Conditions met - transferred to revenue: Operating expenses	-	(3,607,321)	-	(3,607,321)
Other adjustments / Refunds	-	(502,694)	-	(502,694)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 18).

These grants were received to assist the municipality in infrastructure in the rural housing areas. No funds have been withheld.

National: Department Water Affairs (DWA)

Current-year receipts	-	10,000,000	-	10,000,000
Conditions met - transferred to revenue: Operating expenses	-	-	-	-
Conditions met - transferred to revenue: Capital expenses	-	(8,612,123)	-	(8,612,123)
Other adjustments / Refunds	-	(1,387,877)	-	(1,387,877)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 18).

This grant was received for the building and maintenance of libraries in the district. No funds have been withheld.

National: Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	-	-	-	-
Current-year receipts	343,183,000	-	343,183,000	-
Conditions met - transferred to revenue: Operating expenses	-	-	-	-
Conditions met - transferred to revenue: Capital expenses	(301,016,101)	-	(301,016,101)	-
Other adjustments / Refunds	(42,166,899)	-	(42,166,899)	-
	-	-	-	-

Conditions still to be met - remain liabilities (see note 18).

This grant was received for the building and maintenance of water and sanitation infrastructure in the district. No funds have been withheld.

Kei Fresh Product Market: Provincial Grants

Balance unspent at beginning of year	-	-	9,048,662	9,686,602
Current-year receipts	-	-	-	968,270
Conditions met - transferred to Revenue: Operating Expenses	-	-	-	(1,606,210)
	-	-	9,048,662	9,048,662

Conditions still to be met - remain liabilities (see note 18).

Ntinga Development Agency: Provincial Grants

Balance unspent at beginning of year	-	-	43,824	4,183,316
Conditions still to be met - transferred to Liabilities	-	-	-	(4,139,492)



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
29. Government grants and subsidies (continued)	-	-	43,824	43,824
Conditions still to be met - remain liabilities (see note 18).				
Provide explanations of conditions still to be met and other relevant information.				
Ntinga Development Agency: OR Tambo District				
Balance unspent at beginning of year	-	-	300,349	2,259,595
Current-year receipts	-	-	52,605,040	36,185,216
Conditions met - transferred to revenue	-	-	(46,665,607)	(38,144,462)
	-	-	6,239,782	300,349
Conditions still to be met - remain liabilities (see note 18).				
Provide explanations of conditions still to be met and other relevant information.				
Grant 14				
Balance unspent at beginning of year	-	-	108,557	24,050
Current-year receipts	-	-	-	381,107
Conditions met - transferred to revenue	-	-	-	(921)
Conditions still to be met - transferred to Liabilities	-	-	50,176	(295,679)
	-	-	158,733	108,557
Conditions still to be met - remain liabilities (see note 18).				
Provide explanations of conditions still to be met and other relevant information.				
30. Public contributions and donations				
Unconditional contributions	-	236,323	-	236,323
Conditions still to be met - remain liabilities (see note 18)				
Provide explanations of conditions still to be met and other relevant information				

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
31. Employee related costs				
Basic	246,045,432	231,879,981	265,823,219	253,025,937
Bonus	14,716,996	9,652,842	15,839,172	10,749,882
Medical aid - company contributions	11,401,858	10,316,232	11,401,858	10,316,232
UIF	1,865,159	1,694,673	1,965,995	1,717,530
SDL	3,317,664	2,996,851	3,522,643	3,170,013
Other payroll levies	70,455	65,768	70,455	65,768
Leave pay provision charge	11,409,544	9,192,906	11,815,967	9,644,007
Travel, motor car, accommodation, subsistence and other allowances	34,028,331	27,930,019	34,321,704	28,132,746
Overtime payments	16,822,317	11,651,062	16,833,855	11,652,785
Acting allowances	2,372,439	2,975,509	3,534,952	3,083,795
Car allowance	-	-	2,006,583	1,992,656
Housing benefits and allowances	11,409,294	10,136,549	11,409,294	10,136,549
Telephone allowance	864,130	1,226,423	1,476,146	1,817,763
Contributions: Group Life Insurance	7,307,234	6,603,158	7,369,365	6,656,361
Defined Benefit Plan expense	10,440,000	7,947,747	10,440,000	7,947,747
Termination benefits	38,991,605	33,053,383	38,991,605	33,053,383
	411,062,458	367,323,103	436,822,813	393,163,154
REMUNERATION OF SECTION 57 EMPLOYEES:				
Remuneration of municipal manager / Chief Executive Officer				
Annual Remuneration	1,085,044	339,127	2,275,675	1,514,084
Car Allowance	430,311	267,980	543,252	413,432
Bonuses	89,435	-	166,022	-
Contributions to UIF, Salgo, Group life and SDL	58,918	-	217,269	157,951
Leave Benefits	215,205	-	215,205	-
Cellphone Allowance	49,378	-	49,378	-
Other	-	-	44,472	-
	1,928,291	607,107	3,511,273	2,085,467
The Municipal manager was appointed in April 2016.				
Remuneration of Chief Finance Officer				
Annual Remuneration	1,093,088	1,005,739	2,019,822	1,005,739
Car Allowance	488,067	491,229	601,008	491,229
Bonuses	-	-	69,280	-
Contributions to UIF, Salgo, Group life and SDL	61,230	41,140	185,274	41,140
Other	-	-	44,418	-
Cellphone Allowance	37,268	-	37,268	-
	1,679,653	1,538,108	2,957,070	1,538,108
Remuneration of directors: Chief of staff				
Annual Remuneration	1,035,093	1,106,438	1,035,093	1,106,438
Car Allowance	316,469	441,369	316,469	441,369
Bonuses	86,258	-	86,258	-
Contributions to UIF, Salgo, Group life and SDL	53,055	36,057	53,055	36,057
Cellphone Allowance	37,253	-	37,253	-
	1,528,128	1,583,864	1,528,128	1,583,864



