

MALETSWAI LOCAL MUNICIPALITY



ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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FOREWORD BY THE MAYOR, COUNCILLOR Z.E PUNGWANI



Serving the people of Maletswai Local municipality with humility, dignity and a steadfast resolve to accelerate and improve service delivery, fight poverty with all its associated ills and ensure a better life for all have been the driving force behind this municipality.

The strife to address the infinite needs of our people with definite resources has and will always be a Herculean task. There has and will never be a perfect symmetry between the needs and wants of the community, on the one hand, and available state resources to address them on the other hand. Hence an absolute need to prioritise” what could be achieved with what is available”.

Despite the enormous challenges confronting the municipality, some major strides were made to achieve targets that we set ourselves. These are:

- The appointment of the top management of the municipality,
- Establishment of the audit committee and internal audit unit to deepen and promote good governance,
- Winning of the District and Provincial cleanest town competitions,
- The establishment of Environmental Greening and Advisory Committee which encourages community participation on environmental management issues,
- Development and operationalisation of a municipal website (www.maletswai.gov.za),
- Introduction of a new financial management system (Sebata Municipal Solutions) and
- Submission of the financial statements in line with the timeframe set out in the Municipal Finance Management Act.

Despite these successes, the road ahead is still long and arduous. As the saying goes” when the difficulties of the mountain have been overcome, it is then that we realize the difficulties of the plain.

Limited financial resources with all its attendant challenges will always be a challenge for the municipality as it limits the capacity of the municipality to deliver on its mandates.

The aging and limited infrastructure pours scorn on municipality’s efforts to expand and augment its revenue base.

Despite these challenges the Maletswai is at the confluence of numerous opportunities because of its geographical location and natural endowments. The challenge is to turn these into strengths upon which the municipality could enhance its capacity to be an effective and efficient vehicle to improve livelihood of our community.

In this report we lay bare our performance against targets set at the beginning of the financial year. The results speak for itself.

INSTITUTIONAL GOVERNANCE AND MANAGEMENT

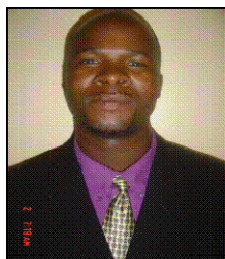
Maletswai local municipality is a category B municipality with a plenary system as established by Section 12 Notice as promulgated by the Department of Housing, Local Government and Traditional affairs in the Eastern Cape. This municipality comprises the former Aliwal North and Jamestown Transitional Local Councils as well as the Transitional Representative council.

The Council consists of 12 Councillors of which the composition is as follows:

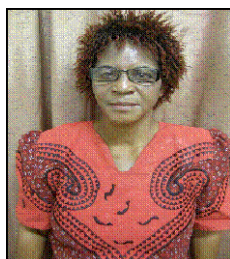
- 10 African National Congress Councillors
- 2 Democratic Alliance Councillor

The Mayor/ Speaker is Mr Z.E. Pungwani. The following councilors are the Chairpersons of Standing Committees:

Cllr M.E.Manzi : Corporate Services
Cllr S.E.Mbana : Technical Services
Cllr N.B.Mokhantso : Financial Services
Cllr M. Jan : Community Services



Cllr M. Jan
Community Services



Cllr E.S Mbana
Technical Services

The Committees of council are constituted as follows:

Corporate Services

- Cllr Patricia Williams
- Cllr Ella Mbana
- Cllr Msokoli Jan

Technical Services

- Cllr Nalisile Mathetha
- Cllr Thobeka Gaba
- Cllr Daniel Hartkof

Financial Services

- Cllr Moahloli Mokhoabane
- Cllr Francis Loest
- Cllr Nalisile Mathetha

Community Services

- Cllr Zoleka Betana
- Cllr Eric Manzi
- Cllr Patricia Williams

The municipality has the following five departments headed by Managers indicated next to them.

Municipal Manager : Mr Mcebisi Nonjola
Manager: Financial Services : Mr Bennie Rautenbach
Manager : Corporate Services : Mr John Jele
Manager : Community Services : Ms Fezeka Ntlemeza
Manager : Technical Services : Mr Tobosela Molefe

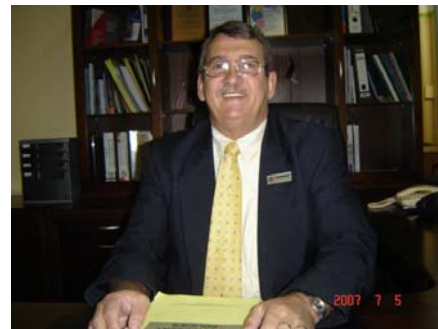
Maletswai Municipality Management



Municipal Manager – Mr M.P Nonjola



**Corporate Services Manager
Mr J. Jele**



**Financial Services Manager
Mr B. Rautenbach**



**Technical Services Manager
Mr T. Molefe**

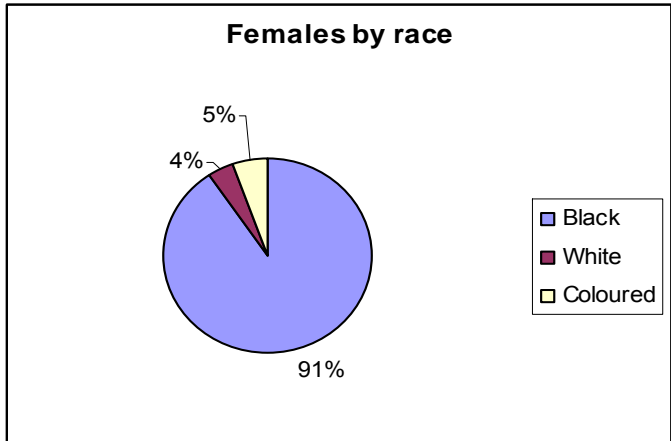
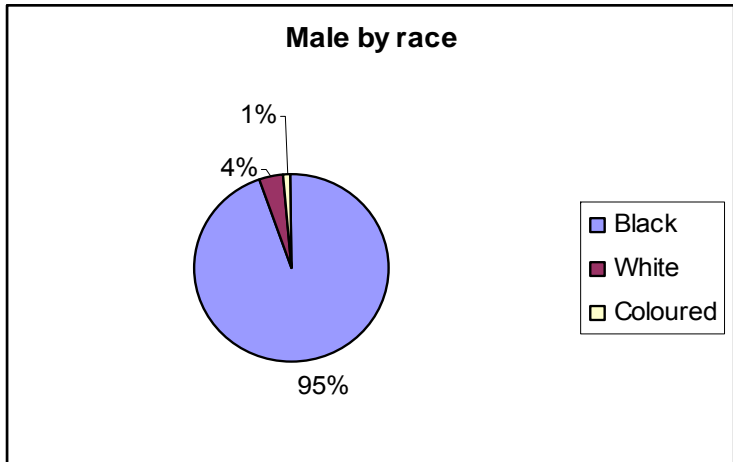
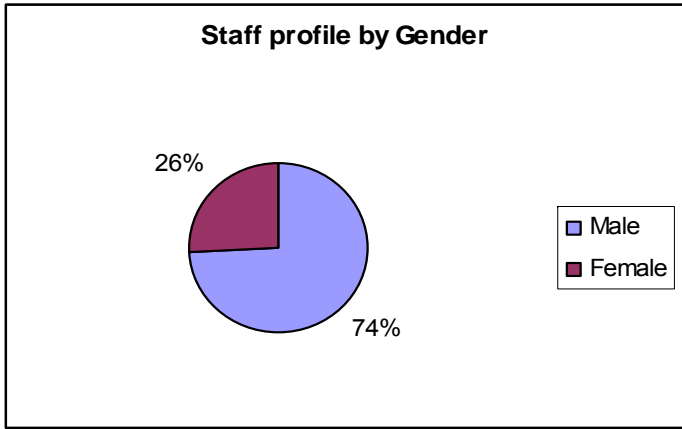
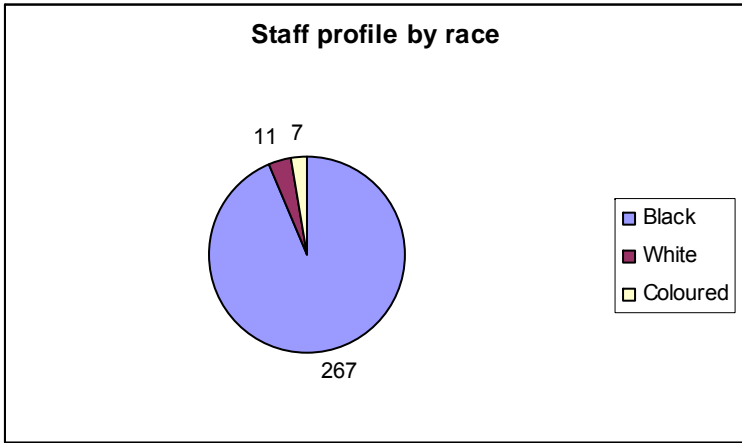


**Community Services Manager
Ms F. Ntlemeza**

STAFF PROFILE

PERSONNEL BREAKDOWN

POST LEVEL	BLACK		WHITE		COLOURED		TOTAL
	M	F	M	F	M	F	
0	1						1
1	2	1	1				4
2							
3		1	3				4
4	4	7	2	1			14
5	3	1					4
6		4		1	1		6
7	10	7	1	1		3	22
8	3	3				1	7
9	7	2					9
10	25						25
11	4						4
12	13	2					15
13	92	31			2		125
14	3	1					4
CONTRACTS/ TEMP	33	7	1				41
TOTAL	200	67	8	3	3	4	285



OVERVIEW OF THE MUNICIPLITY

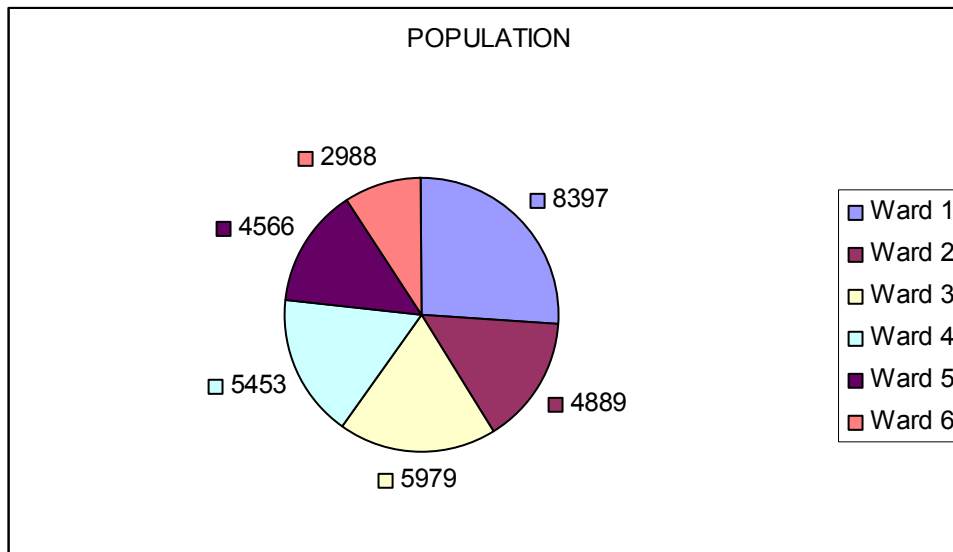
LOCATION

The Maletswai Municipality, comprised of Aliwal North and Jamestown, is situated on the N6 between Bloemfontein and Queenstown. It serves as a commercial centre for the North Eastern Cape area and towns forming part of the Southern Free State. On the north is the Free State; to the west is the North Cape Province with Lesotho to the East.

