

## COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

### INTRODUCTION TO HEALTH

*Note: Recent legislation includes the National Health Act 2004.*

**Delete Directive note once comment is completed**. Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty

T 3.17

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### 3.17 CLINICS

**The Municipality does not perform the above function.**

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### 3.18 AMBULANCE SERVICES

**The Municipality does not perform the above function.**

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### 3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

**The Municipality does not perform the above functions.**

## COMPONENT G: SECURITY AND SAFETY

### INTRODUCTION TO SECURITY AND SAFETY

Security Services mandate is derived from Chapter 7 of the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996).

The department has functions to develop security related policies and procedures for the Council and monitor the implementation of the following:

- Security policy
- Vetting policy
- Access and key control procedure
- Council vehicle procedure

#### VISION

To be a united, non-racial, transparent, responsive development and efficient municipality that renders sustainable services, so as to improve the quality of life in the community.

#### MISSION

Working effectively with all stakeholders to serve the people of Moqhaka Municipality through:

Ensuring a safe, secure and healthy environment.

#### VALUES

As a department we have committed ourselves to set standards and values. These standards and values are the foundation by which we deliver our services and interact with one another on a personal and professional level.

Respect for the individual, employees and the public

First rate public service; and

Organizational excellence and integrity.

Each of us must be committed to ensure that these values and standards are practiced daily and that they provide the framework and principles by which we function as a department. Nothing less will be acceptable.

## ETHICS

As Security Services our fundamental duties are to protect employees, councillors, Council property and to serve the community, safeguard lives and property protect the peaceful against violence and disorder; and to respect the constitutional rights of all persons as to liberty, equality and justice.

We will keep our private lives unsullied as an example to all maintain courageous calm in the face of danger, scorn, or ridicule; develop restraint and remain constantly mindful of the welfare of others. Honest in thought and deed, both in personal and professional interaction, we will serve as an example in obeying the laws of the land and the department's regulations. Whatever confidential matters are confided upon us within our official capacity will be kept ever secret unless revelation is necessary in the performance of duty.

We will never act officiously or permit personal feeling, prejudices, animosities, or friendships to influence our decisions. With no compromise for crime and with relentless prosecution of criminals, we will enforce the law courteously and appropriately without fear of favour, malice or ill will, never employing unnecessary force or violence, and never accepting gratuities.

We recognize the badge of our office as a symbol of public faith and accept it as public trusts to be held so long as we are true to the ethics of the department. We will constantly strive to achieve these objectives and ideals.

## PRIORITIES

Ensuring a safe, healthy and secure environment as enshrined in the Constitution

## GOAL

Actively assist the SAPS in the reduction of crime levels in Moqhaka Municipal jurisdiction.

## STRATEGIC OBJECTIVES OF SECURITY SERVICES

To promote a safe and healthy environment (Chapter 7, section 152 of the constitution) through the development of a **SAFER MOQHAKA STRATEGY**.

Table 59: Municipal Security Service Data

Municipal Security Service Data			
	Details	2012/13	2013/14
1	Number of key points visited		12 420
2	Number of by-law infringements attended		654
3	Number of Security Officers in the field on an average day		3
4	Number of Security Officers on duty per day		3

Table 60: Employees - Security Services

Employees: Security Officers					
Job level	2011/12	2012/13			
Security	Employees No.	Posts no.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 . 3		1	0	1	100%
4 . 6		2	1	1	50%
7 . 9		5	5	5	0%
10 -12		1	0	1	100%
13 . 15		18	2	16	0,8%
16 . 18		30	5	25	0,83%
19 . 20		0	0	0	n/a
TOTAL		57	13	49	

Capital Expenditure 2012/13 Security					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<b>No Capital was allocated. No projects</b>					
Project A					
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate.					T3.65.6

COMMENT ON THE PERFORMANCE OF SECURITY SERVICES OVERALL:

**Security Services is not captured on the IDP**

T.3.65.7

### 3.20 TRAFFIC MANAGEMENT

**Vision:**

To provide an effective and efficient traffic service to substantially reduce the number of road accidents, injuries and deaths on our roads in Moqhaka.

**Mission:**

To actively promote traffic safety, order and mobility by maintaining committed goals directed law enforcement, traffic control, and conduct public information and road safety awareness programs.

Table 61: Law Enforcement

Law Enforcement			
Description	2010/2011	2011/2012	2012/2013
	Actual No.	Actual No.	Actual No.
<b><u>Prosecutions</u></b>			
<i>The total prosecutions instituted</i>	15 285	12 369	11 342
<i>Monetary value</i>	R3, 573 920-00	R3, 566 905-00	R3, 677 610-00
<b><u>Notices Issued</u></b>			
<i>Section 341 notifications</i>	14 337	10 237	9 889
<i>Section 56 notifications</i>	1 457	2 132	1 453
<b><u>Income</u></b>			
<i>Traffic Fines</i>	R888 232-32	R831 618-09	R904 406-68
<i>Escort Duties</i>	R 9 818-47	R 8 877-09	R 6307-01
<i>Sundry Income</i>	R 9 521-91	R 7 815-77	R 3640-36
<b><u>Representations</u></b>			
<i>Un-finalised representations</i>	53	58	44
<i>Successful representations</i>	938	913	646
<i>Un-successful representations</i>	735	203	244
<b><u>Section 54 Summonses</u></b>			
<i>Successful</i>	1201	1697	941
<i>Withdrawn</i>	859	1022	1139
<i>Un-successful</i>	80	110	131
<b><u>Warrants of Arrest</u></b>			
<i>Warrants of Arrest issued and received</i>	793 361	1039 540	819 383
<i>Warrants of Arrest executed</i>			

Table 62: Accidents

Accidents		
The nine worst accidents locations in the Municipal Jurisdiction of Moqhaka		
2010/2011	2011/2012	2012/2013
Smalldeel Road (Maokeng)	Cross Street (Kroonstad CBD)	Reitz Street (Kroonstad CBD)
Reitz Street (Kroonstad CBD)	Reitz Street (Kroonstad CBD)	Smalldeel Road (Maokeng)
Cross Street (Kroonstad CBD)	Smalldeel Road (Maokeng)	Viljoenskroon Road
Tang Street (Maokeng)	Turner Street (Kroonstad Northern Suburb)	Cross Street (Kroonstad CBD)
Brand Street (Kroonstad CBD)	Van Zyl Street (Kroonstad Northern Suburb)	Van Zyl Street (Kroonstad Northern Suburb)
Seroto Street (Maokeng)	Lethetsa Street (Maokeng)	Brand Street (Kroonstad CBD)
North Road (Kroonstad Northern Suburb)	Marabastad (Maokeng)	Du Toit Street East (Kroonstad Northern Sub)
Van Zyl Street (Kroonstad Northern Suburb)	Tang Street (Maokeng)	Tang Street (Maokeng)
Lethetsa Street (Maokeng)	Station Street (Kroonstad CBD)	Murray Street (Kroonstad CBD)

Accidents and Casualties			
Description	2010/2011	2011/2012	2012/2013
Fatalities	4	5	5
Serious Injuries	24	51	44
Slight Injuries	85	96	170
Damages Only	806	942	826
Casualties	147	201	219
Pedestrians Involved	87	96	13
<b>Measures in place to curb accidents:</b> Speed measuring Road side check points Breathalyser tests . alcohol Upgrading of road markings and traffic signs Scholar Patrol and Child in Traffic Training Executing Summonses and Warrants of Arrest Special operations with Kroonstad Weighbridge . overload control Special operations with the Provincial Traffic and the SAPS Higher fine amounts were approved on various traffic fines			

Table 63: Employees - Law Enforcement

Employees: Law Enforcement					
Job Level	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	0	100%
4-6	1	1	1	0	100%
7-9	7	7	5	2	71%
10-12	3	13	4	11	31%
13-15	6	3	5	0	106%
16-18	0	0	0	0	-
<b>Total</b>	<b>18</b>	<b>25</b>	<b>16</b>	<b>13</b>	<b>64%</b>

Employees: Administration					
Job Level	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	-
4-6	0	1	1	0	100%
7-9	0	1	1	0	100%
10-12	4	4	4	0	100%
13-15	0	1	0	1	-100%
16-18	0	1	0	1	-100%
<b>Total</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>75%</b>

Employees: Technical					
Job Level	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	-
4-6	0	0	0	0	-
7-9	1	1	1	0	100%
10-12	0	0	0	0	-
13-15	0	0	0	0	-
16-18	4	9	4	5	44%
<b>Total</b>	<b>5</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>50%</b>

Capital Expenditure 2012/13: Traffic Management					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
General					
<ul style="list-style-type: none"> <li>• Road markings were done in Kroonstad, Viljoenskroon and Steynsrus.</li> <li>• Various traffic signs were replaced with new ones.</li> <li>• Traffic Management received four new traffic vehicles for law enforcement.</li> </ul>					

**Challenges:**

- Implement the Administrative Adjudication of Road Traffic Offences (AARTO)
- Installation of fixed cameras for speed law enforcement.
- Installation of the one-way traffic system in the Central Business District and heavy motor vehicles routes.



### 3.21 FIRE

#### INTRODUCTION TO FIRE SERVICES

Fire Services in the Republic of South Africa and in particular in Moqhaka are regulated in terms of National Legislation.

The top priorities are as follows:

- (a) prevent the outbreak or spread of a fire;
- (b) fight or extinguish a fire;
- (c) protection of life or property against a fire or other threatening danger;
- (d) rescue of life or property from fire or other danger

Fire Services In the first priority is the prevention of the outbreak of fire. This could not be achieved as there is no functional Fire Safety division within the Moqhaka Fire Service due to understaffing. The spread of fire could only partly be accomplished as the Fire Service had to do without proper and sufficient fire fighting vehicles and equipment and staff shortages for an amount of time. The Fire Service has a challenge in that the Steynsrus/ Matlanglang or Viljoenskroon/ Ramolutsi areas has to be attended to from Kroonstad head office and this impacts on the response to these areas.

**Table 64: Fire Service Data**

Fire Service Data				
Details	2010/11	2011/12		2012/13
	Actual No.	Estimate No.	Actual No.	Estimate No.
1 Total fires attended in the year	295	295	330	330
2 Total of other incidents attended in the year	96	96	112	112
3 Average turnout time - urban areas	15 min	15 min	15 min	15 min
4 Average turnout time - rural areas	60 min	60 min	60 min	60 min
5 Fire fighters in post at year end	20	20	20	20
6 Total fire appliances at year end	2	n/a	0	1
7 Average number of appliance off the road during the year	1	n/a	2	2
T 3.21.2				

Concerning T3.21.2

*Average turnout time within built-up area falls within accepted standards but the average attendance times for rural areas do not fall within accepted standards.*

**Table 65: Fire Service Policy Objectives taken from IDP/SDBIP**

Key Performance Indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non- or under-performance	Corrective measures taken or to be taken
To provide effective firefighting, rescue and HAZMAT services to communities of Moqhaka	100%				
Number of hydrants maintained	255	512	20	Vehicle shortage Shortage of staff	Acquisition of required vehicles Appointment of staff in vacant positions
Number of fire safety inspections conducted	55	110	40	Vehicle shortage Shortage of staff	Acquisition of required vehicles Appointment of staff in Compliance with National legislation pertaining to vacant positions
% of budgeted firefighting equipment purchased	30%	100% of equipment purchased breathing apparatus inline inductors fire branches & hoses radio network	0%	Capital budget couldn't be accessed. Cash flow management problem	Proper budget allocation and availability of budget

Table 66: Employees – Fire Services

Employees: Fire Services					
Job Level	2012/13	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	
4 - 6	4	5	5	1	
7 - 9	1	1	1	0	
10 - 12	4	6	4	2	
13 - 15	4	12	4	8	
16 - 18	10	37	10	27	
19 - 20	2	4	2	4	
Total	0	0	0	0	

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.2.7

Table 67: Financial Performance – Fire Services

Financial Performance 2012/13 : Fire Services					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
Expenditure:	5 925 597.00	7 025 258.00	- 803022	7 828 280.30	
Employees	5 925 597.00	5 640 073.00	703 585.6	6 343 658.60	
Repairs and Maintenance	262 992.04	190 000.00	- 230000	262 992.04	
Other	80 587.80	73 500.00	72 992.00	80 587.80	
<b>Total Operational Expenditure</b>	<b>7 955 865.00</b>	<b>7 955 865.00</b>	<b>- 69320.00</b>	<b>7 886 545.09</b>	
<b>Net Operational Expenditure</b>	<b>7 955 865.00</b>	<b>7 955 865.00</b>	<b>- 69320.00</b>	<b>7 883 364.68</b>	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.2.8

Table 68: Capital Expenditure – Fire Services

Capital Expenditure 2012/13 : Fire Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.2.9</i>

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

. No capital projects were undertaken.

*T 3.21.7*

### 3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

The Municipality only performs the disaster management and control of public nuisances functions

#### INTRODUCTION TO DISASTER MANAGEMENT

Disaster Management in Moqhaka is very minimal at present due to staff shortages and lack of equipment. Although this has placed a strain on the municipality all incidents where the community was affected due to roofs being blown off or houses being flooded by heavy rains all were attended to and assistance given to inhabitants. during the latter part of the financial year Fezile Dabi District Municipality assisted qhaka Municipality when a Disaster official was seconded to Moqhaka to assist

*T 3.22.1*

#### SERVICE STATISTICS FOR DISASTER MANAGEMENT

*T 3.22.2*

Table 69: Disaster Management Policy Objectives taken from IDP/SDBIP

Key Performance Indicators	Baseline: 2011/12	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non- or under-performance	Corrective measures taken or to be taken
To make use of the disaster management center according to disaster management Act	100%				
To conduct community awareness campaigns on prevention of disasters and to promote volunteerism.	4	4	0	Vacant positions not filled	Appointment of staff in vacant positions
To identify and provide the necessary emergency equipment to ensure effective disaster management in the Moqhaka region	800 meters of plastic covering	800 meters of plastic covering	900 meters of plastic covering	Nil	

Table 70: Employees – Disaster Management

Employees: Disaster Management					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	
4 - 6	0	0	0	0	
7 - 9	0	0	0	0	
10 - 12	0	0	0	0	
13 - 15	1	0	0	0	
16 - 18	0	0	0	0	
19 - 20	0	0	0	0	
Total	0	0	0	0	

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.2.7

Table 71: Financial Performance – Disaster Management

Financial Performance 2012/13 : Disaster Management					
					R'000
Details	2011/12	2012/13			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
<b>Total Operational Expenditure</b>					
<b>Net Operational Expenditure</b>					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.2.8

Table 72: Capital Expenditure – Disaster Management

Capital Expenditure 2012/13: : Disaster Management						R' 000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0	0	
Project A	0	0	0	0	0	
Project B	0	0	0	0	0	
Project C	0	0	0	0	0	
Project D	0	0	0	0	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.2.9

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

T 3.22.7



## COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

### INTRODUCTION TO SPORT AND RECREATION

#### **Kroonpark Holiday Resort**

##### **Overview**

Kroonpark was build and established just after the floods in 1989 and officialy open in 1990. The resort was mainly astablished and build as a recreational facility for the lager community of Kroonstad and for local economical development as a tourist attraction facilities for Kroonstad.

The core function of resort is to provide accomodation and leisure facilities to tourist. The resort carters for different businesses and govenmental conferences. It host two of South Africa's biggest annual Biker Rallies namely:

- FoX Rally
- Poison Rally

Besides biker Rallies Kroonpark hosted two mortor vehilce shows. Amongst other events that atracts visitors from other towns and adjecent farms are four major music festivals. Kroonpark Resort is one of the few resort country wide that have indoor heated swimming pool.

Kroonpark accommodated 31400 day vistors as compared to 27525 of the previous year.

