

## CHAPTER 05

### Financial viability and Performance



## HEALTH OVERVIEW

### 1. FINANCIAL VIABILITY HIGHLIGHTS

The steady progress made to date evidenced by a better cash coverage ratio and an increased ability of the Municipality to contribute towards paying Eskom account and long outstanding which lead to litigation have been the critical milestones of the municipality.

The financial performance of the municipality has been forecasted with marginal deviation to the operational budget when comparing actual results to the budget. The review of municipal organogram and job description is another initiative that will bring accountability and ensure that departmental managers ability to plan, and implement internal controls.

#### EXECUTIVE SUMMARY OF KEY FINANCIAL ACHIEVEMENTS FOR THE YEAR UNDER REVIEW:

With leadership of the CFO and managers Budget & Treasury Office has been able to diagnose and identify possible remedial action to enhance municipal revenue.

The following highlights were achieved by the municipality regards to financial viability:

Highlight	Description
Maintaining the Qualified Audit Opinion	The municipality was able to maintain the qualified audit opinion with reduced finding. Turnaround Audit Strategy was developed and successfully implemented for the purpose of addressing 2015/16 audit finding.
Filling of Revenue Manager position.	The municipality was able to fill the manager position with competent officials. Process and procedures have improved. Data cleansing on debtors account is an on-going process.
Staffing of SCM unit	Supply Chain Management is fully capacitated with competent staff. Contract Management is a fully functioning.
Improved Cash Management	The municipality is able to maintain payment plans especially Eskom bulk account. Payments are process once a month for the purpose of improving cash flow. Unspent grants are cash-backed and ring-fenced.
Improved Grant Spending	Grant spending has improved. The municipality was able to spend 100% roll-over allocation and 37% of current years allocation

#### Financial viability highlights



## 1.2 FINANCIAL VIABILITY CHALLENGES

The following general challenges are experienced by the municipality with regards to financial viability:

Challenge	Action to address
Maintain a sound financial position in the context of the national and international economic climate	Makana took a conservative approach towards borrowing until the tax base has broadened. Makana also accepts that it should do more with less considering its financial challenges and slow improving collection rate.
Long outstanding creditors	Makana has improved in its turnaround period to pay creditors, however, we still experiencing high long outstanding creditors. Eskom and Auditor-General are our highest creditors but the municipality has made payment arrangements with both Institution in its attempt to show commitment.
Revenue enhancement	Makana needs to further enhance the effectiveness and completeness of debt recovery and implement the Revenue Enhancement Plan successfully.
High volume of litigations	Due to non-payment of creditors and lack of funding to complete projects the municipality experiences a high volume of litigations which resulted in our bank account and assets attached.
Limited revenue base	Local economic development needs to ensure that the revenue base is broadened through the LED strategy.
Financial Recovery Plan	Implementation of Financial Recovery Plan to ensure improved financial health and sustainability remains a challenge.

### Financial viability challenges

## 1.3 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS)

The following table indicates the municipality's performance in terms of the **national key performance indicators** required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the **national key performance area** namely **municipal financial viability and**

**Management.**

KPA & Indicator	2015/16	2016/17	Comments
Collection Rate – $\frac{\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} - \text{Bad debts written off}}{\text{Billed Revenue}} \times 100$	75%	78%	The ratio indicates the municipality's ability to collect its revenue, which implies that the municipality can collect within its budgeted collection estimates.

Current Ratio – ( Current Assets/Current Liabilities)	1.02	1.02	<p>This ratio indicates the municipality's ability to meet its monthly expenditure.</p> <p>The ratio of 1.02 is below the norm of 1.5:1. Management is constantly evaluating investment portfolios to ensure optimum inflows and return rates; cutting on cost containment items and constantly enhancing revenue inflows.</p> <p>The implementation of Financial Recovery Plan is also very nodal in the process to ensure sound cash flow and financial health within the municipality</p>
Revenue Growth (%) - (Period under review's Total Revenue –previous period's Total Revenue)/previous periods Total Revenue) x 100	-17%	-18%	<p>This ratio indicates the municipality's ability to grow its own revenue. The revenue growth of 16% (-2% 2016/17) suggests that the municipality has the potential in growing its own revenue which will assist in rendering the services to the community of Makana.</p>
Creditors Payment Period – ( Trade Creditors Outstanding/Credit Purchases (Operating and Capital) x 365	311 days	311 days	<p>This ratio indicates the municipality's ability to pay its creditors within the 30 days legislated period. The creditors payment of 311 days (92 days 2016/17) confirms the financial constrains as well as lack of performance by the municipality</p>
Remuneration as % of Total Operating Expenditure – Remuneration (Employee Related Costs and Councillors' Remuneration)/Total Operating Expenditure x 100	37%	39%	<p>This indicates that the municipality conforms with norm 25% - 40% considering that its current % is 39% and confirms the compliant proportion of the salaries and wages budget against the total operating expenditure</p>

National KPI's for financial viability and management

## 1.4 FINANCIAL OVERVIEW

The table below shows the financial overview of the municipality:

Details	Original budget	Adjustment budget	Actual
	R'000		
Income	486 191	422 210	354 868
Less: Expenditure	(486 191)	(422 210)	(399 099)
Net surplus/(deficit)	0	0	(44 231)

Financial overview

## 1.5 OPERATING RATIOS



The following table contains the operating ratios for the 2015/16 financial year:

Detail	Expected norm	A	% Variance
	(%)		
Employee cost	25-40	3	
Repairs & maintenance	8-12	1	7

