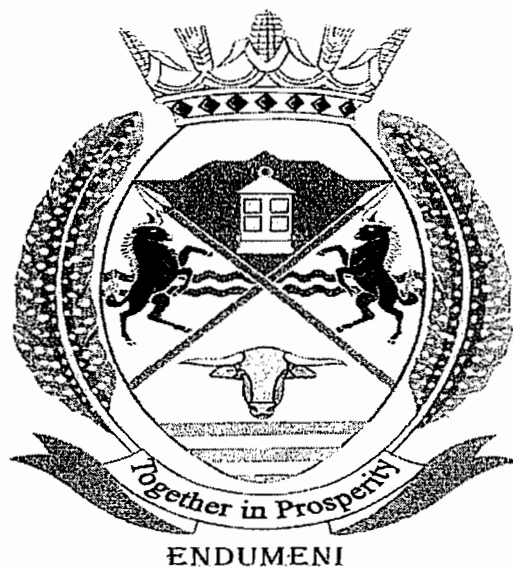


Endumeni Municipality

Organisational Performance Information Report

2010/2011





**ENDUMENI MUNICIPALITY ORGANISATIONAL PERFORMANCE INFORMATION
REPORT
2010/2011**

30 AUGUST 2011

ACCOUNTING OFFICER: P G MABILISA

REVIEWED AND CERTIFIED CORRECT



P G MABILISA

CHAPTER 5

ENDUMENI MUNICIPALITY ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT SECTION 5.1: INTRODUCTION

1. Introduction

The Endumeni Municipality has developed a fully-fledged Performance Management System (PMS) in terms of Chapter 6 of the Municipal System Act 32 of 2000. It has involved an extensive process to ensure that the system complies with legislative and policy requirements and a wide range of role players from outside as well as inside the Endumeni Municipality will be involved.

2. Legislative requirements for performance management

The legislative and policy framework for PMS includes the Constitution, The Municipal Systems Act, the Municipal Finance Management Act, Municipal Planning and Performance Management Regulations, The White Paper on Local Government and the Batho Pele principles.

The White Paper on Local Government (1998)

The White Paper on Local Government (1998) suggested that local government should introduce the idea of *performance management systems*. The White Paper noted that,

"Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query; others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced" (The White Paper on Local Government, 1998).

Batho Pele (1998)

Similarly, the White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service:

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ENDUMENI MUNICIPALITY ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT

Consultation:

Citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services, which are provided.

Service standards:

Citizens should know what standard of service to expect.

Access:

All citizens should have equal access to the services to which they are entitled.

Courtesy:

Citizens should be treated with courtesy and consideration.

Information:

Citizens should be given full and accurate information about the public services they are entitled to receive.

Openness and transparency:

Citizens should know how departments are run, how resources are spent, and who is in charge of particular services.

Redress:

If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made citizens should receive a sympathetic, positive response.

Value-for-money:

Public services should be provided economically and efficiently in order to give citizens the best possible value-for-money.

"Importantly, the Batho Pele White Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilised to assist in building a service culture. For example, local businesses or non-governmental organisations may assist with funding a helpline, providing information about specific services, identifying service gaps or conducting a customer survey" - The White Paper on Local Government (1998).

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The Municipal Systems Act (2000)

Government has taken this idea forward in the Municipal Systems Act (2000), which requires all municipalities to:

- Develop a performance management system
- Set *targets*, monitor and *review performance* based on indicators linked to their IDP
- Publish an *annual performance report* on performance for the councillors, staff, the public and other spheres of government
- Incorporate and report on a set of *general indicators* prescribed nationally by the minister responsible for local government
- Conduct an *internal audit* on performance before tabling the report.
- Have their annual performance report audited by the Auditor-General
- *Involve the community* in setting indicators and targets and reviewing municipal performance.

Municipal Planning and Performance Management Regulations (2001)

The Municipal Planning and Performance Management Regulations set out in detail the requirements for municipal PM systems. The Regulations state that any PMS must entail a Framework that describes and represent how the municipality's cycle and process of performance management, including measurement, review, reporting and improvement, will be conducted. The system must also comply with the requirements of the Systems Act, relates to the municipality's employee performance management processes and be linked to the municipality's IDP.

In terms of the Regulations a municipality must:

- Set key performance indicators (KPIs) including input, output and outcome indicators in consultation with communities.
- Annually review its KPIs
- For each financial year set performance targets
- Measure and report on 9 nationally prescribed KPIs
- Report on performance to Council at least twice a year
- As part of its internal audit process audit the results of performance measurement

CHAPTER 5

ENDUMENI MUNICIPALITY ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT

- Annually appoint a performance audit committee
- Provide secretarial support to the said audit committee

Municipal Finance Management Act

The Municipal Finance Management Act contains various important provisions related to performance management. It requires all municipalities to:

- Annually adopt a service delivery and budget implementation plan with service delivery targets and performance indicators.
- When considering and approving the annual budget set measurable performance targets for revenue from each source and for each vote in the budget.
- Compile an annual report, which must amongst others include a Municipality's performance report compiled in terms of the Systems Act.

3. PMS Process Plan

The PMS was developed in terms of a formal PMS process plan adopted by the Endumeni Municipal Council. The process plan sets out the phases and action steps to be followed in developing and implementing the system.

The deliverables for each of the phases were as follows:

PHASE 1: Starting the process of developing a performance management system

DELIVERABLES FROM THIS PHASE
<ul style="list-style-type: none"> • Detailed project charter with timeframes • Delegated responsibilities to the Municipal Manager • Institutional arrangements to facilitate the development of a PMS

CHAPTER 5**ENDUMENI MUNICIPALITY ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT****PHASE 2: Developing an organisational performance management system
DELIVERABLES FROM THIS PHASE**

- Detailed situational analysis
- Public participation plan and structures to facilitate community involvement in developing the PMS
- Workshop for Councillors and senior management on performance management
- Organisational key performance indicators and targets set out in a Municipal Scorecard
- Departmental key performance indicators and targets set out in Departmental Scorecards
- Detailed performance management framework setting out inter alia how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted and managed
- Approved organisational Performance Management System

PHASE 3: Performance agreements for top management**DELIVERABLES FROM THIS PHASE**

Written performance agreements for the Municipal Manager and all Heads of Departments.

PHASE 4: Develop an employee performance appraisal system**DELIVERABLES FROM THIS PHASE**

Individual Performance Management Manual and sec 57 remuneration policy.

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PHASE 5: Conclude and sign off the project

DELIVERABLES DURING THIS PHASE

- Project charter signed off as complete

4. Conclusion

The PMS process plan sets out the generally accepted principles, which will be applied in developing a system for the Endumeni Municipality, and clarifies the roles and responsibilities of the various roleplayers during the process. Copies of the said process plan are available upon request.

In terms of progress made in developing the PMS the following has been finalised too date:

- The delegation of responsibilities to the Municipal Manager
- Setting up institutional arrangements to facilitate the process
- The compilation of performance agreements and plans for the Municipal Manager and Heads of Departments
- The compilation of a manual to evaluate the performance of all Managers
- Conducting a PMS capacity building workshop for Councillors and senior managers.

In terms of a project charter a detailed Performance Management Framework was developed. The said Framework deals with the following matters and has been formally adopted by the Endumeni Municipality:

- The legislative framework for PMS
- PMS at various levels
- Objectives of the Endumeni PMS
- Principles informing the development of the PMS
- Preferred performance management model for Endumeni
- The process of managing performance and development
- The auditing of performance levels of key performance indicators
- General issues related to performance management

CHAPTER 5**ENDUMENI MUNICIPALITY ORGANISATIONAL PERFORMANCE MANAGEMENT
REPORT**

- **A Financial and performance Audit Committee has been established and is fully functional.**
- **The Internal Audit Report for 2010/2011 pertaining performance information are enclosed.**



ENDUMENI LOCAL MUNICIPALITY
INTERNAL AUDIT REPORT
AUDIT ON PERFORMANCE INFORMATION
01 JULY 2010 TO 31 DECEMBER 2010
AD HOC PROJECT 02
JULY 2011

DISTRIBUTION LIST:

Name of Responsible Personnel	Designation of Responsible Personnel
N. Rajkumar	Chairperson: Audit Committee
P.G. Mabilisa	Acting Municipal Manager
I. Grisdale	Chief Financial Officer

GOBODO



16 July 2011

The Acting Municipal Manager
 Mr. P.G. Mabilisa
ENDUMENI LOCAL MUNICIPALITY
 PO Box 1965
 Dundee
 3000

Dear Sir,

In terms of our Internal Audit Scoping Memorandum for ad hoc project 02 that was approved by management on 20 June 2011, we have performed an Audit on Performance Information at the Endumeni Local Municipality during June & July 2011.

All the matters raised have been discussed with senior officials and we would like to express our appreciation to the various members of staff who have assisted us in carrying out our work.

It is the responsibility of the Endumeni Local Municipality management to ensure adherence to good corporate governance practices, to assess potential risks within Endumeni Local Municipality's operations and to implement an appropriate system of internal control to address such risks. Furthermore, it is the responsibility of Endumeni Local Municipality management to ensure that there is an effective control system in place to prevent and detect fraud.

The attached report records the result of our Internal Audit findings and possible recommendations on how the controls could be improved to overcome the identified weaknesses. The attached report has been set out in three sections:

- Section A An executive summary documenting the mandate, audit objectives, scope of project, audit approach, sources of information, fraud and internal control and risk / threat rating and limitation of scope.
- Section B Executive summary of detailed findings.
- Section C Which contains the detailed findings, recommendations and management comments.

This report has been prepared for the sole use of Endumeni Local Municipality's management. We do not accept responsibility to any other party to whom it may be shown or who of their own volition may decide to rely on it. It should be clearly understood by third parties that they enjoy such receipt for information only and that we accept no duty of care to them in respect of this report.

If you have any queries pertaining to the contents of this document, please contact Mahendra Naicker on 031 539 4800 / 083 799 1243 or Ryaan Lahidas on 031 539 4800 / 082 563 9344.

Yours faithfully,

Mahendra Dama
 Director
 Gobodo Inc.

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SECTION A

1. MANDATE

The Internal Audit review at the Endumeni Local Municipality was conducted in terms of the Internal Audit Scoping Memorandum for ad hoc project 02 that was approved by management on 20 June 2011.