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
31. Employee related costs (continued)				
Remuneration of director: Community and Social Affairs				
Annual Remuneration	1,194,431	1,224,815	1,194,431	1,224,815
Car Allowance	246,864	250,711	246,864	250,711
Bonuses	101,496	-	101,496	-
Contributions to UIF, Selsa, Group life and SDL	58,552	39,067	58,552	39,067
Cellphone Allowance	23,531	-	23,531	-
	1,624,874	1,514,593	1,624,874	1,514,593
Remuneration of the director: Human Resources				
Annual Remuneration	1,262,304	275,140	1,262,304	275,140
Car Allowance	7,884	-	7,884	-
Contributions to UIF, Selsa, Group life and SDL	51,203	8,419	51,203	8,419
Cellphone Allowance	6,501	-	6,501	-
	1,327,892	283,559	1,327,892	283,559
The director for Human Resources was appointed in April 2016.				
Remuneration of the director: Human Settlement				
Car Allowance	-	165,654	-	165,654
The position for Director Human Settlement was vacant throughout the current financial year.				
Remuneration of the director: Office of the Executive mayor				
Annual Remuneration	1,043,560	1,171,569	1,043,560	1,171,569
Car Allowance	120,000	217,680	120,000	217,680
Contributions to UIF, Selsa, Group life and SDL	47,363	36,274	47,363	36,274
Cellphone Allowance	37,944	-	37,944	-
	1,248,867	1,425,523	1,248,867	1,425,523
Remuneration of the director: Rural and Economic Development				
Annual Remuneration	1,353,652	1,377,358	1,353,652	1,377,358
Car Allowance	127,809	373,600	127,809	373,600
Bonuses	105,525	-	105,525	-
Contributions to UIF, Selsa, Group life and SDL	59,668	38,984	59,668	38,984
Cellphone Allowance	26,274	-	26,274	-
	1,672,928	1,789,942	1,672,928	1,789,942
Remuneration of the director: Internal Audit				
Annual Remuneration	898,513	997,280	898,513	997,280
Car Allowance	302,736	324,742	302,736	324,742
Contributions to UIF, Selsa, Group life and SDL	47,216	-	47,216	-
Cellphone Allowance	22,455	-	22,455	-
	1,270,920	1,322,022	1,270,920	1,322,022
Remuneration of the director: Speaker's Office / Legislature				

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
31. Employee related costs (continued)				
Annual Remuneration	990,567	633,818	990,567	633,818
Car Allowance	223,293	314,087	223,293	314,087
Bonuses	83,252	-	83,252	-
Contributions to UIF, Selsa, Group life and SDL	48,568	21,476	48,568	21,476
	1,345,680	969,381	1,345,680	969,381
The position for Director: Speaker's Office / Legislature was vacant throughout the current financial year.				
Remuneration of the director: Technical Services				
Annual Remuneration	491,465	1,055,880	491,465	1,055,880
Car Allowance	124,571	280,412	124,571	280,412
Bonuses	74,453	-	74,453	-
Contributions to UIF, Selsa, Group life and SDL	25,667	35,615	25,667	35,615
Leave benefits	90,942	-	90,942	-
Cellphone Allowance	13,769	-	13,769	-
	820,857	1,371,907	820,857	1,371,907
Remuneration of the director: Water Services				
Annual Remuneration	103,670	764,667	103,670	764,667
Car Allowance	-	378,592	-	378,592
Contributions to UIF, Selsa, Group life and SDL	4,339	25,326	4,339	25,326
Cellphone Allowance	2,162	-	2,162	-
	110,171	1,168,585	110,171	1,168,585
The Director: Water Services was appointed in June 2017.				
Remuneration of the Chief of staff: Legislature				
Annual Remuneration	250,396	525,950	250,396	525,950
Car Allowance	-	14,286	-	14,286
Contributions to UIF, Selsa, Group life and SDL	10,215	16,054	10,215	16,054
Other Benefits	-	86,036	-	86,036
	260,611	642,326	260,611	642,326
The Chief of Staff: Legislature was appointed in April 2017.				
Remuneration of the director: Municipal Managers Office				
Annual Remuneration	1,114,941	477,103	1,114,941	477,103
Car Allowance	66,810	-	66,810	-
Contributions to UIF, Selsa, Group life and SDL	45,462	20,577	45,462	20,577
Cellphone Allowance	25,486	12,061	25,486	12,061
Other	-	16,853	-	16,853
	1,252,699	526,594	1,252,699	526,594
The director to the office of the municipal manager was appointed in January 2016.				
Staff Leave Benefits				
Municipal Manager	1,114,941	256,572	1,114,941	256,572