### 3.23 SPORT AND RECREATION

Table 73: Kroonpark Holiday Resort Policy Objectives taken from IDP/SDBIP

Key Performance Indicators	Baseline: 2010/11	Annual target: 2012/13	Actual performance : 30 June 2013	Reasons for non- or under-performance	Corrective measures taken or to be taken
To support the expansion of the tourism potential of Kroonpark Holiday Resort	10 10 10 10 10 10 8	<b>To renovate and maintain the resort:</b>  1.Number of chalets Re- sealed /patched (roof) 2.Acquiring of new furniture and electric equipment <ul style="list-style-type: none"> <li>✓ TVs</li> <li>✓ Fridges</li> <li>✓ Bar fridges</li> <li>✓ Deep Freezers</li> <li>✓ Four plate stoves</li> <li>✓ Oil Heaters</li> </ul> Renovation of indoor. (New entrance and exit doors) swimming pool.	0 0 0 0 0 0 0	No Capital Budget for 2012/2013	Submit a Capital Budget for 2013/2014
	27 525	Increase The number of feet fall (Tourist/ Visitors) = 30 000	31 400	Target was not reach but there was an increase on the feet fall.	
	7	Increase the amount of Annual Entertainment events and activities = 8	8	Accomplished and the annual amount of entertainment events and activities has increase to 10	
	7	To assess employees skills development needs and to address skills requirements =	6		

Table 74: Employees – Kroonpark Holiday Resort

Employees: Kroonpark Holiday Resort					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	
4 - 6	0	0	0	0	
7 - 9	1	1	1	1	
10 - 12	8	11	8	3	
13 - 15	1	4	1	3	
16 - 18	0	0	0	0	
19 - 20	25	25	25	6	
Total					

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.2.7

Table 75: Financial Performance – Sport and Recreation

Financial Performance 2012/13: : Kroonpark					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	R3,594 284.83	R3,655 060.00		R3,792 306.00	
Expenditure:	R6,423 327.66	R7,132 520.00		R6,684 903.71	
Employees	R4,328 711.67	R4,784 425.00		R4,705 064.00	
Repairs and Maintenance	R 852 823.51	R 867 000.00		R 550 948.81	
Other	R1,241 741.48	R1,481 095.00		R1,428 889.95	
<b>Total Operational Expenditure</b>	R6,423 327.66	R7,132 520.00		R6,684 903.71	
<b>Net Operational Expenditure</b>					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.2.8

Table 76: Capital Expenditure – Kroonpark Holiday Resort

Capital Expenditure 2011/12: : Kroonpark Holiday Resort					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	R0	0	R0	0	R0
Project B	R0	0	R0	0	R0
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
					T 3.2.9

**COMMENT ON THE PERFORMANCE OF KROONPARK HOLIDAY RESORT OVERALL:**

**The key achievements for 2011/12 were:**

- Annual increase in the income for the resort from to R 3,594 284.83 to R3,792 306.00 Annual increase in the amount of visitors visiting the resort from 27 525 for 2011/2012 to 31 400 for 2012/13. (This totals exclude chalet visitors, campsite visitors and season ticket holders)
- Success fully hosts 8 deferent events and entertainment programs.

**The key issues and challenges for 2012/13 were:**

- Equipment, furnishers, bedding and linen are damaged and outdated.
- Complete renovated of the resort required.
- Insufficient budget to market the resort
- Control measure to be intensified in handling of cash.
- Low morale of staff causes serious problems.
- Lack of training in hospitality and tourism.

**KROONPARK HIGHEST IDP PROJECTS FOR NEXT 5 FINANCIAL YEARS**

Project Number	Project Description	Total Project Cost	Source of Funding	2012 / 13	2013 / 14	2014 / 15	2015 / 16	2016 / 17
1	Painting of all chalets and servicing of all thatch roofs.	R 250 000	Internal /FDDM	R 50 000	R 50 000	R 50 000	R 50 000	R 50 000
2	Acquire new furniture and electrical equipment for all chalets.	R 200 000	Internal /FDDM		R 80 000		R 80 000	R 40 000
3	Renovating of the entire bathroom in all the chalets.	R 250 000	Internal /FDDM	R 50 000			R100 000	R100 000
4	Painting of swimming pool building.	R 200 000	Internal /FDDM	R 100 000	R 100 000			
5	Painting of reception offices and servicing of thatch roofs.	R 200 000	Internal /FDDM	R 100 000		R 100 000		
6	Painting of four ablution blocks and servicing of respective thatch roofs.	R 200 000	Internal /FDDM			R 60 000	R 40 000	R100 000
7	Design and develop new brochures and posters of the resort.	R 200 000.00	Internal /FDDM	R 100 000.00		R 50 000.00		R 50 000.00

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

This component includes the Executive Office, financial services, human resource services, ICT and legal and property services.

*T 3.24*

## 3.24 EXECUTIVE AND COUNCIL

This component includes: the Executive Offices (Office of the Executive Mayor; Office of the Speaker, Councilors; and the Office of the Municipal Manager.

### INTRODUCTION TO EXECUTIVE AND COUNCIL

The Executive Mayor exercises overall political responsibility for sound governance and service delivery, whilst the Office of the Speaker is mainly responsible for public participation, ward committees and managing Council and Committee meetings.

The Municipal Manager is the accounting officer of the municipality and reports to the Executive Mayor and Council. Top service delivery priorities included:

- establishment of sound corporate governance system of internal audit and risk management
- developing improved systems to ensure optimal institutional efficiency
- ensuring the financial health of the municipality.

*T 3.24.1*

Table 77: Employees – Executive and Council

Employees: Executive and Council					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	1		
4 - 6		-			
7 - 9		1			
10 - 12		1			
13 - 15		3			
16 - 18		-			
19 - 20		-			
Total	10	7	11		

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*  
T 3.2.7

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

T 3.24.7

### 3.25 FINANCIAL SERVICES

#### INTRODUCTION FINANCIAL SERVICES

Debt recovery has been a serious concern over the past years. The municipality struggles to collect 100% of what is billed on monthly basis. The arrears are not really serviced. Write-offs have been implemented on irrecoverable inactive accounts older than 3 years and cut offs are performed regularly. The municipality has put its focus on debt collection supporting Revenue Division.

T3.25.1

Table 78: Debt Recovery

Debt Recovery							
Details of the types of account raised and recovered	2010/11		2011/12			2012/13	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year	Actual for accounts billed in year	Proportion of accounts value billed that were collected	Billed in year Collection %	Actual outturn for accounts billed in year	Actual Proportion of accounts billed that were collected
	R' 000						
Property Rates	R 36 549	R 26 693	R 35 876	R 30 165	84%	R 42 541	R 33 757
Electricity - C	R 97 097	R 79 137	R 123 973	R 102 937	83%	R 134 642	R 114 740
Water	R 46 539	R 21 372	R 56 604	R 28 630	51%	R 73 360	R 35 707
Sanitation	R 12 111	R 6 392	R 15 861	R 7 834	49%	R 21 627	R 10 418
Refuse	R 8 914	R 5 233	R 9 953	R 5 584	56%	R 12 368	R 6 664
Other	R 6 106	R 3 822	R 7 508	R 3 274	44%	R 7 356	R 3 373

B- Basic; C- Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

T 3.25.2

#### Concerning T3.25.2

Average collection on billing for 2010/11 is 63%. Average collection on billing for 2011/12 is 71 % and average collection on billing for 2012/13 is 70%. Collection on billing needs to be as close as possible to 100%, as that will enhance revenue. Arrears must also be collected to fund daily operations and pay salaries.

T3.25.2.1



Table 79: Financial Service Policy Objectives

Key Performance Indicators	Baseline 2011/12	Annual Target 2012/13	Actual Performance 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or be taken
% reduction in number of internal and external audit queries on supply chain management processes	50%	75% reduction in SCM audit queries by end of June 2013	40%	SCM anticipated to reduce queries by 60%, however the final audit report had more queries than their reduction target	Unit to be fully capacitated to ensure adequate segregation of duties and the availability of the necessary resources.
% of supplier database updated and maintained	50%	100% of supplier database updated by end of March 2013	0%	Shortage of staff to capture database forms.	Unit to be fully capacitated
% of SCM procurement plan compiled and approved	0%	100% annual procurement plan compiled and approved by end of Oct 2012	100%	-	-
% actual expenditure on repairs and maintenance as a percentage of the approved/adjusted budget	8.7% (R38m)	10% actual expenditure on repairs and maintenance as a percentage of the approved/adjusted budget	6%	The lack of adequate cash flow hampered the municipality's plans to attain the planned target.	To enhance revenue, and liaise with other divisions with regards to the planned expenditure for repairs and maintenance.
% of creditors paid within 30 days of receipt of invoice	40%	100% of trade creditors paid within 30 days of receipt of invoice	7%	Due to cash flow constraints, it was not possible for the municipality to pay its creditors within the stipulated period of 30 days.	To enhance revenue, and continuously monitor the expenditure, and implement a creditors system which will timeously indicate those creditors which are over-due for payment.
% GRAP Compliant Financial Statements produced year on year	100%	100% compliant AFS submitted by 31 August 2013	100%	-	-
% GRAP compliant fixed asset register (FAR)	50%	100% of GRAP compliant FAR compiled (ownership & valuation)	50%	There were a number of audit queries from the AG during the interim audit on completeness. Thus the need to verify the FAR	Technical services are currently undertaking physical verification.

Key Performance Indicators	Baseline 2011/12	Annual Target 2012/13	Actual Performance 30 June 2013	Reasons for non-or under-performance	Corrective measures taken or be taken
% of mid-year budget and performance assessment report submitted by 25 January each year	80%	100% of mid-year budget and performance assessment report submitted by 25 January 2013	0%	The mid-year budget and performance assessment report and adjustment budget was only submitted to Council on the 04 February 2013.	MFMA timetable be followed up on a monthly basis, to ensure that targeted compliance dates are adhered to.
% completion of VAT review	30%	100% of VAT review completed by end of June 2013	100%	N/A	N/A
% review credit control and debt collection programme	71%	80% of consumer services levied collected on average monthly by end of June 2013	71%	Water and electricity losses and tampering of meter are problems	Replace water meters and do meter audits
% review credit control and debt collection programme	R242,5m (unaudited)	10% reduction in consumer debt older than 90 days by end of June 2013	16.54%	N/A	N/A
% actual revenue generated as a percentage of the approved/adjusted budget	84.2% (unaudited)	90% actual revenue generated as a percentage of the approved/adjusted budget	72.59%	Bad debts & losses	Strict implementation of debt collection & credit control policy, as well as replacement of meters

Table 80: Employees - Financial Services

Employees: Financial Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	4	4	0	0%
4 - 6	10	15	16	-1	-7%
7 - 9	6	8	8	0	0%
10 - 12	41	44	34	10	23%
13 - 15	13	15	10	5	34%
16 - 18	5	7	1	6	86%
19 - 20	0	3	0	3	100%
<b>Total</b>	<b>81</b>	<b>96</b>	<b>73</b>	<b>23</b>	<b>%</b>

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.2.7

Table 81: Financial Performance - Financial Services

Financial Performance 2012/13: Financial Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>-93 550</b>	<b>-414 709</b>	<b>-215 463</b>	<b>-123 527</b>	<b>-162%</b>
Expenditure:					
Employees	26 420	23 423	18 458	18 854	27%
Repairs and Maintenance	68	155	98	80	72%
Other	94	45 528	44 437	243 240	1%
<b>Total Operational Expenditure</b>	<b>26 582</b>	<b>69 106</b>	<b>62 993</b>	<b>262 174</b>	<b>3%</b>
<b>Net Operational Expenditure</b>					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.2.8

Table 82: Capital Expenditure – Financial Services

Capital Expenditure 2012/13: : Financial Services					
R' 000					
Capital Projects	2012/13				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	3	3	3	3
Project A: Furniture & Equipment	0	3	3	3	3
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.2.9					

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

There were no large projects in the financial services department.

### 3.26 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources is one of the supporting function in Corporate Services, its main functions are as follows: Leave administration, Recruitment and staffing, pension benefits, medical and housing and termination of services

#### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Currently the department is assisting both political arm and all directorates in administration and capturing of leave applications. All leaves are recorded manually and we are capturing approximately 1750 leave forms per annum, which include but not limited to Annual leaves, Sick leaves, Study leave, Family responsibility, special leave and mentality leave.

The most three applications received by the Human Resources are Annual Leave, Sick Leave and Study leave.

There were 35 terminations during the financial year 2012/13 due to death, retirement, ill-health, contract expires.

Municipality appointed 3 directors; there are 13 newly appointed officials and about 30 internal promotions.

Employees: Human Resource					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	0	1	0	1	0
7 - 9	4	4	4	0	0
10 - 12	1	2	1	1	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>0</b>

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.2.7

Table 83: Employees - Human Resources

Financial Performance 2012/13: Human Resource					
					R'000
Details	2012/13	2012/13			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
<b>Total Operational Expenditure</b>					
<b>Net Operational Expenditure</b>					

*Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*

T 3.2.8

**COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:**

There is a huge shortage of staff in all the Directorates which affects service delivery, R5 Million has been budgeted for the vacant positions which will be identified by the user department, The leave administration is still a challenge since it is captured manually.

The organizational structure has not been finalized.

The 2006/7 approved structure does not address the needs of legislated positions.

### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

#### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT is an acronym of Information and Communications Technology, it sums up any electronic means to collect, store, process and present information to end-users. This includes Computer systems, Printers, Office Systems and Consumer Electronics, as well as networked information infrastructure, the components of which include the LAN, WAN, Telephone System, Fax machines and Internet

**The core function of Moqhaka ICT includes but not limited to:**

**Planning and/or operations of**

Hardware & Software, System Master Plan, Standards, Procedures and Policies, Explore new Technology and visual & physical Security

**Software Systems**

Licensing and Maintenance

**Hardware and Infrastructure**

Procurement through Supply Chain systems, Maintenance and Disposal

**Telephones And Communication**

Telephone Infrastructure, VoIP and PABX, Cell and Data Lines

T 3.27.1

#### SERVICE STATISTICS FOR ICT SERVICES

One of the day to day activities in ICT is to provide ICT help desk services to all MLM users, by logging all ICT related incidents ranging from network problems, workstations and laptop problems, telecommunications and so forth, this section managed to register approximately 2050 incidents ranging from hardware, software and networks during the previous financial year and our response time has dramatically improved.

Backups are taken on a daily, weekly, monthly and yearly basis.

T 3.27.2



Table 84: ICT Services Policy Objectives taken from IDP/SDBIP

Key Performance Indicators	Baseline: 2012/13	Annual target: 2012/13	Actual performance: 30 June 2013	Reasons for non- or under-performance	Corrective measures taken or to be taken
Installation of 15 lightning protectors and power back up at wireless antennas	15	15 wireless aerials to be installed in different points and All silos are equipped with lightning protectors	All 15 antennae are installed in different points, all municipal offices are connected	None	none
Sending of billing statements electronically	800	The servers and application were tested and the first 1000 electronic statements were sent successfully	1000+ statements were sent electronically	None	none
Implementation of Record Management System	1	The electronic Management system server is purchased	Hardware part is completed	MSIG funding was used for the implementation of this project	None

Table 85: Employees – ICT Services

Employees: ICT Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	0	0	0	1	0
7 - 9	2	2	2	0	0
10 - 12	2	2	2	0	0
13 - 15	0	0	0	1	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	5	5	5	2	0

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.2.7

Table 86: Financial Performance – ICT Services

Financial Performance 2012/13: ICT Services						R'000
Details	2011/12	2012/13				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>						
Expenditure:						
Employees		884579				
Repairs and Maintenance		1732433				
Other						
<b>Total Operational Expenditure</b>						
<b>Net Operational Expenditure</b>						
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.2.8

Table 87: Capital Expenditure – ICT Services

Capital Expenditure 2012/13: ICT Services						R' 000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	N/A	N/A	N/A	N/A	N/A	
Project A	N/A	N/A	N/A	N/A	N/A	
Project B	N/A	N/A	N/A	N/A	N/A	
Project C	N/A	N/A	N/A	N/A	N/A	
Project D	N/A	N/A	N/A	N/A	N/A	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>						T 3.2.9

**COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:**

The major projects for ICT will be the installation of Voice over Internet Protocol (VoIP) telephone system and the implementation of record management system.

T3.27.7

### 3.28 PROPERTY AND LEGAL SERVICES

This component includes: property and legal services.

#### PROPERTY SECTION

##### 1. PROPERTY MANAGEMENT

A property audit in respect of all Council's properties, including vacant erven was conducted and a Municipal Property Register is kept and regularly attended to.

##### 2. ACQUISITION OF LAND FOR TOWNSHIP DEVELOPMENT

The Directorate Informal Settlement and Land Tenure of the Free State Province requested municipalities to provide information as to the extent of land to be acquired for Township development. A number of farm properties have been identified and purchased for this purpose. Details of the acquired properties are as follows:

- Thelana No 2324, Kroonstad, 10,1671 ha in extent;
- Vogelvlei No 457, Steynsrus, 115,9997 ha in extent;
- Seubring No 153, Viljoenskroon, 214,1330 ha in extent;
- La Belle No 375, Viljoenskroon, 214,1330 ha in extent.

##### 3. TOWNSHIP ESTABLISHMENT: PLANNING AND SURVEYING OF ERVEN

Planning and surveying of the following areas are in the process with funds granted by the Free State Province:

- 800 new erven on the remainder of the farm Vogelvlei no. 457, Steynsrus;
- 2846 new erven in Maokeng on land previously utilized as small holdings are in the process of planning;
- 326 new erven next to Brentpark;
- 2278 new erven in Maokeng on land adjacent to Boitumelo Hospital;
- 1964 erven in Rammulotsi (Northleigh phase 2) are planned, surveyed and township register approved;
- 1000 new erven in Rammulotsi (Northleigh phase 3) are in the process of planning.

##### 4. VALUATION ROLL:

###### 4.1. GENERAL VALUATION: 2012/2016

DDP Valuers were appointed to conduct the general valuations and prepare a valuation roll for the 4 year period 2012/2016.

In terms of the agreement, it is expected from DDP Valuers to compile and submit the 2012/16 draft Valuation Roll to the municipality at the end of December 2011.