2. AUDIT OBJECTIVES

The primary objective of the review was to assess the reported performance information of the Endumeni Municipality as reported in the departmental and organizational scorecards.

3. SCOPE OF PROJECT

Business processes:

- (1) Departmental Performance;
- (2) Organizational Performance;

Sub processes within business processes:

- (1) **Departmental Performance:**
Verify performance and target information as contained in the departmental scorecard for the period 01 July 2010 to 31 December 2010 to the relevant source documents (Integrated Development Plan, Performance Agreements etc);
- (2) **Organizational Performance Management**
Verify performance and target information as contained in the organizational performance management scorecard for the period 01 July 2010 to 31 December 2010 to the relevant source documents (Integrated Development Plan, Spatial Development framework, Financial Plan etc);

4. AUDIT APPROACH

The audit approach was based on the following key procedures:

- Perform sample testing for the actual targets achieved as per the departmental scorecard that covers the period 01 July 2010 to 31 December 2010 to determine if the actual targets achieved are accurate, complete and valid;
- Perform sample testing for the actual targets achieved as per the organizational performance management scorecard that covers the period 01 July 2010 to 31 December 2010 to determine if the actual targets achieved are accurate, complete and valid;
- Raise findings where control deficiencies were noted;
- Obtain management comments for findings raised;
- Compile Internal Audit report for ad hoc project 02 for the period 01 July 2010 to 31 December 2010.

5. SOURCES OF INFORMATION

Discussions were held with appropriate management. Audit evidence was obtained through observation and inspection of limited key documents and reports.

It should be recognized that controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions.

SECTION A

1. *MANDATE*

The Internal Audit review at the Endumeni Local Municipality was conducted in terms of the Internal Audit Scoping Memorandum for ad hoc project 02 that was approved by management on 20 June 2011.

2. *AUDIT OBJECTIVES*

The primary objective of the review was to assess the reported performance information of the Endumeni Municipality as reported in the departmental and organizational scorecards.

3. *SCOPE OF PROJECT*

Business processes:

- (1) Departmental Performance;
- (2) Organizational Performance;

Sub processes within business processes:

- (1) **Departmental Performance:**
Verify performance and target information as contained in the departmental scorecard for the period 01 July 2010 to 31 December 2010 to the relevant source documents (Integrated Development Plan, Performance Agreements etc);
- (2) **Organizational Performance Management**
Verify performance and target information as contained in the organizational performance management scorecard for the period 01 July 2010 to 31 December 2010 to the relevant source documents (Integrated Development Plan, Spatial Development framework, Financial Plan etc);

4. *AUDIT APPROACH*

The audit approach was based on the following key procedures:

- Perform sample testing for the actual targets achieved as per the departmental scorecard that covers the period 01 July 2010 to 31 December 2010 to determine if the actual targets achieved are accurate, complete and valid;
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- Raise findings where control deficiencies were noted;
- Obtain management comments for findings raised;
- Compile Internal Audit report for ad hoc project 02 for the period 01 July 2010 to 31 December 2010.

5. *SOURCES OF INFORMATION*

Discussions were held with appropriate management. Audit evidence was obtained through observation and inspection of limited key documents and reports.

It should be recognized that controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness, or other personal factors. Control procedures can be circumvented by collusion or by management override.

Our report has been prepared for your information and that of management of the Endumeni Local Municipality. We do not accept responsibility to any other party to whom it may be shown, or who, on their own volition, may decide to rely on it.

6. FRAUD AND INTERNAL CONTROL

While we have identified certain key controls, internal audit procedures alone, even when carried out with due professional care, do not guarantee that all fraud and errors will be detected. We have ensured that all internal audit work conducted is planned with a reasonable expectation of detecting significant control weaknesses in the specific areas reviewed.

However, our reviews and investigations as internal auditors should not be relied upon to disclose all matters of fraud, defalcation or other irregularities which may exist. Management's attention is drawn to the inherent limitations in the reliance on internal controls and procedures mentioned above.

7. RISK / THREAT RATING

We have assigned potential risks to all of the findings that have been identified during this review. We have rated the risks according to the following ratings:

Key to risk/threat ratings:

HIGH: Key exposure identified has a potential for major impact on the municipality and should be resolved as a priority.

MEDIUM: Exposure identified is unlikely to have a major impact on the municipality, but should be resolved as soon as possible

LOW: Exposure identified does not have a major impact on the municipality, but should be resolved in due course

In assessing the actual or potential impact of our findings, the following factors were considered:

- The financial risk;
- The operational risk;
- The impact on the municipal image;
- The impact on third parties;
- The impact on employee morale.

For further explanation, we define the above-mentioned audit terms as follows:

Financial risks are those risks, which have an impact on the reliability and integrity of the financial information and the safeguarding of assets.

Operational risks are those risks, which have an impact on the ability to comply with policies, procedures, laws and regulations, achievement of established goals and objectives and the efficiency in the use of the municipality's resources.

SECTION B

1. EXECUTIVE SUMMARY OF DETAILED FINDINGS

The following weaknesses were noted:

Process	Ref	Finding	High	Medium	Low
AUDIT ON PERFORMANCE INFORMATION					
Audit on Performance Information	1.	Smart principle not followed		x	
	2.	Reported figures do not agree to supporting documentation for Corporate Service department		x	
	3.	Supporting evidence not provided for audit purposes			
	4.	Indicators not documented on performance plan		x	
	5.	Reported figures do not agree to supporting documentation for Technical Services department		x	
	6.	Reported figures incorrectly measured		x	
	7.	Inadequate supporting evidence used to support reported figures		x	
	8.	Performance information not submitted to National Treasury			

Total number of findings	8.00	100%
Total number of findings rated as HIGH	2.00	25%
Total number of findings rated as MEDIUM	6.00	75%
Total number of findings rated as LOW	0.00	00%
Total number of findings	8.00	100%

SECTION C

1. DETAILED FINDINGS, RECOMMENDATION AND MANAGEMENT COMMENTS

PERFORMANCE INFORMATION

1. SMART PRINCIPLE NOT FOLLOWED

Finding:

Threat: Medium

Effort: Low

Key Performance Indicators (KPI's) and key performance targets should be developed according to the "SMART" principle and in a manner that enables ease of review and mapping of evidence to support achievement of such indicators and targets.

During the detailed testing of the organizational performance for the period 01 July 2010 to 31 December 2010 at Endumeni Local Municipality on 06/07/2011, it was noted through inspection that the following indicators selected from the organizational and departmental scorecards for the corporate services department did not follow the SMART principle:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)
Law Enforcement	To create a safer road and traffic environment for all road users through education and law enforcement	Law Enforcement
Fire Fighting Service	To ensure the delivery of a comprehensive fire fighting service in accordance with memorandum of Agreement	Report on usage of Endumeni Fire Equipment
Testing Centre	To render an efficient service in terms of testing to the residents of Endumeni.	Accommodate all applicants with services.
Youth, Sports and Recreation	To co-ordinate district sports events	Feedback on the participation of sports events
Business Licensing	To ensure that all categorized businesses complies with the business licensing Act.	Number of business licenses

Implication:

- Key performance target does not comply with the "SMART" principle;
- It may not be possible to evaluate the evidence supporting the performance target.

Recommendation:

- The KPI's should be amended / developed in order to adhere to the SMART principle for the 2011 / 2012 financial year.

Management Comment:

The departmental scorecard was approved and included in the Integrated Development Plan (IDP) as per Council resolution number C 10/23/03/10.

Action Plan:

Decisions of the municipality cannot be varied ipso facto and will be further considered for the 2011 / 2012 scorecards.

ENDUMENI LOCAL MUNICIPALITY
AD HOC PROJECT 02
JULY 2011

AUDIT ON PERFORMANCE INFORMATION
01 JULY 2010 TO 31 DECEMBER 2010

Responsible Person:
P.G. Mabilisa

Designation:
Acting Municipal Manager

Implementation Date:
01 July 2011

Internal Audit Comment:

We agree that the municipality cannot change their decision for the 2010 / 2011 financial year. However, the action plan will be followed up during the follow up audit.

2. **REPORTED FIGURES DO NOT AGREE TO SUPPORTING DOCUMENTATION FOR CORPORATE SERVICE DEPARTMENT**

Finding:

Threat: Medium

Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the detailed testing of the organizational performance for the period 01 July 2010 to 31 December 2010 at Endumeni Local Municipality on 06/07/2011, it was noted through inspection of the supporting documentation that the reported figures recorded in the organizational and departmental scorecards for the corporate services department for the following indicators were inaccurate:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Reported value	Audited Value	Variance
Law Enforcement	To create a safer road and traffic environment for all road users through education and law enforcement	Law Enforcement	R238,920	R317,385	R78,465
		Regular Alco Road Blocks	6 road blocks	22 road blocks	16 road blocks
		% progress made with the implementation of Road Markings and Signs	22.5km	23.89km	1.39km
Talana Museum	To collect, collate, protect and preserve the heritage of the Endumeni and Northern Kwazulu Natal Areas for future generations.	Record number of visitors	10053 Visitors	11071 Visitors	1018 visitors
Wasbank Library	To render and efficient library service to the residents of Endumeni Municipality	Number of books issued	2091 issues	2302 issues	212 issues
Council and committee work	To enable the council to meet and take decisions on deliverables	Number of Exco and council meetings held p/a	22 meetings	20 meetings	2 meetings

Implication:

- Reported figures recorded on the organizational and departmental scorecard could be incomplete, invalid and inaccurate.

Recommendation:

- The organizational and departmental scorecards should be reviewed by the section 57 employee to confirm that the reported figures are complete, valid and accurate.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organizational and departmental scorecards shall be reviewed by the section 57 employee, Mr. S Perumall, to confirm that the reported figures are complete, valid and accurate. *The corrected figures will appear in the Annual report.*

Responsible Person:

S. Perumall

Designation:

Executive Manager: Corporate Services

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

3. SUPPORTING EVIDENCE NOT PROVIDED FOR AUDIT PURPOSES

Finding:
Threat: High
Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the detailed testing of the organizational performance for the period 01 July 2010 to 31 December 2010 at Endumeni Local Municipality on 06/07/2011, it was noted through inspection of the finance department supporting documentation file that supporting documentation was not inserted for the following indicators selected from the organizational and departmental scorecard for the finance department:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Target for the first 6 months	Actual for the first six months
Cost Coverage	To monitor the financial viability of the Endumeni Municipality	Cost coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A=(B+C)/D)	6:01	6:03
Debt Coverage		Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A=B-C/D)	17:01	17:06
Service Debtors		Outstanding Service Debtors to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001) (A=B/C)	44%	45%
Taxes, levies and duties	To effectively collect revenue	% collections against amount raised for rates and taxes	73%	86%
Personnel Cost	To keep personnel cost within reasonable limits	Personal Cost as a % of total expenditure	36%	37%
Income	To ensure a steady income growth for council	% growth in income	5%	5.40%

Implication:

- Performance information cannot be verified for audit purposes as supporting documentation for reported information not inserted in the relevant file.

