

Pixley ka Seme District Municipality

Annual Report: 2007/08



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Chapter 1: Introduction and Overview

1.1 Foreword by the Executive Mayor

A District at work for a better life for all

Local government, of which Pixley ka Seme District Municipality is part of, derives its core mandate from Chapter 7 of the Constitution of the Republic of South Africa, and it captures the developmental duties of a municipality as follows:

A municipality must-

- Structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community, and
- Participate in national and provincial development programmes.

It is with this Constitutional call in mind that Pixley ka Seme District Council and Municipality, always strives to ensure the district is developed, in order for the citizenry of this district to enjoy the democratic gains of the post-1994 era. We highlighted a number of challenges in the 2006-2007 report, which included amongst others the eradication of the remaining of buckets in the district. We can now report with great pride and humility that Pixley ka Seme District Municipality succeeded to eradicate 620 buckets in Kareeberg, as well as the launch of a similar project in Siyancuma during November 2008, which project must eradicate 1248 buckets. Both these projects created a sizable number of job-opportunities, for both males and females.

The municipality also succeeded to act as the implementing-agent on a number of projects in different municipalities in the district, which include Renosterberg, Kareeberg and Thembelihle. These projects were all aimed at improving the lives of the people, as it ensured the provision of safe and clean water, the construction of a waste-disposal site, as well as the construction of new oxidation ponds.

The 2007-2008 financial year also saw the consolidation of the “Council Meet The People” programme, and afforded the Executive Mayor and Mayoral Committee the opportunity to interact directly with the people of the district, and also to respond on their concerns. We could also announce a number of temporary job-creation projects in those communities.

Pixley ka Seme District Municipality also succeeded during 2008, to employ more than 100 unemployed youth, in all 8 local municipalities, on a year-long learnership-programme. We believe that it was the correct approach in actively assisting the unemployed youth in the district to acquire the necessary skills and job-related experience. We strongly believe that the youth of the district must be afforded these opportunities, so as to compete on an equal footing with youth from other districts in the province.

We also succeeded in the further roll-out of 5 more Youth Advisory Centres in the district, in late 2008. All these Youth Advisory Centres will be formally launched during the first quarter of 2009. This is a further indication on the level of commitment displayed by the Municipality in not paying lip-service to the plight of the youth and unemployed in

the district. Our commitment is to ensure that our youth and the unemployed are provided with information that will better their future-prospects, and broaden their vision.

The 2007-2008 financial year also saw the Pixley ka Seme District Municipality being awarded the Premier's Service Excellence Award, for being the municipality with the best service-excellence record. This also shows that Pixley ka Seme District is a district at work for a better life for all. We were also awarded several awards during 2007- 2008 Vuna-Award ceremonies, acknowledging the excellent service rendered by the District Municipality.

Pixley ka Seme District Municipality was also one of the very first municipalities, provincially and nationally, to have received accreditation for housing-development in 2007. A unit has been established that will ensure that the provision and construction of houses will be smoothly coordinated in the district.

Pixley ka Seme District Municipality could also in 2008, in collaboration with SEDA, launch a very successful small business week. This programme was aimed at empowering all SMME's and entrepreneurs in the district, as envisaged in our District Growth and Development Strategy. These programmes will be continued, so as to unlock the total economic potential of the district.

It is also with sadness and joy that Pixley ka Seme District Municipality parted ways with the municipal manager, Mr Zamani Saul in late 2008. We acknowledge him for his managerial-acumen and foresight, as he ensured that Pixley ka Seme District Municipality ranked amongst the administratively best-run municipalities, provincially and nationally. He also ensured and encouraged high professional ethics amongst the staff, and always ensured that the principles of Batho Pele are always adhered to. The Council and staff wish him prosperity and good luck in his future endeavours. We are further happy that Mr Saul will not be totally lost for the Northern Cape, as he will serve the community of the Northern Cape in a more senior political capacity.

We also want to welcome on board our Acting Municipal Manager, Mr NM.Jack. The Council assures you that you are leading a team of highly motivated Senior Managers and staff.

The purpose of the annual report which we will consider today is underpinned by the following:

- To provide a record of the activities of the municipality or entity.
- To provide a report on performance in service-delivery and against the budget.
- To provide information that supports the revenue and expenditure decisions made, and
- To promote accountability to the local community for decisions made.

The annual report will therefore provides us, as elected representatives, an opportunity to assess the work done by the municipality during the last financial year. It must also serve a yard-stick for us to determine what still needs to be done to improve the lives of the people of Pixley ka Seme District.

The report by the Auditor General will also provide us with more insight on the efficiency of our financial systems, and the health of our finances in general. We need to strive, in the new financial year, to emigrate from a qualified to an unqualified audit-report. This will require that all of us, Council and administration, work together more closely in

ensuring that we are more financially prudent in the way we adhere to our own internal systems and operations.