*Operating ratios*

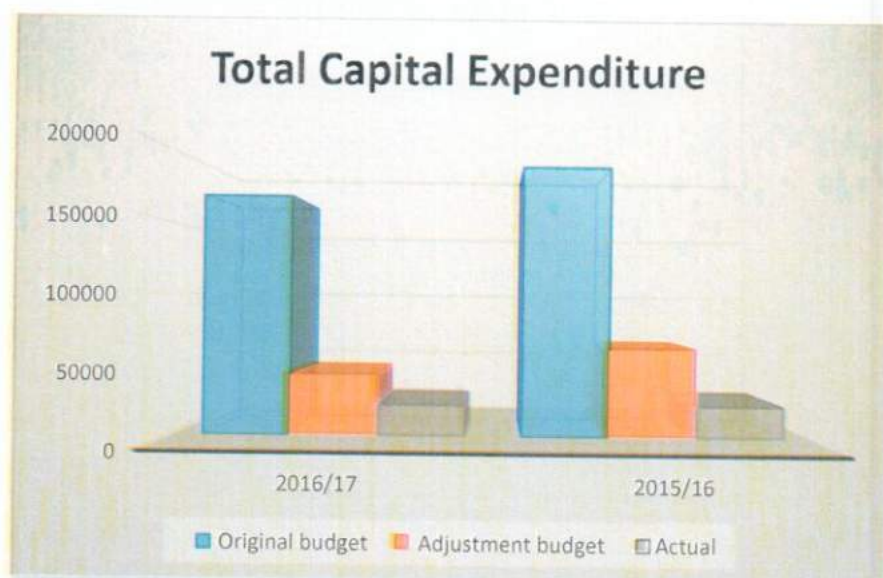
## 1.6 TOTAL CAPITAL EXPENDITURE

The table below shows the total capital expenditure for the last two years:

Detail	2016/17	2015/16
	(R'000)	
Original budget	170 043	191 187
Adjustment budget	43 168	62 994
Actual Expenditure	22 915	22 535

*Total capital expenditure*

The graph below shows the total capital expenditure for the last two financial years:



*Total capital expenditure*

The capital expenditure incurred during the financial year amounts to R22 185 in 2016/17 represents 51, 3% (36% in 2015/16) of the adjusted budget. This under expenditure could be attributed to financial constraints and low cash flow and late start of procurement processes by relevant directorates. Unspent funding will be rolled over in the during August 2017 SBDM on behalf of the municipality as per the memorandum of agreement due to the indirect grant allocation made to them for MIG.

## 2. AUDITOR-GENERAL REPORT

### 2.1 AUDITED OUTCOMES

Year	2013/14	2014/15	2015/16	2016/17
Status	Disclaimer	Disclaimer	Qualified	Qualified

*Audit outcomes*

## 3. SUPPLY CHAIN MANAGEMENT

Supply chain management includes all processes which need to be followed to procure goods and services. It entails the identification of needs by the end user departments, registration of vendors, processes of obtaining quotes and bids, keeping of inventory.

### 3.1 COMPETITIVE BIDS IN EXCESS OF R200 000

#### a) Bid Committee meetings

The following table details the number of bid committee meetings held for the 2015/16 financial year:

Bid specification committee	Bid evaluation committee	Bid adjudication committee
5	5	5

#### Bid Committee meetings

The attendance figures of members of the Bid Specification Committee are as follows:

Member	Percentage attendance
Mr. L Ngandi (Chairperson)	100 %
Mr. S. Nomandela	100%
Mr. M Crouse	100 %
Miss. N. Tshicilela	100 %
Ms. N. Apollis	100 %

#### Attendance of members of Bid Specification Committee

The attendance figures of members of the Bid Evaluation Committee are as follows:

Member	Percentage attendance
Mr. J. Siteto (Chairperson)	70%
Miss. Z. Gxowa	100%
Mr. M. Radu	100%
Mr. GK Goliath	100%
Miss. C. Mani	90%

#### Attendance of members of Bid Evaluation Committee

The attendance figures of members of the Bid Adjudication Committee are as follows:

Member	Percentage attendance
Chief Financial Officer (Chairperson)	100
Acting/Director: Engineering & Infrastructure Services	100
Director: Community & Safety Services	70
Led Directorate: Mr. T Sindani	100
Acting Director: Corporate Services	100

#### Attendance of members of Bid Adjudication Committee



The percentages as indicated above include the attendance of those officials acting in the position of a bid committee as member.

**b) Awards made by the Bid Adjudication Committee**

The thirteen highest bids awarded by the Bid Adjudication Committee are as follows:

Bid number	Title of bid	Successful bidder	Value of bid awarded
MLM/2016-17/CSS001	Supply And Delivery Of 40x30m3 Containers	Ibini (PTY) LTD	R 374 604,00
Regulation 32	Compilation of Annual Financial Statements Regulation 32	PWC	R 1 530 628,00
Regulation 32	The Extension Of The Indoor Sport Centre-Gymnasium In The Makana Local Municipality	Tixispan Trading T/A Zezethu Engineers	R 1 600 000
MLM/2016-17/BTO/002	Supply & Delivery of Main Stores	Skubie Trading cc Antonio 001 Trading (Pty) Sizwe paints (Pty) Ltd Valotone 181 cc Liyasakha Trading & Con Siya Green Village Hedraweb Sains Agencies cc Ayabonga Construction Mso-ndili Trading	R1 000 000.00
MLM/2016-17/BTO/003	Supply & Delivery of Overalls	Amended Recline Trading & Projects	R1 000 000.00
MLM/2016-17/BTO/004	Supply & Delivery of Safety Boots	Buybelle Instant Solution Mso-ndili Trading	R1 000 000.00
MLM/2016-17/BTO/005	Supply & Delivery of Personal Protective Equipment	Cinga Advertising Amended Recline Trading Buybelle Instant Solution	R1000 000.00
MLM/2016-17/BTO/006	Supply & Delivery of Plumbing Sanitation Fittings	Valotone 181 cc Hedraweb Mso-ndili Trading Siya Green Village Premier Pipe Supply Liyasakha Trading & Con	R1000 000.00



