

REVISED KZN IDP ASSESSMENT CRITERIA

KZN DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

DATE: 24 FEBRUARY 2015

Ulundi Municipality

PRINCIPLES OF A CREDIBLE IDP:

- Compliance with legislative requirements (MSA).
- Strategic logical. Systematic approach. Professional quality.
- Technical and institutional feasibility of proposed interventions. Implementable plan.
- Harmonisation of plans across all spheres of government. Sectoral alignment in the context of provincial and national priorities.

No	Assessment Criteria	Y/N	Comments	How to Improve
A.	EXECUTIVE SUMMARY			
A.1	Does the Executive Summary provide an adequate summary of who the Municipality is; what the Key Challenges are that it is facing; it's long term Vision; its Goals and Objectives; and it is expected Key Performance Areas and how these will be measured?	Y		
B.	PLANNING AND DEVELOPMENT PRINCIPLES & GOVERNMENT POLICIES AND IMPERATIVES			
B.1	Does the IDP reflect applicable and relevant Government Policies and Imperatives, such as the Millennium Development Goals (MDGs are just referred to here, but targets need to be reflected as part of implementation section, continue with reporting on MDG implementation until all targets have been reached), the 14 National Outcomes, 2014-2019 MTSF, NDP, PGDS, PGDP, DGDPs the 7 KZN Priorities, the State of the Nation Address, the State of the Province Address and Back to Basics policy?	Y		
B.2	If yes, does the IDP contain an indication of how these are addressed and applied in the Municipal Area?	Y		
C.	SITUATIONAL ANALYSIS			
C.1	Demographic Characteristics (Data collected and implications must be integrated and translated into responsive programmes. Latest stats must be used and properly			

	referenced)			
C.1.1	Are all Demographic Characteristics, per the Revised IDP Format Guidelines (COGTA, Feb 2013) covered in the Situational Analysis?	Y		
C.1.2	Are the Municipality's Demographic characteristics, including spatial distribution of population, graphically presented through graphs and maps?	Y		
C.1.3	Are official data sources used in the situational analysis? Are they the most up-to-date (Census 2011)?	Y		
C.1.4	Are Key Findings presented at the end of this section?	Y		
C.2	Cross cutting issues (including Spatial, Environmental and Disaster Management)			
C.2.1	Does the Situational Analysis cover all required Spatial, Environmental, Agricultural and Disaster Management aspects as per the recommended Table of Contents for the Situational Analysis, as presented as an example in the Revised IDP Format Guidelines (COGTA, Feb 2013)?	Y		
C.2.2	Is there a summarized analysis of the natural environment (suitable land for agriculture, biodiversity, hydrology, air quality, coastal issues and climate change) in the IDP?	Y		
C.2.3	Are existing human settlements, nodes and towns indicated via maps in the IDP?	Y		
C.2.4	Are settlement corridors indicated via maps in the IDP?	Y		
C.2.5	Is there a Spatial & Environmental SWOT Analysis?	Y		
C.2.6	Is there a Disaster Management SWOT Analysis?	Y		
C.3	KPA: Municipal Transformation & Institutional Development			
C.3.1	Is there a Human Resources Strategy or Plan, that is adopted and implemented, that aligns to the long-term development plans of the municipality as reflected in the IDP?	Y		
C.3.2	Does the municipality have dedicated human resources for environmental management?	Y		
C.3.3	Does the IDP contain a council approved organisational structure / organogram that aligns to the long-term development plans of the municipality as reflected in the IDP, as well as the Powers & Functions of the Municipality? If yes, is the vacancy rate indicated?	Y		
C.3.4	Are all critical posts filled (MM & Section 56 posts ¹) and what is the progress with appointments where critical posts are vacant?	Y		