The Executive Mayor, on behalf of the Mayoral Committee and Council, wants to once more commit the political leadership of this municipality to service-excellence and the total improvement of the lives of the people of this district.

Pixley ka Seme District is indeed a district at work for a better life for all.

1.2 Overview of Municipalities

Extent of Pixley ka Seme District Municipality

The Pixley ka Seme lies in the south-east of the Northern Cape Province and shares its borders with three other provinces, namely, the Free State province to the east, the Eastern Cape to the south-east and Western Cape to the south-west. It is one of the five District Municipalities in the province and it is the second largest covering a total surface area of 102 727 square kilometres.

The District Municipality's demarcated area consists of eight category B municipalities, namely, Ubuntu, Emthanjeni, Siyancuma, SiyaThemba, Kareeberg, Renosterberg, Thembelihle and Umsobomvu, and one District Management Area.

- **Emthanjeni Municipality:** comprising of the three towns De Aar, Britstown and Hanover. De Aar is the second most important railway junction in the country. When the railway line was built from Cape Town to Kimberley, the administration bought a large portion of the farm, De Aar, meaning coincidentally 'artery', after underground water supply, envisaged as large life-giving veins of water.
- **Ubuntu Municipality:** comprising of three towns that is Victoria West, Loxton and Richmond. The N12 and N1 passes through this municipality and has a great tourism potential. The preliminary study in the district's Mining Strategy highlights that the municipality is endowed with uranium deposits.
- **Umsobomvu Municipality:** this municipality comprises of three towns, that is, Colesberg, Norvalspont and Noupoot. N1 and N9 traverse through the municipality. A significant portion of the Gariiep Dam is located within the municipal area and is also shared with other municipalities in the Eastern Cape and Free State Provinces. In the district this municipality is among the municipalities that hold massive tourism potential.
- **Kareeberg Municipality:** this municipality comprises of three towns, that is, Carnarvon, Van Wyksvlei and Vosburg. The municipal area is the heart of the karoo and the predominant economic activity is livestock farming. The possibilities of having Kilometre Array Telescope befits the landscape of the municipality, that is characterised by clear skies and less pollution. This municipality is an entry point to the Western Cape Province from the Northern parts of the country.
- **Renosterberg Municipality:** is located on the banks of the Orange River. The municipality was formed through the amalgamation of three towns, that is, Petrusville, Vanderkloof and Phillipstown. The municipality covers approximately 553 000 ha of land and forms about 5% of the total area of the district.
- **Thembelihle Municipality:** this municipality is also located on the banks of the Orange River. The municipality was formed through the amalgamation of three towns, that is, Hopetown, Strydenburg and Orania. The outcome of the dispute

regarding Orania has not yet been decided upon and the uncertainty still exists as to where Orania is demarcated. N12 cuts through this municipal area and is a major boost to the economies of Hopetown and Strydenburg.

- **Siyancuma Municipality:** this municipality hosts the confluence of the Vaal and the Orange River. It comprises in the main of three towns, that is, Campbell, Douglas and Griekwastad and has densely populated rural settlement called Smitchdrift. The municipal area is richly endowed with precious and semi-precious stones, that is, diamonds and tiger's eye. Beneficiation of tiger's eye is on the high impact project identified in the District Growth and Development Strategy. The municipality has a great tourism potential.
- **Siyathemba Municipality:** this municipality is located on the banks of the Orange River and boosts with massive and high scale irrigation farming, the river not only adds agricultural value to the municipality but also boosts massive tourism and economic potential. The municipality comprises of three towns, that is, Marrydale, Prieska and Niekerkshoop. The municipality has massive potential for mining activities of both precious and semi-precious stones, the municipality also has the Alkantpan testing area where international and national ammunition testing is done. One of the unique features of the municipality is the NDC project for producing pistachio nuts, which is worthwhile mentioning.

Socio-Economic Characteristics

Demographics

The district has a total population of 164 412 which represents 16.49% of the population of the Northern Cape. The population density of the district is 1.6 person per square kilometer which is less than the provincial density of 2.27 per square kilometer. The population is as follows:

- The population can be classified as young with approximately 58.3% below the age of 30,
- 65.61% of the population are youth,
- The youth make up approximately 94% of the economically active population, and
- The population of the district is decreasing with census data indicating a decline in the district by approximately 9100 people between the 1996 and 2001. The major reason for the decrease is the fact that people are migrating in search of work opportunities.

The growth of the population in the district will depend on economic opportunities in that the district can offer, especially to young adults who are the most mobile group. A stagnating economy that cannot provide school leavers with job opportunities will result in the loss of these economically active adults to areas with economic opportunities. While the population size of the district in 1996 was 176 293, the population in 2001 was 164 620 (with negative growth rate of -1.29%). A negative growth rate is forecast for the rural population and by 2015 the towns are also expected to show a negative growth. The growth of households is greater than that of the population growth. In many instances the population may be static (i.e. no population growth) but settlement size is increasing with the formation of new households. The household growth rate between 1996 and 2001 was 2.49%.