MLM/2016-17/BTO/007	Supply of Delivery of Fire Department Clothing	Sparks and Ellis	R1000 000.00
MLM/2016-17/MM/001	Disposal of sites-Oatlands Erven	Mlindi Nhanha	
		Mandisa Koliti	
		Lwazi Kamana	
		Ntombentsha Maka	
		Thembaletu Koliti	
		Angame Ngebetsha	
		Jerome Koliti	
		Thantaswa Kamana	
		Nondile Mtywaru	
MLM/2016-17/MM/002	Disposal of sites-Erven for Osmond Terrace	Sibongile Mvuza	
		Yolisa V.Koliti	
		Ray Daniels	
Deviation	Refurbishment And Upgrade Of The 66KV In The Makana Municipality: Appointment Of Professional Service Provider	EYA BANTU Professional Services cc	R 500 000
MLM/2016-17/INFR001	Construction Of Roads And Stormwater Improvements In Transrivier And Mandela Park (ALICEDALE STORMWATER)	Razz Civil/Amadwala JV	R 8 404282,29

Thirteen highest bids awarded by Bid Adjudication Committee

### c) Awards made by the Accounting Officer

In terms of paragraph 5(2) (a) of Council's SCM Policy, only the Accounting Officer may award a bid which is in excess of R10 million. The power to make such an award may not be sub-delegated by the Accounting Officer. The only bid awarded by the Accounting Officer is as follows:

Bid number	Title of bid	Directorate and section	Successful bidder
None			

Awards made by Accounting Officer

### c) Appeals lodged by aggrieved bidders

There was one objection we received from RAZZ/AMDWALA JV for tender MLM/2016-17/INFRA001 it was dealt with in terms of regulation 50 and was resolved by the municipality.

**3.2 FORMAL WRITTEN PRICE QUOTATIONS BETWEEN R30 000 AND R200 000****a) Awards Made to the companies/enterprises established in the Makana Municipal Area**

The following table details the value of all quotations awarded to enterprises and contractors for the period 1 July 2016 to 30 June 2017:

Month	Total Orders (R)	Local Companies (R)
July 2016	R98 250.00	R258 700.00
August 2016	R268 176.00	R352 000
September 2016	R38 664.00	R238 069.00
October 2016	R2 114 913.75	R2 015 915.0
November 2016	R1 355 646.16	R4002 986.00
December 2016	R2,066,318.48	R314,589.76
January 2017	R811 032.79	R280,289.34
February 2017	R811 032.79	R280,289.34
March 2017	R655,631.09	R527,400,63
April 2017	R2,216,986.79	R954,088.35
May 2017	R480,849.47	R134,030.36
June 2017	R2,908,353.54	R1,227,224.88

Annual	Total Orders (R)	Local Companies
Total	R2 939 906.28	R1 286 887.31
Percentage (%)-	43.720.9	

*Awards made to local companies*

**3.3 DEVIATION FROM NORMAL PROCUREMENT PROCESSES**

Paragraph 36 of Council's SCM Policy allows the Accounting Officer to dispense with the official procurement process. Deviations amounting to R4 080 949.34 were approved by the Accounting Officer. The following table provides a summary of deviations approved on an annual and monthly basis respectively:



Type of deviation	Number of deviations	Value of deviations (R)	Percentage of total deviations value
Sole provider	3	R 288 319.72	7%
Goods/Service needed urgently/Emergency	52	R 3 792 629.62	93%
<b>Total</b>	<b>57</b>	<b>R 4 080 949.34</b>	

#### Summary of deviations

Deviations from the normal procurement processes have been monitored closely since the start of the previous financial year. Monthly reporting in terms of paragraph 36 of the SCM Policy has been complied with. A large number and amount of deviations is caused by goods and services needed urgently as a result of hiring of toilets at Eluxolweni and water tanks to distribute water to communities. SCM has identified instances where the normal procurement processes can be adhered instead of following the deviation process. These cases have been taken up with the relevant departments and satisfactory co-operation has been received.

### 3.4 LOGISTICS MANAGEMENT

The system of logistics management must ensure the following:

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- the setting of inventory levels that include minimum and maximum levels and lead times wherever goods are placed in stock;
- the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- monitoring and reviewing of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores in Market Avenue is coded and listed on the financial system. Monthly monitoring of issues and receipts patterns is performed by the storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information is not communicated timely to the stores section in order for them to gear them to order stock in excess of the normal levels.

Internal controls are in place to ensure that goods and services that are received are certified by the responsible person which is in line with the general conditions of a contract.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

### **3.5 DISPOSAL MANAGEMENT**

The system of disposal management must ensure the following:

- Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic, unless approved by the national conventional arms control committee;
- Immovable property is let at market related rates except when the public interest or plight of the poor demands otherwise;
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- In the case of the free disposal of computer equipment, the provincial Department of Education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

We are complying with section 14 of the MFMA which deals with the disposal of capital assets. The disposal policy plan was reviewed and finalised in June 2014 and aims to provide the guidelines for the disposal of all obsolete and damaged assets. Information regarding assets earmarked for disposal has already been collated and the request for approval for disposal will be tabled to Council in the near future.

### **3.6 Performance Management**

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM Policy were achieved.



Monitoring of internal processes is an on-going process. Procedure manuals for various SCM processes have been developed, approved and are being implemented. Monthly reporting of appeals received by aggrieved bidders are also done to measure the performance of the bid specification and bid evaluation committees.

### **3.7 PROCUREMENT AND CONTRACT MANAGEMENT**

We have complied with SCM Regulation 6(3) for the 2014/15 financial year. These reports were submitted in a timely manner to the Chief Financial Officer, the Accounting Officer, as well as the Executive Mayor.