¹ Critical posts are identified in Outcome 9

C.3.5	Does the municipality have the following: • A council adopted employment equity plan; and • A council adopted workplace skill plan that responds to the capacity challenges of the municipality		Y		
C.3.6	If yes to C.3.5, is the Municipality implementing these plans? ²		Y		
C.3.7	Is an ICT Policy Framework in place and what is the status of the progress of its implementation?		Y	It is being implemented	
C.3.8	What action plan has been put in place to address the AG concerns? (Audit response must be attached)		Y	Responses to the A G Report are in place pg 435 of the IDP	
C.3.9	Does this section conclude with a Municipal Transformation & Organisational Development SWOT Analysis?		Y		
C.4	KPA: Basic Service Delivery				
C.4.1	Water & Sanitation	C.4.1.1	Is the municipality the Water Service Authority (WSA)?		District Function
		C.4.1.2	If Yes to C.4.1.1, when was the WSDP last reviewed?		District Function
		C.4.1.3	If Yes to C.4.1.1, is an Operations and Maintenance Plan for water & sanitation in place?		District Function
		C.4.1.4	Does the IDP include a summary (with supporting maps) of the status, backlogs, needs and priorities ³ for water and sanitation services?	Y	
		C.4.1.5	Did the municipality co-ordinate its development activities with the relevant sector departments and service providers?	Y	
C.4.2	Solid Waste Management	C.4.2.1	Does the IDP include a summary (with supporting maps) of the status, backlogs, needs and priorities for solid waste collection, removal and disposal?	Y	
		C.4.2.2	Is there an IWMP in place and	Y	

² This need to be reflected in detail in the Situational Analysis

³ Needs and priorities should include those areas that require rehabilitation, upgrades and augmentation

			is it being implemented?			
		C.4.2.3	Is the status of land fill sites indicated?	Y		
		C.4.2.4	Does the municipality have a system to divert waste from landfills for recycling?	Y	Outsourced	
C.4.3	Transportation Infrastructure	C.4.3.1	Are existing and future transport infrastructure, including status of repairs, such as roads, railways, airfields/airports indicated on legible maps? (Including municipal, provincial and national road maps?)	Y		
		C.4.3.2	Is the institutional responsibility for transport infrastructure as mentioned in C.4.3.1 categorised as national, provincial and local on maps?	Y		
		C.4.3.3	Is there a plan in place for the provision of new roads and facilities, as well as an Operational and Maintenance Plan for existing and new roads and public transport facilities?	N	Except Annexures 4 and 5 of the IDP	
		C.4.3.4	Does the IDP Situational Analysis reflect via maps critical road, rail and public transport needs and linkages, as well as the status of these (i.e. are they existing but need upgrading, are they non-existent and need to be developed?)	Y		
C.4.4	Energy	C.4.4.1	Is the municipality the Electricity / Energy provider?	Y	Where it is licensed	
		C.4.4.2	If yes to C.4.4.1, has an Energy Sector Plan be adopted and is it being implemented?	N		
		C.4.4.3	If yes to C.4.4.1, is an	N		

			Operations and Maintenance Plan for electricity / energy in place?			
		C.4.4.4	Does the IDP include a summary (with supporting maps) of the status, backlogs, needs and priorities for electricity / energy services?	Y		
		C.4.4.5	Did the municipality coordinate its development activities with the relevant sector departments and service providers?	Y		
C.4.5	Access to Community Facilities	C.4.5.1	Does the IDP include a summary (with supporting maps) of the status, backlogs, needs and priorities for community facilities?	Y		
		C.4.5.2	Did the municipality coordinate its development activities with the relevant sector departments and service providers?	Y		
C.4.6	Human Settlements	C.4.6.1	Exist and planned housing developments ⁴ indicated in the IDP?	Y		
		C.4.6.2	Is there an indication of the level of services and backlogs (water, sanitation, energy, solid waste management, roads and storm water, community facilities) that are available, as well as what are needed at the existing settlements, nodes, towns and corridors?	Y		
		C.4.6.3	Is there a mechanism for co-ordination of the housing	Y		

⁴ The existing and planned housing developments should show both public and private sector as both need to be planned and have an impact on planning