As a town on the N6 artery, it is a gateway into and out of the Eastern Cape.

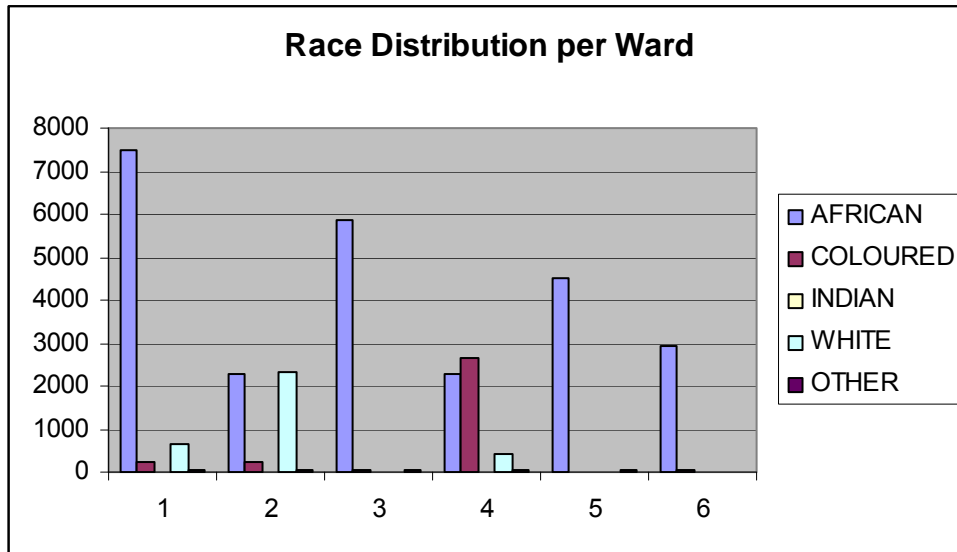
POPULATION DISTRIBUTION AND COMPOSITION

Population distribution: WARD

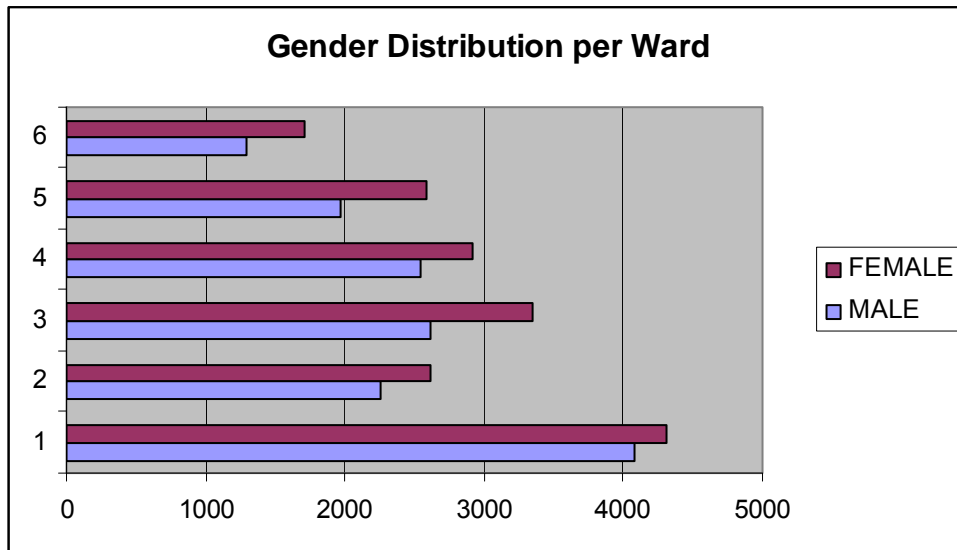


- Maletswai municipality has a total population of approximately 35 000 according to Statistics South Africa
- The largest population (26 %) of Maletswai is concentrated in Ward 1, Jamestown and neighboring farms. Jamestown was a municipality on its own under the Cape Administration until it amalgamated with Aliwal North to form Maletswai Local municipality.
- Ward 6, Dukathole, Block H 1 and area 13, has the smallest population (9%). This picture will change once Area 13 housing project is completed.
- Wards 2,4 and 5 are almost of the same size in terms of population.
- The provision of middle- high income houses in ward 2 and the completion of Joe Gqabi Housing project will, of necessity, lead to increase in the population size of this ward.

Population composition : RACE



Population composition: Gender



DEVELOPMENT INDICATORS

Human Development Index

The Human Development Index (HDI), as an indicator of life expectancy, literacy and income, is most reliable in the measurement of levels of development. Aliwal North records the highest level of development in the district with 0.55 as compared to the lowest record of 0.42 recorded against Steynsburg. Person living in poverty in Maletswai stands at 16 725 which represent 54.1.

Annual Household Income

Most households (47%) in the Maletswai Local Municipal area fall into the lowest income category (an annual of between R 0 – R 6000) per annum.

Literacy

Maletswai records the highest illiteracy rate at 64.4% in the district.

Education Levels

Ten percent (10%) of people have no formal schooling, with 26% having completed Grade 11 and 14% having completed Matric. Only 5% of the total population boast a tertiary qualification.

Unemployment

The unemployment rate stands at 34.7 % which represents roughly 3 219 unemployed persons within the Maletswai area.

Skills Levels

Maletswai as a less densely populated part of the district appear to have more skilled people with 15% of working people being skilled. Only 3% of persons are working in Senior Management positions, 10% are in Management positions, 4% are in the Technical Field. Clerks represent 6% and those working in service related jobs represent 9%, 15% are skilled, 9% are in the craft and trade fields, 3% in plant and machinery, with the biggest group in elementary positions.

Formal Sector Employment

A large majority (34%) are employed in Community Services, followed by Households at 18% and Agriculture at 17%.

Informal Employment

The Informal Employment Sector suggest a big percentage (59%) in Wholesale, followed by the Construction sector.

ECONOMIC INDICATORS

Gross Geographic Product (GDP)

Maletswai contributes R 371 million to the GDP of the Ukhahlamba District area spread over a range of sectors. The biggest is Food (contributing 17%), followed by Education (14,5%), Public Services (9%), Agriculture (8%), Furniture (7%) and Insurance Services (6.6%). Others include businesses (5%), Health (4%), Retail (3,6%), Land Transport (3.5%) and Electricity (3%).

SERVICE INFRASTRUCTURE

Water and Sanitation

More than 60% of the population in Maletswai has access to Water and Sanitation.

TELEPHONES AND ELECTRICITY

Fifty two percent (52%) of households in Maletswai have electricity whilst only 16% have access to telephones at their home or nearby.

TRANSPORT

Roads, Railways and Airfield

The N6 from Bloemfontein to East London passes through the centre of Maletswai with most towns in the District, except Sterkspruit, accessible through an unused rail link which runs from the south-east throughout the District.

There is an airfield, about 3 kilometres from the Central Business District (CBD) of Aliwal North.

PERFORMANCE HIGHLIGHTS

OFFICE OF THE MUNICIPAL MANAGER

HIGHLIGHTS FOR THE YEAR

- **Appointment of Senior Management**
 - The municipal manager and other 3 senior managers were appointed during the year under review.
 - This contributed immensely in enhancing the capacity of the municipality to discharge its responsibilities and duties.
- **Establishment of the internal audit unit**
 - This function was outsourced to the firm of chartered accountants.
- **Establishment of Audit Committee.**

MUNICIPAL MANAGER				
PLANNING AND CORPORATE GOVERNANCE				
Service	Actual performance for 2005/06	Target for 2006/07	Actual performance in 2006/07	Key problems and challenges
Integrated Development planning	The process plan for the development and adoption of the IDP and Budget was adopted by council in compliance with Municipal Systems Act.	Adoption of the process plan within the timeframe prescribed by the Municipal Systems Act and MFMA.	The process plan was adopted and made public within the prescribed timeframe.	None
	The old IDP was reviewed and approved by the Council.	Development of a 5-year IDP by the newly elected Council.	A 5 year IDP, spanning from 2006/07 to 2011/12, was adopted after consultation with stakeholders, sector Departments and local community.	Low participation of sector departments which sometimes resulted in postponement of meetings and the final product not reflective of other sector department's plans.