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	2017	2016	2017	2016
31. Employee related costs (continued)				
Chief Financial Officer	66,810	41,573	66,810	41,573
Director: Chief of Staff	45,462	65,705	45,462	65,705
Director: Community and social affairs	25,486	32,064	25,486	32,064
Director: Human Resources	-	124,128	-	124,128
Director: Planning and Development	-	54,794	-	54,794
Director: Water services	215,205	42,754	215,205	42,754
Director: Technical services	90,942	-	90,942	-
	1,558,846	617,590	1,558,846	617,590
32. Remuneration of councillors				
Executive Mayor	952,731	706,456	952,731	706,456
Deputy Executive Mayor	772,989	565,186	772,989	565,186
Mayoral Committee Members	5,397,504	3,680,014	5,397,504	3,680,014
Speaker	810,538	565,236	810,538	565,236
Councillors	8,812,968	6,446,430	8,812,968	6,446,430
Councillors' pension contribution	-	523,081	-	523,081
Company Contributions to UIF and Pension funds	-	103,957	-	103,957
Other Allowances (Cellular phones, housing, Transport, etc)	-	4,291,456	-	4,291,456
Nings Directors	-	-	1,002,891	719,398
	16,746,730	16,881,816	17,749,621	17,601,214
In-kind benefits				
The Councillors occupying the position of Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. Each of these Councillors are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.				
The Chairman and all Board Members are part-time. In order to enable them to carry out their responsibilities efficiently and effectively, they are provided with computer equipment with data bundles.				
The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at less than market related rate. The Executive Mayor has use of a Council owned vehicle for official duties.				
The Mayor has one full-time bodyguard and a full-time driver.				
33. Depreciation and amortisation				
Property, Plant and Equipment	160,752,714	151,585,120	163,416,077	155,093,370
Intangible assets	1,011,643	1,011,642	1,039,831	1,039,945
	161,764,357	152,596,762	164,455,908	156,133,315
34. Debt impairment				
Debt impairment	146,934,160	107,693,467	147,042,014	107,782,248
35. Interest Paid				
Bank	-	-	78,591	135,916
Other interest paid	5,906,270	389,463	5,922,839	442,594
	5,906,270	389,463	6,001,430	578,510

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
36. Bulk purchases				
Water	42,406,949	43,844,958	42,406,949	43,844,958
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Water is purchased from the Department of Water Affairs.				
37. Contracted services				
Professional Services	22,888,455	12,517,690	22,996,304	12,872,792
Security Services	15,752,349	13,177,923	15,752,349	13,177,923
Waste Management	4,331,403	2,009,902	4,331,403	2,009,902
Water Purification	14,490	21,397	14,490	21,397
Other Contracted Services	1,845,014	696,647	2,124,700	954,205
	44,831,711	28,423,559	45,219,246	29,036,219
38. Grants and subsidies paid				
Grants paid to ME's				
Nings Development Agency	54,392,140	36,282,482	2,115,040	36,282,482
Other subsidies				
Community projects	12,541,767	20,484,308	25,455,533	35,529,704
Free Basic Services	52,692,361	12,232,517	52,692,361	12,232,517
Local Municipalities	19,145,938	29,120,287	19,145,938	29,120,287
Social Aid	10,602,623	9,816,274	10,602,623	9,816,274
	94,982,689	71,653,386	107,896,455	86,698,782
	149,374,829	107,935,868	110,011,495	122,981,264
Community Projects are in respect of community cultural programs, low cost housing and catering & transport cost within the municipality's area of jurisdiction.				
Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.				
Local Municipalities are in respect of assistance to municipalities in the district under control of the municipality.				
Municipal Entities are in respect of assistance to entities under control of the municipality to enable the entities to fulfil their mandates.				



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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
39. General expenses				
Advertising	1,110,441	780,251	1,312,157	896,835
Auditors remuneration	8,048,619	7,123,470	10,224,145	9,083,598
Bank charges	456,806	972,490	567,862	1,088,289
Books, Magazines and Publications	47,448	7,585	47,448	7,585
Capex Expenditure Control	224,396	-	224,396	-
Cleaning	506,358	1,367,086	725,056	1,513,991
Communication and Public Participation	10,883,640	8,171,012	10,883,640	8,171,012
Conferences and seminars	11,710,622	10,780,343	11,710,622	10,780,343
Cost of Issues of Inventory	17,580,197	20,167,313	17,580,197	20,167,313
Electricity	37,402,507	36,149,335	37,810,488	36,669,452
Entertainment	2,925,040	1,972,687	2,978,027	2,009,368
Expenditure incurred on Conditional grants	137,295,000	156,248,801	133,657,306	156,248,801
Farm Operations	772,840	1,736,360	772,840	1,736,360
Fuel and oil	8,932,957	8,497,085	9,350,607	8,952,546
Hiring of equipment	35,444,412	25,069,855	35,951,884	25,419,263
IDP Review	3,944,299	4,409,169	4,022,936	4,439,575
Insurance	2,277,517	1,879,392	2,912,620	2,472,128
Legal Fees	10,889,181	5,534,589	11,005,379	6,047,201
Levies: SALGA	4,594,510	3,988,390	4,594,510	3,988,390
Licence Fees	4,400,475	1,580,745	4,586,602	1,746,458
Medical expenses	1,588,108	1,491,653	1,588,523	1,491,653
Motor vehicle expenses	-	-	26,329	19,376
Municipal Services - Assessment rates	1,566,862	925,838	1,566,862	925,838
Operational Cost of Programs	12,751,954	11,283,372	12,751,954	11,283,372
Other General Expenses	1,454,100	1,716,558	5,166,894	2,678,004
Packaging	-	2,101,697	4,188	2,119,768
Postage and courier	161,259	108,982	162,506	111,423
Printing and stationery	1,832,031	1,853	2,049,959	181,955
Protective clothing	1,369,824	1,367,880	1,369,824	1,367,880
Purification Chemicals	4,441,183	1,210,626	4,441,183	1,210,626
Staff Development and Wellness	2,520,568	4,906,838	2,520,568	4,906,838
Subscriptions and membership fees	-	-	132,311	118,051
Telephone and fax	6,731,294	8,655,385	7,118,366	8,987,357
Tourism Strategy	1,404,377	1,529,826	1,404,377	1,529,826
Training costs	5,736,206	5,952,876	6,087,681	6,271,065
Travelling and Subsistence	60,027,701	28,139,242	60,281,666	28,544,657
VIP Protection Unit	4,081,110	1,030,019	4,081,110	1,030,019
Ward Committee Management	(19,180)	236,000	(19,180)	236,000
Waste Water Management	-	573,086	-	573,086
Whip's Office	2,030,654	2,111,766	2,030,654	2,111,766
Workmen's Compensation Fund	3,000,000	-	3,000,000	-
	410,125,316	369,779,455	416,684,497	377,137,168