### **3.8 PROCUREMENT AND CONTRACT MANAGEMENT – SUPPLIERS NOT REGISTERED FOR VAT**

VAT registration numbers of suppliers are indicated on a VAT 103 form that is issued by SARS. We can also confirm a VAT number that appears on an original tax clearance certificate. The unit has access to a VAT number validity function which is available on the SARS website. It is easily accessible and is currently utilized.

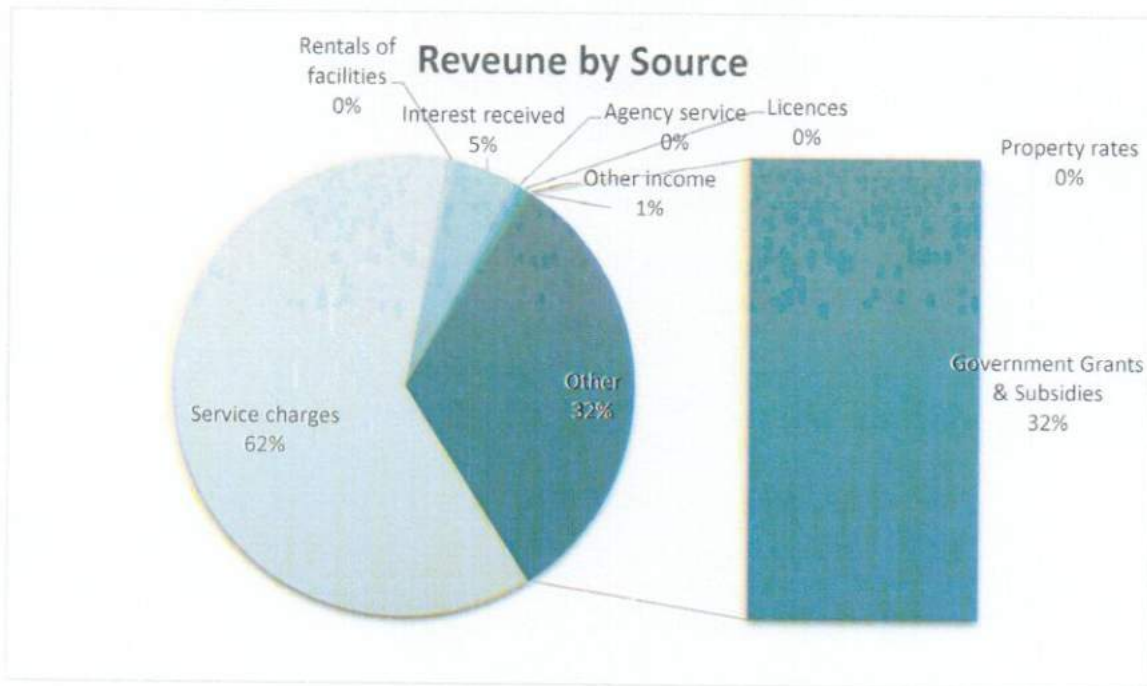
### **3.9 PROCUREMENT AND CONTRACT MANAGEMENT – MONITORING OF CONTRACTS NOT DONE ON A MONTHLY BASIS**

Contract management is the responsibility of each manager for contracts in his/her functionality area. The challenge is, however, that this will get urgent attention from senior management as additional capacity needs to be created within the SCM unit. In future the Chief Financial Officer will make recommendations in this regard.

## **4. FINANCIAL PERFORMANCE**

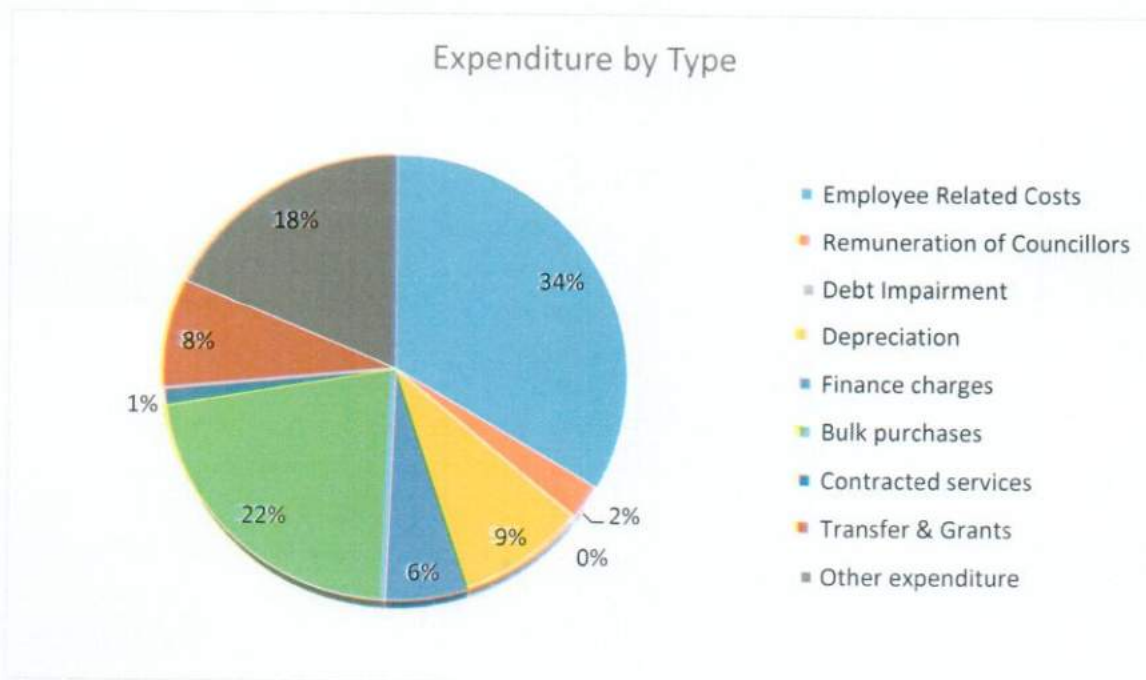
### **4.1. Revenue by Source**

**The following graph indicates the various types of revenue items in the municipal budget for 2016/17:**



#### 4.2 Expenditure by Type

The following graph indicates the various types of expenditure items in the municipal budget for 2015/16:





## **Appendices & Attachments**

## Appendices

### APPENDIX A – COUNCILLORS AND COMMITTEE ALLOCATION

	ORG	WARD	NAME & SURNAME	Committee allocation
1	DA	PR	BRUINTJIES THEO FREDLIN	Local Economic Development
2	DA	PR	CLARK CAROLYNN	Social Development
3	DA	04	FARGHER BRIAN	Social Development
4	ANC	03	FATYI MTHUNZI	Finance Admin, Monitoring and Evaluation(Fame)
5	ANC	PR	GAGA NOMHLE, <b>EXECUTIVE MAYOR</b>	Ex-Officio
6	ANC	06	GAUSHE THEMBISA	Local Economic Development
7	ANC	11	GOJELA MNCEDISI	Tourism and Cultural Industries
8	DA	12	HOLM DARRYN BRIAN	Finance Admin, Monitoring and Evaluation(Fame)
9	DA	08	JACKSON BRIAN	Local Economic Development
10	ANC	07	KHUBALO MALIBONGWE, <b>CHAIRPERSON: TCI</b>	Tourism and Cultural Industries
11	ANC	14	LOUW ERNEST, <b>CHAIRPERSON:TOURISM</b>	Tourism and Cultural Industries
12	DA	PR	MADYO XOLANI GLADMAN	Infrastructural Development
13	ANC	PR	MASOMA NOMBULELO, <b>CHAIRPERSON:FAME</b>	Finance Admin, Monitoring and Evaluation(Fame)
14	ANC	PR	MATYUMZA MTUTUZELI, <b>CHAIRPERSON: ID</b>	Infrastructural Development
15	ANC	PR	MATYUMZA PHUMLA, <b>CHAIRPERSON: SD</b>	Social Development
16	DA	PR	MEYER ALDWORTH JOHN	Tourism and Cultural Industries
17	ANC	09	MOYA MFUNDO	Finance Admin, Monitoring and Evaluation(Fame) and Local Economic Development
18	EFF	PR	MTWA NOMAKHWEZI	Local Economic Development
19	ANC	05	NASE LUYANDA	Finance Admin, Monitoring and Evaluation(Fame)
20	DA	PR	NHANHA MLINDI ADVENT	Finance Admin, Monitoring and Evaluation(Fame)
21	ANC	01	PIETERS NTOMBEKHAYA MAVIS	Social Development
22	EFF	PR	QOTOYI MZWANDILE	Finance Admin, Monitoring and Evaluation(Fame) and Local Economic Development
23	ANC	10	SAKATA LUYANDA	Social Development
24	ANC	13	SEYISI THEMBAKAZI	Finance Admin, Monitoring and Evaluation(Fame)
25	ANC	PR	SODLADLA SIYABULELA	Social Development
26	ANC	PR	VARA YANDISWA, <b>SPEAKER</b>	Ex-Officio
27	ANC	02	XONXA MPHUMZI RUMSELL	Local Economic Development



## Appendix B

### Committee and Committee purposes

PORTFOLIO COMMITTEES	CHAIRPERSONS	COMMITTEE PURPOSE
Social Development Portfolio Committee	Clr. P. Matyumza	To deliberate and decide on the rendering of Community and Social Services
Finance, Administration, Monitoring & Evaluation Portfolio Committee	Clr. M Masoma	To deliberate and decide on the rendering of Infrastructural Services.
Infrastructural Development Portfolio Committee	Clr. M. Matyumza	To deliberate and decide on the rendering Infrastructural Services.
Local Economic Development and Planning Portfolio Committee	Clr. E. Louw	To deliberate and decide on the rendering of Local economic development and Town Planning matters.
Tourism & Cultural Industries Portfolio Committee	Clr. M. Khubalo	To deliberate and decide on the rendering of Tourism and Cultural industry service matters
Municipal Public Accounts Committee	Clr M R Nxonxa	To provide oversight over the executive function.

**APPENDIX C**  
**(THIRD TIER ADMINISTRATIVE STRUCTURE)**

<b>Third Tier Structure</b>	
<b>Directorate</b>	<b>Manager(Title and name)</b>
Corporate services	Manager Administration: Mr E Mager
	Manager Human Resources: Mr X Kalashe
	Records Manager: Ms N Xintolo
	Operations Manager: Mr L Ngandi
Finance	Manager Revenue: Mr M Crouse
	Manager Income: Ms D May
	Manager Compliance and Budget: Ms C Mani
	SCM Manager: Ms Z Gxowa
Mayor and MM's Offices	Manager Support Services: Mr E Ganza
	Internal Audit Manager: Mr A Ngcauzele
	IDP/PMS Manager: Mr M Pasiya
	Public Participation Manager: Ms N Santi
	Special Project Unit Manager: Mr S Wali
	Legal Manager: Ms N Mbanjwa
	Risk Manager: Mrs N Kosi
Local Economic Development	Tourism Manager: Mr T Sindani
	Agriculture Manager: Ms P Gqweta
	Planning Deputy Director: Mr R Van der Merwe
Public Safety	Environmental Manager: Mr N Nongwe
	Manager Fire Services: Mr W Welkom
	Manager: Cleansing Services: Mr J Esterhuizen
	Assistant Director: Parks: Mr J Budaza
Technical and Infrastructural Services	Manager: Roads Services: Mr S Tutuse
	Director Electricity distribution: Mr M Radu
	Manager Electricity: Mr X Bokwe
	Manager Water Services: Ms N Tshicelele
	Manager: Renewable Energies: Mr M Siteto
	Manager:PMU: Mr S Nomandela