⁵ Information is obtainable directly from the TELKOM website

			developments with the service providers / authorities that supply the services?			
		C.4.6.4	Have the service providers / authorities committed the funding for the services for the housing developments?	Y		
C.4.7	Telecommunications ⁶	C.4.7.1	Does the IDP include a summary (with supporting maps) of the status, backlogs, needs, priorities and challenges for telecommunications, including broadband?	Y		
C.4.8	What action plan has been put in place to address the AG concerns? (Audit response must be attached)			Y	The Action Plan containing the responses to the A G Report is in place and implemented Attached as annexure 1 hereunder	
C.4.9	Does this section conclude with a Service Delivery & Infrastructure SWOT Analysis?			Y		
C.5	KPA: Local Economic Development (LED) and Social Development Analysis					
5.1 LED	<p>Note: The Local Economic and Social Development Analysis DGDP catalytic projects need to be reflected in IDP in chart format, tables etc. See the accompanying template that aims to reflect the alignment linkages.</p> <p>LED is defined as an on-going process by which stakeholders and institutions from all spheres of society, the public and private sector as well as the civil society, work jointly to create a UNIQUE advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms (Trah, et al 2007).</p> <p><i>“Good practice indicates that local economic development should always be guided by a strategy. Ideally, an LED strategy will form a component of a broader strategic development plan that includes social and environmental components. The LED strategy provides a focus on strengthening the local economy and building local capacity. The timeframe for an LED strategy is typically three to eight years and includes annual implementation plans”. (www.undp.org)</i></p>					
C.5.1.1	When was this LED Strategy or Plan developed and adopted				14/15	
	Was LED Strategy/ Plan Prepared in-house or outsourced				Outsourced	
	Does the Strategy display the evidence for stakeholder's participation			Y		
	Does the KPA respond comprehensively to the PGDP and DGDP priorities?			Y		

	Are the goals, objectives, strategies and projects of the Strategy responsive to the issues identified in the analysis?	Y		
	Is the Municipal LED capacity sufficient to deliver on the DGDP objectives and intervention areas	Y	Human Resource is sufficient but there are financial constraints	
	Are the economic drivers in the Region or locality clearly indicated with their current performances? (i.e. sugar cane/industry drives the local economy but there has been a decline recently which had adverse effects on local labour force)	Y	In terms of Agriculture the severe drought has a negative impact	
C.5.1.2	Are the proposed LED interventions feasible?	Y		
C.5.1.3	Are the Interventions and Programmes/ Projects Georeferenced, Are the beneficiaries well identified?			
C.5.1.4	Is SWOT analysis used as the Analysis tool to assess the local economy? (if not, indicate another analytical tool used)	Y		
	Are the key natural assets/resources identified and analyzed?	Y		
	Is there a social cohesion/stability in this locality?	Y		
	Are the opportunities clearly specified that respond to key economic drivers identified?	Y		
	Is it clear how the locality addresses threats or constraints facing the local firms/industries and businesses?	Y		
	Are key economic partners identified? Strong/weak network identified and analyzed?	Y		
	Is there a stakeholder analysis depicting potential networks, partnerships, resources that could be developed?	Y		
C.5.1.5	Are the strategic programmes responsive to the unique conditions of the locality?	Y		
	Is there a specific programme seeking to transform local tourism players?	Y		
	Is there a specific programme targeting emerging farmers? (unleashing agric potential/productive use of land?)	Y		
	Is there a specific programme targeting to improve competitiveness of SMMEs/Cooperatives in the key sector in the locality?	Y		
	Is there a specific programme targeting informal economy?	Y		
	Is there a specific economic programme targeting Vulnerable groups (women, youth and the disabled)?	Y		
C.5.1.6	Are the sectors that will generate jobs specified?	Y		
	Are there any catalytic projects identified?	Y		
	Are the number of permanent and temporary jobs per	N		