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense

Material losses

Distribution losses	2017	2016	2017	2016
Water losses	22,816,450	12,257,657	22,816,450	12,257,657

No other extra-ordinary expenses were incurred.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
40. Revenue				
Other Gains on continued operations	2,614,672	1,774,552	2,618,472	1,782,052
Service charges	206,822,345	195,346,165	206,822,345	195,346,165
Rental of facilities and equipment	35,118	24,334	822,311	871,664
Interest earned	83,339,008	75,021,767	86,442,218	77,199,177
Other revenue	130,902,542	95,835,102	134,176,919	99,157,474
Government grants & subsidies	1,523,251,348	1,303,780,772	1,525,626,145	1,349,111,016
Public contributions and donations	-	236,323	-	236,323
Income from agency services	65,599	87,741	407,060	714,406
	1,947,030,632	1,672,106,756	1,956,915,470	1,724,418,277
The amount included in revenue arising from exchanges of goods or services are as follows:				
Other Gains on Continued Operations	2,614,672	1,774,552	2,618,472	1,782,052
Service charges	206,822,345	195,346,165	206,822,345	195,346,165
Rental of facilities and equipment	35,118	24,334	822,311	871,664
Interest earned	83,339,008	75,021,767	86,442,218	77,199,177
Other revenue	130,902,542	95,835,102	134,176,919	99,157,474
	423,713,685	368,001,920	430,882,265	374,356,532
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue	-	-	-	-
Transfer revenue	-	-	-	-
Government grants & subsidies	1,523,251,348	1,303,780,772	1,525,626,145	1,349,111,016
Public contributions and donations	-	236,323	-	236,323
Income from Agency Services	65,599	87,741	407,060	714,406
	1,523,316,947	1,304,104,836	1,526,033,205	1,350,061,745
41. Fair value adjustments				
Biological assets - (Fair value model)	(136,500)	-	(276,050)	(81,105)
42. Auditors' remuneration				
Fees	8,048,619	7,123,470	8,184,790	7,123,470
Adjustment for previous year	-	222,879	-	222,879
Amount paid - Current year	-	(6,565,694)	-	(6,565,694)
Amount paid - Prior year	-	(222,879)	-	(222,879)
	8,048,619	557,776	8,184,790	557,776
43. Financial instruments disclosure				
Categories of financial instruments				
Group - 2017				
Financial assets				
Receivables from Exchange - Sewerage	At fair value	At amortized cost	Total	
Receivables from Exchange - Water	-	7,062,097	7,062,097	
Receivables from Exchange - Other Receivables	-	41,475,924	41,475,924	
	-	6,063,980	6,063,980	



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
43. Financial instruments disclosure (continued)				
Receivables from Non-Exchange - Short-term Loans	-	18,805	18,805	
Receivables from Non-Exchange - Sundry debtors	-	11,927,024	11,927,024	
Cash and cash equivalents - Call deposits	-	186,053,522	186,053,522	
Cash and cash equivalents - Bank Balances	-	105,275,860	105,275,860	
Cash and cash equivalents - Cash Floats and Advances	9,352	-	9,352	
Current Portion of Long-term Receivables - Other Loans	-	1,199,163	1,199,163	
	9,352	359,076,375	359,085,727	

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions - Payments received in advance	4,659,377	4,659,377
Payables from exchange transactions - Trade Creditors	114,164,276	114,164,276
Payables from exchange transactions - Retentions	22,170,154	22,170,154
Payables from exchange transactions - Other Creditors	133,774,661	133,774,661
Payables from exchange transactions - VAT Accrued Account	43,711,162	43,711,162
Payables from Non-exchange transactions - Income Received in Advance	16,353,486	16,353,486
Payables from exchange transactions - Salary Control	2,743,553	2,743,553
	337,576,669	337,576,669

Group - 2016

Financial assets

	At fair value	At amortised cost	Total
Receivables from Exchange transactions - Other Loans	-	1,197,650	1,197,650
Receivables from Exchange transactions - Sewerage	-	8,371,428	8,371,428
Receivables from Exchange transactions - Water	-	35,779,609	35,779,609
Receivables from Exchange transactions - Other Debtors	-	59,039,727	59,039,727
Receivables from Non-Exchange transactions - Short-term loans	-	4,386	4,386
Receivables from Non-Exchange transactions - Sundry Debtors	-	8,815,696	8,815,696
Receivables from Non-exchange transactions	-	375,267	375,267
Receivables from Non-Exchange transactions - Other Control Accounts	-	73,163	73,163
Cash and cash equivalents - Call deposits	-	309,667,533	309,667,533
Cash and cash equivalents - Bank Balances	-	59,760,178	59,760,178
Cash and cash equivalents - Cash Floats and Advances	11,437	-	11,437
	11,437	483,084,637	483,096,074

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions - Payments received in advance	5,063,393	5,063,393
Payables from exchange transactions - Trade Creditors	256,651,781	256,651,781
Payables from exchange transactions - Retentions	21,692,053	21,692,053
Payables from exchange transactions - Other Creditors	3,705,505	3,705,505
Payables from exchange transactions - VAT Accrued Account	51,144,151	51,144,151
Payables from Non-exchange transactions - Income received in advance	1,854,416	1,854,416
Payables from exchange transactions - Salary Control Account	926,341	926,341
Current Portion of long-term Liabilities - Finance Lease Liabilities	20,436	20,436
	341,058,076	341,058,076

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	2017	2016	2017	2016
44. Other Gains and losses				
Gains in Fair Value of Biological Assets	2,614,669	1,774,552	2,614,669	1,774,552
Losses in Fair Value of Biological Assets	(136,500)	-	(136,500)	-
	2,478,169	1,774,552	2,478,169	1,774,552

Gains and Losses in Fair Value of Biological Assets are attributable to continuing operations.