Recommendation:

- Adequate supporting documentation should be inserted in the relevant file for the reported information recorded on the organizational and departmental scorecards.

ENDUMENI LOCAL MUNICIPALITY
AD HOC PROJECT 02
JULY 2011

AUDIT ON PERFORMANCE INFORMATION
01 JULY 2010 TO 31 DECEMBER 2010

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organizational and departmental scorecards shall be reviewed by the section 57 employee, Mr. I. Grisdale, to confirm that the reported figures are complete, valid and accurate. Adequate supporting documentation shall be inserted in the relevant file for the reported information recorded on the organizational and departmental scorecard. *The corrected figures will appear in the Annual report.*

Responsible Person:

I. Grisdale

Designation:

Chief Financial Officer

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

4. INDICATORS NOT DOCUMENTED ON PERFORMANCE PLAN

Finding:

Threat: Medium

Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the detailed testing of the organizational performance for the period 01 July 2010 to 31 December 2010 at Endumeni Local Municipality on 06/07/2011, it was noted through inspection of the performance plan for the Manager: Corporate Services and noted that the following indicators were not documented on the performance plan:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Annual Target
Youth, Sports and Recreation	To co-ordinate district sports events	Feedback on the participation of sports events	30
	To co-ordinate youth development opportunities in Endumeni Municipality	Number of events facilitated per annum	2
Council and committee work	To enable the council to meet and take decisions on deliverables	Number of Exco and council meetings held p/a	18

Implication:

- Section 57 employees cannot be held accountable if they have not reported on this performance information as it is not documented in their performance plan.

Recommendation:

- Performance information on which the municipality reports on in the organizational and departmental scorecards should be documented on the performance plan.

Management Comment:

The performance plan and scorecard was approved and included in the Integrated Development Plan (IDP) as per Council resolution number C 10/23/03/10.

Action Plan:

The oversight is noted and will be considered in the development of future performance plans. However, the current plans cannot be amended ipso facto.

Responsible Person:

S. Perumall

ENDUMENI LOCAL MUNICIPALITY
AD HOC PROJECT 02
JULY 2011

AUDIT ON PERFORMANCE INFORMATION
01 JULY 2010 TO 31 DECEMBER 2010

Designation:

Executive Manager: Corporate Services

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

5. **REPORTED FIGURES DO NOT AGREE TO SUPPORTING DOCUMENTATION FOR TECHNICAL SERVICES DEPARTMENT**

Finding:

Threat: Medium
Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the detailed testing of the organizational performance for the period 01 July 2010 to 31 December 2010 at Endumeni Local Municipality on 06/07/2011, it was noted through inspection of the supporting documentation that the reported figures recorded in the organizational and departmental scorecards for the technical services department for the following indicators were inaccurate:

Key Performance Area (KPA)	Objective	Key Performance Indicator	Reported value	Audited Value
Electricity	To complete all projects timeously and within the budget allocated.	% progress made with electricity projects as per capital budget.	18%	48%
Electricity	To facilitate access to electricity for each consumer within Endumeni Municipality.	% of households with electricity connections.	78%	79.44%
Electricity	Electricity Distribution losses	% of Electricity Distribution losses	18.88%	19.14%

Implication:

- Reported figures recorded on the organizational and departmental scorecard could be incomplete, invalid and inaccurate.

Recommendation:

- The organizational and departmental scorecards should be reviewed by the section 57 employee to confirm that the reported figures are complete, valid and accurate.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organizational and departmental scorecards shall be reviewed by the section 57 employee, Mr. J.B. Maltman, to confirm that the reported figures are complete, valid and accurate. *The corrected figures will appear in the Annual report.*

ENDUMENI LOCAL MUNICIPALITY
AD HOC PROJECT 02
JULY 2011

AUDIT ON PERFORMANCE INFORMATION
01 JULY 2010 TO 31 DECEMBER 2010

Responsible Person:
J.B. Maltman

Designation:
Executive Manager: Technical Services

Implementation Date:
01 July 2011

Internal Audit Comment:
Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

6. **REPORTED FIGURES INCORRECTLY MEASURED**

Finding:

Threat: Medium

Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the detailed testing of the departmental performance for the period 01 July 2010 to 31 December 2010 at Endumeni Local Municipality on 06/07/2011, it was noted through inspection of the organizational and departmental scorecard for the corporate services department for the following indicator that the figure reported is required to be expressed as a percentage. The reported figure was, however, measured in kilometers.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Target for the first 6 months	Actual for the first six months
Law Enforcement	To create a safer road and traffic environment for all road users through education and law enforcement	% progress made with the implementation of Road Markings and Signs	20km	22.5km

Implication:

- Inaccurate reporting of performance information.

Recommendation:

- The reported figure for the indicator should be expressed as a percentage.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organizational and departmental scorecards shall be reviewed by the section 57 employee, Mr. S. perumall, to confirm that the reported figures are complete, valid and accurate. *The corrected figures will appear in the Annual report.*

Responsible Person:

S. Perumall

Designation:

Executive Manager: Corporate Services

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

7. INADEQUATE SUPPORTING EVIDENCE USED TO SUPPORT REPORTED FIGURES

Finding:

Threat: Medium
Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the detailed testing of the departmental performance for the period 01 July 2010 to 31 December 2010 at Endumeni Local Municipality on 06/07/2011, it was noted through inspection of the supporting documentation for the technical services department for the indicator reported below that there was a memorandum from the Manager of Sanitation Services certifying that there is a 90% of all households with a weekly refuse removal service. No other documents were found to validate the reported figure.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Target for the first 6 months	Actual for the first six months
Waste Management	To facilitate integrated waste management	% of households with a weekly refuse removal service.	85%	90%

Implication:

- Validity and accuracy of performance information cannot be verified due to inadequate supporting documentation used to support reported figures.

Recommendation:

- Adequate supporting documentation showing calculations of how a reported figure has been derived should be inserted in the file of supporting evidence.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organizational and departmental scorecards shall be reviewed by the section 57 employee, Mr. J.B. Maltman, to confirm that the reported figures are complete, valid and accurate. *The corrected figures will appear in the Annual report.*

Responsible Person:

J.B. Maltman

Designation:

Executive Manager: Technical Services

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

8. PERFORMANCE INFORMATION NOT SUBMITTED TO NATIONAL TREASURY

Finding:

Threat: High
Effort: Low

Section 72(1) (b) (ii) of the Municipal Finance Management Act states that "the accounting officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year and submit a report on such assessment to the national treasury."

During the detailed testing of the organizational performance for the period 01 July 2010 to 31 December 2010 at Endumeni Local Municipality on 06/07/2011, it was noted through enquiry of Mr. Bart Maltman on 07/07/2011 that the organizational and departmental scorecards were not submitted to the national treasury.

Implication:

- Non- compliance with section 72(1) (b) (ii) the Municipal Finance Management Act.

Recommendation:

- The organizational and departmental scorecards should be submitted to the National Treasury by the 25th of January each year.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organizational and departmental scorecards should be submitted to the National Treasury by the 25th of January each year.

Responsible Person:

P.G. Mabilisa

Designation:

Acting Municipal Manager

Implementation Date:

01 July 2011

Internal Audit Comment:

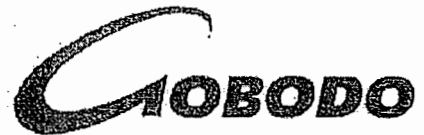
Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.



ENDUMENI LOCAL MUNICIPALITY
INTERNAL AUDIT REPORT
AUDIT ON PERFORMANCE INFORMATION
01 JANUARY 2011 TO 30 JUNE 2011
AD HOC PROJECT 02
JULY 2011

DISTRIBUTION LIST:

Name of Responsible Personnel	Designation of Responsible Personnel
N. Rajkumar	Chairperson: Audit Committee
P.G. Mabilisa	Acting Municipal Manager
I. Grisdale	Chief Financial Officer



16 July 2011

The Acting Municipal Manager
 Mr. P.G. Mabilisa
 ENDUMENI LOCAL MUNICIPALITY
 PO Box 1965
 Dundee
 3000

Dear Sir,

In terms of our Internal Audit Scoping Memorandum for ad hoc project 02 that was approved by management on 20 June 2011, we have performed an Audit on Performance Information at the Endumeni Local Municipality during June / July 2011.

All the matters raised have been discussed with senior officials and we would like to express our appreciation to the various members of staff who have assisted us in carrying out our work.

It is the responsibility of the Endumeni Local Municipality management to ensure adherence to good corporate governance practices, to assess potential risks within Endumeni Local Municipality's operations and to implement an appropriate system of internal control to address such risks. Furthermore, it is the responsibility of Endumeni Local Municipality management to ensure that there is an effective control system in place to prevent and detect fraud.

The attached report records the result of our Internal Audit findings and possible recommendations on how the controls could be improved to overcome the identified weaknesses. The attached report has been set out in three sections:

- Section A An executive summary documenting the mandate, audit objectives, scope of project, audit approach, sources of information, fraud and internal control and risk / threat rating and limitation of scope.
- Section B Executive summary of detailed findings.
- Section C Which contains the detailed findings, recommendations and management comments.

This report has been prepared for the sole use of Endumeni Local Municipality's management. We do not accept responsibility to any other party to whom it may be shown or who of their own volition may decide to rely on it. It should be clearly understood by third parties that they enjoy such receipt for information only and that we accept no duty of care to them in respect of this report.

If you have any queries pertaining to the contents of this document, please contact Mahendra Naicker on 031 539 4800 / 083 799 1243 or Ryaan Lahidas on 031 539 4800 / 082 563 9344.