**APPENDIX D – FUNCTIONS OF THE MUNICIPALITY**

<b>PART B OF SCHEDULE 4</b>	<b>PART B OF SCHEDULE 5</b>
Air pollution	Amusement facilities
Building regulations	Billboards and the display of advertisement in public places
Child care facilities	Cemeteries, funeral parlours and crematoria
Electricity and gas reticulation	Cleansing
Fire fighting services	Control of undertaking that sell liquor to the public Noise pollution
Local tourism	Facilities for the accommodation, care and burial of animals
Municipal Airports	Fencing and fences
Municipal planning	
Municipal health services	Licensing and control of undertakings that sell food to the public
Municipal public transport (Not applicable)	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Local amenities
	Local sport facilities
Stormwater management systems in built-up areas	Markets
Trading regulations	Municipal abattoirs (Not Applicable)
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Municipal parks and recreation
	Municipal roads
	Noise pollution
	Pounds
	Public places
	Refuse removal, refuse dumps and solid waste disposal
	Street trading
	Street lighting Local amenities
	Traffic and parking

## **APPENDIX E– WARD REPORTING**

### **REPORT ON ESTABLISHMENT AND ACTIVITIES OF THE WARD COMMITTEES UNDER THE OFFICE OF THE SPEAKER**

The constitution of the country places an obligation on all local municipalities to establish ward committees immediately after the local government election. The primary function of the ward committee is to be a formal communication channel between the community and the council. After the induction of Makana's Councillors, the Speaker called for the establishment of ward committees which was done through an electoral process managed by the Independent Electoral Commission. To date Makana has managed to establish Ward Committees in all its wards.



**WARD 4- CLR B FARGHER**

INITIALS AND SURNAME
N.E.Alexander
N.Gxoyiya
J.Sphere
G.Mapapu
N.Skeyi
X.Nobebe
N Budaza(SECRETARY)
V.Z.Nquru
T.Rawana
N.Bavuma

**WARD 5- CLR L NASE**

INITIALS AND SURNAME
G. Mene
N. J. Stof
S. Tom
K.Mpangiso
B.Gawula
B.Makasi(Secretary)
L.Balani
X.Papu
A. Matiwana
N Madinda

**WARD 6- CLR T GAUSHE**

INITIALS AND SURNAME
Z.Ponoshe
Anne Richards
L. Bulani
M.Mongo
S.Ngcani
S.Vulindlu
N.E.Mazamisa(SECRETARY)
S.Ngxakaza
M Hani
N S Ngoqo

**WARD 7- CLR M KHUBALO**

INITIALS AND SURNAME
N Gingqini(Secretary)
N. Onceya
N. Mzizi

N. Thandani
M. Ncopho
A. Bangani
A. Onceya
M. Twani
S. Soxujwa
M. Malgas

**WARD 8- CLR B JACKSON**

INITIALS AND SURNAME
C.Prince
K.Brown
K.Moodley
P.Cimi
Z.Frans
M.W.Salaze
A. Gabavana
D.Palm

**WARD 9- CLR M MOYA**

INITIALS AND SURNAME
M.Mbunge
J.Mene(Secretary)
P.Ngoqo
V.Sodladla
B.Mnyobe
N.Papu
N.Tyelbooi
S.Mtwa
X.Bikitsha
M.Sam

**WARD 10- CLR L SAKATA**

INITIALS AND SURNAME
Portia Vuso(SECRETARY)
Nomonde Ncanywa
Siphokazin Libi
Thandiswa Kwenxe
Viwe Magqabi
Noxolo Ngubo
N. Tsili
Zola Bodla
Babalwa Theodore T.Mbuqe
Ntombizanele Gotyana



**WARD 11- CLR M GOJELA**

INITIALS AND SURNAME
S.Mdoko
S. Dondashe
N.Prince
N.Krantz
P.Gedana
S.Ntshoko
N.Salman
V.Tsipa
L.Adam
T.Marali(Secretary)

**WARD 12- CLR DB HOLM**

Lwazi Kamana
Tendamudzimu Tshiwawa
Mokgoba Tiego Thotse
Fungiwe Enkosi Sinayo Ntwana
Aviwe Lukhanyo Bezu
Mlandu Solomon Mtsweni
Mandilakhe Valela
Mahlodi Mathabatha
Aviwe Khanya May
Nokuzola Sthembile Cumbane

**WARD 13- CLR T SEYISI**

INITIALS AND SURNAME
B.Bambatho
N.Xashimba
X.Silumko
N.Ndolo
W.Matina(Secretary)
D.Mxube
N. Sandi
S.Thwani
N.Joja
Y.Manyathi

**WARD 13- CLR E LOUW**

INITIALS AND SURNAME
V.Nesi(Secretary)
P. Kewuti
N.Kalani
R.Kayster
Y.Beyi
N.Mahe
G.Hendricks
M. Antoni
M Bani
T. Peku



## **APPENDIX G – RECOMMENDATIONS AND REPORT OF THE MUNICIPAL AUDIT COMMITTEE.**

Refer to Audit Committee report which is part of the Attachments.

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTERSHIPS

Name of service provider	Description of service rendered	End date of contract	Contract value
Surego travel	Travel agency services	31 June 2018	R5 million
Kyocera	Provision of high volume printers	June 2017	R1,2 Million
Tact Pro	Provision of Security for Municipal Buildings	June 2017	R5 million
Revco	Debt Collection	February 2018	8% Commission of collections
Hi Tec Security Company	Rendering of alarm security services	June 2019	R824 000

Public Private Partnerships entered into during 2016/17- Nil

## **APPENDIX I – MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE**

As Makana Municipality does not have a Municipal Entity this appendix is not applicable to it.