45. Related Party Transactions

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

Interest of Related Parties

No Related Party Interests have been identified/declared for the two financial years under review.

Kei Fresh Produce Agency is wholly controlled by the municipality.

O R Tambo Ntanga Development Agency is wholly controlled by the municipality.

O R Tambo Ntanga Development Agency is utilising free offices provided by the municipality.

Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 12 to the Annual Financial Statements.

Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 30, 31 Statement of Remuneration of Management, to the Annual Financial Statements.

Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

Other Related Party Transactions

Grants paid by the Municipality:

The amounts below include a grant that the municipality pays to Ntanga Development Agency for operations at Adam Kok Farms. Farm Assets belong to the municipality and the entity is only responsible for operations.

Ntanga OR Tambo Development Agency	54,421,940	36,185,216	54,421,940	36,185,216
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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
46. Commitments				
Authorised capital expenditure				
Approved and contracted for:				
• Infrastructure	1,006,154,737	1,002,762,625	551,950,544	591,049,782
Approved but not yet contracted for:				
• Infrastructure	-	-	-	-
Total capital commitments				
This expenditure will be financed from Government Grants	1,006,154,737	1,002,762,625	551,950,544	591,049,782
Total commitments				
Authorised capital expenditure	1,006,154,737	1,002,762,625	551,950,544	1,002,923,378

This committed expenditure relates to Infrastructure and will be financed from Government grants.

47. Contingencies

Municipality:

(i) Claims for Services Rendered:

Claims in lieu of services rendered have been lodged against the municipality. On the basis of legal opinion, the municipality is contesting the claims. The outcome of the cases are still uncertain.

	-	-	13,946,858	49,540,258
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(ii) Failure to honour a Cession Agreement:

Claims have been lodged for failure to honour a cession agreement. The municipality is contesting the claim based on legal advice. The outcome of the case is still uncertain.

	-	-	903,507	3,693,780
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(iii) Claim for Payments to Unauthorised Accounts:

Claims have been lodged for making payments to unauthorised accounts. The municipality is contesting the claims. The outcome of the cases are still uncertain.

	-	-	546,280	300,000
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(iv) Labour Cases:

a) Claims have been for the payment of secondment allowance for an employee seconded from the Ntinga O.R Tambo Development Agency to O.R Tambo DM. The matter is still pending in arbitration.

b) Claims have been for unfair labour practices with respect to the validity of the contract. The matter is now being referred for review in the Labour Court.

	-	-	726,189	-
	-	-	2,800,000	-

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
47. Contingencies (continued)				
c) Claim from an employee who wanted his employment to be converted into a permanent position. The matter is now being referred for review in the Labour Court.	-	-	-	-
d) Claims from former EPWP employees, seeking a court order directing the district municipality to furnish information regarding their employment status and contracts.	-	-	-	-
			3,526,189	-
(vi) Claim for Damages Suffered:				
a) Claims have been lodged for the house burnt down and, due to the unavailability of water on the day. The claimant has issued summons and the municipality attorneys have filed their opposing documents.	-	-	1,850,000	-
b) Claims have been lodged for damage suffered in a motor vehicle accident. The municipality is contesting the claims. The outcome of the cases are still uncertain.	-	-	21,976	-
			1,871,976	-
Ntinga Development Agency				
Delta Property Fund Limited is claiming an amount of R 410,460 from the agency regarding a lease agreement for premises the agency previously used. The new property owner, Molbeng Investment Holdings is demanding a payment of R1,393,578.86 for breach of contract and payment of R 410,469.51 for payment of notice period. The matter is being defended by the Entity. The Entity is demanding its rental deposit of R 183,141.00.	-	-	410,460	410,460
The Entity filed a criminal case against an employee at Ikwazi Dairy Farm. The concerned employee won the internal case. The matter is being investigated by the South African Police Services.	-	-	59,715	59,715
There is a matter brought by the Department of Correctional Services alleging that their pigs that were brought for slaughter at the abattoir were not returned in full. The Entity is awaiting for the formal withdrawal of the matter by the complainant. The Entity is a second defendant on a matter involving a collision between a truck and a cow at Adam Kok Farms.	-	-	5,361	5,361
The Entity is a defendant on a matter involving one of its employees. The matter involved a motor vehicle accident and the affected employee has not accepted responsibility.	-	-	218,254	-
	-	-	34,845	34,845
			728,635	2,151,461
Kei Fresh Produce Market				
Kei Fresh Produce Market	-	-	800,000	750,000
B Munala	-	-	1,500,000	1,500,000
S.G Cemgimbo	-	-	213,937	213,937
K. Joni	-	-	2,513,937	2,463,937

A court case in respect of a claim for unfair labour practices has been instituted against the company by former employees listed above. Three cases had not been finalised as at year end.



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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016

47. Contingencies (continued)

CONTINGENT ASSETS

Ntanga Development Agency

The Entity filed a criminal case against an employee at Ikwazi Dairy Farm. The concerned employee won the internal case. The matter is being investigated by the South African Police Services.

-	-	59,715	59,715
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Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 56, civil proceedings have commenced against the employees concerned to recover an amount of -. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

48. Prior period errors

Property, plant and equipment and accumulated Surplus were restated due to overstatement of impairment in Other assets.