The draft valuation roll was handed to the Municipal Manager on 20 December 2011 and was advertised in the media as prescribed in the act. Two hundred and twenty objections were received and attended to. At the end only twelve (12) appeals have been attended to by the Appeal Board.

#### 4.2. INTERIM VALUATIONS

Apart from the general valuations referred to in 4.1 above, it is expected from local municipalities to conduct supplementary (interim) valuations. In terms of the conditions of Council's agreement (tender) with DDP Valuers, they will also attend to supplementary valuations until the end of June 2016.

### 5. TRANSFERS

#### 5.1 TRANSFERS: CLINICS AND SCHOOLS

The Department of Public Works has requested Council's permission to transfer ownership of certain clinics and schools in its jurisdiction area from Council to the Central Government. Property details have been forwarded to the relevant department. This will ensure that the municipality can claim assessment rates from the government.

### 6. CHALLENGES FACED IN THE PROPERTY SECTION:

6.1 The already mentioned critical vacancies experienced makes achieving of performance goals and satisfying all areas of the service delivery and administrative deadlines a very difficult task.

6.2 The insufficient budget approved by the Finance department and cash flow limitations faced by the Municipality hampers the completion of budgeted purchases and repair projects;

#### AREAS OF IMPROVEMENT:

- Better co-operation from the Finance department with regard to arrear rental accounts of Municipal properties leased;

#### GENERAL CONDITION OF THE PROPERTY SECTION:

The property section is managed in a positive and honest manner and regardless of the critical vacancies experienced, outstanding work is completed.

The Property section is generally in a good state. Good service delivery remains the main aim of this section.

## COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

**The Municipality does not perform any of the above functions.**

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

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

### INTRODUCTION

It is so true that, the success or failure of a municipality depends on the quality of its political leadership, sound governance of its finances, the strength of its institutions and the calibre of staff working for the municipality. Although sound financial governance is perceived to be most important, without proper personnel management, municipalities are likely to experience difficulty+ (Local Government: Budget and Expenditure Review 2011 . National Treasury).

*T 4.0.1*

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 88: Employee Totals

Description	Employees				
	2011/12	2012/13			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water works	109	234	109	125	53.4
Electricity	56	101	52	49	48.5
Fire Section	26	66	26	40	60.6
Traffic law enforcement	18	25	16	9	36.0
Traffic administration	4	8	6	2	25.0
Traffic technical	5	10	5	5	50.0
Roads & services (works)	45	108	38	70	64.8
Kroonpark	36	49	36	13	26.5
Security	13	62	13	49	79.0
Parks	105	228	105	123	53.9
Civic theatre	7	12	6	6	50.0
Libraries	28	65	27	38	58.5
LED	1	6	1	5	83.3
Human Resources	6	8	6	2	25.0
Refuse Removal	128	208	128	80	38.5
Finance	82	82	79	3	3.7
<b>Totals</b>	<b>669</b>	<b>1 272</b>	<b>653</b>	<b>619</b>	<b>48.7</b>

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

T 4.1.1



**Table 89: Vacancy Rate**

Vacancy Rate: 2012/13			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1		
CFO	1		
Other S57 Managers (excluding Finance Posts)	3		
Other S57 Managers (Finance posts)	0		
Police officers	0		
Fire fighters	27		
Senior management: Levels 13-15 (excluding Finance Posts)	28		
Senior management: Levels 13-15 (Finance posts)	5		
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35		
Highly skilled supervision: levels 9-12 (Finance posts)	48		
<b>Total</b>			

*Note: \*For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 4.1.2

**Table 90: Turnover Rate**

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2009/10	3	40	13,33%
2010/11	6	36	6%
2011/12	12	32	2,7%
2012/13	40	269	45%

*\* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*

T 4.1.3

**COMMENT ON VACANCIES AND TURNOVER:**

The municipality has a high rate turn-over, we do not have experienced employees who can do the duties of technicians (e.g. Process controller, artisans, mechanical and electrical engineers) and certain departments vacancies cannot be filled due to the lack of machinery.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

*Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.*

T 4.2.0

The municipality has embarked on a process of policy review for example the Recruitment policy has been reviewed, workshops have been conducted and the draft policy will be taken to Council. In addition, new policies are being drafted such as the Staff Retention policy, Internal Bursary policy, etc.

#### HR Guideline Policies

1. Organisational Design	8. Legal Aid to Employees	15. Confidentiality of Information
2. Recruitment & Selection	9. Working Hours & Attendance	16. Overtime
3. Relocation	10. Leave	17. Theft/Loss Procedure
4. Labour Relations	11. Occupational Health & Wellness	18. Membership of Professional Societies
5. Employee Remuneration	12. Private Work	19. Substance Abuse
6. Allowances	13. Training & Development	20. Employee Performance Management System
7. Employee Benefit Scheme	14. Career Opportunities	

## 4.2 POLICIES

Table 91: HR Policies and Plans

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action			
2	Attraction and Retention	100%		Policy not submitted to council yet.
3	Code of Conduct for employees	100%		
4	Delegations, Authorisation & Responsibility			
5	Disciplinary Code and Procedures	100%		
6	Essential Services			
7	Employee Assistance / Wellness		100%	Policy to be submitted to LLF
8	Employment Equity	100%		Policy to be submitted to LLF
9	Exit Management			
10	Grievance Procedures			
11	HIV/Aids	100%		13 October 2009
12	Human Resource and Development			
13	Information Technology	100%		
14	Job Evaluation			
15	Leave	100%		13 October 2009
16	Occupational Health and Safety	100%		13 October 2009
17	Official Housing			
18	Official Journeys	100%		
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime	100%		13 October 2009
21	Organisational Rights			
22	Payroll Deductions	100%		13 October 2009
23	Performance Management and Development	100%		
24	Recruitment, Selection and Appointments		100%	Policy to be submitted to LLF
25	Remuneration Scales and Allowances			
26	Resettlement	100%		13 October 2009
27	Sexual Harassment			
28	Skills Development		100%	Policy to be submitted to LLF
29	Smoking			
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing			
33	Other:		100%	Policy was referred back by council.

*Use name of local policies if different from above and at any other HR policies not listed.*

T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

**Table 92: Number and Cost of Injuries on Duty**

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R
Required basic medical attention only	68	18	0	3-10	18 528
Temporary total disablement	85	2	0	10-50	28 178
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>153</b>	<b>20</b>			<b>46 707</b>

T 4.3.1

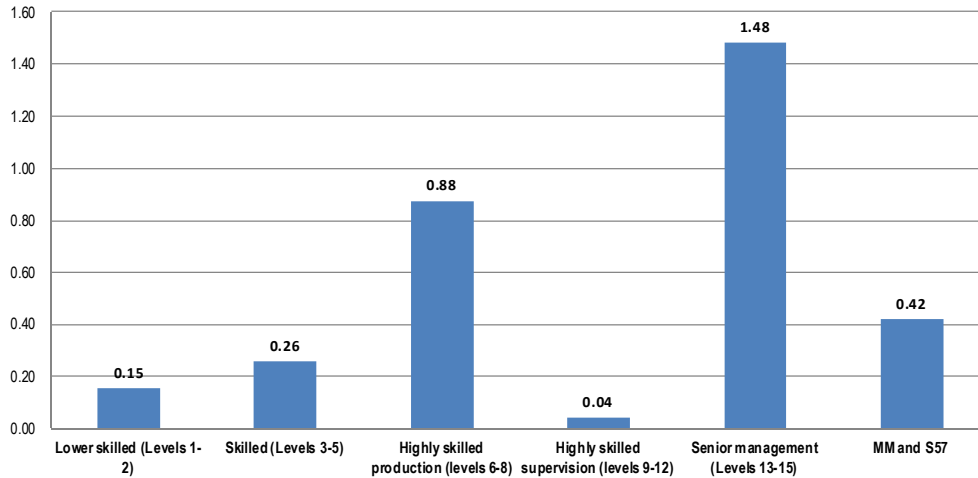
**Table 93: Number of Days and Cost of Sick Leave**

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)						
Skilled (Levels 3-5)						
Highly skilled production (levels 6-8)						
Highly skilled supervision (levels 9-12)						
Senior management (Levels 13-15)						
MM and S57						
<b>Total</b>	<b>501</b>	<b>93%</b>	<b>12</b>	<b>155</b>	<b>3.23</b>	<b>61</b>

\* - Number of employees in post at the beginning of the year  
 \*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

### Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

### COMMENT ON INJURY AND SICK LEAVE:

Employees using IOD sick leave are submitting their progress medical report, we make follow up with the Doctors and supervisors and we send them to any Doctors according to the nature of the injury and the distance from their working places. OHS liaises with HR IOD sick days to be recorded and captured.

T 4.3.4

**Table 94: Number and Period of Suspensions**

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Superintendent Traffic	Assault & Bribery	14/09/2012	Employee were not found guilty	07/12/2012
Traffic Officer	Assault & Bribery	14/09/2012	Employee were not found guilty	07/12/2012
HR Manager	Irregularities of Appointments	03/10/2012	Written warning	07/03/2013
Service delivery officer	Corruption/dishonesty	13/03/2013	Matter withdrawn	09/05/2013
				T 4.3.5

**Table 95: Disciplinary Action Taken**

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Special workman /Artisan	Refusal to take instruction/insubordination	Written Warning	23/11/2012
Superintendent Traffic	Assault & Bribery	Employee were not found guilty	07/12/2012
Traffic Officer	Assault & Bribery	Employee were not found guilty	07/12/2012
HR Manager	Irregularities of Appointments	Written warning	07/03/2013
Service delivery officer	Corruption/dishonesty	Matter withdrawn	09/05/2013
General Worker	Absenteeism	Written warning	04/12/2012
General Worker	Absenteeism	Dismissed	20/02/2013
Service delivery officer	Corruption/dishonesty	Matter withdrawn	09/05/2013
Caretaker	Corruption	Written warning	08/05/2013
General Worker	Absenteeism	Dismissed	30/05/2013
General Worker	Wilful and negligent behaviour	Pending the outcome	19/07/2013
General Worker	Wilful and negligent behaviour	Pending the outcome	02/07/2013
Superintendent technical	Bringing municipality in disrepute	Written warning	14/02/2013
			T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

T 4.3.7

## 4.4 PERFORMANCE REWARDS

### COMMENT ON PERFORMANCE REWARDS:

**No performance rewards were paid during the year under review.**

T 4.4.1.1

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

*Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.*

#### **Improvements made in terms of capacity building by the municipality:**

The municipality managed to comply with National Treasury MFMA competency regulation by enrolling eight (8) municipal officials on the programme and applying for delay of enforcement of the regulation for the municipal manager and other three (3) newly appointed finance officials.

The municipality implemented Local Government Accounting Certificate learnership in partnership with LGSETA and four municipal officials graduated from the programme last year in October.

The municipality received funding from LGSETA to the total amount of **R 1 973 500, 00** and the following programmes have been implemented by the municipality:

- Road Traffic Management Learnership - 10 unemployed learners.
- Fire and Rescue Learnership - 20 unemployed learners.
- Roads construction Learnership - 88 unemployed and 12 employed learners.
- Domestic Services Skills Programme - 20 employees.
- Horticulture Skills Programme - 20 employees.
- General Forestry Skills Programme - 20 employees.
- Health and Safety Skills Programme - 50 employees.

#### **Challenges facing capacity development in the municipality**

- Proper implementation of the WSP
- Utilization of mandatory grants from LGSETA.
- Sitting of the training committee to discuss skills development issues.
- Skills Audit: Non availability of Job Descriptions and non-submission of skills audit forms by employees for proper identification of skills need and proper planning for PDP

## Way forward

Mandatory grants received from LGSETA must be ring-fenced and only be utilized for training  
 Skills audit be conducted on the remaining employees  
 Proof of qualifications be made available during the skills audit process  
 Organizations Job Descriptions be compiled

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Table 96: Skills Matrix

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2013	Number of skilled employees required and actual as at 30 June 2013											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2011/12	Actual: End of 2012/13	2012/13 Target	Actual: End of 2011/12	Actual: End of 2012/13	2012/13 Target	Actual: End of 2011/12	Actual: End of 2012/13	2012/13 Target	Actual: End of 2011/12	Actual: End of 2012/13
MM and s57	Female	1	-	-	-	1	1	1	-	-	-	1	1	1
	Male	3	-	-	-	3	3	3	-	-	-	3	3	3
Councillors, senior officials and managers	Female	27	-	-	-	27	27	27	-	-	-	27	27	27
	Male	51	-	-	-	51	51	51	-	-	-	51	51	51
Technicians and associate professionals*	Female	2	-	-	-	2	2	2	-	-	-	2	2	2
	Male	22	-	-	-	22	22	22	-	-	-	22	22	22
Professionals	Female	7	-	-	-	7	7	7	-	-	-	7	7	7
	Male	4	-	-	-	4	4	4	-	-	-	4	4	4
Sub total	Female	37	-	-	-	37	37	37	-	-	-	37	37	37
	Male	80	-	-	-	80	80	80	-	-	-	80	80	80
<b>Total</b>		<b>117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>117</b>	<b>117</b>

\*Registered with professional Associate Body e.g CA (SA)

T 4.5.1



**Table 97: Financial Competency Development**

<b>Financial Competency Development: Progress Report*</b>						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	-	1	-	1	-
<i>Chief financial officer</i>	-	-	-	-	-	-
<i>Senior managers</i>	8	-	8	4	3	4
<i>Any other financial officials</i>	11	-	11	8	-	8
<b>Supply Chain Management Officials</b>	2	-	2	2	-	2
<i>Heads of SCM unit</i>	-	-	-	-	-	-
<i>SCM senior managers</i>	-	-	-	-	-	-
<b>TOTAL</b>	<b>22</b>	<b>-</b>	<b>22</b>	<b>14</b>	<b>4</b>	<b>14</b>

\* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

Table 98: Skills Development Expenditure

Skills Development Expenditure										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2012/13							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1								
	Male	3								
Legislators, senior officials and managers	Female	27								
	Male	51								
Professionals	Female	7								
	Male	4								
Technicians and associate professionals	Female	2								
	Male	22								
Clerks	Female	89								
	Male	34								
Service and sales workers	Female	47								
	Male	52								
Plant and machine operators and assemblers	Female	2								
	Male	94								
Elementary occupations	Female	104								
	Male	297								
Sub total	Female	274								
	Male	557								
<b>Total</b>		<b>831</b>	<b>R 250 000</b>	<b>R-</b>	<b>R200 000</b>	<b>R</b>	<b>R 1 150 000</b>	<b>R 1 172 870</b>	<b>R450 000</b>	<b>R53 583.28</b>
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	R 450 000,00
T4.5.3										

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL  
COMPETENCY REGULATIONS:

**Expenditure on financial competency regulations:**

- The municipality has already spend a total amount of **R380 700, 00 FMG** grant for enrollment of six officials on Municipal Financial Management Programme.
- Other officials from Finance Department office are sufficiently capacitated; eleven (11) officials attended CPMD.

**Adequacy of training plans and the effectiveness its implementation:**

- Municipality conducted a skill Audit on municipal officials to identify skills needs.
- Training and Development Section consulted all municipal sections for submission of training need to be included in the Work Place Skills Plan and PIVOTAL Plan, the document has been submitted to LGSETA on the 28 June 2013.
- Trainings are implemented as per WSP.

**Adequacy of funding:**

- The funding can decrease in future depending on the total number of trained employees and skills need addressed, it can also increase depending on changes of technology, legislations and turnover that will be experienced by the municipality.
- Currently the value training activities are not assessed as the municipality does not have a performance management system in place.