	sector indicated?				
	Are there any temporary jobs indicated?		Y	EPWP	
	Is there a plan/mechanism in place to ensure that these jobs (decent) are sustainable?		N		
C.5.1.7	Has the municipality reflected green job creation initiatives?		Y		
C.5.1.8	Role of the municipality:Policy/regulatory enviroment				
	Is there an adopted Informal Economy Policy?		Y		
	Is there an investment/retention policy? (incentive)		Y		
	Is there a public database for municipal land?		Y		
	Is there a database for all active/registered SMMEs and Cooperatives?		Y		
	Is there policy regulating (permits, zoning) for street vendors?		Y		
	Is there a plan in place to mobilise private sector resources?		Y		
	Is there a budget for Research and Development?		N		
C.5.1.9	Capacity of the municipality				
	Is there an LED unit?		Y		
	Are there any capacity constraints or challenges identified?		Y	Financial constraints	
	Are there appropriate institutional arrangements in place? (MOUs, co-funding agreements, partnership with research institutions)		Y		
	Are there any capacity needs identified?		Y		
	Is the LED plan budgeted for		Y		
	Is the M&E plan in place to track progress and effectiveness?		N		
	What action plan has been put in place to address the AG concerns? (Audit response must be attached)			Municipal Action Plan attached as Annexure 1	
C.5.1.10	In the past financial year has your municipality been able to leverage private sector funding / resources to implement LED projects or catalytic projects? (Donor funding included)		Y		
C.5.2	Social Development	C.5.2.1	Are the 3 priorities per ward reflected in the Situational Analysis?	Y	
		C.5.2.2	Is there an analysis of the Health and Education sectors in the Situational Analysis?	Y	
		C.5.2.3	Are safety & security, as well as nation building & Social	Y	

		Cohesion, analysed in the Situational Analysis?			
	C.5.2.4	Is there a Municipal Safety Plan in place?	Y		
	C.5.2.5	Does the Situational Analysis reflect an analysis of community development, with a particular focus on vulnerable groups?	Y		
	C.5.2.6	Is there Social Development SWOT Analysis?	Y		
C.6	KPA: Financial Viability & Management				
C.6.1	Is the capability of the municipality to execute capital projects indicated? i.e. what percentage of the capital budget has been spent in the last three years?		Y	100% on all projects implemented	
C.6.2	Does the municipality have an adopted and implemented Indigent Policy?		Y		
	Is there an annual review of the Indigent Register?		Y		
	Does the Financial Plan and Budget make provision for the cost of providing Free Basic Services to registered Indigents?		Y		
	Is the cost of free basic services (indigents) to the municipality in the last three years indicated?		Y	2013/14 R 831 705, 2014/15 R 1 041 237, 2015/16 R 1 163 882	
	Are the indigent levels growing year on year?		Y		
C.6.3	Are revenue enhancement and protection strategies ⁵ indicated?		Y		
	Indicate how the enhancement and protection strategies have benefitted the municipality?			The Municipality has honored all its financial commitments for the past years and has never adjusted retrogressively	
C.6.4	What has been the municipal's consumer debt position for the last three years? This should be shown by customer group and age analysis.			2013/2014=R 100 627 469, 2014/2015=R 102 412 240, 2015/2016=R 115 939 154	
	If debtors are increasing, what is the contributing factor for this?			High Unemployment rate, Child Headed Household, increase in indigence, Some Government Depts are reluctant to pay, lengthy legal process for accounts handed to lawyers etc	
	What strategies are in place to reduce consumer debt?			Implementation of the Debt/ Credit	

⁵ Note that the reduction in unaccounted water and power are examples of a revenue enhancement and protection strategy