The irregular expenditure for the prior year was restated from R2 089 264 386 to R4 491 132 303 due to understatement of prior year figure.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Increase / (Decrease) Buildings	(561,608)	-	(561,608)	-
Increase / (Decrease) Infrastructure	1,272,184	-	1,272,184	-
Increase / (Decrease) Other Assets	12,593,305	-	12,616,142	-
(Increase) / Decrease Employee Benefits	(2,531,000)	-	(2,531,000)	-
(Increase) / Decrease Payables from Exchange Transactions	(528,480)	-	(528,480)	-
(Increase) / Decrease Accumulated surplus / (Deficit)	(10,244,400)	-	(10,267,237)	-
Increase / (Decrease) Other Assets	4,924,298	-	4,924,298	-
Increase / (Decrease) Infrastructure	(4,924,298)	-	(4,924,298)	-
Increase / (Decrease) Buildings	138,905	-	138,905	-
Increase / (Decrease) Infrastructure	(138,905)	-	(138,905)	-
(Increase) / Decrease in Retentions	75,678,960	-	75,678,960	-
Increase / (Decrease) Infrastructure WIP	(75,678,960)	-	(75,678,960)	-

Statement of Financial Performance

Increase / (Decrease) Repairs and Maintenance	(24,967,752)	-	(24,967,752)	-
Increase / (Decrease) Grants and Subsidies paid	36,236,917	-	36,236,917	-
Increase / (Decrease) General Expenses	(11,269,165)	-	(11,269,165)	-

49. Prior-year adjustments

Presented below are those items contained in the statement of financial position that have been effected by prior-year adjustments:

Statement of financial position

Group - 2017

	Note	As previously reported	Correction of Error	Restated
Property, Plant and Equipment		4,808,493,386	(62,352,243)	4,746,141,144
Post Employment benefits		(52,306,304)	(2,531,000)	(54,837,304)
Payables from Exchange transactions		(462,400,083)	75,150,480	(387,249,603)
Opening Accumulated Surplus or Deficit		(4,874,776,190)	(10,267,237)	(4,885,043,426)
Kei Fresh - Accumulated Surplus or Deficit		963,959	(1,363,512)	(399,553)
		<u>(580,025,232)</u>	<u>(1,363,512)</u>	<u>(581,388,742)</u>

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Figures in Rand	Municipality		Group	
	2017	2016	2017	2016

49. Prior-year adjustments (continued)

Statement of financial performance

Group - 2017

	Note	As previously reported	Correction of Error	Restated
Repairs and Maintenance		99,994,905	(24,967,752)	75,027,153
Grants and Subsidies Paid		45,375,022	36,236,917	81,611,939
General Expenses		387,982,117	(11,269,165)	376,712,952
Surplus for the year		<u>533,352,044</u>	-	<u>533,352,044</u>

50. Comparative figures

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 48).

51. Risk management

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.



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	2017	2016	2017	2016

51. Risk management (continued)

Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes xx to the Annual Financial Statements.

Credit risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

Foreign exchange risk

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	2017	2016	2017	2016

51. Risk management (continued)

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure to its counterparties are monitored regularly.

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for sewerage and water services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;

- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties. They have been included in the Provision for Impairment of Consumer Debtors.



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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016

52. Going concern

(i) On 31 May 2016 the Council adopted the 2016/17 to 2018/19 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

53. Events after the reporting date

The following events which have financial reporting implications took place after the year end:

- Kei Fresh Produce seized to be a separate entity and incorporated under Ninga Development Agency with effect from 01 July 2017. The Net Asset value of Kei Fresh Produce as at 30 June 2017 was R70,521
- Adam Kok farms that were previously under OR Tambo District Municipality were taken over by Ninga Development Agency on 01 July 2017. The carrying value of Adam Kok farm assets was R20,194,646 as at 30 June 2017.

54. Private Public Partnerships

The municipality was not a party to any Private Public Partnerships during the year under review.

55. Unauthorised expenditure

Municipality

Opening balance	2,277,804,145	2,259,504,197	2,277,804,145	2,259,504,197
Unauthorised expenditure current year	1,005,909	18,299,948	1,005,909	18,299,948
Approved by Council or condoned	(2,277,804,145)	-	(2,277,827,443)	-
To be recovered - contingent asset	-	-	-	-
Transfer to receivables for recovery	-	-	-	-
	1,005,909	2,277,804,145	982,611	2,277,804,145

The prior year figure for Unauthorised expenditure was restated to R2 277 804 145 from R2 132 388 410 subsequent to the investigation conducted on unauthorised on the prior year unauthorised expenditure.

56. Fruitless and wasteful expenditure

Opening balance	24,246,870	23,766,222	24,393,681	23,936,331
Fruitless expenditure current year	5,906,270	480,648	5,995,606	480,648
Approved by Council or condoned	(8,544,810)	-	(8,568,108)	(23,298)
To be recovered - contingent asset	-	-	-	-
Transfer to receivables for recovery	-	-	-	-
	21,608,330	24,246,870	21,825,573	24,393,681

Details of fruitless and wasteful expenditure.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016

56. Fruitless and wasteful expenditure (continued)

Kei Fresh - Fruitless and wasteful expenditure of R78,591 (2016: R135,916) relate to penalties and interest incurred on late payments to South African Revenue Services. An amount of R3,093 (2016: R2,151) relate to premiums paid to a medical aid scheme on behalf of L.Mhlanga who had the company. An amount of R7,652 (2016: R8,744) relate to premiums paid to a medical aid scheme on behalf of L. Mhambiso who cancelled the medical aid and joined another medical aid.

Municipality - Fruitless and wasteful expenditure relates to interest paid the Department of Water Affairs before and interest free agreement was reached.

Ninga - No fruitless and wasteful expenditure was incurred during the year.