Yours faithfully,

Mahendra Dama
 Director
 Gobodo Inc.

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1. DETAILED FINDINGS, RECOMMENDATION AND MANAGEMENT COMMENTS 5

SECTION A

1. MANDATE

The Internal Audit review at the Endumeni Local Municipality was conducted in terms of the Internal Audit Scoping Memorandum for ad hoc project 02 that was approved by management on 20 June 2011.

2. AUDIT OBJECTIVES

The primary objective of the review was to assess the reported performance information of the Endumeni Municipality as reported in the departmental and organizational scorecards.

3. SCOPE OF PROJECT

Business processes:

- (1) Departmental Performance;
- (2) Organizational Performance;

Sub processes within business processes:

- (1) **Departmental Performance:**
Verify performance and target information as contained in the departmental scorecard for the period 01 January 2011 to 30 June 2011 to the relevant source documents (Integrated Development Plan, Performance Agreements etc);
- (2) **Organizational Performance Management**
Verify performance and target information as contained in the organizational performance management scorecard for the period 01 January 2011 to 30 June 2011 to the relevant source documents (Integrated Development Plan, Spatial Development framework, Financial Plan etc);

4. AUDIT APPROACH

The audit approach was based on the following key procedures:

- Perform sample testing for the actual targets achieved as per the departmental scorecard that covers the period 01 January 2011 to 30 June 2011 to determine if the actual targets achieved are accurate, complete and valid;
- Perform sample testing for the actual targets achieved as per the organizational performance management scorecard that covers the period 01 January 2011 to 30 June 2011 to determine if the actual targets achieved are accurate, complete and valid;
- Raise findings where control deficiencies were noted;
- Obtain management comments for findings raised;
- Compile Internal Audit report for ad hoc project 02 for the period 01 January 2011 to 30 June 2011.

5. SOURCES OF INFORMATION

Discussions were held with appropriate management. Audit evidence was obtained through observation and inspection of limited key documents and reports.

It should be recognized that controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness, or other personal factors. Control procedures can be circumvented by collusion or by management override.

Our report has been prepared for your information and that of management of the Endumeni Local Municipality. We do not accept responsibility to any other party to whom it may be shown, or who, on their own volition, may decide to rely on it.

6. FRAUD AND INTERNAL CONTROL

While we have identified certain key controls, internal audit procedures alone, even when carried out with due professional care, do not guarantee that all fraud and errors will be detected. We have ensured that all internal audit work conducted is planned with a reasonable expectation of detecting significant control weaknesses in the specific areas reviewed.

However, our reviews and investigations as internal auditors should not be relied upon to disclose all matters of fraud, defalcation or other irregularities which may exist. Management's attention is drawn to the inherent limitations in the reliance on internal controls and procedures mentioned above.

7. RISK / THREAT RATING

We have assigned potential risks to all of the findings that have been identified during this review. We have rated the risks according to the following ratings:

Key to risk/threat ratings:

HIGH: Key exposure identified has a potential for major impact on the municipality and should be resolved as a priority.

MEDIUM: Exposure identified is unlikely to have a major impact on the municipality, but should be resolved as soon as possible.

LOW: Exposure identified does not have a major impact on the municipality, but should be resolved in due course.

In assessing the actual or potential impact of our findings, the following factors were considered:

- The financial risk;
- The operational risk;
- The impact on the municipal image;
- The impact on third parties;
- The impact on employee morale.

For further explanation, we define the above-mentioned audit terms as follows:

Financial risks are those risks, which have an impact on the reliability and integrity of the financial information and the safeguarding of assets.

Operational risks are those risks, which have an impact on the ability to comply with policies, procedures, laws and regulations, achievement of established goals and objectives and the efficiency in the use of the municipality's resources.

SECTION B

1. EXECUTIVE SUMMARY OF DETAILED FINDINGS

The following weaknesses were noted:

Process	Ref	Finding	High	Medium	Low
AUDIT ON PERFORMANCE INFORMATION					
Audit on Performance Information	1.	Municipality reporting on functions belonging to the district municipality			
	2.	Reported figure does not agree to supporting documentation for Technical Services department		x	
	3.	Inadequate supporting evidence used to support reported figures		x	
	4.	Reported figures do not agree to supporting documentation for Corporate Services department		x	
	5.	Supporting documents not provided for audit purposes			
	6.	Reported figures does not agree to supporting documentation for Finance department		x	
	7.	Smart principle not followed		x	
	8.	Indicators not documented on the performance plan		x	
	9.	Reported figures incorrectly measured		x	

Total number of findings	9.00	100%
Total number of findings rated as HIGH	2.00	22%
Total number of findings rated as MEDIUM	7.00	78%
Total number of findings rated as LOW	0.00	00%
Total number of findings	9.00	100%

SECTION C

1. DETAILED FINDINGS, RECOMMENDATION AND MANAGEMENT COMMENTS

PERFORMANCE INFORMATION

1. MUNICIPALITY REPORTING ON FUNCTIONS BELONGING TO THE DISTRICT MUNICIPALITY**Finding:**

Threat: High

Effort: Low

Section 84(d) of the Municipal Structures Act states, *inter alia*, that "A District Municipality has the functions and powers over domestic waste-water and sewage disposal systems."

During the audit of performance information for the period 01 January 2011 to 30 June 2011 at the Endumeni Local Municipality on 03/08:2011, it was noted through inspection of the organisational scorecards that the technical services department reports on the following indicators:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Annual Target	Target for the second 6 months	Actual for the first second months
Sanitation	To eradicate existing backlogs in sanitation within 8 years	% households with access to a basic level of sanitation – Urban	96%	96%	96%
		% households with access to a basic level of sanitation - Rural Communities	27%	27%	27%
		% households with access to a basic level of sanitation - Endumeni LM	90.30%	90.30%	90.30%
		% households with access to a basic level of sanitation - Farmlands	N/A	N/A	N/A
Water	To eradicate the backlogs in water provision with 15 years	% households with access to a basic water provision - Urban	84%	96%	96%

Upon enquiry of the Mr. Bart Maltman (Manager: Technical Services), it was noted that the Endumeni Local Municipality does not perform these functions. These are the functions of the Umzinyathi District Municipality. Furthermore, the reported figures are not verifiable as the information required to perform the audit is located at the Umzinyathi District Municipality.

Implication:

- Endumeni Municipality reports on affairs that are not their function.
- Reported figures on organisational scorecards could not be verified as documented evidence of these figures are not in the custody of Endumeni Local Municipality.

Recommendation:

- The performance indicators should be removed from the organisational scorecards.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The performance indicators included in Endumeni Organisational and departmental Scorecards for information purposes only and will be removed from the said scorecards.

Responsible Person:

P.G. Mabilisa

Designation:

Acting Municipal Manager

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

2. **REPORTED FIGURE DOES NOT AGREE TO SUPPORTING DOCUMENTATION FOR TECHNICAL SERVICES DEPARTMENT**

Finding:

Threat: Medium

Effort: Low

Section 62(1)(b) of the Municipal Finance Management Act states inter alia that "the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records are kept in accordance with the prescribed norms and standards."

During the audit of performance information for the period 01 January 2011 to 30 June 2011 at the Endumeni Municipality on 03/08/2011 for the technical services department, it was noted that the reported figure for the following indicator did not agree to the auditor's recalculated figure:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Annual Target	Target for the second 6 months	Actual for the second 6 months	Auditors recalculated electricity loss percentage
Electricity	Electricity Distribution losses	% of Electricity Distribution losses	13%	13%	17.31%	23.03%

Implication:

- Reported percentage for electricity distribution loss may not be accurate, complete and valid.

Recommendation:

- The figure reported for electricity distribution loss should be reviewed for accuracy, completeness and validity.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organisational and departmental scorecards shall be reviewed by the section 57 employee, Mr. J.B. Maltman, to confirm that the reported figures are complete, valid and accurate. *The corrected figures will appear in the Annual report.*

Responsible Person:

J.B. Maltman

Designation:

Executive Manager: Technical Services

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

3. **INADEQUATE SUPPORTING EVIDENCE USED TO SUPPORT REPORTED FIGURES**

Finding:

Threat: Medium

Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the audit of performance information for the period 01 January 2011 to 30 June 2011 at Endumeni Local Municipality on 03/08/2011, it was noted through inspection of the supporting documentation for the technical services department for the indicator reported below that there was a memorandum from the Manager of Sanitation Services certifying that there is a 90% of all households with a weekly refuse removal service. No other documents were found to validate the reported figure.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Target for the first 6 months	Actual for the first 6 months
Waste Management	To facilitate integrated waste management	% of households with a weekly refuse removal service.	85%	90%

Implication:

- Validity and accuracy of performance information cannot be verified due to inadequate supporting documentation used to support reported figures.

Recommendation:

- Adequate supporting documentation showing calculations of how a reported figure has been derived should be inserted in the file of supporting evidence.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The departmental scorecards shall be reviewed by the section 57 employee, Mr. J.B. Maltman, to confirm that the reported figures are complete, valid and accurate. Adequate supporting documentation should be inserted in the relevant file for the reported information recorded on the departmental scorecard. *The corrected figures will appear in the Annual report.*

Responsible Person:

J.B. Maltman

Designation:

Executive Manager: Technical Services

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

4. **REPORTED FIGURES DO NOT AGREE TO SUPPORTING DOCUMENTATION FOR CORPORATE SERVICES DEPARTMENT**

Finding:

Threat: Medium

Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the audit of performance information for the period 01 January 2011 to 30 June 2011 at the Endumeni Local Municipality on 03/08/2011, it was noted through inspection of the supporting documentation that the reported figures recorded in the organisational and departmental scorecards for the corporate services department for the following indicators were inaccurate:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Annual Target	Target for the second 6 months	Actual for the second 6 months	Auditor's Recalculated figure	Variance
Law Enforcement	To create a safer road and traffic environment for all road users through education and law enforcement	Regular Alco Road Blocks	6	3	11	21	10
		% progress made with the Implementation of Road Markings and Signs	40km	20km	16km	13.88	2.12km
		Number of Schools that underwent road safety training programmes	10	5	9	10	1

Implication:

- Reported figures recorded on the organisational and departmental scorecard could be incomplete, invalid and inaccurate.