**APPENDIX J – DISCLOSURE OF FINANCIAL INTERESTS.**

<b>Senior Officials/Councillor</b>	<b>Entity Name</b>	<b>Transactions with Municipality</b>
Clr S Sodladla	Member of Uthuthu C.C.	N/A
Clr M Nhanha	Shares in Sisekela Consulting and Directorship in La Ropa V and the Shed.	N/A
Clr Y Vara	None	N/A
Clr N Masoma	None	N/A
Clr E Louw	None	N/A
Clr M Matyumza	Family Trust	None
Clr T Bruintjies	None	N/A
Clr P Matyumza	Member of Co-operative (initial stage)	N/A
Clr N Pieters	None	N/A
Clr N Xonxa	Mhala Dev Trust Member and interest in Ray's Butchery	None
Clr L Sakata	None	N/A
Clr T Seyisi	None	N/A
Clr T J Gaushe	None	N/A
Clr K Malibongwe	Member of Rising Hope Co-operative	N/A
Clr M Gojela	Director at Thinago Trading Co.	N/A
Clr M Moya	None	N/A
Clr B Fargher	Director at Whiteley Accountants	N/A
Clr B Jackson	None	N/A
Clr C Clark	Interest in Mooimeisies Trust	N/A
Clr A J Meyer	Director at Alsan Rezia PTY LTD	N/A
Clr D B Holm	None	N/A
Clr N Gaga	None	N/A
Clr N Masoma	None	N/A
Clr L Nase	Interest in Nase Trading Enterprises	N/A
Clr X Madyo	None	N/A
<b>Officials</b>		
<b>Mr D Mlenzana(Acting MM)</b>	None	N/A
<b>Ms N Siwhahla (CFO)</b>	None	N/A
<b>Ms R Meiring (Director: LED)</b>	None	N/A
<b>Mr M Planga(Director: Public Safety)</b>	None	N/A
Mr L Ngandi	None	N/A
Mr E Ganza	None	N/A
Mr E Mager	None	N/A
Mr G Goliath	None	N/A
Mr M Siteto	None	N/A
Mr M Radu	None	N/A

## **APPENDIX K – REVENUE COLLECTION BY VOTE AND SOURCE.**

### **APPENDIX K(1) – REVENUE COLLECTION BY VOTE**

Refer to Annual Financial statements for information.

## **APPENDIX K(2) – REVENUE COLLECTION BY SOURCE**

Refer to Annual Financial statements for information.



## **APPENDIX L – CONDITIONAL GRANTS RECEIVED EXCLUDING MIG**

See Note 25 of the Annual Financial statements.

## APPENDIX M – CAPITAL EXPENDITURE – NEW & UPGRADE AND RENEWAL PROGRAMMES

PROJECT NAME	FUNDER	BUDGET 2016-17	PROJECT STATUS
Multi-Purpose Sport Centre	MIG	R 5 250 544.02	Construction
Alicedale Sewage upgrade	MIG	R 1 091 787.43	Design and Tender
Construction of High Masts lights in Mayfield	MIG	R 1 297 187.00	Construction
Alicedale Roads & Stormwater Improvements	MIG	R 6 255 838.84	Design and Tender
Multi-Purpose Indoor Sports Centre – Gymnasium	MIG	R 13 000 000.00	Tender
Waainek Bulk Water Supply Refurbishment	MIG	R 1 939 000.00	Design and Tender
Alicedale Roads and Stormwater Improvements Transrivier and Mandela Park Phase 2	MIG	R 4 525 138.80	Design and Tender
Alicedale Waste Water Treatment works	MIG	R 114 103.44	Design and Tender
Construction of Football Facilities: Foley's Ground	MIG	R 1 000 000.00	Design and Tender
<b>TOTALS</b>		<b>R 34 473 599.53</b>	

## **APPENDIX N – CAPITAL PROGRAMME BY PROJECT**

See Appendix M for further information



## **APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2016/17**

See Appendix M for further information

## **APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2016/17**

Not applicable as Makana's financial distress led to a situation where no internal funds were available for Capital Projects during the year.

## **APPENDIX P – SERVICE DELIVERY BACKLOGS AT SCHOOLS AND CLINICS**

Not applicable as schools and clinics do not fall under Makana Municipality's service delivery mandate.



**APPENDIX Q – SERVICE DELIVERY BACKLOGS EXPERIENCED BY THE  
COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR  
SERVICE PROVISION.**

Not applicable.

## **APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

The Makana Municipality only made a Grant out to the Makana Tourism Agency which assists with the development of Tourism in the area. No other loans or grants were made to any legal person or entity in 2016/17.

The Municipality has a loan from the Development Bank of SA that it is paying back as the funds were used for service delivery improvement projects that were executed in the past.

**APPENDIX S – DECLARATIONS OF RETURNS NOT MADE IN DUE TIME IN TERMS OF S71 OF MFMA**

None



## APPENDIX T – NATIONAL OUTCOMES FOR LOCAL GOVERNMENT

### 1.3.2 REVISED PROVINCIAL STRATEGIC FRAMEWORK

Developments at both national and provincial level warranted a need to review the Eastern Cape Strategic priorities in order to respond to the policy environment and alignment to the National Outcomes as outlined below.