57. Irregular expenditure

Opening balance	4,491,132,303	3,400,498,729	4,493,379,362	3,400,498,729
Add: Irregular Expenditure - current year	679,850,457	1,090,633,574	682,946,697	1,092,680,633
Approved by Council or condoned	(2,540,798,218)	-	(2,540,798,218)	-
To be recovered - contingent asset	-	-	-	-
Transfer to receivables for recovery	-	-	-	-
	2,630,184,542	4,491,132,303	2,635,527,841	4,493,379,362

Details of irregular expenditure - current year

Municipality	DISCIPLINARY STEPS TAKEN / CRIMINAL PROCEEDINGS
Expenditure contrary to SCM Procedures on inviting of Quotations - R40 763 398 (2016: R157 858 684)	No actions taken - to be submitted to Council for condonement.
Expenditure contrary to SCM Procedures on awarding of Contracts- R639 087 069 (2016: R989 873 917)	No actions taken - to be submitted to Council for condonement.
Ninga	
Expenditure contrary to SCM Procedures on inviting of Quotations - R20 980 (2016: 0)	No actions taken - to be submitted to the board for condonement.
Kei Fresh	
Amount of R8,346 (2016: R25,038) relates to acting allowance paid to employees for more than 6 months.	No actions taken - to be submitted to the board for condonement.
An amount of R2,412,783 (2016: R2,222,021) relate to salaries paid to employees that do not have valid and signed contracts with Kei Fresh Produce Market NPC.	No actions taken - to be submitted to the board for condonement.
An amount of R99,345 (2016: R0) relates to payments made to suppliers who are not registered on the companies database of suppliers.	No actions taken - to be submitted to the board for condonement.
An amount of R45,826 (2016: R0) relates to payments made for leases that has expired.	No actions taken - to be submitted to the board for condonement.
An amount of R300,303 (2016: R0) relates to payments made for leases that do not have valid and signed lease agreements.	No actions taken - to be submitted to the board for condonement.
An amount of R7510 (2016: R0) related to payments made for orders that were not signed by delegated official.	No actions taken - to be submitted to the board for condonement.
An amount of R100,114 (2016: R0) relates to payments made where declaration of interest was not signed by the supplier.	No actions taken - to be submitted to the board for condonement.
An amount of R2,000 (2016: R0) was paid to Ms Cekwayo for directions that were not approved for payment.	No actions taken - to be submitted to the board for condonement.
An amount of R78,153.39 (2016:R0) relating to payment of acting allowance to the acting market master for more than six months.	No actions taken - to be submitted to the board for condonement.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
58. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to organised local government - SALGA				
Opening balance	-	-	-	-
Current year subscription / fee	1,021,295	3,988,390	1,021,295	3,988,390
Amount paid - current year	(1,021,295)	(3,988,390)	(1,021,295)	(3,988,390)
Amount paid - previous years	-	-	-	-
	-	-	-	-
Audit fees				
Opening balance	557,776	222,879	557,776	468,241
Current year subscription / fee	9,173,691	7,123,470	11,307,275	9,072,671
Amount paid - current year	(8,914,363)	(6,565,694)	(11,047,948)	(8,514,895)
Amount paid - previous years	(557,775)	(222,879)	(557,775)	(468,241)
	259,329	557,776	259,329	557,776
The balance unpaid represents the audit fee for an interim audit conducted during May and June 2017 and is payable by 31 July 2017.				
PAYE and UIF				
Opening balance	6,939	6,939	347,967	12,960
Current year subscription / fee	73,557,731	65,357,212	78,094,661	69,925,248
Amount paid - current year	(73,557,731)	(65,357,212)	(78,076,816)	(69,590,242)
Amount paid - previous years	-	-	-	-
	6,939	6,939	365,812	347,966
The balance represents PAYE, SDL and UIF deducted from the June 2017 payroll. These amounts were paid during July 2017.				
Pension and Medical Aid Deductions				
Opening balance	-	-	(6,038)	(6,038)
Current year subscription / fee	67,073,514	53,538,417	69,694,199	55,969,000
Amount paid - current year	(67,073,514)	(53,538,417)	(69,700,140)	(55,969,000)
	-	-	(11,979)	(6,038)
VAT				
VAT receivable	83,382,717	78,435,954	90,959,782	78,435,954

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016
58. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Councillors' arrear consumer accounts				
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:				
30 June 2017		Arrear accounts outstanding for more than 90 days	Total	
Burzane M	-	15,405	15,405	
Mendla KD	-	10,712	10,712	
Mgugudo NO	-	75,784	75,784	
Sookwa M	-	10,421	10,421	
Ndzwayibe WN & NA	-	9,595	9,595	
Meqebuka ZW	-	1,572	1,572	
Mabongo L.	-	18,307	18,307	
Mzibe L.	-	9,974	9,974	
Mbengele N.	-	9,883	9,883	
Mzimane N.	-	13,494	13,494	
Gwediso V.O.	-	3,756	3,756	
Zimela M.	-	20,752	20,752	
Melomane S	-	21,001	21,001	
Kweza N	-	24,748	24,748	
Mamve N	-	9,276	9,276	
Tshobho BL	-	38,318	38,318	
Mbengele SS	-	8,578	8,578	
Mdwanzi PN	-	1,318	1,318	
Gqwetha AB	-	56,675	56,675	
	-	359,570	359,570	
30 June 2016		Arrear accounts outstanding for more than 90 days	Total	
Burzane M	-	8,419	8,419	
Mendla KD	-	15,581	15,581	
Mgugudo NO	-	63,663	63,663	
Mzibe L.	-	14,570	14,570	
Ndiele M	-	38,808	38,808	
Ndzwayibe WN & NA	-	15,581	15,581	
	-	156,622	156,622	

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Municipality		Group	
	2017	2016	2017	2016

59. Deviation from supply chain management regulations

Paragraph 12(1) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of written/verbal quotations, formal written quotations and a competitive bidding process, depending on the specified threshold values.