Appointment of management	None	Appointment of the Municipal Manager and 3 other section 57 managers accountable to him.	The Municipal Manager and 3 other section 57 managers were appointed.	None
	Not applicable	Conclusion of Employment and Performance contracts of managers	The employment and performance contracts of managers were concluded.	Prolonged negotiations on employment contracts delayed the signing thereof.
Audit Service	None	Appointment of Audit Committee members in line with the MFMA.	An Audit Committee was established in line with s 166 of the MFMA	None
	None	Establishment of an internal audit unit	Internal audit unit services were outsourced to a firm of chartered accountants.	Shortage of skills in financial auditing limits the choice to appoint to few individuals.
	None	Development of a risk profile and coverage plan	Risk assessment was undertaken and coverage was developed.	None
Delegation framework	None	Development of the delegation framework in terms of the MFMA	Delegation framework for the s 57 Managers was developed and implemented.	Vacant positions in other departments result in overloading of other employees and compromise fundamental administrative principle of separation of roles.
Reporting	Annual report was prepared and submitted to the relevant departments	Preparation, adoption and submission of Annual report to DPLG and Provincial Treasury	The Annual report was prepared, adopted and submitted to the relevant Provincial Departments.	None

ANNUAL PERFORMANCE REPORT: CORPORATE SERVICES DEPARTMENT

Service	Actual performance in 2005/06	Target for 2006/07	Actual performance in 2006/07	Key problems and challenges
Skills Development	<p>Submit the WSP, Skills Audit, Implementation & Quarterly monitoring reports to SETA on the 30 June 2006</p> <p>The Officials were trained on the following:</p>	<ol style="list-style-type: none"> To submit the WSP, Implementation report, Employment Equity Reports and all quarterly report to the LGSETA To train officials, Councillors and Ward Committees on the following: IDP and community planning Project Management Labour Law Advanced Midwifery Report writing skills Practical Credit Control Strategic Management Policy Development First Aid Batho Pele Life Skills Supervisory Training 	<ol style="list-style-type: none"> Submission of WSP and Implementation reports Submission of Employment Equity Plan Submission of Quarterly reports Trained officials, Councillors and Ward Committees on the following: IDP & Community Planning Labour Law First Aid Level1 Advanced OH&S SDF training Advanced debt collection Electrical faulty analysis Electrical Apprentice RPL Electrical (Life Skills) Para-Legal Examiner of vehicles Speed Camera Operation (NaTIS Programme) Leadership 	Lack of funding

			Development for Women ABET	
By-laws	<p>A workshop was conducted for Managers and Councillors by the Ukhahlamba District Municipality regarding the draft by-laws.</p> <p>Publication for comments on the draft by-laws was done.</p> <p>Input obtained from the public through Ward outreach programmes</p>	Development of by-laws that is compliant with legislation and law-enforcement for adoption by Council.	<ol style="list-style-type: none"> 1. By-laws drafted and adopted by Council 2. Request for legal assistance from the Department of Housing, Local Government and Traditional Affairs 	Lack of legal and technical know-how during the fine tuning of the by-laws
Labour Relations	Revival of Local Labour Forum	Regular and well attended Local Labour Forum meetings, compliance with the Labour Legislation	Meetings held quarterly and/or whenever necessary	<ol style="list-style-type: none"> 1. Lack of capacity on the part of unions to make impact or initiative labour issues for discussion 2. Budgetary constraints restrict the appointment of sufficient human resources for effective service delivery 3. Poor attendance of LLF meetings due to tight work schedules

<p>Legal matters</p>	<p>Outsourced the provision of legal related matters such as opinions and investigations for disciplinary hearings</p>	<p>Establishment of legal desk/unit in the Corporate Services Department for effective legal service delivery</p>	<ol style="list-style-type: none"> 1. Legal related matters outsourced for the provision of investigations for disciplinary hearings, opinions, etc. 2. Approached and sought assistance from Ukhahlamba District Municipality with the view of establishing a legal desk/unit 	<p>Budgetary constraints was the main problem</p>
<p>Ward Committees</p>	<p>Effective and properly functioning Ward Committees were established</p>	<p>Effectively functioning Ward Committees with well trained members</p>	<p>Ward Committees holding meetings regularly</p>	<p>Insufficient venues for holding meetings. Limited financial resources restrict the activities of Ward Committees</p>
<p>Occupational Health & Safety</p>	<ol style="list-style-type: none"> 1. Establishment of Health and Safety Committees 2. Holding meetings on a quarterly basis to discuss safety issues 	<ol style="list-style-type: none"> 1. Provision of protective clothing & equipment to employees 2. Training of employees on the importance of their safety in the work place 3. Ensuring compliance with the provisions of Section 8 of the OH&S 	<ol style="list-style-type: none"> 1. Safety representatives trained on first aid course level 1 by Medicare Centre at Aliwal North to ensure that every section of the workplace has a person to assist when emergencies occurs 2. Compliance with the 	<p>Tight work schedules sometimes compromise the chances of employees to participate in the training programme</p>

		<p>Act, 1993, and the relevant Regulations</p> <p>4. Compliance with Order issued by the Department of Labour on the 05 October 2006</p>	<p>Order issued by the Department of Labour 05 September 2006 in terms of Section 8 of OH&S Act / 1993, subsequent to which all safety representatives and supervisors were trained on legislative requirements by the service provider Merafi HR Consultancy</p> <p>3. Protective clothing and equipments issued to employees</p>	
Recruitment and Selection Policy and other HR related policies	Monitor the implementation of the Recruitment & Selection Policy and other HR related policies	Review all HR related policies and develop new ones where necessary	Appointment of Service Provider to facilitate the reviewal of all HR related policies and the development of new ones in areas where necessary	Lack of compliance with policies
Human Resources	Processing of applications for leave, IOD claims, retirement benefits, medical aid applications, filling of vacancies, safe-keeping of personnel records, provision of information to employees, etc.	<p>1. Appointment of personnel clerk</p> <p>2. Improved attendance to employee queries</p> <p>3. Improved administration for better service delivery</p>	<p>1. Personnel Clerk appointed on 02 January 2007</p> <p>2. Processing of employee queries and applications handled effectively</p> <p>3. Monitoring of activities improved</p>	<p>1. Lack of office space and strong rooms for safekeeping of personnel records.</p> <p>2. Shortage of staff in the HR Section impairs effective service delivery</p>

Labour Disputes	Coordination of disciplinary hearing activities, keeping of disciplinary hearing records, informing employees about the outcomes of their disciplinary hearing cases, etc.	Improved coordination of disciplinary hearing activities and keeping of records	Coordinated and conducted 8 disciplinary hearings and 3 conciliation activities	Investigation and presentation of evidence cumbersome
Employment Equity Plan	Report annually on the Employment Equity Plan to the Department of Labour	Implement and review Employment Equity Plan and submit to the Department of Labour on 31 October 2007	Implementation of Employment Equity Plan in tandem with recruitment and selection policy	Adherence to implementation plan
Administration	Improve committee work system and the quality of reports submitted to Council and standing committees	<p>Effective Administration</p> <p>Meeting of deadlines</p> <p>Improved Delivery of agendas and minutes</p> <p>Good coordination of venues for meetings</p> <p>Well prepared agendas and minutes</p>	<p>Meeting of deadlines improving steadily</p> <p>Delivery of agendas and minutes gradually improving</p> <p>Venues for meetings well coordinated</p> <p>Agendas and minutes well prepared</p>	Tight work schedules

COMMUNITY SERVICES DEPARTMENT

REFUSE REMOVAL

1. HIGHLIGHTS OF THE YEAR

- The appointment of Environmental Health Practitioner as Foreman: Refuse Removal & Cleansing focusing more on waste management (3Rs, i.e. reuse, reduce and recycle)
- The establishment of Environmental Greening and Advisory Committee which encourages community participation on environmental management issues
- The winning of the cleanest town competition at the District level and Provincial level, which competition is done to encourage municipalities to provide more financial support on waste management.
- The medical examination programme initiated by the section on all labourers of both Community Services and Technical Services Departments. The medical examination is performed on employees who are exposed to airborne contaminants which may cause airborne transmitted diseases.

Service	Actual Performance 2005/2006	Target 2006/2007	Actual performance 2006/2007	Key Challenges
Waste Management	Ardemus Consultants presented Draft Integrated Waste Management Plan (IWMP)	Publication of the Integrated Waste Management Plan and adoption thereof	IWMP was advertised for public comments and presented to Council	IWMP not adopted by Council
Management of dumping site	Incinerator was repaired	Comply with the Dumping site operation manual Connection of electricity and assignment of 10 employees to work at the site	Electricity was connected and 10 employees were assigned to work at the site and complied with the Dumping site operation manual	Mixed waste burnt on the trenches
Refuse collection	Plan to purchase refuse truck	Purchase of refuse truck	New compactor truck was purchased	There is a need of a permanent driver for the truck

3.	Management of waste dumped in an open spaces	Plan to purchase heavy duty refuse bins	Purchase of heavy duty containers	One container covered with mash was purchased	Budget was insufficient for heavy duty containers
	Encourage recycling of waste	Community outreaches to the community about recycling	To start recycling at the refuse site in order to minimise waste	Aliwal Recyclers was permitted to start recycling at the refuse site	Getting PDI communities to recycle waste for commercial purposes
	Cleaning of public toilets and streets	Employees were assigned to work on public toilets	To clean all public toilets	People were assigned to clean the public toilets streets	Lack of human resource

MEASURES TAKEN TO ADDRESS CHALLENGES

- a) Integrated Waste Management Plan was drafted, published for public comments and presented to Council for approval but was not adopted,
- b) Community awareness outreaches were conducted to separate waste at source,
- c) Ongoing awareness to community and regular collection of refuse heaps,
- d) Letter was submitted to DEAT,
- e) Cleaning campaign employees assist on the shortage of employees,

B LIBRARY

1. HIGHLIGHTS OF THE YEAR

- Appointment of an Assistant Librarian for Jamestown
- Formation of Library Committee

Service	Actual Performance 2005/2006	Target 2006/2007	Actual performance 2006/2007	Key Challenges
Appointment of Assistant librarian	Advert was placed towards the end of the financial year	Appoint Assistant Librarian	1 assistant Librarian was appointed for Jamestown Library	None
Training of staff	Staff was trained	Training of staff	2 Assistant Librarians were trained	None
Outreach Programmes	Outreach	Outreach	Vulamazibuko Higher	Lack of planning

	programmes conducted	programmes to Schools and old age homes	Primary was visited	
Formation of Library Committee	Calling of nominations for Library Committee	Formation of Library Committee	Library committee formed	None

3. MEASURES TAKEN TO ADDRESS CHALLENGES

a) A Library outreach programme has been drafted.

C PARKS, PUBLIC SPACES AND CEMETERIES

Service	Actual Performance 2005/2006	Target 2006/2007	Actual performance 2006/2007	Key Challenges
Maintenance of parks and public open spaces	Parks and public spaces maintained	Clean and maintain parks and open spaces	All parks and open spaces maintained	Shortage human and financial resource
Cleaning of cemeteries	Cemeteries were cleaned	Cleaning of cemeteries	All cemeteries were cleaned	Shortage of human resource
Numbering of graves	New target	Numbering of graves	All graves rows were numbered	Graves in the old township cemeteries could not be numbered as there were no records kept

3. MEASURES TAKEN TO ADDRESS CHALLENGES

- a) Cleaning Campaign employees were assigned to help in the parks unit.
- b) Record keeping measure has been put in place.

D TRAFFIC

Service	Actual Performance 2005/2006	Target 2006/2007	Actual performance 2006/2007	Key Challenges
Vehicle and drivers testing, traffic control and traffic safety	Vehicle testing and drivers licences were done	To test vehicle roadworthiness, competency of drivers and enforce traffic laws	Vehicle testing, drivers licences and traffic policing or law enforcement	The testing station has not been working due to cancellation of traffic officers from Natis system
Maintenance and upgrading of the aerodrome	Maintenance of the aerodrome	Upgrading and maintenance of aerodrome to comply with aviation authority legislation	Maintenance and upgrading of the aerodrome and complied with aviation legislation	Financial resources
Maintenance and upgrading of the road signs	Road signs were maintained	Ongoing upgrading of road signs	Upgrading of road marks and maintenance of road signs	Financial resources

3. MEASURES TAKEN TO ADDRESS CHALLENGES

a) Department of Road and Transport has from time to time have seconded personnel to help out at the station.