NAT. OUT COM E	NATIONAL OUTCOMES	PROV. PRIORITY	REVIEWED PROVINCIAL PRIORITIES	CLUSTERS
NO1	Quality basic education	PP4	Quality basic education, skilled and capable workforce to support an inclusive growth path	Social ; Govt & Admin
NO2	A long and healthy life for all SA	PP5	A long and healthy life for all people of the province.	Social
NO3	All people in SA are and feel safe	PP6	All people in the Province are and feel safe	Security
NO4	Decent employment through inclusive economic growth	PP1	Decent employment through inclusive economic growth with environmental assets and natural resources that is well protected and continually enhanced.	Econ Dev
NO5	Skilled and capable workforce to support an inclusive growth path	PP4	Quality basic education, skilled and capable workforce to support an inclusive growth path	
NO6	An efficient, competitive and responsive economic infrastructure network	PP2	An efficient, competitive and responsive economic infrastructure network	Econ Dev
NO7	Vibrant, equitable, sustainable rural communities	PP3	Vibrant, equitable, sustainable rural communities	Econ Dev

NAT. OUT COM E	NATIONAL OUTCOMES	PROV. PRIORITY	REVIEWED PROVINCIAL PRIORITIES	CLUSTERS
	contributing towards food security for all		contributing towards food security for all	
NO8	Sustainable human settlements and improved quality of household life	PP8	Sustainable, cohesive, caring communities and human settlement for improved quality of households.	Social & Econ Dev & Govt & Admin Security
NO9	Responsive, accountable, effective and efficient Local Government Systems	PP7	An efficient, effective and developmental oriented public service, an empowered, fair and inclusive citizenship with responsive, accountable, effective and efficient Local Government system	Govt & Admin
NO10	Protect and enhance our environmental assets and a better world		N/A	N/A
NO11	Create a better SA, a better Africa and a better world		N/A	N/A
NO12	An efficient, effective and a Development Oriented Public Service and an empowered, fair and inclusive citizenship.	PP7	An efficient, effective and developmental oriented public service; an empowered, fair and inclusive citizenship with responsive, accountable, effective and efficient Local Government system	Govt & Admin



## APPENDIX T – REPORTING ON KPA'S AS PER REQUIREMENT OF DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS.

### Chapter: Organisational Transformation and Institutional Development – KPA 1

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

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	112	112	100%	No gaps- these posts related to the absorbed contract workers.
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	2	0	0	Both post would be filled in the next financial year.
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	0	0	0	Due to financial constraints no Training was attended by Makana's Section 57 Employees.
4	Percentage of Managers in Technical Services with a professional qualification	7	7	100%	
5	Level of PMS effectiveness in the DM – (DM to report)	The Performance Management System is operational at Senior Management Level in Makana and the Accounting Officer convened quarterly performance reviews with the Section 57 Employees. The challenge is the cascading of the System to the other staff levels, by the Corporate Services Unit.			
6	Level of effectiveness of PMS in the LM – (LM to report)				
8	Percentage of councillors who attended a skill development training within the current 5 year term	27	12	44%	Makana's financial situation impacted negatively on the process
9	Percentage of staff				



	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	complement with disability	1 staff member	1 staff member	0.1%	Recruitment of disabled staff would be prioritised in the next financial year.
10	Percentage of female employees	42.6	42.6%	42.6%	
11	Percentage of employees that are aged 35 or younger	127	127	18%	No Gap
12	Adoption and implementation of a District Wide/ Local Performance Management System	Makana Local Municipality had approved a Performance Management System that is applied for Senior Managers and would be cascaded to lower level staff at the next financial year.			

## **Chapter: Basic Service delivery performance highlights (KPA 2)**

REFER TO CHAPTER ON BASIC SERVICE DELIVERY PERFORMANCE.

## CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	Makana has a vibrant LED unit that was approved by Council.		
2	Percentage of LED Budget spent on LED related activities.	100%	100	100%
3	Existence of LED strategy	Makana LM has a detailed LED Strategy , approved by Council		
4	Number of LED stakeholder forum meetings held	4	4	100%
5	Plans to stimulate second economy	The Plan to stimulate the second economy is contained in the District wide LED Strategy(SEEDS) and focuses on the introduction of Agri villages and land redistribution.		
6	Number of SMME that have benefited from a SMME support program	40	40	100%
7	Number of job opportunities created through EPWP	42	42	100%
8	Number of job opportunities created through PPP	N/A	N/A	

## Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	Refer to AFS		
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	Refer to AFS		
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	Refer to AFS		
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual	Refer to AFS		



	budget			
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction	Refer to AFS		
6	Percentage of MIG budget appropriately spent	R27 MILLION	R19 MILLION	70,37%
7	Percentage of MSIG budget appropriately spent	94	94	100%
8	AG Audit opinion	QUALIFIED		
9	Functionality of the Audit Committee	6 meetings	6 meetings	100%
10	Submission of AFS after the end of financial year	31 August 2017	31 August 2017	100%

### Chapter: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	12	11	90%
2	% of ward committees that are functional	12	11	90%
3	Existence of an effective system to monitor CDWs	<b>The Community Development Works programme is functional in Makana with 10 CDWs being employed through the programme. They support the community and refer cases to the relevant Government Departments.</b>		
4	Existence of an IGR strategy	The Makana LM has an existing IGR Strategy and revived its internal IGR Forum which would be used to create greater Government cohesion in the area.		
5	Effective of IGR structural meetings	During the financial year in question, Makana Municipality did participate in the District IGR Forums such as DIMAFO and Muni-Mec.		
6	Existence of an effective communication strategy	The Makana Municipality has a Communication Strategy and a Communication Unit that deals with the process. During the year under review, the Makana Municipality participated in the District Communicators. To improve communication during times where Water outages are experienced, the Rhodes University partnered with the Makana Municipality through the development of Mobi-Sam which is a sms-delivery system utilised to send sms messages to a the residents of a particular area which would be experiencing a break in service delivery.		
7	Number of mayoral imbizo conducted	13	10	77%
8	Existence of a fraud prevention mechanism	The Makana Local Municipality has a Anti-Corruption and Fraud Prevention Plan that also includes a whistle blower protection mechanism. The Internal Audit Unit also conducted a Council Agenda and Council set up a Committee to deal with Fruitless, Wasteful, Irregular and Unauthorised expenditure.		