T 4.5.4

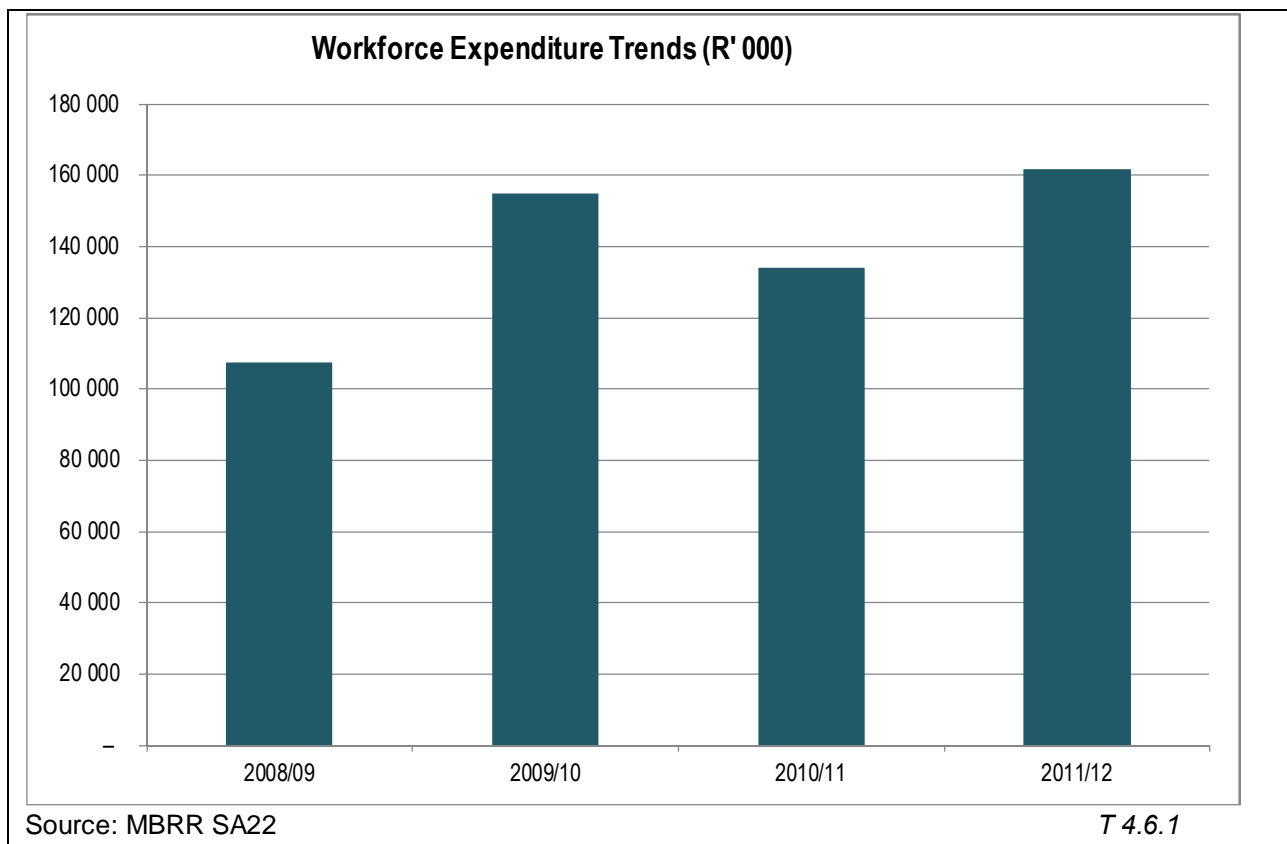
## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

**Delete Directive note once comment is completed** . Explain the importance of managing workforce expenditure, the pressures to overspend and how spending is controlled (e.g. within approved establishment and against budget and anticipated vacancy rates arising from turnover). Also explain how municipality seeks to obtain value for money from work force expenditure.

T 4.6.0

## 4.6 EMPLOYEE EXPENDITURE



COMMENT ON WORKFORCE EXPENDITURE:

A trend from 2008/9 to 2010/11 displays that the increase from 2008/9 to 2009/10 was R47 444 000 (44.08%); and of this only 13% accounts for annual wage and salary increase. It can be safely assumed that the balance (that is, 31.08%) is attributed to the filling of vacancies emanating from prior years including the 2008/9 financial year.

In contrast, from 2009/10 to 2010/11 there was a decrease of 13.44%. Given the fact that an annual increase was 8.48%, about 21.92% of the annual employee related costs could be attributed to savings emanating from non-filling of vacant posts.

T 4.6.1.1

Note: There were no salary increases due to the upgrading of employees positions under the period under review.

Table 99: Employees whose Salary Levels Exceed Grading

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	-	-	-	-

T 4.6.3

Note: There were no employees whose salary levels exceeded the grade or level determined by Job evaluation under the period under review.

**Table 100: Employees Appointed to Posts not Approved**

There were no employees appointed to posts not approved in the period under review.

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	-	-	-	-
				T 4.6.4

**COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:**

A desktop analysis done by the HR Manager pursuant to the quantification of the existing (2007) organogram and the proposed organisational structure (2011/12) it was found that about 329 posts were not in the 2007 organogram (this includes posts and the number of incumbents in those posts). This figure is cumulative over the years and hence it is difficult to trace reasons for such appointments, suffice to say it could be as a result of inability to review the staff establishment or organogram and partly as a result of having Municipal Managers having authority to approve the staff establishment prior to the July 2011 amendments of the Municipal Systems Act. Conversely, however, there were about 119 posts (including incumbents in those posts) that were not filled and/or appeared to be no longer relevant.

T 4.6.5

**DISCLOSURES OF FINANCIAL INTERESTS**

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**. Make other comments as appropriate.

T 4.6.6

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

T 5.0.1

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

T 5.1.0

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Table 101: Statement of Financial Performance

Description	2011/12	Current Year 2012/13		2012/13 Variances		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
<b>R thousands</b>						
<b>Financial Performance</b>						
Property rates	38 800	39 947	42 800	42 026	5.20	-1.81
Service charges	239 513	298 086	298 086	300 635	0.86	0.86
Investment revenue	14	500	500	8	-98.40	-98.40
Transfers recognised - operational	198 538	165 544	165 544	228 900	38.27	38.27
Other own revenue	17 111	16 296	16 296	24 096	47.86	47.86
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>493 976</b>	<b>520 373</b>	<b>523 226</b>	<b>595 665</b>	<b>14.47</b>	<b>13.84</b>
Employee costs	150 574	170 578	168 880	154 058	-9.66	-9.66
Remuneration of councillors	14 128	14 955	14 955	14 837	-0.79	-0.79
Depreciation & asset impairment	252 050	27 330	27 330	250 020	431.96	431.96
Finance charges	17 582	10 661	10 661	10 417	11.25	11.25
Materials and bulk purchases	142 222	161 091	161 100	164 986	2.42	2.42
Transfers and grants	-	-	-	-	-	-
Other expenditure	140 330	125 129	160 139	65 210	-51.87	-51.87
<b>Total Expenditure</b>	<b>716 886</b>	<b>538 428</b>	<b>543 065</b>	<b>659 528</b>	<b>22.49</b>	<b>21.45</b>
<b>Surplus/(Deficit)</b>	<b>(222 910)</b>	<b>(18 055)</b>	<b>(19 839)</b>	<b>(63 863)</b>	<b>(253.71)</b>	<b>(221.91)</b>
Transfers recognised - capital	(82)	-	-	(880)	-	-
Contributions recognised - capital & contributed assets	(4 583)	-	-	(3 506)	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(227 575)</b>	<b>(18 055)</b>	<b>(19 839)</b>	<b>(68 248)</b>	<b>(278.00)</b>	<b>(348.94)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(227 575)</b>	<b>(18 055)</b>	<b>(19 839)</b>	<b>(68 248)</b>	<b>(278.00)</b>	<b>(348.94)</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Description	2011/12	Current Year 2012/13		2012/13 Variances		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
<b>R thousands</b>						
<b><u>Financial position</u></b>						
Total current assets	89 709	-	-	112 195	-	-
Total non current assets	2 664 688	-	-	2 468 913	-	-
Total current liabilities	202 955	-	-	161 078	-	-
Total non current liabilities	61 386	-	-	93 045	-	-
Community wealth/Equity	2 490 057	-	-	2 326 985	-	-
<b><u>Cash flows</u></b>						
Net cash from (used) operating	161 826	-	-	72 049	-	-
Net cash from (used) investing	(145 119)	-	-	(74 555)	-	-
Net cash from (used) financing	(5 492)	-	-	(3 510)	-	-
<b>Cash/cash equivalents at the year end</b>	<b>15 747</b>	<b>-</b>	<b>-</b>	<b>9 731</b>	<b>-</b>	<b>-</b>
<b><u>Cash backing/surplus reconciliation</u></b>						
Cash and investments available	16 063	-	-	9 946	-	-
Application of cash and investments	-	-	-	-	-	-
<b>Balance - surplus (shortfall)</b>	<b>16 063</b>	<b>-</b>	<b>-</b>	<b>9 946</b>	<b>-</b>	<b>-</b>
<b><u>Asset management</u></b>						
Asset register summary (WDV)	-	-	-	-	-	-
Depreciation & asset impairment	252 050	27 330	27 330	250 021	-	-
Renewal of Existing Assets	-	-	-	-	-	-
Repairs and Maintenance	39 465	27 711	32 777	32 777	-	-
<b><u>Free services</u></b>						
Cost of Free Basic Services provided	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-
<b><u>Households below minimum service level</u></b>						
Water:	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-
Energy:	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-

Table 102: Financial Performance of Operational Services

Financial Performance of Operational Services							R '000
Description	2011/12	2012/13		2012/13 Variance			
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget %	Adjustments Budget %	
<b>Operating Cost</b>							
Water	35 498	26 506	33 076	49 477	-87%	-50%	
Waste Water (Sanitation)	23 715	13 890	15 150	14 003	-1%	8%	
Electricity	165 847	114 856	173 826	184 161	-61%	-6%	
Waste Management	-	-	-	-	-	-	
Housing	2 171	2 195	2 195	3 362	-54%	-54%	
Component A: sub-total	227 231	157 447	224 247	251 003	-60%	-12%	
Storm water Drainage	-	-	-	-	-	-	
Roads	14 529	16 646	15 295	14 508	13%	6%	
Transport	-	-	-	-	-	-	
Component B: sub-total	14 529	16 646	15 295	14 508	13%	6%	
Planning	-	-	-	-	-	-	
Local Economic Development	-	-	-	-	-	-	
Component B: sub-total	-	-	-	-	-	-	
Planning (Strategic & Regulatory)	13 187	-	8 988	8 449	-100%	6%	
Local Economic Development	-	-	-	-	-	-	
Component C: sub-total	13 187	-	8 988	8 449	-100%	6%	
Community & Social Services	8 983	10 701	7 971	9 514	11%	-20%	
Environmental Protection	-	-	-	-	-	-	
Health	-	-	-	-	-	-	
Security and Safety	9 868	13 127	9 468	11 950	9%	-27%	
Sport and Recreation	8 060	9 381	9 586	8 446	10%	12%	
Corporate Policy Offices and Other	-	-	-	-	-	-	
Component D: sub-total	26 911	33 209	27 025	29 910	10%	-11%	
<b>Total Expenditure</b>	<b>281 858</b>	<b>207 302</b>	<b>275 555</b>	<b>303 870</b>	<b>-47%</b>	<b>-11%</b>	

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.1.2

**COMMENT ON FINANCIAL PERFORMANCE:**

Income derived from investment exceeded the budget by 6% due to the municipality holding the investment for a long term. The other revenue experienced a 1% decrease versus the total revenue budget for the year. Included in the grants are the capital grants as the financial statement presentation does not separate the operational from the capital grants.

Depreciation and assets impairment relates to movable assets only. The immovable assets register was finalised during the 2013 year end, in order to address the valuation, and additions issues and the assumptions thereof as raised by the auditor general for the previous financial year. The finance cost varied due to the cash flow constraint which led to high interest on late payment of creditors and the inclusion of the retirement benefits.

T5.1.3

**5.2 GRANTS**

**Table 103: Grant Performance**

Grant Performance						
R' 000						
Description	2011/12	2012/13		2012/13 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>148 654</b>	<b>166 803</b>	<b>166 803</b>	<b>166 803</b>	<b>0%</b>	<b>0%</b>
Equitable share	145 180	163 244	163 244	163 244	0%	0%
Municipal Systems Improvement	790	800	800	800	0%	0%
Department of Water Affairs	-	-	-	-	0%	0%
EPWP	1 234	1 259	1 259	1 259	0%	0%
Other transfers/grants [FMG]	1 450	1500	1 500	1 500	0%	0%
<b>Provincial Government:</b>	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-
<b>Other grant providers:</b>	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>147 420</b>	<b>166 803</b>	<b>166 803</b>	<b>166 803</b>	<b>0%</b>	<b>0%</b>

*Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.*

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

*Note: For Municipal Infrastructure Grant (MIG) see T5.8.3. For other conditional transfers including Neighbourhood Development Partnership Grant (NDPG); Public Transport Infrastructure and Systems Grant (PITS) see **Appendix L**.*

There are no variations in terms of grants received.

T 5.2.2

COMMENT ON CONDITIONAL GRANTS RECEIVED FROM OTHER SOURCES:

**The municipality did not receive any conditional grants from sources other than the DoRA.**

T 5.2.3

### 5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Fixed asset is recognised as an asset in the annual financial statements if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality.

The municipality verifies the existence of assets at least once a year. The verification takes place as close as possible to year end and the results of the asset verification process are used to support the aggregate carrying value of fixed assets recorded as Property, Plant and Equipment in the statement of financial position.

The information obtained from the asset verification process enables the accounting officer to submit a comprehensive report to council with one or more of the following specific recommendations such as the writing off of assets no longer in existence, and what disciplinary actions are being taken for departments which did not manage their assets effectively.

The impairment assessment and the review of the assetsq residual values were not effectively performed in the past year due to lack of skills within the municipality. The municipality is investing resources in this area to up-skill the officials and communicate the need for each manager to conduct the asset count and maintain accurate records in their respective offices.

T 5.3.1

Table 104: Treatment of Three Largest Assets

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2012/13				
<b>Asset 1</b>				
Name	Parks			
Description	Central sports Terrain Football Turf			
Asset Type	Infrastructure Asset			
Key Staff Involved	Sports and Recreation			
Staff Responsibilities	Maintenance and safekeeping			
Asset Value	2009/10	2010/11	2011/12	2012/13
			R747 924	R5 655 464
Capital Implications	None			
Future Purpose of Asset	To bring recreation to the community			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset management policy			
<b>Asset 2</b>				
Name	Portable Water			
Description	Main Pump and Motor			
Asset Type	Infrastructure Asset			
Key Staff Involved	Technical Services			
Staff Responsibilities	Maintenance			
Asset Value	2009/10	2010/11	2011/12	2012/13
			R144 857	R268 902
Capital Implications	None			
Future Purpose of Asset	Pump water into the pump station			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset management policy			
<b>Asset 3</b>				
Name	Electric control panel			
Description	Portable Water			
Asset Type	Main Pump and Motor			
Key Staff Involved	Infrastructure Asset			
Staff Responsibilities	Technical Services			
Asset Value	2009/10	2010/11	2011/12	2012/13
			R130 150	R165 040
Capital Implications	None			
Future Purpose of Asset	Pump water into the pump station			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset management policy			

T 5.3.2

COMMENT ON ASSET MANAGEMENT:

The total additions on the Immovable assets amounted to R74 million and on movable assets, additions amounted to R657 302. The completed projects are brought into the asset register at cost. The asset management policy was approved by council on the 29<sup>th</sup> of May 2013.

T 5.3.3

Table 112: Repairs and Maintenance Expenditure

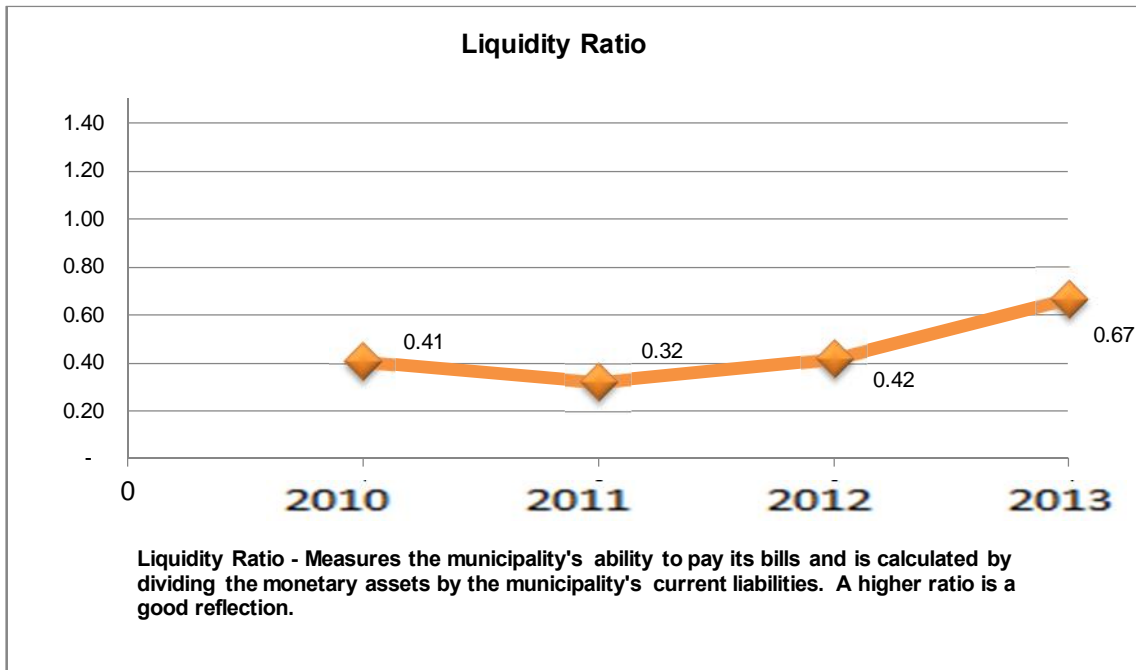
Repair and Maintenance Expenditure: 2012/13				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	24 807	27 731	32 777	(12%)
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

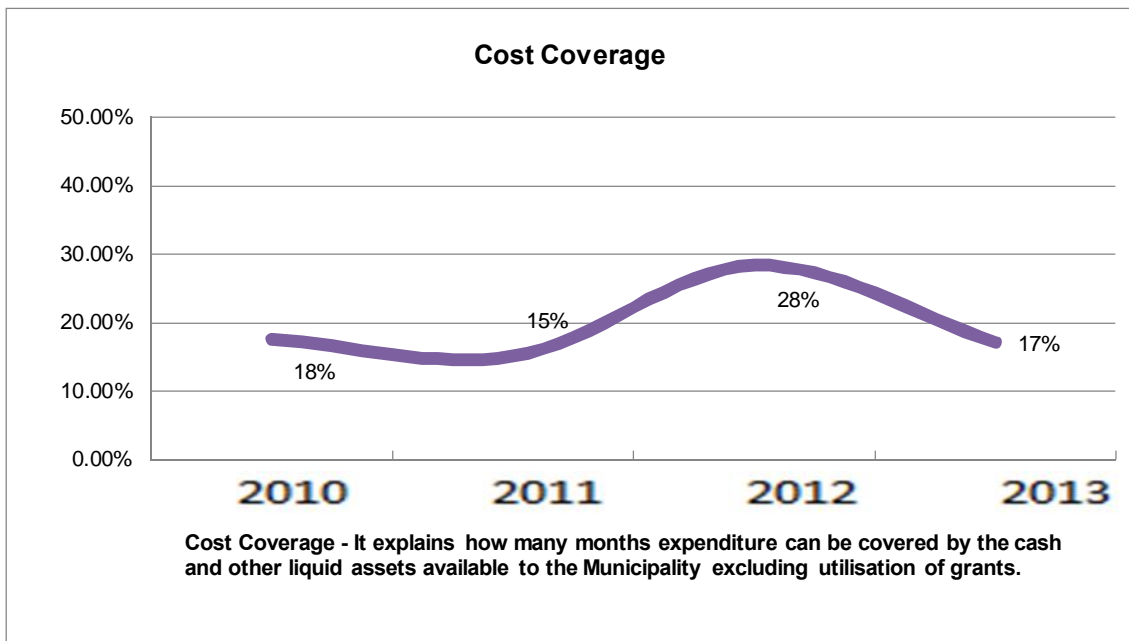
The repairs and maintenance as percentage of total operating expenses is at 5%. The actual repairs expenditure incurred during the year is R33 million and this exceeded the budget by R5 million. The variance is due to the water crisis in Steynsrus and the maintenance cost for the water distributed within the municipal jurisdiction to meet the blue drop legislated standard.