E HOUSING AND LAND ADMINISTRATION

Service	Actual Performance 2005/2006	Target 2006/2007	Actual performance 2006/2007	Key Challenges
Acquisition of Land	Offers were made to land owners for acquisition of land adjacent to Joe Gqabi	Land evaluation and new offers to be made. Compile a list of potential beneficiaries	List of potential beneficiaries compiled. Valuations were completed and new offers made	Land owners escalating prices and or refusing the offers made
CBD and Spa Spatial Development	Accommodated enquiries on	Get developers for development	Tender was advertised and	Land identified on spatial development framework

Framework	development potential and private sector involvement in middle and high income housing	of 123 sites	service providers were appointed	is privately owned.
Lease of Municipal property	Corrected and administered lease agreements as tenants change on an ongoing basis	Provide up to date lease register to Financial Service Department	Lease agreements updated for all municipal leased property	Long and tedious law processes to enforce conditions of lease
Facilitate completion of project 1218 Joe Gqabi	No progress as contractors abandoned the project	Project blocked	Project blocked	Lack of funds
Facilitate completion of project 89 Hilton	3 top structures under construction	Complete project	13 units are 75% complete and 1 demolished	3 units cannot be built as the sites are on a flood line.
Facilitate completion of project 330 Aliwal North	Completed 46 units and contracts were terminated due to poor performance	Complete 23 units	11 units constructed to wall plate	Unavailability of building material from suppliers and unwillingness of contractors to work
Facilitate completion of project 300 Area 13	Project progressing satisfactorily	Complete the project	Project is 90% complete	Connection of bulk services and transfers
Facilitate completion of project 858 Jamestown	Construction of 858 units completed	Finalise 234 transfers to close the project	List f missing beneficiaries was advertised on a locally circulating news paper and municipal buildings calling for these missing beneficiaries to come forward and claim their houses.	Lack of human resource to follow up on the beneficiaries.
Facilitate completion of project 378 Jamestown	No movement on the project due to lack of	Scale the project to 359 units	Application for scaling down the	Lack of interest on the beneficiary side on this

	beneficiaries		project to 359 was submitted	project
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3. MEASURES TAKEN TO ADDRESS CHALLENGES

- a) Department of Land Affairs has been roped in to help out with the acquisition of land.
- b) Department of Housing has been requested to assist with project management and project planning to bring the historical projects to an end.
- c) List of missing beneficiaries was advertised.
- d) Application for scaling down the project has been submitted.

F. PRIMARY HEALTH CARE

HIGHLIGHTS OF THE YEAR

- TB awareness day
- Candle light memorial

Service	Actual Performance 2005/2006	Target 2006/2007	Actual performance 2006/2007	Key Challenges
Awareness Campaign	24 awareness campaigns held during July - June 2006	Condom week from the 09 – 13 February for all the clinics	Promotion of condom use during condom week was done	HIV/AIDS, STIs and teenage pregnancy
TB awareness day	Door-to-door visits, daily and open days at the clinics, monthly and TB crisis planning thrice yearly, Local Municipality, Local Service Area and the District	30 March 2006 (Maletswai Clinic) 22 March 2006 (Block H Clinic) 24 March 2006 (Hilton Clinic)	Preventing TB spread encouraging sputum testing, completion of treatment for those who have started, encouraging contact tracing, promoting HIV and TB collaboration Preventing MDR,	Lack of knowledge resulting to MDR, XDR, re-treatment and defaulting Lack of houses resulting to overcrowding and spread of the disease

			XDR, re-treatment and defaulters	
Candle light memorial day	Yearly for Local Municipality and LSA	Candle light for all the clinics, 16 May 2006	Remembrances of those who died of HIV/AIDS Reducing stress and giving courage to those who are infected and affected	Lack of support and discrimination of the infected which leads to low morale and loss of respect
TB Imbizo	Yearly for local and district	03 November 2006 for all the clinics. Greenslade hall	Encouraging community involvement, e.g. Traditional Health Practitioners, Councillors, Clinic Committees and other departments, signing of pledge by the abovementioned stakeholders TB is everybody's responsibility	Poverty and unemployment
HIV/AIDS	Yearly event	Door-to-door visits during 10 – 15 December 2006	Promotion of use of condom, encourage sputum testing, encourage VCT, explained the services rendered by the clinics Put emphases on ABC	HIV/AIDS, STIs, TB and teenage pregnancy

Women's month	Yearly event	Women as the advisor 28 October 2006	Promotion of cervical screening and HIV/AIDS, sputum for TB Prevention of cancer. Promote literacy in youth and prevention of TB spread	Lack of knowledge
Immunisation Campaigns	Yearly event	Polio campaign September 2006 May and July 2007	Increasing immunization coverage and promote use of Health Services Prevention of diseases, e.g. Polio	Exposure to contagious diseases such as Polio, measles, whooping cough, etc.

TECHNICAL SERVICES – CIVIL SECTION-1

Service	Actual performance 05/06	Target for 06/07	Actual performance 06/07	Key problems and challenges
Provision of bulk water to Jamestown and Masakhane township	Installed two additional boreholes. Phase 1 planning of water supply scheme	Construction of reservoir, pumping main and purification works	Completed reservoir, pumping main and purification works.	Completion of the project in time before rainy season starts. Contractor behind programme and he is battling.
Upgrade weir and water purification works.	Complete purification works, completed weir 60%	Complete upgrading of the weir	Weir 80% complete	Finish before rain season starts
Sewerage 378 sites	Planning and application of funds	Construction commencement and projects completion	Projects 100% complete	None
Upgrade sewerage purification works	Complete new 3,5 meg/l purification plant	Upgrading of existing purification plant	Completion of the upgrading	Clarifier wheel and axle had bent and distorted normal treat.

Bulk storm water in Dukathole	Planning and Design completion	Construction of concrete storm water channels in Meje Park and Vula Vala	Project 100% complete	To keep storm water clean
Area 13 main sewer line	Sewer planning and design completed with full reticulation	Construction of 2 pumps stations and pumping main	40% complete	No electricity supply to the pump station
Bulk sewerage provision	Maintain old pump stations and keeping in a running order	Upgrade the nursery pump station and springs bulk line.	Nursery pump station was upgraded	Springs bulk line still to be upgraded. Funding challenges due to high beneficiaries income
Sewerage provision	Technical service department kept the sewer system going with very little funds	Maintain and clean all the main lines.	R 200 000 was spend on cleaning the main line and cleaning machine was purchased.	The reticulation is very old and overloaded.
Portable water provision	Completed the upgrading of the purification works.	100% of Aliwal North residents should have access to drinking water	Aliwal North residents has access to water	Reticulation system to be upgraded to rectify pressure problems in the system
Maintenance of roads	Re-graveled of roads. Planning and budgeting for CBD area Resealed tarred roads for R 485 000. Graded gravel roads for R 100 000	Reseal damaged tarred roads in the CBD area, maintain gravel roads	Resealed roads for R 197 000, and graded gaveled roads R 600 000	Budget constraints. Weather conditions "too hot" (for tarring) Maletswai Municipality did not pay R600 000 to Ukhahlamba DM
Rehabilitation Aliwal North of streets		Rehabilitate most busy streets in town, Dukathole, and Hilton	Planning, final designs and tendering completed.	None
Dukathole bus	Application of funding	Complete project	20% Complete	Project was approved late

route		implementation by year end		in November 06; budget was cut as a result low expenditure.
Joe Gqabi bus route	Application of funding	Complete project implementation by year end	Final designs and tendering complete.	Project approved late in November by DPLG. Project not implemented due to budget cut.
Extension of Aliwal North Library	Application of funding	Complete project implementation by year end	30% complete	Project approved late in November 06 by DPLG, and as a result commencement delayed.
Public toilets construction and maintenance	Maintenance of all public toilets Completed erection of 5 new toilet blocks	Construction of new public toilets and upgrading of the existing	One newly build public toilet and the rest were refurbished.	Vandalism and budget constraints.
Storm water Block H		Complete storm water pipe line	Storm water completed	Cleaning of storm water remains a challenge
Mzingisi Bilisho Community hall		Complete community hall	Hall completed	Earth works still to be done as a separate activity and budget exhausted.

Measures taken to overcome the challenges

Provide water to J/town and Masakhane – Contractor has been instructed to increase his resources especially plant on site.

Bulk storm water in Dukathole – The department has appointed 6 temporary workers in PWD to assist in roads section and storm water cleaning.

Area 13 main sewer line – The money to electrify pump station is available but since there is no electricity in area 13 several options are currently been looked at, one being utilization of R5m to be obtained from DME around end October 2007.

Bulk sewer provision – springs sewer line to be integrated in 123 site development.

Sewerage provision – cleaning jetty truck was recently hired to clean the main sewer line in the whole Aliwal North area especially places with regular problems. Note that the jetty truck only provides a temporarily solution.

Portable water provision – elevated reservoir to be build within 123 site development programme, and thus solving water pressure challenges in the water reticulation system.

Dukathole bus route – Technical service has proactively registered many projects to cover for at least two MTEF periods to avoid the similar incident to occur.

Joe Gqabi bus route – Technical service has proactively registered many projects to cover for at least two MTEF periods. The department has and still trying its level best to ensure funds security from DPLG.

Extension of Aliwal North Library - Technical service has proactively registered many projects to cover for at least two MTEF periods to avoid the similar incident to occur.

Public toilets maintenance and construction – the department is working on the best technological choice for public toilets to minimize vandalism.

Storm water Block H – The department has appointed 6 temporary workers in PWD to assist in roads section and storm water cleaning.

Mzingisi Bilisho community hall – since the budget of the project is exhausted the department will use its internal team to deal with the earth works challenge in the community hall.