Paragraph 36 of the above mentioned gazette also provides that the accounting officer may dispense with the official procurement process in certain circumstances provided that he/she records the reasons for any deviations, reports them to the next meeting of the Council and include as a note to the financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12 (1) as stated above. The reasons for the deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviations from the normal supply chain management regulation. These deviations have also been reported to Council.

The reasons for the deviations were mainly due to emergency cases, sole/single suppliers and impracticality in following the official procurement processes.

Incident	2017	2016	2017	2016
Emergency in terms of SCM Policy	30,797,736	-	30,797,736	-
Impractical to obtain quotations	1,923,065	-	1,930,369	-
Sole provider of goods and services in area	6,188,121	-	8,438,632	-
	38,908,912	-	41,166,727	-

60. Bulk water losses in terms of section 125 of the MFMA

	Lost Units	Tariff	Value
30 June 2017 - Unaccounted Water Losses	13,421,441	1.7	22,816,450
30 June 2016 - Unaccounted Water Losses	8,461,143	1.4487	12,257,657
			-

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

Volumes in Kl / year:	2017	2016	2017	2016
Water Inventory Opening Balance	62,189	170,191	62,189	170,191
System Input Volume	24,793,833	19,799,498	24,793,833	19,799,498
Billed Consumption	(11,196,047)	(11,446,357)	(11,196,047)	(11,446,357)
Free Basic Water Provided	(115,500)	-	(115,500)	-
Water Inventory Closing Balance	(163,034)	(62,189)	(163,034)	(62,189)
Distribution Loss	(13,421,441)	(8,461,143)	(13,421,441)	(8,461,143)
	-	-	-	-

Percentage Distribution Loss 54.13% 42.73%

OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2017

	Municipality			Group	
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1. Group Cashflow Workings

	Municipality	Ntinga	Kei Fresh	Inter-Co. Transactions	Group
Receipts					
Service Charges	131,019,302	1,127,787	1,045,419	(3,643,694)	129,548,814
Government Grants and Subsidies	1,523,251,348	47,248,480	5,939,781	(65,121,862)	1,511,317,747
Interest income	54,218,835	3,053,611	49,599	-	57,322,045
Other receipts	125,201,149	-	-	(568,579)	124,632,570
Payments					
Employee related costs	(401,822,458)	(22,648,161)	(4,142,821)	-	(428,613,440)
Suppliers Paid	(183,084,321)	(14,547,282)	(3,028,137)	10,028,746	(190,630,994)
Interest Paid	(5,906,270)	(16,569)	(78,591)	-	(6,001,430)
Other payments	(543,123,313)	(5,939,781)	-	59,305,389	(489,757,705)
Remuneration of Councilors	(16,746,729)	-	-	-	(16,746,729)
Net cash flows from operating activities	683,007,543	8,278,065	(214,750)	-	691,070,878

Cash flows from investing activities

Purchase of property, plant and equipment	(807,495,934)	(1,729,822)	(46,119)	-	(809,271,875)
Purchase of biological assets	-	(318,000)	-	-	(318,000)
Proceeds from sale of assets (PPE)	-	539,088	-	-	539,088
Proceeds from sale of biological assets	1,907,802	49,900	-	-	1,957,702
Purchase of Intangible assets	-	(805,184)	-	-	(805,184)
Decrease / (increase) in Long-term receivables	(1,513)	-	-	-	(1,513)
	(805,589,645)	(2,264,018)	(46,119)	-	(807,899,782)

Cash flows from financing activities

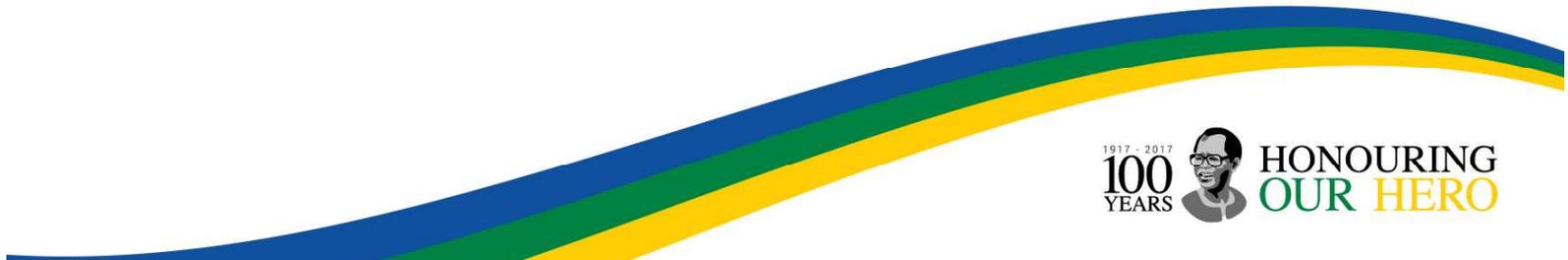
Repayment of borrowings	(20,436)	-	-	-	(20,436)
(Decrease) / Increase in Long-term receivables	38,795,339	-	-	-	38,795,339
	38,774,903	-	-	-	38,774,903

Net increase/(decrease) in cash and cash equivalents (83,807,199) 6,014,066 (260,869) - (78,054,002)

Net increase/(decrease) in cash and cash equivalents 337,629,699 30,240,288 1,522,750 - 369,392,737

Cash and cash equivalents at the end of the year 253,822,500 36,254,354 1,261,881 - 291,338,735





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