Recommendation:

- The organisational and departmental scorecards should be reviewed by the section 57 employee to confirm that the reported figures are complete, valid and accurate.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organisational and departmental scorecards shall be reviewed by the section 57 employee, Mr. S. Perumall, to confirm that the reported figures are complete, valid and accurate. *The corrected figures will appear in the Annual report.*

ENDUMENI LOCAL MUNICIPALITY
AD HOC PROJECT 02
JULY 2011

AUDIT ON PERFORMANCE INFORMATION
01 JANUARY 2011 TO 30 JUNE 2011

Responsible Person:
S. Perumall

Designation:
Executive Manager: Corporate Services

Implementation Date:
01 July 2011

Internal Audit Comment:
Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

5. **SUPPORTING DOCUMENTS NOT PROVIDED FOR AUDIT PURPOSES**

Finding:

Threat: High
Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the audit of performance information for the period 01 January 2011 to 30 June 2011 at Endumeni Local Municipality on 04/08/2011, it was noted through inspection of the finance department supporting documentation file that supporting documentation was not inserted for the following indicators selected from the organisational and departmental scorecard for the finance department:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Annual Target	Target for the second 6 months	Actual for the second 6 months
Cost Coverage	To monitor the financial viability of the Endumeni Municipality	Cost coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A=(B+C)/D)	6:01	6:01	6:02
Debt Coverage		Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A=B-C/D)	17:01	17:01	17:05
Service Debtors		Outstanding Service Debtors to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001) (A=B/C)	44%	44%	44%
Income	To ensure a steady income growth for council	% growth in income	5%	5%	5.00%

Implication:

- Performance information cannot be verified for audit purposes as supporting documentation for reported information not inserted in the relevant file.

Recommendation:

- Adequate supporting documentation should be inserted in the relevant file for the reported information recorded on the organisational and departmental scorecards.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organisational and departmental scorecards shall be reviewed by the section 57 employee, Mr. I Grisdale, to confirm that the reported figures are complete, valid and accurate. Adequate supporting documentation shall be inserted in the relevant file for the reported information recorded on the organisational and departmental scorecards. *The corrected figures will appear in the Annual report.*

Responsible Person:

I Grisdale

Designation:

Chief Financial Officer

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

6. REPORTED FIGURES DOES NOT AGREE TO SUPPORTING DOCUMENTATION FOR FINANCE DEPARTMENT

Finding:

Threat: Medium

Effort: Low

Section 62(1)(b) of the Municipal Finance Management Act states inter alia that "the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records are kept in accordance with the prescribed norms and standards."

During the audit of performance information for the period 01 January 2011 to 30 June 2011 at the Endumeni Local Municipality on 04/08/2011, it was detected that the reported figure (82%) for the following indicator does not agree to the recalculated figure (125%):

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Annual Target	Target for the second 6 months	Actual for the second six months
Taxes, levies and duties	To effectively collect revenue	% collections against amount raised for rates and taxes	75%	77%	82%

The recalculated figure is as follows:

Description	Total
Payment	61,556,020.55
Levies	49,014,721.80
	<u>125.59%</u>

Implication:

- Reported figure for the indicator is inaccurate.

Recommendation:

- The correct method of calculating the figures in relation to the indicators should be established and implemented.

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organisational and departmental scorecards shall be reviewed by the section 57 employee, Mr. I Grisdale, to confirm that the reported figures are complete, valid and accurate. Adequate supporting documentation shall be inserted in the relevant file for the reported information recorded on the organisational and departmental scorecards. *The corrected figures will appear in the Annual report.*

ENDUMENI LOCAL MUNICIPALITY
AD HOC PROJECT 02
JULY 2011

AUDIT ON PERFORMANCE INFORMATION
01 JANUARY 2011 TO 30 JUNE 2011

Responsible Person:
I Gridale

Designation:
Chief Financial Officer

Implementation Date:
01 July 2011

Internal Audit Comment:
Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

7. **SMART PRINCIPLE NOT FOLLOWED**

Finding:

Threat: Medium

Effort: Low

Key Performance Indicators (KPI's) and key performance targets should be developed according to the "SMART" principle and in a manner that enables ease of review and mapping of evidence to support achievement of such indicators and targets.

During the audit of performance information for the period 1 January 2011 to 30 June 2011 at Endumeni Local Municipality on 04/08/2011, it was noted through inspection that the following indicators selected from the organisational and departmental scorecards for the corporate services department did not follow the SMART principle:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Reason for not adhering to SMART principle
Law Enforcement	To create a safer road and traffic environment for all road users through education and law enforcement	Law Enforcement	Not specific and measurable
Fire Fighting Service	To ensure the delivery of a comprehensive fire fighting service in accordance with memorandum of Agreement	Report on usage of Endumeni Municipal Equipment in use by Rural Metro	Not specific
Business Licensing	To ensure that all categorized businesses complies with the business licensing Act.	Number of business licenses	Not specific
Youth, Sports and Recreation	To co-ordinate sport, arts, culture and social activities	Feedback on social Development activities and training programmes	Not specific and measurable
Testing Centre	To render an efficient service in terms of testing to the residents of Endumeni.	Accommodate all applicants with services.	Not specific

Implication:

- Key performance target does not comply with the "SMART" principle;
- It may not be possible to evaluate the evidence supporting the performance target.

Recommendation:

- The KPI's should be amended / developed in order to adhere to the SMART principle.

Management Comment:

The departmental score card was approved and included in the Integrated Development Plan (IDP) as per Council resolution C 10/23/03/10.

Action Plan:

Decisions of the municipality cannot be varied ipso facto and will be further considered for implementation for the 2011 / 2012 score cards.

Responsible Person:

S Perumall

Designation:

Executive Manager: Corporate Services

Implementation Date:

01 July 2011

Internal Audit Comment:

We agree that the municipality cannot change their decision for the 2010 / 2011 financial year. However, the action plan will be followed up during the follow up audit.

8. INDICATORS NOT DOCUMENTED ON THE PERFORMANCE PLAN

Finding:

Threat: Medium

Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the audit of performance information for the period 01 January 2011 to 30 June 2011 at Endumeni Local Municipality on 04/08/2011, it was noted through inspection of the performance plan for the Manager: Corporate Services that the following indicators were not documented on the performance plan:

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Annual Target
Youth, Sports and Recreation	To co-ordinate district sports events	Feedback on the participation of sports events	30
	To co-ordinate youth development opportunities in Endumeni Municipality	Number of events facilitated per annum	2
Council and committee work	To enable the council to meet and take decisions on deliverables	Number of ExCo and council meetings held p/a	18

Implication:

- Section 57 employees cannot be held accountable if they have not reported on this performance information as it is not documented in their performance plan.

Recommendation:

- Performance information on which the municipality reports on in the organisational and departmental scorecards should be documented on the performance plan.

Management Comment:

The performance plan and score card was approved and included in the IDP as per council resolution C 10/23/03/10. However current plans cannot be amended ipso facto.

Action Plan:

The oversight is noted and will be considered in the development of future performance plans.

Responsible Person:

S Perumall

ENDUMENI LOCAL MUNICIPALITY
AD HOC PROJECT 02
JULY 2011

AUDIT ON PERFORMANCE INFORMATION
01 JANUARY 2011 TO 30 JUNE 2011

Designation:

Executive Manager: Corporate Services

Implementation Date:

01 July 2011

Internal Audit Comment:

We agree that the municipality cannot change their decision for the 2010 / 2011 financial year. However, the action plan will be followed up during the follow up audit.

9. **REPORTED FIGURES INCORRECTLY MEASURED**

Finding:

Threat: Medium

Effort: Low

Section 62(1) (b) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the detailed testing of the departmental performance for the period 01 January 2011 to 31 December 2011 at Endumeni Local Municipality on 29/07/2011, it was noted through inspection of the organisational and departmental scorecard for the corporate services department for the following indicator that the figure reported is required to be expressed as a percentage. The reported figure was, however, measured in kilometers.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Target for the second 6 months	Actual for the second six months
Law Enforcement	To create a safer road and traffic environment for all road users through education and law enforcement	% progress made with the implementation of road markings and signs	20km	16km

Implication:

- Inaccurate reporting of performance information.

Recommendation:

- The reported figure for the indicator should be expressed as required. (as a percentage)

Management Comment:

The audit finding is correct and supported.

Action Plan:

The organisational and departmental scorecards shall be reviewed by the section 57 employee, Mr. S Perumall, to confirm that the reported figures are complete, valid and accurate. The corrected figures will appear in the Annual report.

Responsible Person:

S. Perumall

Designation:

Executive Manager: Corporate Services

Implementation Date:

01 July 2011

Internal Audit Comment:

Internal Audit agrees with management comment and the action plan will be followed up during the follow up audit.

CHAPTER 5**ENDUMENI MUNICIPALITY ORGANISATIONAL PERFORMANCE MANAGEMENT
REPORT**

- **The Organisational Performance Management Report 2010/2011 together with the Departmental Reports are enclosed.**

ENDUMENI MUNICIPALITY
 ORGANISATIONAL PMS SCORECARD:
 1 JULY 2010 - 30 JUNE 2011

PMS SCORECARD FOR THE PERIOD 1 JULY 2010 TO 30 JUNE 2011

NAT KPA	LOCAL KPA	IDP OBJECTIVE	KPI	TYPE	SOURCE	FREQUENCY	BASELINE	ANNUAL TARGET 2010/2011	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE DEPT	
Finances	Cost coverage	To monitor the financial viability of the Endumeni Municipality	Cost Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A=(B×C)/D)	Input	Financial System	Annually	5:1	6:1	6:1	06.03	6:1	6.02	100% COMPLIANCE	NIL	Financial Services	
	Debt coverage			Input	Financial System	Annually	16:1	17:1	17:1	17.06	17:1	17.05	17.05	100% COMPLIANCE	NIL	Financial Services
	Service debtors			Input	Financial System	Annually	46%	44%	44%	45%	44%	44%	44%	91% COMPLIANCE	OUT SOURCE DEBT COLLECTION	Financial Services
	Integrated development planning	To align the Councils budget with the IDP	% of capital budget spend on projects as set out in the IDP	Input	Financial System	Bi annually	4 000 000	4 000 000	40%	42%	60%	53%	100% COMPLIANCE	NIL	Financial Services	
	Taxes, levies and duties	To effectively collect revenue	% collections against amounts raised for rates and taxes	Input	Consumer Collection Report	Bi annual	70%	75%	73%	86%	77%	82%	100% COMPLIANCE	NIL	Financial Services	
																5