ANNUAL REPORT: ELECTRICAL SECTION -2

Service	Actual performance in 2005/6	Target for 2006/2007	Actual performance in 2006/2007	Key problems and challenges
High Tension	Only breakdown & maintenance	Finalizing the feasibility studies for the phase 1 master plan implementation.	Master plan feasibility completed.	No single line diagram for mini sub
High tension	Only breakdown &	Electrification of	Source levels / arrange	Funds

	maintenance	Area 13	funds to electrify	
High Tension	Only breakdown & maintenance	General maintenance	North ring overhead joint maintenance for prevention of conductors clashing. Springs feeder two cables joint from power station. Aliwal spa cable terminations replaced due to melting Temporarily replacement of transformer at Dukathole RMU (ring main unit)	Regular electrical power failure. Old cable resulted in power failure in Springs, Hilton, and Joe Gqabi. Loose connection resulted in power fluctuations. Blown transformer due to lack of servicing.
Low Tension	Only breakdown & maintenance	Street lighting from ANHS, Burgersdorp bridge towards town	Finalizing plans for street lighting on the mentioned areas	Source funding from DME
Vehicles (Purchasing cherry picker, 3	Purchased cherry picker & Isuzu LDV	Purchase new and LDV	Purchasing of the cherry picker	Budget constraints
Customers connections in Joe Gqabi	Electricity serviced to 150 consumers	Electrify all outstanding households in Joe Gqabi	±100 Houses electrified	The incomplete electrification programme dumped to the electrical department.
Customer connection in Hilton	Electrification of Hilton 75 houses in Hilton.	Electrification of 14	3 houses were	Most of the houses are still in construction

89		outstanding houses	electrified	stage.
Prepaid meters installation.	216 meters replaced in average	Replacing 220 meters in average	256 meters were replaced	Electrical meters were faulty, malfunctioning, free dispensation. Therefore all this resulted in revenue loses
Meters audits	Never done	Identify all electrical potential loses. Only started February 07	Lots of tamperings were discovered and fines effected.	Culprits refused access. Other deliberately disappears in avoiding the municipal officials.
Service connections		Policy to limit illegal electrical connections. implementation through by laws	Effective disconnection and connections so that improvement of revenue collection can be maximized.	Imbalance in sold units vs. purchased units.

Measures taken to overcome the challenges

- The services of a consultant were engaged to assist in the compilation of a single line diagram.
- Negotiations are currently underway with Eskom regarding the 22KV line running adjacent to Area 13 about the metering point. Please note that one meter can costs about ± 30 000. The objective is that Eskom should provide if not an alternative option will be resorted to.
- In respect of Springs feeder, joint cables will be replaced with a new bigger size cable to accommodate future loading.
- The street light programme has been integrated in the whole master plan implementation.
- An additional vehicle (LDV) will be purchased for the Electrical division.
- The Technical Service dept. will ensure that any electrification programme in the municipality is monitored and assessed to its completion.
- Electricity will be connected progressively to houses in Hilton 89 as they are completed.

- A close collaboration will be forged with the Financial Services Department to curb electricity losses whether these occur as a result of illegal connection or technical faults.
- The billing system of Eskom will be tested for accuracy.

Financial Services Department

Highlights

- Development and operationalisation of a municipal website (www.maletswai.gov.za),
- Introduction of a new financial management system (Sebata Municipal Solutions) and
- Submission of the financial statements in line with the timeframe set out in the Municipal Finance Management Act.

Service	Actual performance in 2005/06	Target for 2006/07	Actual performance 2006/07	Key challenges
Completion of Financial Statements	Financial Statement completed on 30 November 2005	Complete Financial Statements on 31 August 2006	Financial Statement completed on 31 August 2006	Limited in-house experience
Completion of Operating and Capital Budget	Operating and Capital Budget completed on 31 May 2006	Complete Operating and Capital Budget before 31 May 2007	Operating and Capital Budget completed on 31 May 2006	
Complete all arrear Bank Reconciliations	Bank reconciliation done as one for whole year, not monthly	To have up-to-date bank reconciliations at 30 June 2007	Bank reconciliation done as one for whole year, not monthly	Lack of staff and trained staff
Compilation of Section 71 Reports as prescribed in the MFMA	Reports submitted according to the requirements of the LGTA	Monthly reports to be prepared in accordance with Section 71 of the MFMA	Monthly reports submitted since February 2007 according to Section 71 of the MFMA to	Limited in-house staff capacity.

			council and National Treasury.	
Various policies already developed, but needs to be revised.	All financially related policies developed by 31 May 2006	All financially related policies revised 15 May 2007	All financially related policies revised 15 May 2007	
Payment of creditors	Non all SMMEs and/or emerging contractors paid within 10 working days from date of submission. Non all other creditors paid within 20 working days from date of submission	All payment claims of SMMEs and/or emerging contractors paid within 10 working days from date of submission. All other creditors paid within 20 working days from date of submission.	All payment claims of SMMEs and/or emerging contractors paid within 10 working days from date of submission. All other creditors paid within 20 working days from date of submission	

ANALYSIS OF THE ANNUAL FINANCIAL STATEMENTS

REVENUE MANAGEMENT

1. Level of Reliance on Government Grants and Subsidies

The purpose of this ratio is to determine what percentage of the municipality's revenue is made up of government grants- to determine the level of reliance on government funding by the municipality.

Year 06/07			Year 05/06		
Grants & subsidies	Total revenue	%	Grants & subsidies	Total revenue	%
R	R	%	R	R	%
11, 768,545	45,552,834	25.8%	11, 073,340	41,555,649	26.6%

Analysis and interpretation

The general norm for grants and subsidies as a percentage of total revenue is 4%.

A percentage more than 10% implies that the municipality relies too heavily on government grants for the funding of its operational activities.

Maletswai's reliance on government grants has decreased by 0.8% from 26.6% in 05/6 to 25.8% in 06/7 financial year.

Despite the above, the municipality is still too heavily reliant on government grants and subsidies for funding of its operational activities.

2. Actual Vs Budgeted Revenue

The purpose of this ratio is to identify deviations between actual and budgeted revenue and to ascertain reasons for the deviations.

Year 06/07			
Actual	Budget	Variance	Variance
R	R	R	%
45,552,834	67,811,819	22,258,976	32.8

Analysis and interpretation

The acceptable standard is that the actual revenue for a financial year must equal or exceed the approved budget for the financial year.

Any variation per line item in excess of 10% should be explained.

B. EXPENDITURE MANAGEMENT

3. Personnel cost to total expenditure

The purpose of this ratio is to indicate what percentage of total expenditure is attributable to personnel costs.

Year 06/07			Year 05/06		
Personnel costs	Total operating expenditure	%	Personnel costs	Total operating expenditure	%
R	R	%	R	R	%
20,976,446	56,679,023	37.0	16,245,392	43,420,603	37.4

Analysis and interpretation

The norm for this ratio is 35-38%.

There is a slight decrease of .4 % from 37.4 % to 37% in 2006/7 financial year.

The municipality is within the norm, and this may be evident of understaffing and vacant posts.

4. ACTUAL EXPENDITURE VS BUDGETED EXPENDITURE

The purpose of this ratio is to identify deviations between actual and budgeted expenditure and to ascertain reasons for deviations.

Year 06/7			
Actual	Budget	Variance	Variance
R	R	R	%
56,679,023	67,808,470	11,129,447	16.4

The acceptable norm for this ratio is that the actual expenditure should not be less than 90 % of budgeted expenditure and furthermore actual expenditure may not exceed the expenditure budget.

This ratio indicates the percentage of total expenditure that is attributable to interest costs.

Year 2006/7			Year 2005/6		
Interest	Operating expenditure	%	Interest	Operating expenditure	%
R	R		R	R	
634,250	56,679,023	1.1	649 488	43,420,603	1.5

Analysis and interpretation

The norm for this ratio is that interest costs should not exceed 5% of operating expenditure.

6. REPAIRS & MAINTENANCE AS A PERCENTAGE OF TOTAL EXPENDITURE

The purpose of this ratio is to determine whether municipalities are spending adequate amounts on repairs and maintenance of Property Plant and Equipment in order to maintain the useful life of the asset.

Year 2006/7			Year 2005/6		
Repairs and	Operating	Ratio	Repairs and	Operating	Ratio

maintenance	Expenditure		maintenance	Expenditure	
R	R	%	R	R	%
2,517,684	56,679,023	4.4	1,881,832	43,420,603	4.3

The norm for this ratio is that repairs and maintenance should be at least 13% of the total operating expenditure.

The municipality is not within the expenditure norm indicating that the municipality is not spending adequate funds to maintain its assets.

This further implies that a higher depreciation rate should be used, as the estimated useful life of the asset will decline more quickly than anticipated.

7. CONSUMER DEBTORS COLLECTION PERIOD

The purpose of this ratio is to provide an indication of how long it takes the municipality in terms of the number of days to collect money from debtors. When money is collected in the shortest period of time it will improve the cash flow of the municipality.

Year 2006/7			Year 2005/6		
Debtors consumer services	Annual Levies	Debtors collection period	Debtors consumer services	Operating income	Debtors collection period
R	R	Days	R	R	Days
8,337,038	19,136,549	159	30,307,104	41,555,898	266

The norm for the debtors' collection is 42 days and will be used as the basis for interpretation. The longer the collection period, the higher the strain put on the cash flow of the municipality.

8. ACID TEST RATIO

Purpose

The purpose of this ratio is to provide an indication of the ability of the municipality to meet its short term obligations (current liabilities) with short term liquid assets (current assets less inventories)

Year 2006/7			Year 2005/6		
Current	Current	Acid test ratio	Current	Current	Acid test ratio

assets less inventory	liabilities		assets less inventory	liabilities	
R	R	Ratio	R	R	Ratio
36,259,737	14,126,292	2:57:1	37,453,717	15,679,146	2:38:1

The norm for this ratio is 1:5:1, i.e the current assets less inventory must exceed the current by 150%.

9. Total liabilities as a percentage of Total assets

The purpose of this ratio is to determine the degree to which the municipality's assets exceed liabilities. The empirical norm for this ratio is 57% and should solvency decline to the point where liabilities exceed assets, the entity has become insolvent and faces termination.

Year 2006/7			Year 2005/6		
Total liabilities	Total assets	Ratio	Total liabilities	Total assets	Ratio
R	R	Times	R	R	%
14,126,292	84,786,647	3.5 times	42,132,963	46,444,944	90

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS

ADVERSE OPINION

REPORT OF THE AUDITOR-GENERAL TO EASTERN CAPE PROVINCIAL LEGISLATURE AND MUNICIPAL COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF MALETSWAI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Maletswai municipality which comprise the balance sheet as at 30 June 2007, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 38.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the standard determined by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (second edition – January 1996) which constitutes an entity specific basis of accounting and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)]. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances

Responsibility of the Auditor-General

3. As required by [section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004)], my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
- appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

The municipality's policy is to prepare financial statements on the basis of the standards laid down by the Institute of Municipal Finance Officers as determined by the National Treasury and as set out in note 1 to the financial statements.

Basis for adverse opinion

Property, plant and equipment

8. A comparison between the general ledger and the additions listing revealed an unreconciled difference of R4,7 million. Material uncertainty therefore exists as to the completeness, valuation, existence and rights and obligations of tangible assets, disclosed in note 5 to the financial statements.