			collection Police, Enforcement of consumer Debt Acknowledgement, handing over of accounts to lawyers	
C.6.5	Is there an indication of the percentage of the municipal revenue that is funded through grants and subsidies? (Grant dependency)	Y	49% Grant to 51% own revenue	
	Has the grant dependency percentage been indicated?	Y		
C.6.6	Is there evidence of a coherent plan to preserve the useful life of municipal infrastructure assets, including the acquisition of new service delivery assets?	Y	The asset management policy is in place and is enforced	
	What percentage of repairs and maintenance has been budgeted for against the total non-current assets (PPE & Investment Property where the norm is 8%)?		R30 908 000(6.88 %)	
C.6.7	Is there an indication of the status of current borrowings and planned borrowings (bear in mind that the budgets and IDP are multi-year). What is the purpose of borrowings?	Y	There is no borrowing, however there Eskom is owed by the Municipality and there is a wheeling agreement between the two institutions	
	What is the ratio for borrowing for two consecutive financial years? If the ratio is below the acceptable norm of 1:5 to 2:5, is corrective measures provided to improve the financial position of the municipality and prevent financial instability?	N/A	Not applicable	
C.6.8	Is there an indication of the percentage of Employee Related Costs (including councillor allowances) to total expenditure and is this compared to acceptable benchmarks?	Y		
	Does ERC exceed the benchmark of between 25 to 40%	N	The Municipality stands at 25%	
	Is the impact on the filling of the critical vacant posts indicated?	Y		
	How much was spent on contracted services, namely professional services, accounting services, etc. against total operating expenditure? Is this indicated in the IDP?		R 678 621	
	Is the level of skills transfers from service providers to staff comprehensively described?	Y		
C.6.9	What has been the Auditor-General's opinion in the most recent annual financial statements and what has been his opinion in the last three years?		Unqualified Audit Report	
	What action plan has been put in place to address the AG concerns? (Audit response must be attached)		The Action Plan *****???	
C.6.10	Is there a Municipal Financial Viability & Management SWOT Analysis?	Y		

C.6.11	Does the KPA respond comprehensively to government policies and priorities (e.g. NDP, PGDS goals, etc.)	Y		
	Are the goals, objectives, strategies and projects responsive to the issues identified in the analysis?	Y		
	Are the proposed interventions feasible?	Y		
C.7	KPA: Good Governance			
C.7.1	Is there an indication of the status and progress with the roll-out of national and provincial programmes (incl. Operation Sukuma Sakhe, Batho Pele, EPWP, etc.) within the Situational Analysis?	Y		
C.7.2	Is the status (functionality) of IGR and its structures analysed in the Situational Analysis?	Y		
C.7.3	Is there an indication of the status of the functionality of ward committees?	Y		
C.7.4	Is the participation of Amakhosi in Council meetings in line with Section 81 of Municipal Structures Act?	Y		
C.7.5	Is there an indication of the status of the structures that have been established and their functionality as presented in the IDP Process Plan?	Y		
C.7.6	Is there a council adopted Communication plan or strategy in place for public participation?	Y		
C.7.7	Is the Internal Audit Committee in place and functional?	Y		
C.7.8	Is the Audit/Performance Committee in place that is separate from the Internal Audit Committee?	Y		
C.7.9	Is a comprehensive list of Council adopted Municipal Policies provided (e.g. finance, HR)?	Y		
C.7.10	Are the municipal Bid Committees in place and functional, and is membership indicated, and are members indicated?	Y		
C.7.11	Is the Municipal Public Accounts Committee (MPAC) established and functional?	Y		
C.7.12	Are all portfolio committees properly constituted (including proportionally) representative and functional?	Y		
C.7.13	Is the Risk management Committee established, functional and members indicated?	Y		
C.7.14	Has the Council adopted and promulgated all bylaws in terms of Schedule 4B and 5B of the Constitution?	Y		
C.7.15	What action plan has been put in place to address the AG concerns? (Audit response must be attached)	Y	There are audit responses in the Action Plan	
C.7.16	Is there a Good Governance & Public Participation SWOT Analysis?	Y		
C.8	Combined SWOT Analysis			