**ENDUMENI MUNICIPALITY
ORGANISATIONAL PMS SCORECARD:
1 JULY 2010 - 30 JUNE 2011**

NAT KPA	LOCAL KPA	IDP OBJECTIVE	KPI	TYPE	SOURCE	FREQUENCY	BASELINE	ANNUAL TARGET 2010/2011	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR THE FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE DEPT
	Electricity	To facilitate access to electricity for each consumer within Endumeni Municipality	% of households with electricity connections	Outcome	2009	Annual	77.50%	78.00%	78.00%	79.44%	78.00%	79.44%	100% COMPLIANCE	NIL	Technical Services
	Housing	To coordinate service delivery in respect of housing in Endumeni Municipality	Progress made with the implementation of the Housing Sector Plan	Output	Municipal project data	Bi Annually	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	100% COMPLIANCE	NIL	Technical Services
	Integrated development planning	To promote integrated planning	Number of houses constructed at the Sibongile, Sithembile Hostel and Ext 18 Dundee	Output	Municipal project data	Bi Annually	199	200 Houses 120 Single Quarters	100 Houses 60 Single quarters	NIL	100 Houses 60 Single quarters	NIL	100% COMPLIANCE	NIL	Technical Services
	Municipal roads and stormwater	Upgrade and maintain Municipal roads within the LM	Extent of compliance with the IDP review deadlines	Process	Municipal IDP Process Plan	Bi Annually	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	80%	Compliance Process Plan	NIL	100% COMPLIANCE	NIL	Technical Services
	Sanitation	To eradicate existing backlogs in sanitation within 8 years	Kilometers of municipal roads annually upgraded and maintained compliance MIG	Output	Municipal Financial System	Bi Annually	72289m ²	62 000m ²	31 000m ²	100%	31 000m ²	N/A	100% COMPLIANCE MIG BUSINESS PLAN	NIL	Technical Services
Infrastructure and Services			% households with access to a basic level of sanitation	Outcome	WSDP	Annually	%	%							Technical Services
			Urban	Outcome	WSDP	Annually	95%	96%	96%	98%	96%	96%	UTHUKELA WATER	NIL	Technical Services
			Rural Communities	Outcome	WSDP	Annually	17%	27%	27%	27%	27%	27%	UTHUKELA WATER	NIL	Technical Services
			Farmlands	Outcome	WSDP	Annually	100%	N/A	N/A	N/A	N/A	N/A	UTHUKELA WATER	NIL	Technical Services
			Endumeni LM	Outcome	WSDP	Annually	89%	90.3%	90.3%	90.3%	90.3%	90.3%	UTHUKELA WATER	NIL	Technical Services
	Waste Management	To facilitate Integrated Waste Management	% of households with a weekly refuse removal service	Outcome	Monthly Report Manager: Sanitation Services	Bi Annually	80%	84%	82%	84%	90%	90%	100% COMPLIANCE	NIL	Technical Services
	Water	To eradicate the backlogs in water provision within 15 years	% households with access to a basic water provision	Outcome			%	%	N/A	N/A	N/A	N/A			Technical Services

ENDUMENI MUNICIPALITY
 ORGANISATIONAL PMS SCORECARD:
 1 JULY 2010 - 30 JUNE 2011

NAT KPA	LOCAL KPA	IDP OBJECTIVE	KPI	TYPE	SOURCE	FREQUENCY	BASELINE	ANNUAL TARGET 2010/2011	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE DEPT
			Urban	Outcome	WSDP	Annually	95%	96%	96%	96%	96%	96%	UTHUKELA WATER	NIL	Technical Services
			Rural Communities	Outcome	WSDP	Annually	17%	27%	27%	27%	27%	27%	UTHUKELA WATER	NIL	Technical Services
			Farmlands	Outcome	WSDP	Annually	100%	N/A	N/A	N/A	N/A	N/A	UTHUKELA WATER	NIL	Technical Services
			Endumeni LM	Outcome	WSDP	Annually	89%	90,3%	90,3%	90,3%	90,3%	90,3%	UTHUKELA WATER	NIL	Technical Services

ENDUMENI MUNICIPALITY
ORGANISATIONAL PMS SCORECARD:
1 JULY 2010 - 30 JUNE 2011

NAT KPA	LOCAL KPA	IDP OBJECTIVE	KPI	TYPE	SOURCE	FREQUENCY	BASELINE	ANNUAL TARGET 2010/2011	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE DEPT	
Institutional Transformation	Disaster Management	To ensure that the Disaster Management Plan is updated on a regular basis	Progress made with the annual update of the Disaster Management Plan	Outcome	Disaster Management Report	Annually	12 Reports	12	6	6	6	6	100%	NIL	Head: Safety & Security	
	Fire Fighting Service	To ensure the delivery of a comprehensive fire fighting service in accordance with memorandum of agreement	Monthly Reporting on Fire & Emergency Incidents	Outcome	Monthly Report	Bi-Annually	12 Reports	12	6	6	6	6	100%	NIL	Head: Safety & Security	
	Employment Equity	To annually review Council's Employment Equity and submit to Department of Labour	Meeting the deadline for the Review and the Submission of the Report	Outcome	Visual HR Program	Bi-Annually	1	1	1	1	0	0	100%	NIL	Head: Administration	
	Human Resources Management	To monitor and control all leave	AG and Internal Audit Approval	Outcome	Electronic Register and Personal Files	Annually	Actual Leave Applications	Favourable Audit	Audit 2010	0 Queries	0	0	0	-	NIL	Head: Administration
	Workplace Skills	To advance the skills levels of the employees of Endumeni	Meeting Deadline for LGWSETA	Outcome	Skills Audit	Annually	Annual Report	1	0	0	0	1	1	100%	NIL	Head: Administration

**ENDUMENI MUNICIPALITY
ORGANISATIONAL PIMS SCORECARD:
1 JULY 2010 - 30 JUNE 2011**

NAT KPA	LOCAL KPA	IDP OBJECTIVE	KPI	TYPE	SOURCE	FREQUENCY	BASELINE	ANNUAL TARGET 2010/2011	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR THE FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE DEPT
			Number of Meetings held by Professional Nurses	Outcome	Recod File of Minutes	Bi-Annually	12	12	6	5	6	4	75%	NIL	Chief Professional Nurse
			Number of Meetings by the Clinic Committee	Outcome	Recod File of Minutes	Bi-Annually	4	4	2	2	2	1	75%	NIL	Chief Professional Nurse
	Primary Health Care	To render an efficient and comprehensive service to Residents of Endumeni	Number of Drug Management Inspections undertaken by Supervisor	Outcome	Report	Bi-Annually	4	4	2	2	2	1	75%	NIL	Chief Professional Nurse
			Number of Infection Control and Disposal of Medical Waste	Outcome	Report	Bi-Annually	12	12	6	6	6	4	89%	NIL	Chief Professional Nurse
			Number of Complaints Received from Clients	Outcome	Records Kept	Bi-Annually	Actual Figures	Actual	Actual	2	Actual	0	-	NIL	Chief Professional Nurse
	HIV/Aids	To Mitigate the Effect of the HIV/Aids Pandemic	Number of HIV/Aids Programmes	Outcome	Reports	Bi-Annually	4	4	2	2	2	1	75%	NIL	Chief Professional Nurse
			Annual HIV/Aids Awareness Campaign/Projects	Outcome	Programmes	Annually	2	2	1	1	1	1	100%	NIL	Head: Health Services
	Dundee Library	To render an efficient library service to the residents of Endumeni	Number of Books Issued	Outcome	Monthly Reports	Bi-Annually	104 000	104 000	52 000	40 309	52 000	41 664	78%	NIL	Head: Administration
			Number of Library Visitors	Outcome	Monthly Reports	Bi-Annually	100 000	100 000	50 000	59 739	50 000	58 916	118%	NIL	Head: Administration
	Sibongile Library	To render an efficient library service to the residents of Endumeni	Number of Books Issued	Outcome	Monthly Reports	Bi-Annually	7 000	7 000	3 500	6 253	3 500	6 041	175%	NIL	Head: Administration
			Number of Library Visitors	Outcome	Monthly Reports	Bi-Annually	50 000	50 000	25 000	31 824	25 000	30 189	124%	NIL	Head: Administration
	Glencoe Library	To render an efficient library service to the residents of Endumeni	Number of Books Issued	Outcome	Monthly Reports	Bi-Annually	40 000	40 000	20 000	27 859	20 000	26 454	135%	NIL	Head: Administration
			Number of Library Visitors	Outcome	Monthly Reports	Bi-Annually	70 000	70 000	35 000	35 795	35 000	37 743	105%	NIL	Head: Administration
	Wasbank Library	To render an efficient library service to the residents of Endumeni	Number of Books Issued	Outcome	Monthly Reports	Bi-Annually	6 000	6 000	3 000	2 303	3 000	2 472	79%	NIL	Head: Administration
	Business Licensing	To ensure that all categorized businesses complies with the Business Licensing Act	Number of New Business Licences Issued Annually	Outcome	Record File	Annually	Actual Figures	Actual	Actual	8	Actual	2	100%	NIL	Head: Health Services
	Council and Committee work	To enable the Council to meet and take decisions on deliverables	Number of Exco and Council Meetings held per annum	Outcome	Attendance Register	Bi-Annually	18	18	9	20	9	30	277%	NIL	Head: Administration