Cash and cash equivalents

9. As previously reported, the bank account was not reconciled on a monthly basis and at year-end. The last bank reconciliation was prepared as at 30 April 2004, and reflects unreconciled transactions amounting to R29 million which was audited in the 2003/2004 financial year. As a result the completeness and accuracy of the amount disclosed as bank and cash in note 19 to the financial statements amounting to R4,6 million could not be confirmed.

Debtors

- 10.1** An analysis of the debtor's balances as at 30 June 2007, revealed that debtors amounting to R9.4 million have been outstanding for a period exceeding 180 days. In view of the aforementioned there has been no provision made to cover the possible level of irrecoverable debtors which could result in unbudgeted charges against the rates and general account in future accounting periods. As a result the debtors balance per note 9 appears to be materially overstated.
- 10.2** As previously reported, the municipality has unidentified deposits amounting to R4,9 million reflected in note 11 to the annual financial statements. The full financial effect of not having cleared the unidentified deposits account is not known; however it is considered that this will have a material effect on the municipality's debtors, creditors and revenue balances.

Value Added Tax (Vat)

- 11** Included in debtors, is an amount of R 1, 1 million owing by the South African Receiver of Revenue to the municipality. The South African Receiver of Revenue confirmed that an amount of R 370,690 is due to the municipality at year-end. As a result debtors balance per note 9 appears to be materially overstated.

Provision for restoration cost

- 12.** The municipality does not have a restoration plan as required by section 28 of the National Environment Act 107 of 1998. Furthermore, the municipality failed to provide for restoration costs as contemplated by the above section.

Revenue

- 13.1** A comparison between the rates and taxes valuation roll reconciliation and the general ledger as at 30 June 2007, revealed an unreconciled difference of R566,939 which could not be explained. The accuracy and completeness of rates and taxes could not be concluded on.

13.2 A comparison between the total value of property per the general valuation roll and the total value of property per the valuation roll reconciliation revealed an unexplained difference of R 1.6 million.

Employee costs

14. Eighty nine employees did not present themselves for physical verification thus the occurrence of all employee costs could not be confirmed.

Non-submission of documentation

15. The municipality did not submit all documentation as requested by this office during the audit; as a result the following could not be verified: the presentation and disclosure of councillor's interest in contracts; completeness, existence, valuation and rights of operating lease contracts to the value of R 630,237; the explanation of variances of employee costs to the value of R 4.6 million and expenditure to the value of R 326,169 could not be verified as invoices were not attached to payment vouchers.

Adverse opinion

16. In my opinion, because of the significance of the matters described in the Basis for adverse opinion paragraphs, the financial statements do not present fairly, in all material respects, the financial position of Maletswai Municipality as at 30 June 2007 and its financial performance and cash flows for the year then ended, in accordance with the standards as laid down by the Institute of Municipal Finance Officers and in the manner required by the MFMA.

Matters affecting the financial statements which are included in a note to the financial statements

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Material corrections made to the financial statements submitted for audit

17.1 Contingent liabilities amounting to R 329 095 previously not disclosed, were disclosed in note 20.

17.2 Commitments amounting to R 3,522,123, previously not disclosed, was disclosed in note 21.

17.3 Finance leases amounting to R 1,642,564 which were incorrectly classified as long term loans were corrected.

Internal control

18. Section 62 (1) (c) (i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Basis for adverse opinion					
Fixed assets			<input type="checkbox"/>		
Cash and Cash Equivalent			<input type="checkbox"/>		
Creditors			<input type="checkbox"/>		
Debtors			<input type="checkbox"/>		
Provisions			<input type="checkbox"/>		
Employee cost			<input type="checkbox"/>		
Expenditure			<input type="checkbox"/>		
Other matters not impacting on audit opinion					
Non-compliance with applicable laws and regulations			<input type="checkbox"/>		
Matters of governance			<input type="checkbox"/>		<input type="checkbox"/>
Material corrections to the financial statements			<input type="checkbox"/>		

No fraud prevention plan

19. There is no approved fraud prevention plan and disaster recovery plan at the municipality; this increases the risk of fraud and error within all major business cycles.

Non-compliance with applicable legislation

Municipal Finance Management Act 56 of 2003

- 20.1 Section 21(b) of the Municipal Finance Management Act 56 of 2003 stipulates that the budget must be tabled at least 10 months before the start of the budget year. The budget was tabled 9 months before the commencement of the new financial year resulting in non-compliance with section 21(b).
- 20.2 Section 65 (2)(c) of the Municipal Finance Management Act 56 of 2003 stipulates the accounting officer must take reasonable steps to ensure that the municipality maintains a system of internal control in respect of payments. The infrastructure project with Makhele Pro Construction for Dukathole Bus Route was signed after the project had commenced and after the first invoice was issued.
- 20.3 Section 69(1) of the Municipal Finance Management Act 56 of 2003 stipulates that reasonable steps must be taken to ensure that the spending of funds is in accordance to budget. The municipality incurred a deficit of R 11,1 million whereas it has budgeted for a surplus of R 3,340 and a contribution of R 5 million from the accumulated surplus account.
- 20.4 In terms of regulation 6 of the Municipal Finance Management Act 56 of 2003, the accounting officer must within thirty days of the end of each financial year submit a report on the implementation of supply chain management policy of the municipality. The accounting officer failed to comply with regulation 6 of the Municipal Finance Management Act.

Municipal Systems Act 32 of 2000

21. Section 99 (a) of the Municipal Systems Act no 32 of 2000, a municipality's executive committee or executive mayor must oversee and monitor the implementation and enforcement of the credit control and debt collection policy. The council failed to monitor the implementation and enforcement of the credit control and debt collection policy of the municipality.

Supply Chain Management

22. Paragraph 3.10 of Supply chain management policy requires no goods, services or the execution of work to an amount exceeding R100 (VAT inclusive) up to R200,000 (VAT inclusive) shall be acquired unless three written quotations have been obtained preferably from, but not limited to, different suppliers. A minimum number of three quotes were not always obtained for purchases exceeding R100 up to R200,000.

Preferential Procurement Policy Framework Act No 5 of 2000:

23. In terms of section 2(a), a preferential point system must be followed. The municipality failed to follow the point system for the taxi bus route in Dukathole tender.

Environmental Conservation Act 73 of 1989

- 24.1 The municipality does not have a permit to operate on disposal site as required by section 20 of the Environmental Conservation Act 73 of 1989.
- 24.2 The municipality does not have a restoration plan as required by section 28 of the National Environment Act 107 of 1998.
- 24.3 The municipality failed to provide for restoration costs as required by the Environmental Conservation Act 73 of 1989.

Matters of governance

The audit committee did not perform all of its duties

- 25.1 In terms of section 166 (2)(b) of the Municipal Finance Management Act No 56 of 2003, an audit committee must review the Annual Financial Statements (AFS). There was no evidence that the audit committee reviewed the AFS for the financial year under review.
- 25.2 The internal audit charter was not approved by the audit committee, only the internal audit coverage plan was approved.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

26. I have audited the performance information as set out on pages 1 to 17.

Responsibility of the accounting officer

In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

27. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette no. 646 of 25 May 2007 and section 45 of the MSA.
28. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgment.
29. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit finding

- 30.1 The performance management system does not contain most performance indicators included in the integrated development plan.
- 30.2 A proper financial plan was not included in the Integrated Development Plan.

APPRECIATION

31. The assistance rendered by the staff of the Maletswai Municipality during the audit is sincerely appreciated.

Auditor-General

East London

14 December 2007



AUDITOR - GENERAL

ACTION PLAN TO ADDRESS AUDIT FINDINGS

Par No.	Finding	Action to be taken	Timeframe	Responsible Person
Property, plant & equipment				
1.1	Assets and Inventory: Asset Register Incomplete	All assets purchase will be bar coded and recorded in the assets register	Starting February 2008 to be complete by end April 2008	Senior Procurement Officer
1.2	Assets and Inventory: Asset count not performed	A timeframe to do assets counts will be drawn-up and will be done before year end. An inventory list will be drawn-up for each location and be countersigned by the person responsible for that location	On going	Senior Procurement Officer Manager: Financial Services
1.3	Asset Management: Inadequate Controls	Controls will be documented to see compliance with 1.1 and 1.2 Monthly reports on the progress will be submitted by Zanele Taleni to the Manager: Financial Services who will then check the progress according to timeframes and submit a monthly report to the Municipal Manager to keep him informed on the progress made	15 February 2008	Manager: Financial Services
Payables				
2.1	Purchases and Payables: Inadequate monitoring of controls	Controls will be drafted for Purchases and Payables The controls will be circulated to all departments in the implementation will be monitored on an ongoing basis	15 February 2008	Manager: Financial Services

Cash and cash equivalent				
3.1	Revenue and receivables – system description	A system description for the Revenue and Receivables will be done and given to all people dealing with revenue collection. The implementation will be monitored on an ongoing basis	29 February 2008	Manager: Financial Services Accountant: Revenue Assistant Manger: Financial Services
4.1	Performance Management System: No process developed to guide the PMS	The process will be developed and executed.	30 March 2008	
4.2	Performance Management System: No process developed to guide the PMS.	Same as above		
4.3	Performance Management System-Shortcoming in the IDP	The financial plan will be properly developed during the current reviewal of the IDP.	30 March 2008	Municipal Manager
4.4	Performance Management System: Performance Report	The Annual performance report will be developed in accordance with the provisions of the Municipal systems Act.	30 August 2008	Municipal Manager
4.5	Performance Management System: Performance Report	Same as above		
Internal Control: Other				
5.1	Employee Cost: Encashment leave memo not included in employee files	Copies of memo's and all documentation attached to payment vouchers regarding encashment of leave will be given to the Human Resource Section to be filled on the	Immediately	Creditors Section

		personnel file of the relevant employee		
6.1	Planning Fraud prevention policy and Disaster policy do not exist	A draft anti-fraud and corruption strategy has already been developed. Disaster policy will be developed and adopted by the Council.	30 March 2008	Municipal Manager
6.2	Planning: Non Adherence to audit committee policy	A new audit committee has been established and has started to discharge its responsibilities.	30 January 2008	Municipal Manager
Internal Control: Other				
7.1	No access controls for ordering books	Controls on the ordering, storage and issuing of order books will be drafted and implemented	Immediately	Assistant Manger: Financial Services
8.1	Planning: Risk Assessment	A risk action plan will be developed and implemented.	28 February 2008	Municipal Manager
Inventory				
9.1	Inventory and Asset Management: Limitation of scope	This query will be solved by the implementation of 1.1, 1.2 and 1.3 above		
Compliance: Other				
10.1	Planning: Internal audit unit did not perform all its duties	The audit committee will ensure that the internal audit unit perform its duties as required by the Municipal Management Act and other legislation.	28 February and ongoing	Municipal Manager
11.1	Rates and taxes-property transfers	Procedures will be drafted and implemented how transfers of properties should be handled on application and receipt of the information from the Registrar of Deeds. A Register will be commissioned to record all applications for rates	15 February 2008	Accountant: Revenue

		clearances		
11.2	Rates and Taxes-Register of Properties	The requirements of the Rates Act will be implemented with the doing of the General valuation conducted in terms of the new Rates Act	February 2008 to June 2008	
11.3	Inventory and asset management: Journal amount not valid	The journal was correct and the amounts agrees to the actual assets purchased		
11.4	Revenue-service agreements	Copies of revenue service agreements will be placed on the file for that property The Senior Clerk Revenue will be delegated the authority to sign the service agreements on behalf of council The adherence to this will be monitored by the Accountant Revenue	Immediately	Senior Clerk Revenue Accountant Revenue
11.5	Fixed Assets: Register incomplete	This query will be solved by the implementation of 1.1, 1.2 and 1.3 above		
Other				
12.1	Trust Funds: Income recorded as interest	Management will ensure that such an error do not occur in future The capturing of Journals will be checked by the compiler after the journal has been capture in the ledger.	Immediately	Assistant Manger: Financial Services
13.1	Revenue-valuation roll reconciliation	The valuation roll will be reconciled with the valuations in the computer		Senior Clerk Revenue