C.8.1	Does the Situational Analysis reflect a combined SWOT Analyses or related type of strategic analysis?	Y		
C.9	Key Challenges			
C.9.1	Does the Situational Analysis conclude with the identification of Key Challenges ⁶ ?	Y		
C.9.2	Is there a clear explanation of each Key Challenge?	Y		
C.9.3	Have the Key Challenges been derived from the status quo and the combined SWOT Analysis?	Y		
D.	Municipal Vision, Goals and Objectives			
D.1	Is a long term vision for Municipal growth and development set out in the IDP? Is it informed by the SWOT Analysis, the Key Challenges? Is it descriptive?	Y		
D.2	Are Goals, Objectives and Strategies set out in the IDP?	Y		
D.3	Does the municipality clearly articulate the difference between Goals, Objectives and Strategies?	Y		
D.4	Do the Goals and Objectives address the Key Challenges?	Y		
D.5	Are the Goals and Objectives aligned with KZN PGDS?	Y		
D.6	Are the Goals and Objectives unpacked as per the 6 KZN KPAs (as contained in the revised IDP Format Guidelines (COGTA. Feb 2013)?	Y		
E.1	Strategic Mapping			
	Note: Consideration should be given to the MSA and SPLUMA SDF requirements during the drafting of the SDF			
E.1.1	Does the IDP contain mapping that reflects environmental sensitive areas, agricultural potential areas and disaster risk profile maps?	Y		
E.1.2	Does the IDP contain mapping that reflects the Municipality's desired spatial outcomes?	Y		
E.1.3	If yes to E.1.2, are the mapping aligned with the Key Challenges, the long term Vision and the Goals and Objectives?	Y		
E.1.4	Does the mapping reflect the desired spatial form and land use?	Y		
E.1.5	Does the mapping reflect the spatial reconstruction of the Municipality?	Y		
E.1.6	Does the mapping provide strategic guidance in respect of the location and nature of both public and private	Y		

⁶ Those strengths that we could built on; those weaknesses we need to address, the opportunities we should unlock and the threats that we need to take cognizance of in our planning and development

	development within the municipality?			
E.1.7	Does the mapping reflect spatial alignment with neighbouring municipalities?	Y		
E.1.8	Does the mapping indicate where public and private land development and infrastructure investment should take place?	Y		
E.1.9	Does the mapping reflect areas where strategic intervention is required?	Y		
E.1.10	Does the mapping indicate areas where priority spending is required?	Y		
E.2	Implementation Plan			
E.2.1	Is the Implementation Plan in the format as set out in the revised IDP Format Guidelines (COGTA. Feb 2013)? i.e. in tabular form containing the following: <ul style="list-style-type: none"> • Key Challenge • Objective • Intervention • Performance Indicator • Baseline • 5 Year Targets • Target if outside 5 year period • Confirmed Budget • Funding Source • Responsibility 	Y		
F.	Financial Plan			
F.1	Does the municipality have a Financial Plan in place?	Y		
F.2	Does the Financial Plan provide an overview of the 3-year Municipal Budget, as well as an Analysis and Explanation thereof?	Y		
F.3	How much has been allocated for Operations and Maintenance Costs of municipal fixed assets?		R 30 908 000	
F.4	Does the Financial Plan reflect sound financial strategies? (Revenue enhancement strategies and Expenditure management plan)	Y	There is a Cash Flow Management Committee	
F.5	Does the Financial Plan contain projects with committed funding, which are not on the Municipal Budget, from other service providers? (MTEF allocations inclusive of Sector Departments allocations/projects)	Y		
G.	Annual Operational Plan (SDBIP)			
G.1	Does the IDP reflect the draft SDBIP or a summary thereof?	Y		
G.2	Is the draft SDBIP fully aligned with the Goals and	Y		

	associated Objectives, and the Municipal Budget?			
H.	Organisational & Individual Performance Management System			
H.1	Is there an explanation of how the OPMS is applied in the Municipality?			
H.2	Does the IDP contain the following: <ul style="list-style-type: none"> • Organisational Key Performance Indicators linked to departmental indicators • Departmental Indicators linked to outputs in the Performance Agreements • Outputs in the Performance Agreements linked to activities in the Operational Plans and Indicators 	Y		
H.3	Is the OPMS (Departmental and Individual Indicators) seamlessly aligned with the Goals, the associated Objectives and the Municipal Budget?	Y		
I.	Annexures			
I.1	Is there a table setting out the status of Municipal Sector Plans and policies (including adoption date, review date, progress made, not yet developed, mandate for formulating sector plan.)	Y		
I.3	Are the comprehensive SDF and Disaster Management Plan attached as Annexures to the IDP?	Y		
J.	Format of the IDP: <ul style="list-style-type: none"> • Content page with page numbers • Page numbers on individual pages • Font size • Legible maps in colour • Readable tables • Cross reference information if not included in the relevant KPA. 	Y		