ENDUMENI MUNICIPALITY
 ORGANISATIONAL PMS SCORECARD:
 1 JULY 2010 - 30 JUNE 2011

NAT KPA	LOCAL KPA	IDP OBJECTIVE	KPI	TYPE	SOURCE	FREQUENCY	BASELINE 20/10/2011	ANNUAL TARGET 20/10/2011	TARGET FOR THE FIRST 3 MONTHS	ACTUAL FOR THE FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE DEPT
			Annual Law Enforcement Income	Outcome	Monthly Reports	Bi-Annually	700 000	700 000	350 000	317 385	350 000	238 400	79%	NIL	Head: Safety & Security
	Law Enforcement	To create a safer road and traffic environment for all road users through education and law enforcement	Regular Alco Road Blocks Recorded Bi-annually	Outcome	Monthly Reports	Bi-Annually	6 Alco Road Blocks	6	3	6	3	11	283%	NIL	Head: Safety & Security
			Progress made with the Implementation of Road Markings & Signs	Outcome	Monthly Reports	Bi-Annually	Paint Roads as per Plan	40km	20km	22.78km	20km	16.08km	97%	NIL	Head: Safety & Security
			Number of Schools Visits that underwent road safety training Programmes	Outcome	Monthly Reports	Bi-Annually	School Visits	10	5	9	5	11	200%	NIL	Head: Safety & Security
	Testing Centre	To render an efficient service in terms of testing to the residents of Endumeni	Amount Received Annually in respect of Services Rendered at the Testing Station	Outcome	Monthly Reports	Bi-Annually	2 518 850	2 518 850	1 259 425	1 219 439	1 259 425	1 531 250	109%	NIL	Manager Safety & Security
Social and Economic Development	Youth, Sports & Recreation	To co-ordinate sports, arts, culture and social activities	Number of Sport, Arts & Culture Activities and Training Programs: Annually	Outcome	Record of Events/Programmes	Annually	30	30	20	28	10	8	120%	NIL	Head: Health Services
		To co-ordinate youth development opportunities in Endumeni Municipality	Number of Youth Events Facilitated per Annum	Outcome	Events/Programmes	Annually	2	2	1	1	1	1	100%	NIL	Head: Health Services
		Upkeep of By-Laws	Update By-Laws Annually	Outcome	Records	Ongoing	3	3	0	0	3	1	33%	NIL	Head: Legal & Estates
	Legal & Estates	Timely checking and signing of clearance certificates	Number of Rates Clearance Certificates Done Annually	Outcome	Records	6 Monthly	Actual	Actual	Actual	154	Actual	280	100%	NIL	Head: Legal & Estates
		Procedures pertaining to Town Planning Amendments (Timeously and procedurally followed)	Number of Town Planning Applications Processed Annually	Outcome	Records	Monthly	Actual Applications	Actual	Actual	6	Actual	7	100%	NIL	Head: Legal & Estates
		To collect, collate, protect and preserve the heritage of the Endumeni and Northern Kwa-Zulu Natal areas for future generations	Record Number of Visitors	Outcome	Monthly Reports	Bi-Annually	20 000	20 000	10 000	11 071	10 000	7 164	91%	NIL	Head: Administration
Social and Economic Development	Taana Museum	To provide an efficient museum service for the residents of Endumeni, KwaZulu-Natal, South Africa and internationally	Number of Functions Held	Outcome	Monthly Reports	Bi-Annually	5 Events	5	4	4	1	1	100%	NIL	Head: Administration
		To ensure correct and efficient date on museum collections	Cross Check all Museum Items	Outcome	Documents	Bi-Annually	600	600	300	223	300	493	119%	NIL	Head: Administration
		To establish efficient data base of archives	To Continually update data base of archival holdings and permanent collection	Outcome	Archival Documents	Bi-Annually	Actual	Actual	Actual	233	Actual	659	100%	NIL	Head: Administration

FINANCIAL SERVICES DEPARTMENTAL SCORECARD: PMS REPORTING (MAT): ENDUMENI MUNICIPALITY

REPORT MANAGER FINANCE 1 JULY 2010 TO 30 JUNE 2011

KEY AREA	OBJECTIVE	KEYS	SOURCE	FREQUENCY	EXPLANATION OF RATIOS (KPI)	BASELINE	ANNUAL TARGET 2010/11	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE NEXT 6 MONTHS	ACTUAL FOR THE NEXT 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESP. OFFICIAL
Budget process	To meet the MFMA budget process requirements	Completion and adoption of an annual budget process plan (sec 21)	MFMA	Annually	None	Aug	Aug	Complete	Complete	N/A	N/A			Financial Manager
Creditors	To pay creditors within 45 days from date of statement	Creditors days	Creditors Payment System	Bi annual	This ratio indicates the time taken to pay creditors. Major increases will indicate liquidity problems.	45 days	45	30 days	30 days	45	45			Chief Accountant Expenditure
Debtors	To retain the financial viability of the municipality	Average debtors period	Age Analysis	Bi annual	None	60 days	60 days	60 days	60 days	60 days	60 days			Accountant Income
Financial viability	To monitor the financial viability of the Endument Municipality	Outstanding Service Debtors to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001) (A-B-C)	Financial System	Annually	None	46%	44%	45%	45%	44%	44%			Financial Manager
		Cost Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A-B-C/D)	Financial System	Annually	None	5:1	6:1	6:03	6:03	6:1	6:02			Financial Manager
Financial statements	To meet the MFMA requirements re financial statements	Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A-B-C/D)	Financial System	Annually	None	16:1	17:1	17:06	17:06	17:1	17:05			Financial Manager
		Meeting the deadlines for the completion and submission via Office of the RM of financial statements to the Auditor-General	MFMA	Annually	None	Aug	Aug	N/A	N/A	N/A	N/A			Financial Manager
Growth in debtors	To monitor and manage the growth in debtors	% growth in debtors	Consumer Control Report	Bi annual	This ratio, when reviewed against the annual increase in revenue, indicates the extent of net increases in debtors. Theoretically the increase in debtors should not exceed the increase in annual income.	20%	18%	19%	19%	18%	21%			Accountant Income
Income	To ensure a steady income growth for Council	% growth in income	Budget Report	Bi annual	This is used as a benchmark to measure liquidity and working capital. It also indicates the probable overall increase in tariffs.	4%	5%	5.40%	5.40%	5%	5%			Assistant Financial Manager
		Extent to which account and other deadlines have been met	Billing report	Bi annual	None	25th day of each month	25th day of each month	25th day of each month	25th day of each month	25th day of each month	25th day of each month	25th day of each month		
MFMA and other reporting requirements	To meet all the legal financial reporting requirements	Extent to which all reporting deadlines have been met	Financial System	Bi annual	None	n/a	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance			Assistant Financial Manager
		Personnel cost as a % of total expenditure	Budget	Annually	The ratio measures the extent to which expenditure is applied for the payment of personnel.	37%	36%	37%	37%	35%	35%			Financial Manager
Property Rates Act	To manage the implementation of the Property Rates Act	Report on the progress made with the implementation of the Property Rates Act (as reported by service provider)	Service Provider Report	Bi annual	None	N/A	Progress made against contract	complete	complete	N/A	N/A			Financial Manager
		Surplus before appropriations as a % of total assets	Financial Statements	Annually	This ratio gives an indication of the municipality's ability to generate a net surplus from a given asset base	7%	8%	7%	7%	8%	8%			Financial Manager
Salaries	To ensure payment of personnel	Extent to which payment and return deadlines have been met	Payroll System	Bi annual	None	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance			Chief Accountant Expenditure
		Statutory funds backed by investments and bank	Financial Statements	Annually	This ratio indicates liquidity and ascertains the extent to which monies set aside for specific purposes has been utilised for operating purposes.	36%	40%	37%	37%	40%	48%			Financial Manager
Taxes and revenue	To effectively collect revenue	% collections against amounts raised for rates and taxes	Consumer Collection Report	Bi annual	None	70%	75%	86%	86%	77%	82%			Accountant Income

**ENDUMENI MUNICIPALITY
CORPORATE SERVICES SCORECARD: REPORTING FORMAT
2010/2011**

REPORT MANAGER CORPORATE SERVICES FOR THE PERIOD 1 JULY 2010 - 30 JUNE 2011

KPA	OBJECTIVE	KPI	SOURCE	FREQUENCY	BASELINE	ANNUAL REPORT 2010/11	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE OFFICIAL
Talana Museum	To collect, collate, protect and preserve the heritage of the Endumeni and Northern Kwa-Zulu Natal areas for future generations	Record numbers/percentages of visitors and distribution KPI requires clarification	Monthly reports, annual reports showing distribution of visitor demographics	BI Annually	20 000	20 000	10 000	11 071	10 000	7 164	91%		Senior Manager: Corporate Services
	To provide an efficient museum service for the residents of Endumeni, KwaZulu-Natal, South Africa and internationally	Number of functions planned and executed per year	Monthly Reports	BI Annually	5 Events	5	4	4	1	1	100%		Senior Manager: Corporate Services
	To ensure correct and efficient date on museum collections	Cross check of all museum items ensuring documentation cards complete, accurate and attach photo of item for ID and insurance	Documentation cards Accession register item	BI Annually	600	600	300	223	300	493	119%		Senior Manager: Corporate Services
	To establish efficient data base of archives	To continually update data base of archival holdings and permanent collection	Permanent Museum Items Received	BI Annually	Actual	Actual	Actual	233	Actual	659	100%		Senior Manager: Corporate Services

ENDUMENI MUNICIPALITY
CORPORATE SERVICES SCORECARD: REPORTING FORMAT
2010/2011

KPA	OBJECTIVE	KPI	SOURCE	FREQUENCY	BASELINE	ANNUAL REPORT 2010/11	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE OFFICIAL
Primary Health Care	To render an efficient and comprehensive service to Residents of Endumeni	Number of Meetings held by Professional Nurses	Record File of Minutes	Bi Annually	12	12	6	5	6	4	75%		Manager: Primary Health Care
		Number of Meetings held by the Clinic Committee	Record File of Minutes	Bi Annually	4	4	2	2	2	1	75%		Manager: Primary Health Care
	To render an efficient and comprehensive service to Residents of Endumeni	Number of Drug Management Inspections undertaken by Supervisor	Supervisory Report	Bi Annually	4	4	2	2	2	1	75%		Manager: Primary Health Care
		Number of Infection control and Disposal of Medical Waste	Supervisory Report	Bi Annually	12	12	6	6	6	4	83%		Manager: Primary Health Care
		Number of Complaints received from Clients	Records Kept by Chief Professional Nurse	Bi Annually	Actual Figures	Actual	2	2	2	0	-		Manager: Primary Health Care
Hiv/Aids	To Mitigate the Effect of the HIV/Aids Pandemic	Number of Internal HIV/Aids Awareness and Education Programmes conducted at the Clinics	Reports by Responsible Co-Ordinator	Bi Annually	4	4	2	2	2	1	75%		Manager: Primary Health Care
		Annual HIV/Aids Awareness Campaign/Projects	Report by Co-Ordinator	Annually	2	2	1	1	1	1	100%		Head: Health Services
Employment Equity	To annually review Council's Employment Equity and submit to Department of Labour	Meeting the deadline for the review and the submission date to Department	Visual Human Resources Programme and Employment Equity	Bi Annually	1	1	1	1	0	0	100%		Senior Manager: Corporate Services
Human Resources Management	To monitor and control all leave	AG and internal audits audit opinion on status of leave records	Electronic Register and Personal files	Annually	Actual Leave Applications	Favourable Audit	Audit 2010	0	0	0	-		Senior Manager: Corporate Services
		Meeting deadlines for the review and submission date to LGWSETA	Skills Audit Forms	Annually	Report Annually	1	0	0	1	1	100%		Senior Manager: Corporate Services
Dundee Library	To render an efficient library service to the residents of Endumeni	Number of books issues	Monthly Reports	Bi Annually	104 000	104 000	52 000	40 309	52 000	41 666	78%		Senior Manager: Corporate Services
		Number of library visitors	Monthly Reports	Bi Annually	100 000	100 000	50 000	59 739	50 000	58 916	118%		Senior Manager: Corporate Services