T 5.3.4.1

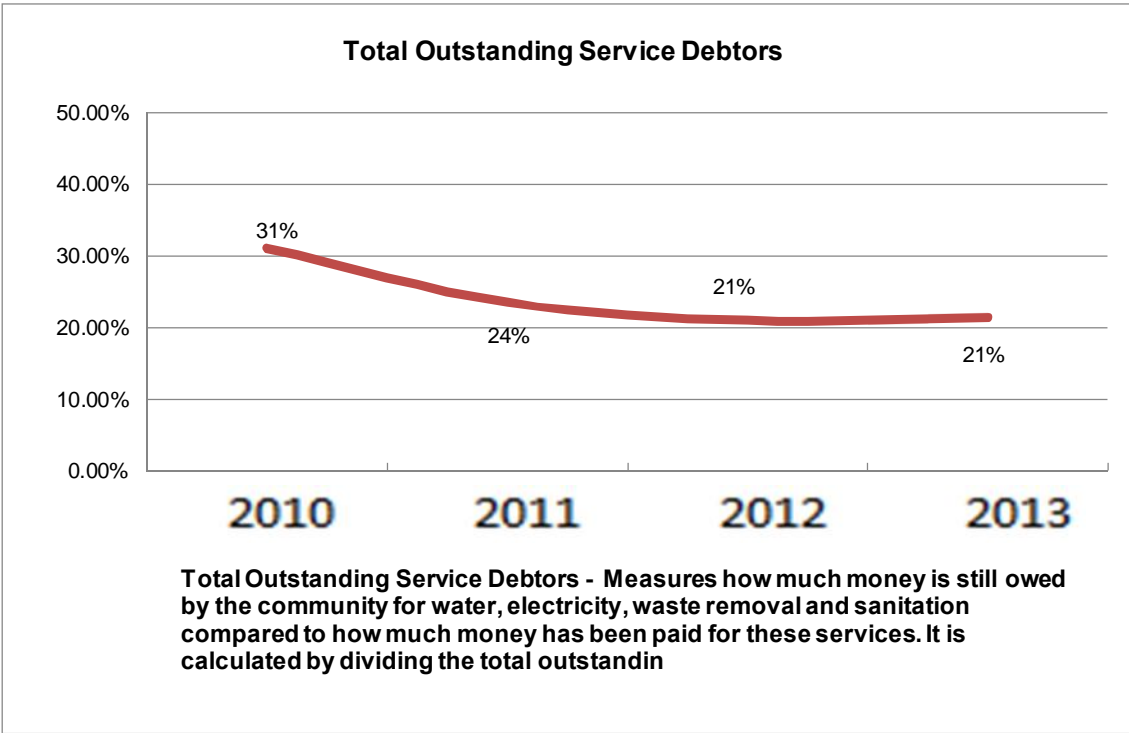
## 5.4 FINANCIAL KEY PERFORMANCE INDICATORS



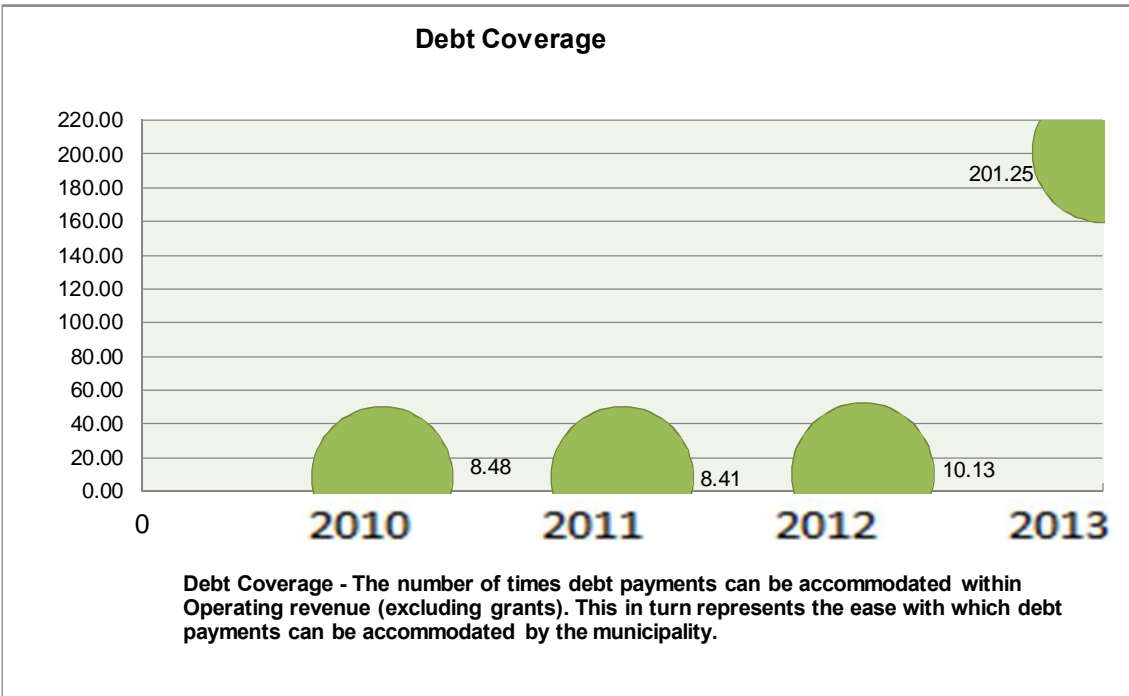
T 5.4.1



T 5.4.2

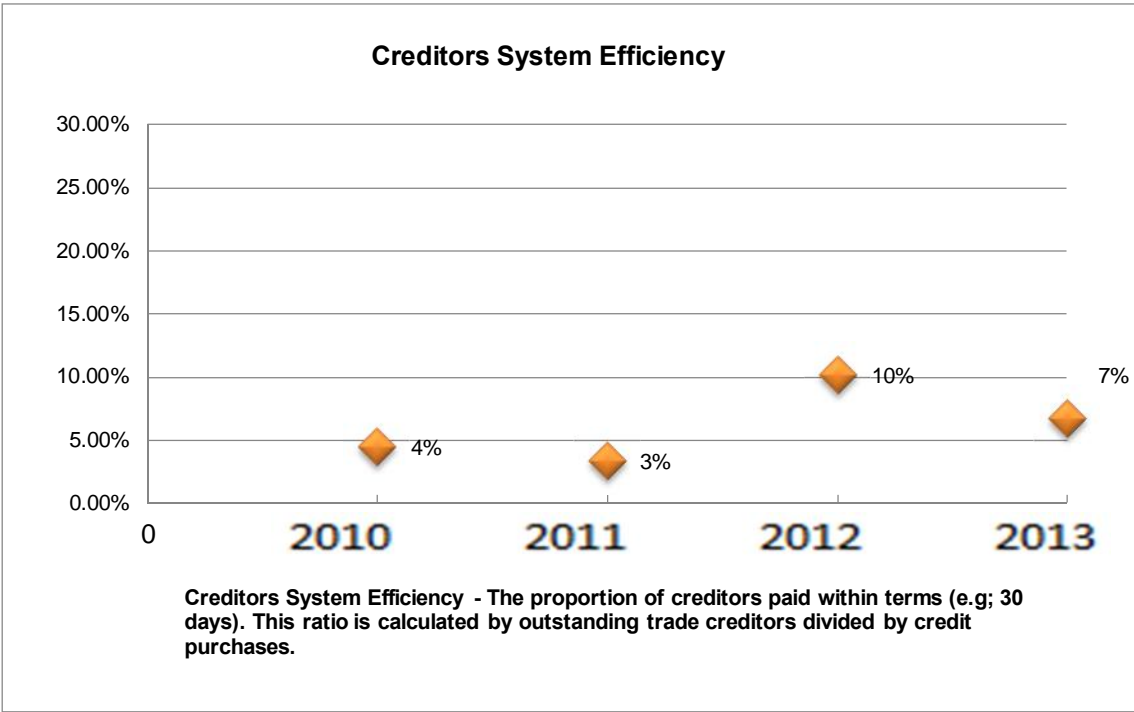


T 5.4.3

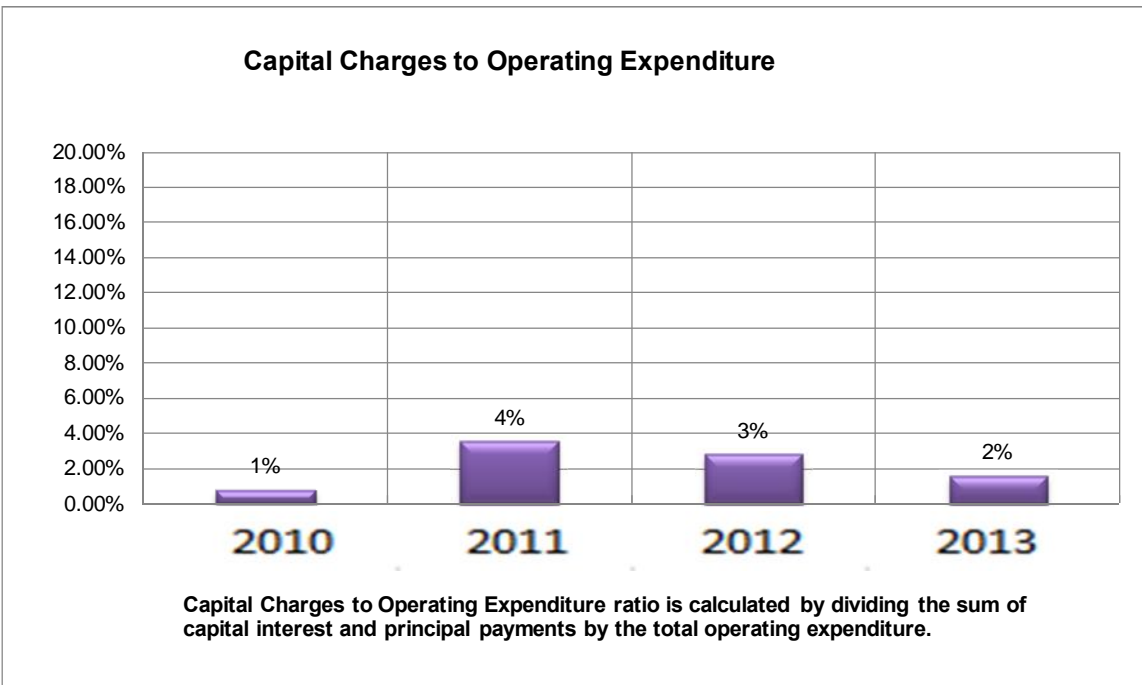


T 5.4.4



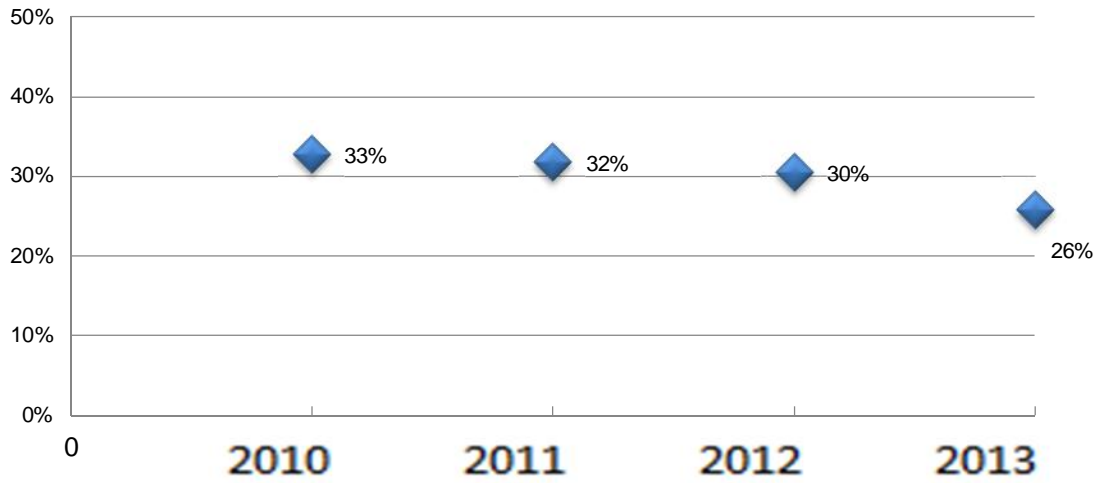


T 5.4.5



T 5.4.6

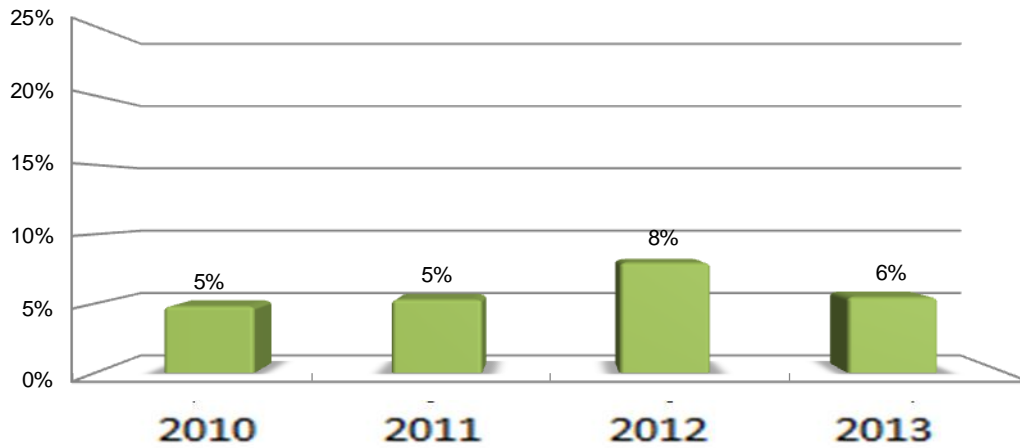
### Employee Costs



**Employee Cost** - Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

T 5.4.7

### Repairs & Maintenance



**Repairs and Maintenance** - This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance by the total revenue excluding capital revenue.

T 5.4.8

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Original capital budget for the 2012/13 financial year was R56.9 Million and through the adjustment budget increased to R70.3 million due to the rollover of Integrated National Electrification Grant of R4.4 million and capital from own funding amounting to R9 million.