		<p>The valuation roll will be reviewed by an independent person. Management will ensure that rates levied are reconciled to the valuation roll. Current market values will be used with the new general valuations. The interim valuations are being done according to the base year which is 2003/2004</p>	15 February 2008	Accountant Revenue
13.2	Revenue-distribution losses	<p>The Manager: Financial Services will do a calculation of water and electricity losses in conjunction with the Manager: Technical Services Actual purchase of electricity kwh will be taken and compared with sale of kwh electricity. Council will check for tampering of meters, illegal connections and faulty meter Actual kilolitre water purified will be compared to kilolitre water sold. Council will check for illegal connection, faulty meters and that all connection are billed in the system such as all municipal usage</p>	Ongoing Starting immediately	<p>Manager: Financial Services Manager: Technical Services</p>
Exp: Other				
16.1	Expenditure: No proper Application of controls in Expenditure	<p>Management will ensure that; All payments vouchers have an order, requisition and an invoice attached to it. This is not applicable to debits against out bank account such as, bank charges, debits for insurances premiums and leases payable to</p>	Immediately	<p>Creditors Clerks/Interns Accountant Expenditure Senior Procurement Officer</p>

		ABSA Bank, Office World, ITEC, etc. Where possible the authorized supplier list will be used for purchases Payments is and will be reviewed by a senior official before it is captured on the financial system		
17.1	Purchases and Payables: Subsistence and Traveling Expenses	Management will ensure that the car details on S & T Forms are properly filled in. The one mentioned in the audit query is that of Dr E M Rankwana and was reimbursed at the rates applicable at Ukhahlamba	Immediately	Creditors Clerks Accountant Expenditure
18.1	Revenue-Prepaid electricity sales	Management will ensure that money collected by outside vendor's on the sale of prepaid electricity be banked the day it is collected or the following day as per the revenue systems description	Immediately	Senior Clerk Revenue Accountant Revenue
Exp: Personnel costs				
19.1	Employees Cost: Wage list not attached to timesheets for payment of wages	Management will ensure that all supporting information such as timesheets etc in respect of wages are attached to the relevant payment voucher	Immediately	Creditors Clerks Accountant Expenditure Salary Clerk
19.2	Employee Cost: Documents not attached on employee files	Management will ensure that all supporting information in respect of payments made to employees are handed to the human resources section to be place on the personnel file of employees	Immediately	Creditors Clerks Accountant Expenditure Salary Clerk
19.3	Employee Cost: Information requested but not provided	Management will ensure that in future all information requested by the Auditor General be supplied	Immediately	Manager: Financial Service Manager: Corporate Services

		timorously.		
19.4	Employee cost: Overpayment on terminations	The overpayment of money on termination of the services to Mr. M Fourie amounting to R18842.58 was recovered in an amount of R14722.53 from Standard Bank and the balance of RR4120.05 was deducted from his leave pay		
Budgetary Control				
20.1	Budget: Non compliance with MFMA section 21(1)(b)	Management will ensure that the budget and process plan is tabled in the municipal council at least 10 months before the start of the budget year	Immediately	Municipal Manager Manager: Financial Services
21.1	Investments: Investment with New Republican Bank	Council will know before 30 June 2008, what portion of the investment will be paid by the curators. The remaining investment will then be written-off after obtaining council's approval	30 June 2008	Manager: Financial Services
21.2	MFMA-Non compliance with section 121(1) of the MFMA	Management will ensure that the annual report is prepared and submitted to council before 31 January	31 January 2008	Municipal Manager and all Section 57 Managers
21.3	Long Term Liabilities: Overstatement of loan	Management will ensure that the short term portion of long term loans be shown as current liabilities	30 June 2008	Manager: Financial Services

Provisions				
22.1	Provisions: No provision for Audit fees and Bad debts	Council will in future make sufficient provision for bad debts, but are not allowed according to the IMFO Guidelines to make provision for Audit Fees	30 June 2008	Manager: Financial Services
23.1	Trust Funds: Indigent funds	Council will in future make sufficient provision for bad debts, but are not allowed according to the IMFO Guidelines to make provision for Audit Fees	30 June 2008	Manager: Financial Services
23.2	Trust Funds: Indigent funds	Council does not have a trust fund for indigent funds. The indigent support provide to council form part of the equitable share and funds from this grant is used to subsidize the indigent		
Exp: Personnel costs				
24.1	Employee Cost: PAYE on payroll is not accurate	PAYE is calculated by an electronic program supplied by SARS to Luros who is processing salaries on behalf of council. PAYE is recalculated at the end of the tax year and under recoveries and over recoveries are electronically calculated and adjusted on the salary payment for the month of February Council do not have control over the calculation of PAYE as it is automatically done by the SARS program		
24.2	Employee cost: Salary	The employees at Jamestown and		Manager: Corporate

	structure and allowance incorrect	Aliwal North are remunerated on different salary scales and with different allowances. The auditor will be provided with all information that depict the differences when auditing council's books again		Services
24.3	Employee Cost: No guideline or policy to determine allowance given to officials	Management did and will in future again provide the auditors with guidelines and/or policies how allowances payable to officials are calculated		Manager: Corporate Services
24.4	Employee Cost: Employees did not present themselves for verification	Management will ensure that in future all employees present themselves to the auditors for verification		Municipal Manager and all Section 57 Managers
25.1	Revenue: licences	Management of the traffic department will ensure that for every driver's license application fee they receive from an applicant there is a receipt that supports it and that the receipt is attached to the application form that there will at all times be an audit trail	Immediately	Manager: Community Services
Budgetary control				
26.1	Budget-Non compliance with section 69(1) of MFMA	Management will on a regular basis review actual expenditure and revenue that an overspending on the budget do not occur again	Monthly	Municipal Manager and all Section 57 Managers
Exp: Personnel costs				
27.1	Provisions Encashment of leave	The provision of leave was done correctly but an amount of interest earned was not taken in consideration and council therefore has made an overprovision of R59717. Management will ensure that an error of this nature does not occur again		Manager: Financial Services Assistant Manager: Financial Services

27.2	Employee Cost: Inadequate internal controls on Payroll and HR	Council is in process of filling the position of HR Manager. Council's available funds do not allow him to employ the other staff as mentioned in the auditor's recommendation. The Accountant Expenditure does check master records to ensure that only valid changes are made and that all necessary changes are actually made. Council will continue with this practice The HR Manager be utilized to check HR records	Ongoing	Accountant Expenditure H R Manager
27.3	Employee Cost: No payroll certification at the municipality	Management will ensure that the payroll is certified for correctness	Monthly	Accountant Expenditure
28.1	Bad debts-Completeness and provision	See no 22.1 for the required response		
Exp:Personnel Costs				
29.1	Employee Costs: Overtime policies not adhered to	Council will in future strictly adhere to the council's overtime policy and the Basic Conditions of Employment Act	On going	H R Manager Accountant Expenditure
30.1	Fixed Assets: Game classified as fixed assets	Management will transfer game from assets to stock to comply with the request of the auditor's	30 June 2008	Manager: Financial Services Assistant Manger: Financial
31.1	Bank and cash: Returned cheque register not up to date	The Returned cheque will be entered into a register on a daily basis. The cheque will be redeposited after 3 working days.	Immediately	Assistant Manger: Financial Senior Clerk Revenue Accountant

		If returned again council will request the drawer to furnished council with cash to replace the cheque. If this does not happen the cheque will be written back against the consumer account and legal action will be instituted against the defaulter Council will also black list him not to accept a cheque in future		Revenue
31.2	Revenue-General Valuation	See 13.1		
31.3	Bank and cash: no bank recons done	Management will ensure that bank reconciliations are brought up-to-date. Council is currently employing students to assist in the capturing of outstanding information to assist in the compiling of bank reconciliations Management will work towards the deadline of 30 June 2008 to be up-to-date	Immediately Monthly	Manager: Financial Services Assistant Manger: Financial Accountant Revenue Accountant Expenditure
Exp: Personnel costs				
32.1	Employee Cost: No leave form for leave taken	This omission was corrected in the notes and will continue to reveal this information in the notes	30 June 2008	Manager: Financial Services
32.2	Employee Costs: Leave approved while there no available leave days	Reticulation losses will be disclosed in the financial statements as calculated in 13.3	30 June 2008	Manager: Financial Services

32.3	Employee Costs: Leave controls not adhered to	Commitment as at the end of the financial year will be disclosed in the financial statements	30 June 2008	Manager: Financial Services Assistant Manger: Financial Accountant Revenue Accountant Expenditure
32.4	Employee Costs: Leave for Casual employees is not captured on leave register	The attendance, leave register and forms will be reconciled regularly.	Immediately and on- going	Human Resource Officer
32.5	Employee Costs: Inadequate internal controls on Unpaid leave			
Disclosure: Other				
33.1	Disclosures: Contingent Liabilities			
33.2	Disclosures Other: Reticulation losses			
33.3	Disclosures: Commitments			
34.1	Fixed Assets: Game not appropriately valued	The qualifications of the valuers of game will be kept on file to be given to the auditors and the method of determining the value of game.	30 June 2008	Gerrie Venter
Exp: Personnel costs				
35.1	Employee Cost: Supporting	See 5.1		

	documents for leave gratuity payment were not obtained			
35.2	Employee Cost: Long Overdue leave gratuity	Management will ensure that long overdue leave credits are paid out.	15 February 2008	Manager: Corporate Services Manager: Financial Services
Provisions				
36.1	Employee Cost: Provision for leave is inaccurate	See 27.1		
Compliance: Other				
37.1	Supply Chain Management: Non-compliance with Supply Chain Management Regulations	Management will ensure that council complies with all the requirements of the Supply Chain Management Policy. Directives will be drawn-up to male the implementation of the Supply Chain Management Policy more user friendly	Immediately 15 February 2008	Municipal Manager and all Section 57 Managers
37.2	Compliance: List of accredited suppliers	Management will update the list of accredited suppliers in February 2008 by placing an advert in the local newspaper.	End January 2006	Manager: Financial Services Senior Procurement Officer
Exp: Personnel costs				
38.1	Other Compliance: Waste Disposal	Management will in future timorously supply the auditors when so requested variances in salaries between budget and actual expenditure	Ongoing	Manager: Financial Services Accountant Expenditure Accountant Revenue
Compliance: Other				
39.1	Other Compliance: Waste Disposal			
Disclosure: Other				