**ENDUMENI MUNICIPALITY
CORPORATE SERVICES SCORECARD: REPORTING FORMAT
2010/2011**

KPA	OBJECTIVE	KPI	SOURCE	FREQUENCY	BASELINE	ANNUAL REPORT 2010/11	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE OFFICIAL
Sbongile Library	To render an efficient library service to the residents of Endumeni	Number of books issues	Monthly Reports	Bi Annually	7 000	7 000	3 500	6 253	3 500	6 041	175%		Senior Manager: Corporate Services
Wasbank Library	To render an efficient library service to the residents of	Number of library visitors	Monthly Reports	Bi Annually	50 000	50 000	25 000	31 824	25 000	30 189	124%		Senior Manager: Corporate Services
Glencoe Library	To render an efficient library service to the residents of Endumeni	Number of books and other materials issued	Monthly Reports	Bi Annually	6 000	6 000	3 000	2 303	3 000	2 472	79%		Senior Manager: Corporate Services
Business Licensing	To ensure that all categorized businesses complies with the Business Licensing Act	Number of books issues	Monthly Reports	Bi Annually	40 000	40 000	20 000	27 859	20 000	26 454	135%		Senior Manager: Corporate Services
Council and Committee work	To enable the Council to meet and take decisions on deliverables	Number of library visitors	Monthly Reports	Bi Annually	70 000	70 000	35 000	35 795	35 000	37 743	105%		Senior Manager: Corporate Services
Disaster Management	To ensure that the Disaster Management Plan is updated on a regular basis	Number of New Business Licences Issued Annually	Filing System - Licensing Records	Annually	Actual Figures	Actual	Actual	8	Actual	2	100%		Head: Health Services
Fire Fighting Service	To ensure the delivery of a comprehensive fire fighting service in accordance with memorandum of agreement	Number of Exco and Council meetings held p/a	Attendance Register and Minutes	Bi Annually	18	18	9	20	9	30	277%		Senior Manager: Corporate Services
		Progress made with the annually update of the Disaster Management Plan	Disaster Management Report	Bi Annually	12 Reports	12	6	6	6	6	100%		Senior Manager: Safety & Security
		Monthly Reporting on Fire & Emergency incidents	Month-end Report	Bi Annually	12 Monthly Reports	12	6	6	6	6	100%		Senior Manager: Safety & Security

ENDUMENI MUNICIPALITY
CORPORATE SERVICES SCORECARD: REPORTING FORMAT
2010/2011

KPA	OBJECTIVE	KPI	SOURCE	FREQUENCY	BASELINE	ANNUAL REPORT 2010/11	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE OFFICIAL
Law Enforcement	To create a safer road and traffic environment for all road users through education and law enforcement	Annual Law Enforcement Income	Month-end Report	Bi Annually	700 000	700 000	350 000	317 385	350 000	236 400	79%		Senior Manager, Safety & Security
		Regular Alco Road Blocks Recorded Annually	Month-end Report	Bi Annually	6	6	3	6	3	11	283%		Senior Manager, Safety & Security
		Progress made with the implementation of road marking and road signs business plan	Month-end Report	Bi Annually	40km	20km	20km	22.78km	20km	16.08km	97%		Senior Manager, Safety & Security
Testing Centre	To render an efficient service in terms of testing to the residents of Endumeni	Number of schools visits that underwent road safety training programmes	Month-end Report	Bi Annually	10	5	5	9	5	11	200%		Senior Manager, Safety & Security
		Amount Received Annually in respect of Services Rendered at the Testing Station	Month-end Reports	Bi Annually	2 518 850	1 259 425	1 259 425	1 219 439	1 259 425	1 531 250	109%		Senior Manager, Safety & Security
Youth, Sports & Recreation	To co-ordinate sport, arts, culture and social activities	Number of Sport, Arts & Cultural Activities and Training Programs Annually	Record of Events/ Programmes	Annually	30	20	20	28	10	8	120%		Head: Health Services
		To co-ordinate youth development opportunities in Endumeni Municipality	Events/ Programmes	Annually	2	1	1	1	1	1	100%		Head: Health Services
Legal & Estates	Upkeep of By-Laws Timely checking and signing of clearance certificates Procedures pertaining to Town Planning Amendments (Timeliness and procedure followed)	Update By-Laws Annually	Records	Ongoing	3	0	0	0	3	1	33%		Senior Manager, Legal & Estates
		Number of Rates Clearance Certificates Done Annually	Records	6 Monthly	Actual	Actual	Actual	154	Actual	280	100%		Senior Manager, Legal & Estates
		Number of Town Planning Applications Processed Annually	Records	Monthly	Actual	Actual	Actual	6	Actual	7	100%		Senior Manager, Legal & Estates

KPA	OBJECTIVE	KPI	TYPE	SOURCE	FREQUENCY	BASELINE	ANNUAL TARGET 2010/11	TARGET FOR THE FIRST 6 MONTHS	ACTUAL FOR FIRST 6 MONTHS	TARGET FOR THE SECOND 6 MONTHS	ACTUAL FOR THE SECOND 6 MONTHS	REASONS FOR PERFORMANCE STATUS	RECOMMENDED CORRECTIVE ACTION	RESPONSIBLE OFFICIAL
Electricity	To access grant funding to extend the service to low income communities	Rand value of grants received	Input	Municipal Financial System	Annual	R500 000	R2 000 000	R900 000	NIL	NIL	NIL	No Housing Projects	NIL	Manager: Electrical
	To complete all projects timously and within the budget allocated	% progress made with electricity projects as per capital budget	Output	Municipal Financial System	Bi Annually	100%	100%	40%	30,49%	100%	85,78%	Disagree - Audited value of 48% was 1st Q + 2nd Q	NIL	Manager: Electrical
	To ensure the enforcement of bylaws by detection of offenders in respect of tampered electrical meters	Number of enforcements per annum	Output	Municipal Financial System	Bi Annually	300	320	160	57	160	73		Tender Review Council Resolution C02/15/12/10	Manager: Electrical
	To facilitate access to electricity for each consumer within Endumeni Municipality	% of households with electricity connections	Output	2007/11 IDP	Annual	77,50%	78,00%	78,00%	79,44%	78,00%	79,44%		NIL	Manager: Electrical
Housing	Electricity theft losses	% Electricity theft losses	Input	Municipal Financial System	Annual	14%	13%	13%	19,14%	13%	23,03%		Tender Awarded BID 33/2009	Manager: Electrical
	To coordinate service delivery in respect of housing in Endumeni Municipality	Number of houses constructed at the Sibongile, Silhembele Hostel and Ext 18 Dundee	Output	Municipal project data	Bi Annually	199	200 Houses	100 Houses	NIL	200 Houses	NIL	Response awaited from Department Human Settlements	NIL	Manager: Technical Services
Integrated development planning	To promote integrated planning	Extent of compliance with the IDP review deadlines	Process	Municipal IDP Process plan	Bi Annually	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan		NIL	Manager: Technical Services
	To ensure that Councils infrastructure are adequately maintained	% of Council's budget spent on maintenance	Input	Municipal Financial System	Annual	Budget 2007/2008 2,5%	Budget 2009/2010 3%	Budget 2009/2010 3%	Budget 2009/2010 3%	Budget 2009/2010 3%	Budget 2009/2010 3%		NIL	Chief Financial Office
MIG	To effectively manage all MIG funding	% of MIG allocation spend per annum	Output	MIG PMU Reports	Bi Annually	New Programme	100% to Business Plan	100% to Mig cash flow	100% to Mig cash flow	100% to Mig cash flow	100% to Mig cash flow		N/A	Manager: Admin. Technical Services
Municipal roads	Upgrade and maintain Municipal roads within the LM	% progress made with roads and stormwater projects as per capital budget	Output	Municipal Financial System	Bi Annually	100%	100%	40%	40%	100%	100%		NIL	Asst. Manager: Civil Services
	To maintain all parks, gardens and municipal verges	% Compliance as per service standard adopted by Council	Output	Monthly report Manager Sanitation Services	Bi Annually	n/a	70% Compliance as per service standard to be adopted by Council	50% Completed cycle every 8 weeks	50% Completed cycle every 8 weeks	70% Completed cycle every 8 weeks	50% Completed cycle every 8 weeks		Investigation to be conducted into capacity constraints of council plant and equipment	Manager: Sanitation Services
Stormwater	To maintain and clean the stormwater network on a regular basis	% of catchpits cleaned annually	Output	Monthly Report Manager: Technical Services	Bi Annually	30%	40%	20%	20%	40%	20%		NIL	Asst. Manager: Civil Services
Waste Management	To facilitate Integrated Waste Management	% of households with a weekly refuse removal service	Output	Monthly Report Manager: Sanitation Services	Bi Annually	80%	90%	85%	90%	85%	90%		NIL	Manager: Sanitation Services

OSH Act	To facilitate implementation of OHS Act Technical Services Dept. only	Extent of compliance of Glencoe site with DWAF regulations	Output	Monthly Report Manager: Sanitation Services	Bi Annually	75%	85%	80%	80%	80%	80%	NIL	Manager: Sanitation Services & Manager Admin Technical Services
		Extent of compliance with applicable sections of Act	Process	Monthly report Manager: Admin. Technical Services	Bi Annually	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	Compliance Process Plan	NIL	Manager: Admin. Technical Services