The following MIG project expended in the main:

Emergency Sewer Repair Work: Brand, Wilcock and Voster Street - Phase 1

Marabastad - Upgrading of the bus route and access road and providing stormwater;

Marabastad . Upgrading of Internal gravel roads and provision of proper stormwater;

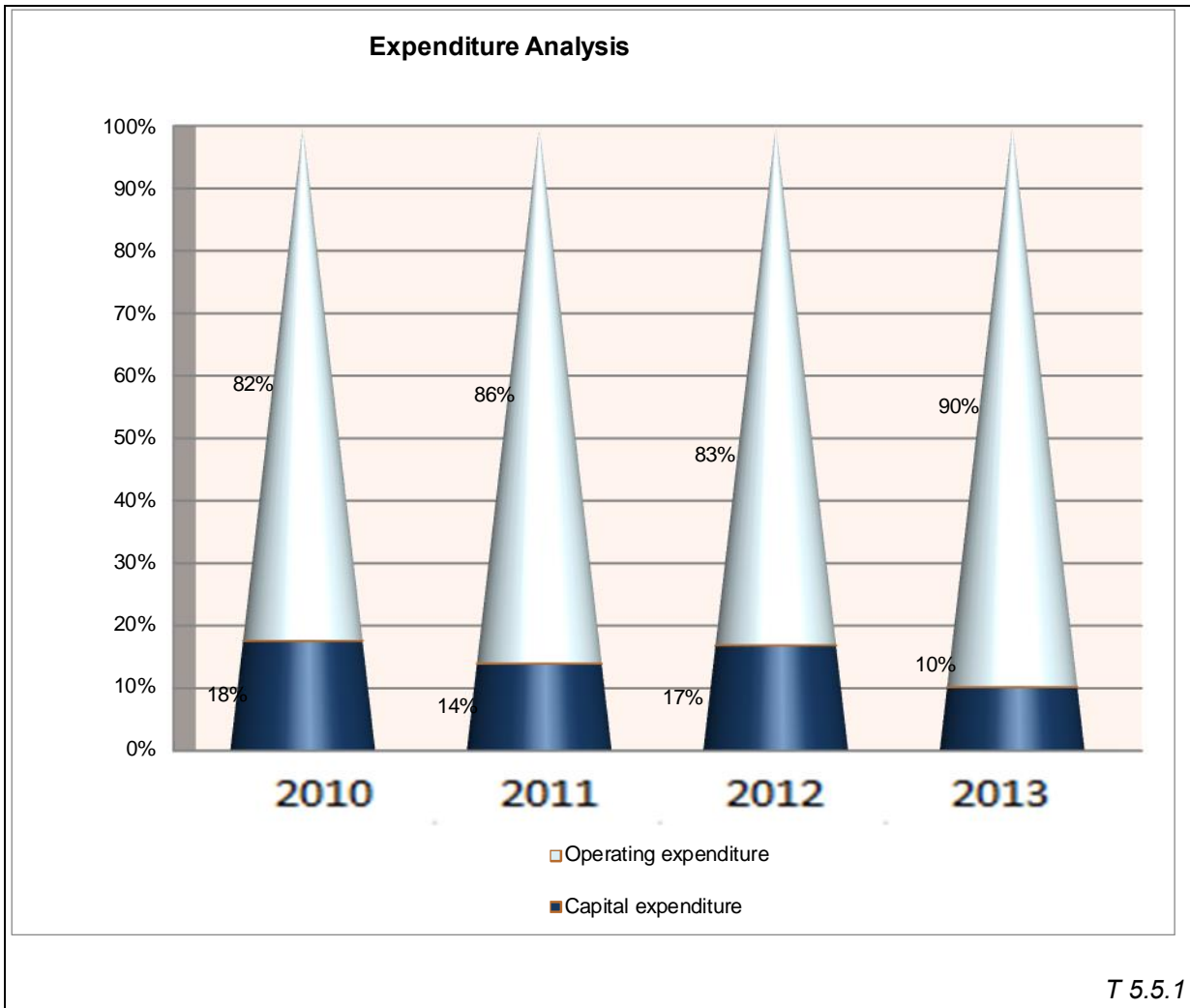
Moqhaka: Khalane Street - The Provision of Proper Storm Water Drainage

Northleigh Ablution block and internal roads for cemetery

Moqhaka: Installation of High Mast Lights in Moqhaka

*T5.5.0*

## 5.5 CAPITAL EXPENDITURE



## 5.6 SOURCES OF FINANCE

Table 105: Capital Expenditure – Funding Sources

Capital Expenditure - Funding Sources: 2011/12 to 2012/13							R' 000
Details	2011/12	2012/13					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
External loans	-	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	-	
Grants and subsidies	48 956	56 897	61 297	60 930	7%	1%	
Other	-	-	9 045	13 727	-100%	-52%	
<b>Total</b>	<b>48 956</b>	<b>56 897</b>	<b>70 342</b>	<b>74 657</b>	<b>-32%</b>	<b>-7%</b>	
<i>Percentage of finance</i>							
External loans	-	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	-	
Grants and subsidies	100%	100%	87%	82%			
Other			13%	18%			
<b>Capital expenditure</b>							
Water and sanitation	-	15 314	15 315	13 433	13%	13%	
Electricity	-	4 193	8 593	8 072	-93%	6%	
Housing	-	-	-	-	-	-	
Roads and storm water	-	36 098	36 098	29 761	18%	18%	
Other	-	1 291	10 336	23 391	-1 712%	-127%	
<b>Total</b>		<b>56 897</b>	<b>70 342</b>	<b>74 657</b>	<b>-32%</b>	<b>-7%</b>	
<i>Percentage of expenditure</i>							
Water and sanitation		26%	22%	18%			
Electricity		7%	12%	11%			
Housing							
Roads and storm water		63%	51%	40%			
Other		4%	15%	31%			

T 5.6.1

### COMMENT ON SOURCES OF FUNDING:

The variation between the approved budget and the adjustment budget in terms of grant funding is as result of the Department of Energy's rollover for INEG.

T.5.6.1.1

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Table 106: Capital Expenditure on 5 Largest Projects

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2012/13			Variance: 2012/13	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
A - RBIG Steynsrus/Matwangtlwang Phase 1	8 000	8 000	7 018	-12%	-12%
B - Rehabilitation and Upgrading of water purification plants	6 107	6 107	6 416	5%	5%
C - Ablution block and internal road for cemetery	8 290	8 290	6 890	-17%	-17%
D -Matwangtlwang internal roads and stormwater	18 129	18 129	15 404	-15%	-15%
E - Installation of high mast lights	3 198	3 198	2 193	-31%	-31%
<i>* Projects with the highest capital expenditure in Year 0</i>					
<b>Name of Project - A</b>					
Objective of Project	To provide basic water service				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	Access to Water in the residential area				
<b>Name of Project - B</b>					
Objective of Project	To rehabilitate and upgrade the water purification plants				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	Access to quality water				
<b>Name of Project - C</b>					
Objective of Project	To provide better roads				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	Easy access into the cemetery and ablution				
<b>Name of Project - D</b>					
Objective of Project	To provide better roads				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	Easy access into the residential area				
<b>Name of Project - E</b>					
Objective of Project	Provision of safety and security				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	Easy access into the residential area during the night				

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The proper management of cash resources is paramount in ensuring viability and sustainable growth and development. The collective objectives of the cash and investment management is to ensure availability at all times of adequate liquid resources for operational purposes and investment in assets and maintaining optimal balance between available cash and cash investments.

The municipality did not maintain significant investments due to pressing operational requirements and an effort to maintain creditors payment within 30 days and addressing the long term liabilities.

*T 5.9*

## 5.8 CASH FLOW

Table 107: Cash Flow Outcomes

Description	2011/12	Current Year 2012/13		
	Actual	Original Budget	Adjusted Budget	Actual
<b>R thousands</b>				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Government grants	201 588	167 953	168 202	224 477
Interest	5 706	5 500	-	5 786
Dividends	14	17	13	8
Cash receipts from customers	289 832	338 810	363 703	318 612
<b>Total Receipts</b>	<b>497 141</b>	<b>512 280</b>	<b>631 918</b>	<b>548 883</b>
<b>Payments</b>				
Employees	(154 951)	(170 578)	(168 880)	(166 546)
Suppliers	(166 455)	(328 505)	(363 524)	(304 139)
Finance charges	(13 910)	(10 661)	(10 661)	(6 141)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>161 826</b>	<b>-</b>	<b>-</b>	<b>72 049</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds from sale of property, plant and equipment	193	-	-	-
Proceeds from sale of investment property	3 605	-	-	-
Proceeds from sale of intangible assets	-	-	-	-
Increase/ (decrease) of financial assets	99	-	-	102
<b>Payments</b>				
Purchase of property, plant and equipment	(48 956)	-	-	(74 657)
Purchase of investment property	(99 948)	-	-	-
Purchase of intangible assets	(112)	-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(145 119)</b>	<b>-</b>	<b>-</b>	<b>(74 555)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase/(decrease) in Long-term loans	2 212	-	-	92
Increase/(decrease) in finance leases	(7 704)	-	-	(3 602)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(5 492)</b>	<b>-</b>	<b>-</b>	<b>(3 510)</b>
<b>Net increase in cash and cash equivalents</b>	<b>11 216</b>	<b>-</b>	<b>-</b>	<b>(6 016)</b>
Cash and cash equivalents at the beginning of the year	4 531	-	-	15 747
<b>Cash and cash equivalents at the end of the year</b>	<b>15 747</b>	<b>-</b>	<b>-</b>	<b>9 731</b>

### COMMENT ON CASH FLOW OUTCOMES:

The cash and cash equivalents at the end of the year indicated a positive financial position of R9.7 million. The operating activities had net cash inflow of R72 million.

T 5.9.1.1



## 5.9 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality has annuity loan from the Development Bank of South Africa which was awarded bearing interest rate of 9% per annum, redeemable by 2027. The outstanding liability for the DBSA loan as at 30 June 2013 was valued at R29 million.

T 5.10.1

Table 108: Actual Borrowings

Actual Borrowings: 2010/11 to 2012/13			
	R' 000		
Instrument	2010/11	2011/12	2012/13
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	26 244	25 757	28 547
Long-Term Loans (non-annuity)			
Financial Leases	10 199	3 810	380
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Other Securities			
<b>Municipality Total</b>	<b>36 443</b>	<b>29 567</b>	<b>28 927</b>

T 5.10.2

Table 109: Municipal Investments

Municipal Investments			
	R' 000		
Investment* type	2010/11	2011/12	2012/13
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	118	119	-
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other	200	197	215
<b>Municipality Total</b>	<b>318</b>	<b>316</b>	<b>215</b>

T 5.10.3

COMMENT ON BORROWING AND INVESTMENTS:

The municipality holds unlisted shares which consist of equity shares in the Senwesbel Limited (number of shares 18 130) and Senwes Limited (number of shares 11 822). There is also various fixed deposit held at ABSA bank with interest rates varying between 5.18% - 6.93% and are maturing during the year ending 2013 .

*T 5.10.4*

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5.10 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality does not have any PPP agreements.

*T 5.11.1*

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.11 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

The municipality's implementation of the supply chain unit is progressing slowly due to shortage of staff and a challenge of obtaining a credible supply chain manager. Three of the existing supply chain officials have attained the required MFMA Competency level and the other eleven officials have not. The municipality has made submissions to the National Treasury to grant extension to allow for the completion of minimum competency requirements.

The shortage of staff in the supply chain management unit has led to weakening controls in the procurement environment and the lack of effective segregation of duties impairs the objectivity of the tender committees if only a few supply chain practitioners support of all the tender committees.

The municipality continues to make effort to revise the organogram of supply chain and hire independent and reputable officials in the unit.

*T 5.12.1*

## 5.12 GRAP COMPLIANCE

### GRAP COMPLIANCE

GRAP is the acronym for **Generally Recognized Accounting Practice** and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

### GRAP STANDARDS

<b>Audit Report Status*:</b>	<b>Disclaimer of Audit Opinion</b>
<b>Standards not yet adopted</b>	<b>Remedial Action Taken</b>
GRAP 1 (as revised): Presentation of Financial Statements	To be adopted during the 2013-14 AFS preparation.
GRAP 3 (as revised): Accounting Policies, Change in Accounting Estimates and Errors	To be adopted during the 2013-14 AFS preparation.
GRAP 9 (as revised): Revenue from Exchange Transactions	To be adopted during the 2013-14 AFS preparation.
GRAP 12 (as revised): Inventories	To be adopted during the 2013-14 AFS preparation.
GRAP 13 (as revised): Leases	To be adopted during the 2013-14 AFS preparation.
GRAP 16 (as revised): Investment Property	To be adopted during the 2013-14 AFS preparation.
GRAP 17 (as revised): Property, Plant and Equipment	To be adopted during the 2013-14 AFS preparation.
GRAP 20: Related Parties	To be adopted during the 2013-14 AFS preparation.
GRAP 25: Employee benefits	To be adopted during the 2013-14 AFS preparation.
GRAP 31 (as revised): Intangible Assets (replaces GRAP 102)	To be adopted during the 2013-14 AFS preparation.
IGRAP 1 (as revised): Applying the probability test on initial recognition of revenue	To be adopted during the 2013-14 AFS preparation.
IGRAP 16: Intangible assets website costs	To be adopted during the 2013-14 AFS preparation.
GRAP 104: Financial Instruments	To be adopted during the 2013-14 AFS preparation.

## CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

T 6.0.1

## COMPONENT A: AUDITOR-GENERAL OPINION ON THE FINANCIAL STATEMENTS 2011/12

### 6.1 AUDITOR-GENERAL REPORT 2011/12

Table 110: Auditor-General Report on Financial Performance

Auditor-General Report on Financial Performance 2011/12*	
Status of audit report:	Disclaimer of Audit Opinion
Non-Compliance Issues	Remedial Action Taken
Budget	The accounting officer to assess the mid-year performance by the legislated date and ensure that the quarterly and monthly reports are submitted within the legislated timeframes.
Audit Committee	The accounting officer will ensure that the audit committee is appointed. The internal audit unit is fully functional to support the audit committee's effective function.
Internal Audit	The internal audit will be fully capacitated to perform the required audit engagements and planning. External advertisement will be issued for recruitment in this section.
Expenditure management	The accounting officer will enforce measures to improve the cash flows to make creditors are paid on time, put measures in places through monthly reporting to ensure that fruitless expenditures are identified and reported on time.
Revenue management	Credit control and debt collection will be implemented efficiently when the section is capacitated with the required number of officials. The appointment of officials was finalised after year end.
Procurement and Contract management	The appointment of the Manager Supply Chain, the revision of organogram will ensure that the policy is revised and procurement is centralised at supply chain.
Human resource management and compensation	The performance agreement will be signed when the performance management system is in place. The current Corporate Services director is attending the PMS matter and will be finalised by the end of 2012/13 financial year.
<p>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Current Year.</p>	

T 6.2.1

**Table 111: Auditor-General Report on Service Delivery Performance**

<b>Auditor-General Report on Service Delivery Performance: 2011/12*</b>	
<b>Status of audit report**:</b>	Disclaimer of Audit Opinion
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
No effective consultation with the local community in the drafting and implementation of the IDP.	The review of IDP is conducted and attendance registers are signed. A proper record keeping of these documents will be maintained and availed to the auditors at the time of audit.
The IDP was not reviewed annually in accordance with an assessment of its performance measurements.	The IDP is reviewed annually and attendance registers are signed. A proper record keeping of these documents will be maintained and availed to the auditors at the time of audit.
The municipality did not establish a performance management system.	The municipality will establish a performance management system and implement it in accordance with the policy. The target date for implementation is late in 2012/13.
The municipality did not monitor performance with regard to the development priorities and objectives against key performance indicators and targets set.	The SDBIP be established and monitored quarterly.
<p><i>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</i></p> <p><i>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</i></p>	

T 6.2.2

## COMPONENT B: AUDITOR-GENERAL OPINION ON THE FINANCIAL STATEMENTS 2012/13

### 6.2 AUDITOR-GENERAL REPORT 2012/13

Table 112: Auditor-General Report on Financial Performance

Auditor-General Report on Financial Performance 2012/13*	
<b>Status of audit report: Disclaimer</b>	Disclaimer of Audit Opinion
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Budget	The accounting officer to assess the mid-year performance by the legislated date, to ensure that all expenditure incurred are within the approved budget, and ensure that the quarterly and monthly reports are submitted within the legislated timeframes to the relevant authorities.
Audit Committee	The accounting will liaise with the audit committee to ensure that the committee is compliant and meets regularly in line with the legislative requirements.
Internal Audit	The internal audit will be fully capacitated to perform the required audit engagements and planning. External advertisement was issued for recruitment in this section, the appointment will be finalised during the 2013/14 financial year.
Expenditure management	The accounting officer will enforce measures to improve the cash flows to make sure that creditors are paid on time (within 30 days) as legislated, put measures in places through monthly reporting to ensure that fruitless expenditures are identified and reported on time.
Revenue management	The Chief Financial Officer will ensure that controls are put in place to ensure that the municipality's revenue and receivables are recognised.
Procurement and Contract management	The appointment of the Manager Supply Chain, the revision of organogram will ensure that the policy is revised and procurement is centralised at supply chain.
Human resource management and compensation	The performance agreement will be signed when the performance management system is in place. The current Corporate Services director is attending the PMS matter and will be finalised by the end of 2013/14 financial year.
<p><i>Note:*</i> The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Current Year.</p>	

T 6.2.1

**Table 113: Auditor-General Report on Service Delivery Performance**

<b>Auditor-General Report on Service Delivery Performance: 2012/13*</b>	
<b>Status of audit report**:</b>	Disclaimer of Audit Opinion
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
No effective consultation with the local community in the drafting and implementation of the IDP.	The review of IDP is conducted and attendance registers are signed. A proper record keeping of these documents will be maintained and availed to the auditors at the time of audit.
The IDP adopted by the municipality does not reflect Key Performance Indicators and targets.	The IDP will be reviewed to ensure that the Key Performance Indicators and targets are clearly outlined, and comply with the legislative requirements.
The municipality did not afford the local community at least 21 days to comment on the final draft of its integrated development plan, before the plan was submitted to Council for adoption.	The accounting officer will ensure that the relevant supporting documentation is file as evidence that the community was afforded the necessary opportunity to comment on its IDP.
The municipality did not establish a performance management system.	The municipality will establish a performance management system and implement it in accordance with the policy. The target date for implementation is late in 2013/14.
The municipality did not monitor performance with regard to the development priorities and objectives against key performance indicators and targets set.	The accounting officer will ensure that the SDBIP is in place, approved and monitored quarterly.
* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0	
** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.	