40.1	Disclosures: Commitments- Non submission of documentation (Scope Limitation)	All personnel files and information requested for audit were made available.		
Compliance: Other				
41.1	Compliance to MFMA: Non- submission of documents	Managements will ensure that all reports as required by the MFMA and Dora are prepared and submitted to the relevant authority	Monthly	All Section 57 Managers Assistant Manger: Financial
Exp: Other				
42.1	Purchases and payables: Non compliance with supply chain	See 37.1		
43.2	No consumer deposit control register/ledger	Deposits are captured in the Data-M financial system in the account of each consumer. The system can produce a report of all deposits paid		
43.3	No controls on consumer deposits control a/c	Management will design controls and working procedures how to balance the deposits on the debtor's accounts, with the Trail Balance	15 February 2008	Assistant Manger: Financial Manager: Financial Services
Compliance: Other				
44.1	Compliance Other: Oversight			
45.1	Asset Register does not tie up to the general ledger	See 1.1, 1.2 and 1.3		
45.2	CIS Control environment	Management will request the IT staff of Ukhahlamba District Municipality to assist in the IT Environment	15 February 2008	Manager: Financial Services
Value for Money				

46.1	Value for Money: Tenders were not advertised on CIDB website	See 37.1		
47.1	Receivables-Credit balances	Management will ensure that the credit balances on debtor accounts be reflected as creditors and not reducing the amount due by debtors with the credit balances	30 June 2008	Manager: Financial Services
Compliance: Other				
48.1	Register for unspent conditional Grants	Management will ensure compliance with the MFMA by maintaining a register for unspent conditional grants	15 February 2008	Assistant Manger: Financial Manager: Financial Services Accountant Expenditure
48.2	Purchases and Payables: Compliance	Management will ensure that the municipality complies with section 46(3) of the MFMA when raising a loan to purchase assets	Ongoing	Municipal Manager and all Section 57 Managers
48.3	Purchases and Payables: last years balances	Management will ensure that unidentified deposits are investigated and cleared timeously	29 February 2008 Ongoing	Assistant Manger: Financial Manager: Financial Services Accountant Revenue
48.4	Non-compliance to Municipal Systems Act	Management will ensure that the council oversee and monitor the implementation of the credit and debt collection policy and performance of the Municipal Manager on the implementation of the policies	Ongoing	Municipal Manager Manager: Financial Services Accountant Revenue

Value for Money				
49.1	Value for Money: The Contract was signed after commencement date and after invoice and payment date	Such discrepancies will be avoided in future		
Compliance: Other				
50.1	Non-Compliance with MFMA	See 41.1		
51.1	Fixed Asset: Adjustments not included in the additions asset register	See 1.1, 1.2 and 1.3		
51.2	Inventory: no stock was included in the asset listing	Management will ensure that inventory will be removed from the assets register when converting the assets register to the GAMAP/GRAP format	June 2008	Manager: Financial Services Senior Procurement Officer
Compliance: Other				
52.1	Purchases and Payables Compliance: No documentation	See 37.1		
Unauthorised expenditure				
53.1	Disclosure: Unauthorised Expenditure	Management will ensure that all unauthorized expenditure is disclosed in the financial statements	30 June 2008	Manager: Financial Services
Exp: Other				
54.1	Purchases and payables: Limitation of scope on operating leases	Management will obtain all the information regarding operating leases and place it in securities, to be readily available at the next audit	15 February 2008	Manager: Corporate Services
55.1	Old CPA loan cannot be traced to supporting	Management will write-off the old CPA loan after obtaining the	30 June 2008	Manager: Financial Services

	documentation	necessary approvals		
55.2	Consumer deposits: Outstanding debt not applied to consumer deposit	Management will ensure that consumer deposits be utilized to defray the outstanding debt on consumer accounts who has terminated their supply		Accountant Revenue
Compliance: Other				
56.1	Non-Compliance to National Environmental Management	The certificate for the operation of waste disposal site will be sought.	Immediately	

MTHOMBO SEDIBA DEVELOPMENT AGENCY

Strategy Objective	SUMMARY	PROGRESS REPORT and CHALLENGES
Aliwal Spa Revitalisation Project (ASRP) Phase 1	The Aliwal Spa Revitalisation Project Phase 1 is a project undertaken to do major upgrading of the Aliwal Spa Holiday Resort, initiated after a R5-million grant funding by DEAT.	The final business plan was approved by DEAT, 1 st tranche of funds released to Project Implementers and the project commenced on June 06, 2007, and is expected to end in March 2008. 55 unemployed local people were employed and 4 local contractors used. The total costs to the project is R4 875 000.00, for the implementers relinquished accredited training to DEAT.
Finalisation of the Aliwal Spa Revitalisation Project	The Aliwal Spa Revitalisation Project is a project aimed at combining the Aliwal Spa, Island Conference Centre, Buffelspruit Game Reserve and the Golf Course to form a tourism complex developed at international standards. The 1 st target was to undertake studies relevant to convincing the investment partners that the project is feasible and register a suitable and acceptable special purpose vehicle (e.g. a PTY	The initial documents and information required to register the project with the National Treasury PPP Unit were dismissed and the process initiated in 2003 nullified. Application for grant funding was sought from DBSA and a funding appraisal report was drawn for final approval. The DBSA management could not grant the application final approval, for the report of the DBSA Project Officer for our area (Mr. Balliah) to his management was that the parent municipality was to disband the agency.

	LTD).	An application for grant funding was submitted to DEAT for the Aliwal Spa Revitalisation Project amounting to R20-million in February 2007, and DEAT approval for grant funding is awaited.
Maletswai Development Summit	The project is aimed at organising and facilitating a summit involving of all development stakeholders to craft an all inclusive long term social and economic development plan for Maletswai.	The Ukhahlamba District Growth Development Summit took place in February 2007 and there was no need to have a Maletswai Development Summit.
Develop a Supply Chain Management Policy	The project was meant to develop a regulated and guided framework for procurement processes and procedures.	The development of the MSDA Supply Chain Management (Procurement) Policy was completed and approved by the Board in their meeting of November 26, 2006.
Undertake a fundraising drive for the MSDA and its programmes	To solicit grant funding for the MSDA programmes.	R280 000.00 was received from the Ukhahlamba DM for the implementation of the tourism sector plan. The Department of Economic Development and Environmental Affairs (DEDEA) approved grant funding of R500 000.00, for a tourism related project. The funds were transferred to the DM by DEDEA, but were never transferred to the MSDA. Due to financial challenges of the DM the funds were used to cover DM operational costs.
Implementation of the Maletswai Tourism Sector Plan (Tourism Development)	The project is about contributing to the unique branding of the Maletswai area as an economic and tourism hub/centre for the Ukhahlamba district and a gateway of the Eastern Cape province.	The project is aimed at realising the implementation plan of the Maletswai Responsible Tourism Sector Plan developed by Grant Thornton funded by the DBSA, and its features are: <ul style="list-style-type: none"> ➤ Employing a Tourism Officer and Assistant, ➤ Reviving the Local Tourism Organisation, ➤ Branding the local tourism, ➤ Public Launching of the Maletswai Tourism, ➤ Development of tourism website, ➤ Development of marketing material, ➤ Tourism Awareness, and ➤ Tourism Beneficiation

		<p>➤ Capacity Building</p> <p>The project is at an advanced stage</p>
Enterprise Development	The enterprise development is aimed at building entrepreneurs in the 2 nd economy to bridge the gap and result in job creation.	<p>6 catering enterprises were facilitated, formalised and SARS compliant. These enterprises were awarded catering contracts at the Island Conference Centre from July 2006 to June 2007.</p> <p>The average value- added to the entrepreneurs income over this period is R 90 000.00 per contract.</p> <p>A 3 day entrepreneurial development training in partnership with ABSA facilitated by UOFS on developing business plans and business viability was held and 21 local entrepreneurs identified by the MSDA participated.</p>
Good Governance	This relates to the governance operations of the MSDA and Board meetings held in the financial year under review.	<p>A MoA between the parent municipality and the MSDA was signed in September 2006, giving the mandate a clear mandate of its functions.</p> <p>5 Board meetings were held.</p> <p>Mr. Mpho Kau, MSDA Board Chairperson resigned as a Board member and Chairperson in May 2007 and Mrs. Palesa Kokoali-Bushula was elected Board Chairperson.</p>
Facilitate the Aliwal Spa Water Business Unit.	The project is about engaging water purification specialist in analysing the current chemical contents or elements of the Aliwal Spa water, and thereafter undertake a process of purifying the water to be suitable for human consumption and for irrigation purposes (the process is called reverse osmosis).	The pre-feasibility study of the project was undertaken with the assistance of Water TECH and UOFS free of charge. The project collapsed in May 2007, after the new Aliwal Spa management stopped purchasing water purification chemicals from Water TECH.
Friendly N6 Travel and Tourism Centre	This project is about constructing a travel and tourism centre on the site that was envisaged to be a cultural village on the N6 in Aliwal North.	An application for grant funding was submitted to DEAT for this project amounting to R8-million in February 2007. If granted the funds will be used to construct a travel and tourism centre on N6 entry point from the Jamestown side.

CONCLUSION

The report presented above attempted as far as possible to cover a wide spectrum of issues pertaining to the performance of the municipality. These range from issues of governance to those relating to the Development agency of the municipality, Mthombo Sediba.

Compilation of an annual report should not be construed only as a matter of compliance with applicable legislation but an exercise aimed at affording the municipality an opportunity to make an objective assessment of its policies, systems, procedures, practices and structures with a view to determining if these assist in the attainment of the objectives it has set for itself.

A credit goes to the political leadership, management and staff of municipality for having made it possible for the municipality to deliver services to the community.