ANNEXURE 1

ACTION PLAN ON THE AUDITOR GENERAL'S REPORT

ULUNDI MUNICIPALITY

ACTION PLAN ON AUDITOR GENERAL FINDINGS: YEAR ENDED 30 JUNE 2015

AR Para No.	REPORT FINDINGS	Root cause	PROPOSED ACTION PLAN TO BE IMPLEMENTED	RESPONSIBLE PERSON	TARGET DATE	CURRENT STATUS/ PROGRESS	Internal Audit Co
3.	<p>MATERIAL LOSSES</p> <p>As disclosed in note 36 to the financial statements, material electricity losses to the amount of R62 219 (24.89 million kilowatts-35%) (2014:R3.32 million-16, 95 million kilowatts -22%) were incurred due to both technical and non-technical distribution losses.</p>	<p>Our electricity infrastructure was ageing as a result major repairs to the network had since been effected and this also resulted to our electrical meters to be tampered with.</p>	<p>The municipality will implement tamper proof smart metering technology system where the households will not be able to temper with the meters and the roll out of the project will be with effect from the first of November 2015</p> <p>A wheeling agreement has been signed with Eskom.</p>	<p>Director Technical</p>	<p>ongoing</p>	<p>A service level agreement with the service provider (Ideal Prepaid) has been signed. Also a revised wheeling agreement has been signed with Eskom, whereby an amount of R4.2m has been invoiced (July 2015-December 2015)</p>	<p>Inspected the Service Agreements and confirmed they have been signed up will be done once installation have been completed.</p>
9.	<p>FINANCIAL SUSTAINABILITY</p> <p>The statement of financial performance indicates that the municipality incurred a net loss of R27.04 million during the year ended 30 June 2015 and as of that date, the municipality's current liabilities exceeded its current assets by 69.67 million. These</p>	<p>This was caused by Eskom debt however the municipality have signed the payment arrangement with Eskom.</p>	<p>The municipality will recover monies owed by vacant sites on property rates, failing which the said properties will be sold in execution.</p> <p>Treasury will be engaged with a view to mediate between Ulundi Municipality and</p>	<p>All heads of departments</p>	<p>ongoing</p>	<p>An application to court to have these properties sold in execution has been made.</p> <p>Treasury has intervened whereby Eskom</p>	

9.	<p>FINANCIAL SUSTAINABILITY</p> <p>The statement of financial performance indicates that the municipality incurred a net loss of R27.04 million during the year ended 30 June 2015 and as of that date, the municipality's current liabilities exceeded its current assets by 69.67 million. These conditions, along with other matters as set forth in note 40 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's financial sustainability in the foreseeable future.</p>	<p>This was caused by Eskom debt however the municipality have signed the payment arrangement with Eskom.</p>	<p>The municipality will recover monies owed by vacant sites on property rates, failing which the said properties will be sold in execution.</p> <p>Treasury will be engaged with a view to mediate between Ulundi Municipality and Eskom as per the MFMA section 44 on this matter.</p>	<p>All heads of departments</p>	<p>ongoing</p>	<p>An application to court to have these properties sold in execution has been made.</p> <p>Treasury has intervened whereby Eskom has agreed on payment for exceeding the Notified Maximum Demand which happened over the past years, Treasury is mediating on the matter which will result in the possible realization of an amount of R66m being paid by Eskom in the near future.</p>	
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						<p>Frequent engagements between the three parties are taking place.</p> <p>1) The original load requirements of Eskom, for the total wheeling points have increased drastically since the initial agreement and all excess capacity has been exhausted . No notification on the ever increasing demand was ever received</p>	
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								<p>from ESKOM whilst the additional capacity was created by Ulundi. The municipali ty also never levied penalties for the exceeding of the original agreed demand which is a standard practise with Eskom to Municipal ities. The proportio nal cost to accommo date the additional load of 7.368 MVA is R30 000 000.0 0.</p>	
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							<p>2) Ulundi and Eskom is currently in the stage of finalizing the outstanding amounts owed by Eskom to the Municipality of approximately R 34 000 000. This outstanding debt came as a result that the wheeling agreement of 2005 was never revised whereby tariffs remained the same for the entire period. Discussio</p>	
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							ns to resolve this outstanding matter started in 2012 and a meeting was held during December 2015 where Provincial Treasury mediated in terms of Section 44. Another meeting will be scheduled in February 2016 to finalize this matter.	
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22.	ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS							
	The financial statements			The financial statements team will be offered with necessary training as GRAP				

	submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act Material misstatements of current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.		standards keep on changing continuously. The municipality will ensure that monthly reconciliation are prepared timeously and produce the interim financial statements on time.	CFO	31 August 2016	Appointment of the service provider to provide training on the financial statements issues. The preparation of the Interim financial statements is in progress.	Inspected the SLA for the said service provider and confirmed it has been signed and the terms of reference talk to the issue hand.
23.	EXPENDITURE MANAGEMENT Money owed by the municipality was not always paid within 30 days, as required by section 65(2)€ of the Municipal Finance Management Act		All payments has been effected in accordance with section 65(2) of the Municipal Management Act except for the ones which were having queries and which are under investigation. All payments with queries has been entered into the register to keep track of their status.	All heads of Departments	Ongoing	A new payment arrangement with Eskom which excludes the backlog payment during the high demand season has been entered into.	Inspected the new payment arrangement with Eskom has been signed in January 2016.

			Ulundi municipality and Eskom have a new plan in terms of paying arrangement since Eskom is a major debtor for Ulundi municipality to fulfill payment in terms of section 65				
24.	EXPENDITURE MANAGEMENT Reasonable steps were not taken to prevent unauthorized expenditure/ irregular expenditure / fruitless and wasteful expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act		The Cash flow and Management Committee as well as the Loss Control Committee is in place to curb such occurrences and further actions are taken against the person liable for such expenditure. The loss control committee will convene every month to discuss issues of recovery the monies owed by the individuals and submit a report to the finance section for recovery. The said report will be tabled to the MPAC for further	All heads of Departments	30 June 2016	Loss Control meetings do take place regularly	Inspected the Loss Control Committee meeting schedule and minutes confirmed it meets regularly.
25.	CONSEQUENCE MANAGEMENT Irregular expenditure incurred by the municipality was not always investigated to determine if any person is liable for the expenditure, as required by section 32(2) (a)						

	(ii) of the Municipal Finance Management Act.		investigation and possible recommendations to Council.				
27.	LEADERSHIP Leadership is not always holding staff accountable for poor performance and repeated transgressions particularly with irregular expenditure and compliance with legislation.		The loss control committee will convene every month to discuss issues of recovery the monies owed by the individuals and submit a report to the finance section for recovery. The municipality will implement treasury guideline as per circular number 76 on financial misconduct procedures.	All heads of departments	30 May 2016	Loss control meetings do take place regularly MPAC agenda to incorporate Loss Control Report as a standing item	
28.	FINANCIAL AND PERFORMANCE MANAGEMENT Management was not effective in ensuring that the annual financial statements were accurate, complete and		The Municipality is currently training the municipality staff on a diploma in Municipal	Director corporate	30 June 2016	Appointment of the service provider to	Inspected the appointment letter for the newly appointed service provider

	officials of the municipality complied with key legislation. This is attributed to key officials lacking appropriate skills as well as a lack of rigorous monitoring of action plans to address key audit matters by management.		Finance Management Course The municipality will ensure that monthly reconciliation are prepared timeously and produce the interim financial statements on time.			provide training on the financial statements issues. The preparation of the Interim financial statements is in progress.	and confirmed its signed the terms of reference and address the issue at hand
29.	GOVERNANCE The effectiveness of the risk assessment performed by the management was not evident as material adjustments to the financial statements were required and material non-compliance occurred. There was also slow responses by management in addressing recommendations by internal audit and the audit committee.		The municipality will continue to cooperate with both internal and external auditors as well as address queries raised by internal audit and audit committee recommendations.	All heads of departments	30 June 2016	Appointment of the service provider to provide training on the financial statements issues. The preparation of the Interim financial statements is in progress.	Inspected the appointment letter for the newly appointed service provider and confirmed its signed the terms of reference and address the issue at hand