T 6.2.2



**REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE AND THE COUNCIL ON MOQHAKA LOCAL MUNICIPALITY**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I was engaged to audit the financial statements of the Moqhaka Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2013, the statements of financial performance, changes in net assets, cash flows for the year then ended, the statement of comparison of budget and actual amounts, and the notes, comprising a summary of significant accounting policies and other explanatory information.

**Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-general's responsibility**

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

**Basis for disclaimer of opinion**

**Property, plant and equipment**

4. I was unable to obtain sufficient appropriate audit evidence regarding property, plant and equipment, as the municipality did not provide me with documentation to support the cost prices/valuation of assets and evidence that all the additions were accounted for as outlined in the requirements of SA Standards of GRAP, GRAP 17 *Property, plant and equipment* (GRAP 17). In addition, not all assets could be verified and assets were identified that were not included in the asset register. I was unable to confirm property, plant and equipment by alternative means. Consequently, I was unable to determine whether any further adjustment relating to property, plant and equipment stated at R2 196 028 618 (2012: R2 368 705 415) in note 13 to the financial statements was necessary. In addition, community assets were incorrectly classified as infrastructure assets, resulting in an overstatement of infrastructure assets and overstatement of accumulated surplus by R27 359 140 (2012: R28 668 320), respectively. The municipality did not review the residual values and useful lives and perform an impairment assessment of all of the municipality's assets at each reporting date in accordance with SA Standards of GRAP, GRAP 17 and GRAP 26, *Impairment of cash-generated assets*. I was not

able to determine the correct net carrying amount of property, plant and equipment as it was impracticable to do so.

### **Receivables from exchange transactions**

5. I was unable to obtain sufficient appropriate audit evidence regarding receivables from exchange transactions, as the municipality was not able to provide me with indigent applications and proof of subsequent payments by debtors. I was unable to confirm consumer receivables by alternative means. Consequently, I was unable to determine whether any adjustments relating to consumer receivables from exchange transactions stated at R64 412 868 (2012: R50 261 866) in note 4 to the financial statements were necessary. In addition the municipality did not account for all debts written off in the previous financial year and also did not correctly account for value-added tax (VAT) for those debtors that were impaired, which resulted in receivables being overstated by R83 501 968, VAT receivable overstated by R7 579 540 and debt impairment expense understated by R91 081 508.

### **Irregular expenditure**

6. The municipality did not disclose all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d)(i) of the MFMA. The municipality incurred expenditure in contravention of the supply chain management (SCM) requirements, resulting in irregular expenditure being understated by R17 365 914 (2012: R52 166 980). The municipality also disclosed irregular expenditure in the financial statements that did not meet the definition of irregular expenditure. Irregular expenditure is therefore overstated by R54 588 840. I was also unable to obtain sufficient appropriate audit evidence regarding irregular expenditure written off of R88 698 826 in the previous financial year, as disclosed in note 52 to the financial statements. I was unable to confirm the amount written off by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the amount disclosed for irregular expenditure stated at R144 794 943 (2012: R59 554 331) in the financial statements.

### **Investment properties**

7. The municipality did not determine the fair value of all investment properties as required by SA Standards of GRAP, GRAP 16 *Investment property* (GRAP 16) due to adequate controls not being implemented to perform the fair value evaluation. In addition, I was unable to obtain sufficient appropriate audit evidence regarding investment property, as the municipality duplicated amounts as investment property and other assets and support for the correct classification was not provided. I was unable to confirm investment property by alternative means. Consequently, I was unable to determine whether any adjustments relating to investment property stated at R126 228 505 (2012: R126 228 506) in note 11 to the financial statements were necessary.

### **Capital commitments**

8. The municipality did not have adequate systems in place to accurately account for unrecognised contractual commitments at year-end, which resulted in capital commitments as disclosed in note 56 to the financial statements being overstated by R7 793 698 (2012: R16 178 528). I was also unable to obtain sufficient appropriate audit evidence regarding commitments due to an inadequate contract management system and an incomplete contract register being in place. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any further adjustments relating to commitments stated at R26 772 834 (2012: R109 006 191) in note 56 to the financial statements were necessary.

### **Service charges**

9. The incorrect tariffs were levied to consumer debtor accounts for the first part of the financial year. Consequently, service charges and receivables from exchange transactions are understated by R31 510 483, respectively. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus. I was also unable to obtain sufficient appropriate audit evidence regarding service charges, as the municipality could not provide me with support to confirm the accuracy of meter readings as well as the correctness of prepaid electricity. I was unable to confirm service charges by alternative means. Consequently, I was unable to determine whether any adjustments relating to services charges stated at R267 170 065 in note 27 to the financial statements were necessary.

### **Payables from exchange transactions**

10. The municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with SA Standards of GRAP, GRAP 1, *Presentation of financial statements*. As the municipality did not maintain adequate records of outstanding payments for goods and services received but not yet paid at year-end, I was not able to determine the full extent of the misstatement in payables from exchange transactions in note 21 to the financial statements, as it was impracticable to do so.

### **Depreciation and amortisation**

11. I was unable to obtain sufficient appropriate audit evidence regarding depreciation and amortisation due to the limitation placed on my audit of property, plant and equipment. I was unable to confirm depreciation and amortisation by alternative means. Consequently, I was unable to determine whether any adjustments relating to depreciation and amortisation stated at R242 629 821 (2012: R239 203 159) in note 37 to the financial statements were necessary.

### **Accumulated surplus**

12. I was unable to obtain sufficient appropriate audit evidence for the correction of prior period error of R62 548 370 and an adjustment against accumulated surplus of R94 824 256 included in the accumulated surplus. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments relating to accumulated surplus stated at R2 326 984 492 (2012: R2 490 057 263) in the financial statements were necessary.

### **Cash flow statement**

13. I was unable to obtain sufficient appropriate audit evidence regarding the cash flow statement due to the limitations placed on my audit of various components of the financial statements as well as differences between my calculations and amounts disclosed in the cash flow statement. I was unable to confirm the cash flow statement by alternative means. Consequently, I was unable to determine whether any adjustments relating to the cash flow statement in the financial statements were necessary.

### **Government grants and subsidies**

14. I was unable to obtain sufficient appropriate audit evidence regarding government grants and subsidies, as adequate systems are not in place to account for grant income. I was unable to confirm government grants and subsidies by alternative means. Consequently, I was unable to determine whether any adjustments relating to government grants and subsidies stated at R228 899 884 in note 25 to the financial statements were necessary.

### **Fruitless and wasteful expenditure**

15. The municipality did not disclose all fruitless and wasteful expenditure in the notes to the financial statements, as required by section 125(2)(d)(i) of the MFMA. The municipality incurred expenditure which was made in vain and would have been avoided had reasonable care been exercised. I was not able to determine the full extent of the misstatement in fruitless and wasteful expenditure, as it was impracticable to do so. I was also unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure written off of R19 275 792 in the previous financial year, as disclosed in note 53 to the financial statements. I was unable to confirm the amount written off by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to fruitless and wasteful expenditure stated at R27 878 342 (2012: R21 790 081) in note 53 to the financial statements.

### **Heritage assets**

16. I was unable to obtain sufficient appropriate audit evidence regarding heritage assets, as the municipality did not maintain an adequate register. I was unable to confirm heritage assets by alternative means. Consequently, I was unable to determine whether any adjustments relating to heritage assets stated at R885 650 (2012: R885 650), as disclosed in note 10 to the financial statements were necessary.

### **Inventories**

17. The municipality did not disclose vacant residential stands as inventory as required by SA Standards of GRAP, GRAP 12, *Inventory* for the current and prior year. As the municipality did not keep complete and accurate records, I was not able to determine the full extent of the misstatement in inventories, stated at R4 872 068 (2012: R4 781 881) in note 5 to the financial statements as it was impracticable to do so.

### **Reticulation losses**

18. I was unable to obtain sufficient appropriate audit evidence regarding electricity and water losses, as records for the calculation were not available. I was unable to confirm the reticulation losses by alternative means. Consequently, I was unable to determine whether any further adjustments relating to electricity losses stated at R32 433 523 (2012: R25 443 409) and water losses (2012: R10 261 896), as disclosed in note 51 to the financial statements, were necessary. In addition, a difference was identified between the amount disclosed in the financial statements and the supporting schedule provided relating to water losses, resulting in water losses being understated by R2 700 500 in the current financial year.

### **General expenses**

19. I was unable to obtain sufficient appropriate audit evidence regarding general expenses, as supporting documentation were not attached to journals. I was unable to confirm these amounts by alternative means. Consequently, I was unable to determine whether any adjustments relating to general expenses R67 502 415 in note 32 to the financial statements were necessary.

## Fines

20. I was unable to obtain sufficient appropriate audit evidence regarding fines, as adequate systems are not in place to account for fines receivable from summonses. I was unable to confirm fines by alternative means. Consequently, I was unable to determine whether any adjustments relating to fines stated at R974 809 in note 29 to the financial statements were necessary.

## Finance lease obligation

21. I was unable to obtain sufficient appropriate audit evidence regarding finance lease obligations due to finance lease agreements not being submitted. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustments relating to finance lease obligations stated at R379 990 in note 19 to the financial statements were necessary.

## Statement of comparison of budget and actual amounts

22. The municipality did not disclose the final approved adjustment budget figures in the financial statements in accordance with SA Standards of GRAP, GRAP 24, *Presentation of budget information in financial statements*. Therefore material differences were identified between the budgeted amounts disclosed in the financial statements and the final adjustment budget. This resulted in the amounts disclosed in the statement of comparison of budget and actual amounts being materially misstated.

## Aggregation/ Accumulation of immaterial uncorrected misstatements

23. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial performance:
- Finance costs reflected as R10 417 192 in the statement of financial performance is understated by R1 615 458.
  - Property rates reflected as R42 025 820 in the statement of financial performance is overstated by R1 248 469.
  - Bulk purchases reflected as R164 985 789 in the statement of financial performance is overstated by R1 749 091.
  - Employee related cost reflected as R154 058 086 in the statement of financial performance is understated by R1 357 677.

In addition, I was unable to obtain sufficient appropriate audit evidence and I was unable to confirm or verify the following elements by alternative means:

- Rental income reflected as R4 190 682 in note 31.

As a result, I was unable to determine whether any further adjustments to these elements were necessary.

## Disclaimer of opinion

24. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

### **Emphasis of matters**

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

### **Restatement of corresponding figures**

26. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2013 in the annual financial statements of the municipality at, and for the year ended, 30 June 2012.

### **Going concern**

27. Note 49 to the financial statements indicates that the Mqohaka Local Municipality's current liabilities exceeded its current assets by R49 million (2012: R115 million). This matter, along with other matters as set forth in note 49, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

### **Additional matter**

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

### **Supplementary explanations of budget variances presented outside the financial statements**

29. The supplementary explanations of budget variances contained in appendix E(1) do not form part of the financial statements. I have not audited these explanations and accordingly I do not express an opinion thereon.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

30. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### **Predetermined objectives**

31. I performed procedures to obtain evidence about the usefulness and reliability of the information in the service delivery performance report as set out on pages 0 to 0 of the annual report.

32. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

33. The material findings are as follows:

### **Usefulness of information**

34. Section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 100% of the planned targets not achieved were not reflected in the service delivery performance report. This was due to a lack of monitoring and review of the reporting documents by management.
35. The MSA, section 41(c) requires that the actual achievements against all planned indicators and targets must be reported annually. The service delivery performance report submitted for audit purposes did not include the actual performance of 94% of the planned indicators specified in the service delivery and budget implementation plan for the year under review. This was due to a lack of monitoring and review of the reporting documents by management.
36. The National Treasury's FMPPi requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 24% of the targets were not specific in clearly identifying the nature and the required level of performance. This was due to a lack of monitoring and review of the reporting documents by management.
37. The National Treasury's FMPPi requires that it must be possible to validate the processes and systems that produce the indicator. A total of 21% of the planned indicators were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to lack of effective mechanisms, systems and processes for the collecting, recording, processing, monitoring and review of the actual performance information.

### **Reliability of information**

38. The National Treasury FMPPi requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to the development priority sanitation, roads and storm water and electricity.

This was due to limitations placed on the scope of my work due to the fact that the municipality could not provide sufficient appropriate evidence in support of the information presented with respect to the development priority sanitation, roads and storm water and electricity.

39. For all the indicators and targets in respect of the development priority solid waste management, the actual performance was not reported on in the service delivery performance report. I was therefore unable to obtain the information I considered necessary to satisfy myself as to the reliability of information presented with respect to the development priority solid waste management. This was due to a lack of monitoring and review of the completeness of the reporting documents by management.

### **Compliance with laws and regulations**

40. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the general notice issued in terms of the PAA, are as follows:

### **Strategic planning and performance management**

41. The municipal council did not consult with the local community in the drafting and implementation of the municipality's integrated development plan (IDP) by means of a municipal wide structure for community participation, as required by section 28 of the MSA and Municipal planning and performance management (MPPM) regulation 15(1)(a)(i).
42. The IDP adopted by the municipality does not reflect key performance indicators and targets, as required by sections 26 and 41 of the MSA.
43. The municipality did not afford the local community at least 21 days to comment on the final draft of its integrated development plan before the plan was submitted to council for adoption, as required by the MPPM regulation 15(3).
44. The municipality did not establish a performance management system, as required by section 38(a) of the MSA.
45. The municipality did not set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objectives set out in the IDP, as required by section 41(1)(a) of the MSA and the MPPM regulations 1 and 9(1)(a).
46. The municipality did not set measurable performance targets for the financial year with regard to each of the development priorities and objectives and key performance indicators set out in the IDP, as required by section 41(1)(b) of the MSA and the MPPM regulation 12(1) and 12(2)(e).
47. The annual report for the year under review does not include the performance of the municipality and measures taken to improve performance, as required by section 46 (1)(a) and (c) of the MSA.
48. The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 62(1)(c)(i) of the MFMA.

### **Budget**

49. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.
50. Quarterly reports were not submitted to the council on the implementation of the budget and financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.
51. Unforeseeable and unavoidable expenditure incurred by the municipality was not appropriated in an adjustment budget, as required by section 29(2)(d) of the MFMA.
52. The total unforeseen and unavoidable expenditure incurred exceeded the greater of R 5 million or 4% of own revenue, in contravention of Municipal budget and reporting regulation 72.



53. Sufficient appropriate audit evidence could not be obtained that monthly budget statements were submitted to the mayor and relevant provincial treasury, as required by section 71(1) of the MFMA.

#### **Annual financial statements and annual report**

54. The 2011-12 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.
55. A written explanation was not submitted to council setting out the reasons for the delay in the tabling of the 2011-12 annual report in the council, as required by section 127(3) and 133(1)(a) of the MFMA.
56. The 2011-12 annual report was not made public immediately after the annual report was tabled in the council, as required by section 127(5)(a) of the MFMA.
57. Oversight report containing comments on the annual report was not adopted by council within two months from the date on which the 2011-12 annual report was tabled, as required by section 129(1) of the MFMA.
58. The council's oversight report on the 2011-12 annual report was not made public within seven days of its adoption, as required by section 129(3) of the MFMA.
59. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

#### **Audit committee**

60. The audit committee did not advise the council on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation, as required by section 166(2)(a) of the MFMA.
61. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
62. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
63. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.
64. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.

65. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.
66. The audit committee did not review the quarterly internal audit reports on performance measurement, as required by MPPM regulation 14(4)(a)(i).
67. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by MPPM regulation 14(4)(a)(ii).
68. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by MPPM regulation 14(4)(a)(iii).

#### **Internal audit**

69. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:
  - ~ it did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.
  - ~ it did not report to the audit committee on the implementation of the internal audit plan.
  - ~ it did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.
70. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.
71. The internal audit did not audit the results of performance measurements, as required by section 45(1)(a) of the MSA and MPPM regulation 14(1)(a).
72. The internal audit unit did not assess the functionality of the performance management system, as required by MPPM regulation 14(1)(b)(i).
73. The internal audit unit did not assess the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by MPPM regulation 14(1)(b)(iii).
74. The internal audit unit did not audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the audit committee, as required by MPPM 14(1)(c).

#### **Procurement and contract management**

75. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) and (c).
76. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).

77. Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM regulation 27(2)(a).
78. Sufficient appropriate audit evidence could not be obtained that bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM regulation 27(3).
79. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
80. Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2).
81. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by SCM regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.
82. Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).
83. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).
84. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
85. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
86. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
87. Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
88. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
89. A list of accredited prospective providers was not in place for procuring goods and services through quotations as required by SCM regulation 14(1)(a).

## **Human resource management and compensation**

90. Sufficient appropriate audit evidence could not be obtained that job descriptions were established for all posts in which appointments were made in the current year, as required by section 66(1)(b) of the MSA.
91. Sufficient appropriate audit evidence could not be obtained that appointments were made in posts of manager directly accountable to municipal manager that were advertised, as required by section 54A(4)(a) of the MSA.
92. Sufficient appropriate audit evidence could not be obtained that the municipality developed and adopted appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff as required by MSA section 67(d).
93. The municipal manager and senior managers directly accountable to the municipal manager did not sign performance agreements, as required by MSA section 57(2)(a).
94. Sufficient appropriate audit evidence could not be obtained that some senior managers meet all the prescribed competency areas as required by regulations 6 and 7 of the Municipal regulations on minimum competency levels.
95. Finance officials at middle management did not meet any of the prescribed competency areas as required by regulations 8 and 9 of the Municipal regulations on minimum competency levels.
96. Sufficient appropriate audit evidence could not be obtained that newly appointed managers directly accountable to the municipal manager had disclosed their financial interest prior to appointment as per the requirements of regulation 4 of GNR 805.

## **Expenditure management**

97. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.
98. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and accounted for payments made, as required by section 65(2)(b) of the MFMA.
99. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

## **Conditional grants received**

100. Sufficient appropriate audit evidence could not be obtained that the allocation for the Municipal Systems Improvement Grant was utilised for the purposes stipulated in the grant framework, in contravention of section 16(1) of the DoRA.

## **Revenue management**

101. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

### **Asset management**

102. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
103. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

### **Consequences management**

104. Unauthorised expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, in contravention of section 32(2) of the MFMA.
105. Irregular expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, in contravention of section 32(2) of the MFMA.
106. Fruitless and wasteful expenditure incurred by the municipality municipal entity was not investigated to determine whether any person was liable for the expenditure, in contravention of section 32(2) of the MFMA.

### **Internal control**

107. I considered internal control relevant to my audit of the financial statements, the service delivery performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the service delivery performance report and the findings on compliance with laws and regulations included in this report.

### **Leadership**

108. The implementation of action plans was not adequately monitored and implemented to address internal control deficiencies identified. Staff of the municipality were also not held accountable due to the performance management system not being implemented at the municipality. Processes to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure were not established. This was due to leadership not taking adequate action to address weaknesses identified.
109. There was a slow response to the message communicated by the AGSA to the administrative and political leadership.

### **Financial and performance management**

110. The financial statements were not properly reviewed for completeness and accuracy prior to submission for auditing. This resulted in many findings relating to incorrect disclosure or non-disclosure. No proof could be obtained that the use of consultants was monitored by the chief financial officer to ensure proper transfer of skills to permanent finance staff members.
111. The municipality did not always comply with applicable laws and regulations. There were no formal processes in place to monitor compliance with legislation, which resulted in the number of reported non-compliance issues. There was also a lack of consequences for poor performance or where laws and regulations were not complied with.

112. Staff members do not understand performance information reporting requirements and action was not taken during the year to implement requirements due to the IDP manager also fulfilling other responsibilities and staff not receiving appropriate training in this regard.

### Governance

113. The internal audit unit was not sufficiently staffed and effective during the year and therefore the internal audit unit did not assist management in evaluating internal controls to determine the effectiveness and efficiency thereof. The chief audit executive position was also vacant for part of the financial year. As a result the audit committee could not adequately promote accountability and service delivery by evaluating and monitoring responses to risks and providing oversight of the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

*Auditor - General*

Bloemfontein

29 November 2013



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

T 6.2.3

#### COMMENTS ON AUDITOR-GENERAL'S OPINION 2012/13:

The Auditor General report for the 2012/13 financial year was a disclaimer of audit opinion. The main causes of these are non-availability of the supporting documents on the valuation of the infrastructure assets and the assessment of the residual values and the assets' useful lives.

Matters around procurement deficiencies also led to identification of further irregular expenditure. The municipality is tightening the system of procurement to deal with deviations in a strict manner of emergencies. The existence of indigent debtors is one big area that also led to disclaimer of audit opinion. The Auditor General's findings give a direct weakness of the internal controls to subsidize non-qualifying people as no supporting evidence could be obtained regarding the existence and validity of indigent debtors.

The municipality will utilize an opportunity of having the interim audit being conducted on the infrastructure assets verification and valuation and develop an action plan that has clear timelines and responsible officials.

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer) \_\_\_\_\_ Dated

T 6.2.5

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>É Service delivery &amp; infrastructure</li> <li>É Economic development</li> <li>É Municipal transformation and institutional development</li> <li>É Financial viability and management</li> <li>É Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing



	an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## APPENDICES

### APPENDIX A . COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Table 114: Councillors, Committee Allocation and Council Attendance

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Colbert DPC	FT	Finance, Audit and Risk Management, Infrastructure and Technical Services	ANC	89	0
Dalton CM	PT	Infrastructure and Technical Services	DA	100	0
Dire AMS	PT	Community Services	ANC	89	100
Green MM	PT	Sport, Art and Culture	5 / ANC	89	100
Hattingh JM	PT	Community Services	3 / DA	89	0
Kgang LD	PT	Community Services	8 / ANC	100	0
Koloi MA	FT	Personnel and Administration, Sport, Art and Culture	ANC	44	80
Letsabo MJ	PT	Finance, Audit and Risk Management	APC	100	0
Letsitsa ME	PT	Human Settlements, Personnel and Administration	18 / ANC	78	0
Lithupa MJ	PT	IDP and Planning	DA	100	0
Machobane ML	FT	Personnel and Administration, Rural Development and Land Reform	ANC	78	0
Magadlela ZS	PT	Sport, Art and Culture	21 / ANC	56	50
Mahasa LP	PT	Sport, Art and Culture	ANC	17	0
Makau TL	FT	LED and Investment, Public Safety	12 / ANC	67	100
Makoele WL	PT	Public Safety	DA	100	0
Malinga DM	PT	Public Safety	7 / ANC	100	0
Mabokotsa SV	PT	Human Settlements	1 / ANC	56	100
Mareka J	FT		ANC	67	33
Masuret A	PT	Finance, Audit and Risk Management	DA	100	0
Matshedisho DA	FT	Finance, Audit and Risk Management, IDP and Planning	ANC	78	50
Mbono MD	PT	Sport, Art and Culture	ANC	78	50
Mkhotheni NW	PT	Infrastructure and Technical Services, Public Safety	24 / ANC	78	0
Mkhwanazi TM	PT	Human Settlements	22 / ANC	67	33
Moeketsi DA	PT	Community Services	COPE	89	100
Mofokeng MJ	PT	Rural Development and Land Reform	23 / ANC	89	0
Mohapi MJ	FT		ANC	67	67

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mokodutlo NP	FT	Community Services, Sport, Art and Culture	ANC	89	100
Mokoena S	FT	Community Services, Human Settlements	20 / ANC	67	0
Mokotla ME	FT	Human Settlements, Rural Development and Land Reform	10 / ANC	89	0
Moletsane ER	FT	IDP and Planning, LED and Investment, Public Safety	19 / ANC	56	50
Monoto MA	PT	Rural Development and Land Reform	4 / ANC	89	0
Nakedi ACWD	FT		ANC	78	100
Notsi EM	PT	Finance, Audit and Risk Management	ANC	44	20
Ntsala TM	PT	LED and Investment, Sport, Art and Culture	9 / ANC	67	33
Nzunga DN	PT	Sport, Art and Culture	DA	100	0
Pittaway M	PT	Personnel and Administration	17 / DA	89	100
Rajuiili EV	PT	IDP and Planning, Infrastructure and Technical Services, Personnel and Administration, Public Safety	ANC	22	57
Rooskrans B	PT	Finance, Audit and Risk Management	13 / ANC	89	0
Seleke LM	PT	Rural Development and Land Reform	COPE	100	0
Selikoe NM	PT		15 / ANC	89	100
Sethabela MJ	PT	Infrastructure and Technical Services, LED and Investment	11 / ANC	89	100
Shahim DM	PT	Community Services	25 / DA	56	50
Silevu SJ	PT	Rural Development and Land Reform	DA	100	0
Taje FM	PT	Rural Development and Land Reform	14 / ANC	89	100
Thajane MI	PT	LED and Investment	COPE	100	0
Thipane MP	FT	IDP and Planning, Infrastructure and Technical Services	6 / ANC	67	33
Tladi SB	PT	Community Services, Personnel and Administration	2 / ANC	56	50
Twapa VPM	PT	Sport, Art and Culture	ANC	100	0
Vermeulen M	PT	Infrastructure and Technical Services	VF+	89	100
Viljoen AH	PT	LED and Investment	DA	56	75
Wille GV	PT	Human Settlements	16 / DA	78	100

Note: \* Councillors appointed on a proportional basis do not have wards allocated to them T A

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**Delete Directive note before publication:** Provide comments on the above table.

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## APPENDIX B . COMMITTEES AND COMMITTEE PURPOSES

Table 115: Committees

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Portfolio Committee: Infrastructure and Technical Services	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: Public Safety	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: IDP and Planning	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: HR and Administration	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: Rural Development and Land Reform	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: Human Settlements	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: LED and Investment	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: Sports, Arts, Culture and Recreation	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: Community Services	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Portfolio Committee: Finance, Audit and Risk Management	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Audit and Performance Audit Committee (s79)	Roles and responsibilities as outlined by section 166 of the MFMA and the approved charter
Oversight Committee (s79)	Roles and responsibilities as outlined by section 129 of the MFMA and the National Treasury guidelines issued in MFMA Circular 32 (18 March 2006)

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## APPENDIX C . THIRD TIER ADMINISTRATIVE STRUCTURE

Directorates	Director/Manager (State title and name)
<b>Office of the Municipal Manager</b> Mr. Mncedisi Mqwathi	Chief Internal Auditor (Name) Manager: IDP/PMS Mr T Leie Manager: Information Technology Mr A Qaba
<b>Financial Services</b> CHIEF FINANCIAL OFFICER Mr M Mokoena	Manager: Revenue Mr S Theletsane Manager: Expenditure Mr J Muller Manager Budget Mrs I Mokheseng Manager: SCM (Name)
<b>Technical Services</b> DIRECTOR: Technical Services Mr S Mokgatle	Manager: Civil Mr Migga Manager: Electricity Mr Greef (Acting)
<b>Corporate services</b> DIRECTOR: Corporate Services Mr M Mthwalo	Manager: Human Resources Mrs I Selebogo
<b>Community and Emergency Services</b> Director: Community and Emergency Services Mrs PH Tshabalala	Manager: Security Services Mr Manager: Cleansing Mr Wessels (acting) Manager Parks, sports and Recreation Chief Fire Officer Mr Ingram Chief: Traffic Services Mr Van der Westhuisen Senior Librarian Mr Oliphant

## APPENDIX D . FUNCTIONS OF MUNICIPALITY / ENTITY

Table 116: Municipal Functions

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Fire-fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
<b>Constitution Schedule 4, Part B functions:</b>	
Street lighting	Yes
Traffic and parking	Yes
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>	

#### APPENDIX E . WARD REPORTING

**Note: Information is not available for the 2012/13 financial year.**

#### APPENDIX F . WARD INFORMATION

**Note: Information is not available for the 2012/13 financial year.**

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED . MAXIMUM 12 MEETINGS)

Names: xxx (8); xxx (7)õ

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#### APPENDIX G . RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2012/13

**Note: Information is not available for the 2012/13 financial year.**

#### APPENDIX H . LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

**No long term contracts and Public Private Partnerships were entered into in the 2012/13 financial year.**

#### APPENDIX I . MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

**The Municipality does not have any operational entities.**

#### APPENDIX J . DISCLOSURES OF FINANCIAL INTERESTS

**Note: Information is not available for the 2012/13 financial year.**

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Table 117: Revenue Collection by Vote

Vote Description	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework			
			R thousand	Audited Outcome	Original Budget	Budget Year 2012/13
<u>Revenue by Vote</u>						
1100/00 SUMMARY COUNCILLORS - Vote1	5,060	5,483	5,887	6,240	6,552	
1200/00 SUMMARY MUNICIPAL MANAGER - Vote2	0	0	0	0	0	
1300/00 SUMMARY CORPORATE SERVICES - Vote3	1,661	1,800	1,933	2,049	2,151	
1400/00 SUMMARY FINANCE SERVICES - Vote4	117,578	127,410	136,811	145,020	152,271	
1500/00 SUMMARY TECHNICAL SERVICES - Vote5	245,739	266,288	285,937	303,093	318,248	
1600/00 SUMMARY COMMUNITY SERVICES - Vote6	18,026	19,533	20,975	22,234	23,345	
Total Revenue by Vote	388,064	420,514	451,543	478,636	502,567	



## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Table 118: Revenue Collection by Source

Description R thousand	2011/12	2012/13 Medium Term Revenue & Expenditure Framework			
	Budget Year	Actual 2011/12	Budget Year 2012/13	Actual 2012/13	Adjustment
<b>Revenue By Source</b>					
Property rates	36 105	30165	39 947	33 757	42 800
Service charges - electricity revenue	186 504	174 052	214 080	191 189	214 080
Service charges - water revenue	54 197	28 630	55 150	35 707	55 150
Service charges - sanitation revenue	16 053	7 834	18 710	10 418	18 710
Service charges - refuse	9 813	5 584	10 146	6 664	10 146
Rental of facilities and equipment	4 022	4 523	4 571	4 191	4 571
Interest earned - external investments	100	5 859	500	5 706	500
Interest earned - outstanding debtors	5 000	647	5 000	795	5 000
Dividends received	50	14	17	8	17
Fines	947	894	753	975	753
Agency services					
Transfers recognized	147 421	147 421	165 544	164 961	165 544
Other revenue	11 125	5 329	5 955	6 509	5 955
Gains on disposal of PPE					
<b>Total Revenue</b>	<b>471 337</b>	<b>410 952</b>	<b>520 373</b>	<b>460 880</b>	<b>523 226</b>

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Table 119: Conditional Grants: excluding MIG 2012/13

Conditional Grants Excluding MIG						
Details	Budget	Adjustment Budget	Actual	Variance		R'000 Major conditions applied by donor
				Budget %	Adjustment Budget %	
Integrated National Electrification Programme	2 000	2 000	2 000	0%	0%	
RBIG	8 000	8 000	8 000	0%	0%	
FMG	1 500	1 500	1 500	0%	0%	
MSIG	800	800	800	0%	0%	
EPWP	1 259	1 259	1 259	0%	0%	
<b>Total</b>	<b>13 559</b>	<b>13 559</b>	<b>13 559</b>	<b>0%</b>	<b>0%</b>	

### COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG 2012/13:

The Integrated National Electrification programme received for the previous financial year and the current financial year for the upgrade of the sub station to support the electrification of RDP houses in Khatliso Moeketsi. The RBIG from the Department of Water Affairs was used for the upgrade of the water infrastructure in Steynsrus.

Six interns were appointed in the Budget and Treasury office using the Financial Management Grant and functions within the BTO strengthened.

MSIG is capacity building grants used to enhance systems improvement.

EPWP initially created as an incentive grant, financial 2012/13 is the first implementation of this grant as a conditional grants.

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APPENDIX M: CAPITAL EXPENDITURE . NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

APPENDIX M (ii): CAPITAL EXPENDITURE . UPGRADE/RENEWAL PROGRAMME

**Note: Information not available for the 2012/13 financial year.**

APPENDIX N . CAPITAL PROGRAMME BY PROJECT 2012/13

**Note: Information not available for the 2012/13 financial year.**

APPENDIX O . CAPITAL PROGRAMME BY PROJECT BY WARD 2012/13

**Note: Information not available for the 2012/13 financial year.**

APPENDIX P . SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

**Note: Information not available for the 2012/13 financial year.**

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

**Note: Information not available for the 2012/13 financial year.**

APPENDIX R . DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

**Note: No loans and grants were made by the municipality during 2012/13**

APPENDIX S . NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

**Note: Information not available for the 2012/13 financial year.**

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## VOLUME II: ANNUAL FINANCIAL STATEMENTS

The audited Annual Financial Statements (AFS) are attached as Volume II to the Annual Report.