Human Development Index

The Human Development Index measures the average achievement in a country in three basic dimensions of human development, that is, longevity, knowledge and decent standards of living. It is a composite index that contains three variables: life expectancy, educational attainment and real GDP per capita. The closer the index gets to 1.0, the higher the levels of living conditions. The average HDI for the province is 0.52 with the Kimberley and Namakwa magisterial districts having the highest at 0.63 and the Barkley West magisterial district having the lowest at 0.44.

The average HDI for the district is 0.49 with De Aar having the highest at 0.58 and Noupport having the lowest at 0.45. Despite the advances made with regard to delivery of basic services, the HDI has largely been stagnant.

Unemployment and labour

There has been a decrease in the number of people employed and concomitant increase in the number of unemployed in the district between 1996 and 2001 in the district. This directly relates to the number of businesses that has closed in the district during the period reflected and also indicates the need for a retention or wholesale and retail strategy. According to the Geospatial Analysis Platform and NSDP Spatial Profile, a study commissioned by the Policy Coordinating Advisory Service in the Presidency, approximately 25% of the economically active population in the district is unemployed.. The municipalities that have the largest percentage of unemployed are Umsobomvu and Renosterberg with unemployment rate of 30.2% and 31.5% respectively. When the actual numbers of unemployment in the district are considered, the municipalities that have the most people in the unemployment trap are Emthanjeni, Siyancuma, Umsobomvu and Siyathemba. These account for 20 153 (70.8%) of the total unemployed in the district.

The *labour participation rate* in the district is 50.43%. This indicates the labour force as a percentage of the population in the age group 15 – 64 years of age. The total number of persons supported by every person in the labour force, excluding himself or herself is indicated by the *labour dependency ratio*. In the case of Pixley ka Seme district this ratio is 1.81 with working individuals in the Siyathemba, Siyancuma and Thembelihle municipalities having to support approximately 2 persons. The lowest ratio in the district is to be found in the DMA are, at 0.81.

The economic dimension

In 2005 the total Gross Value Added at current price was R 2 761, 222 (R 2, 76 billion)

The largest contributor to the economy of the district measured by Gross Value Added at current prices in 2005 is Community, Social and Personal Services (36%). The next most important sector is agriculture (25%). The largest economy is Emthanjeni, where Community, Social and Personal Services play an overwhelming role.

Gross Value Added at current prices and % by kind of economic activity (2005)

Kind of economic activity	(R'000)	%
Community, social and personal services	R 990, 716	35.9%
Financial, insurance, real estate and business services	R 228, 251	8.3%
Transport, storage and communication	R 276, 016	10%
Wholesale and Retail	R 303, 443	11%
Construction	R 24, 812	0.9%
Electricity, gas and water supply	R 151, 777	5.5%
Manufacturing	R 77, 831	2.8%
Mining and quarrying	R 9, 464	0.3%
Agriculture, hunting, forestry and fishing	R 698, 914	25.3%

It is important to note that the Community, Social and Personal Services commands the biggest share of the GVA and a very worrying factor is the contribution of the Manufacturing Sector which accounts only for 0.3% of the total GVA of the district. This poses a greater challenge in terms of the secondary economic activities. There is a much greater need for the municipalities to encourage for investments in downstream market activities.

Gross Value Added at current prices 2005 in R'000 and Gross Value Added per capita in Rand

Municipality	2005 (R'000)	Gross Value Added per capita 2005
DMA	R 88, 785	R 27, 893
Emthanjeni	R 741, 189	R 20, 853
Kareeberg	R 208, 293	R 21, 974
Renosterberg	R 173, 375	R 19, 119
Siyancuma	R 403, 842	R 11, 269
Siyathemba	R 316, 063	R 18, 041
Thembelihle	R 237, 176	R 16, 936
Ubuntu	R 338, 450	R 20, 659
Umsobomvu	R 254, 050	R 10, 748
Pixley ka Seme	R 2, 761, 222	R 16, 770

The average Gross Value Added per capita in Rand in Pixley ka Seme district is R16,770. There are two municipalities who fall below the district average that is Siyancuma and Umsobomvu. This obviously has policy implication and poses much greater challenge with regard to planning by the District Municipality.

1.3 Executive Summary

Vision

We, Pixley ka Seme District Municipality, commit ourselves to be a developmental municipality where the quality of life of all people in the district will be improved

Mission

We strive to achieve:-

- Effective and efficient service delivery
- Optimal human and natural resource development
- Local economic growth and development, job creation and poverty alleviation
- A vibrant tourism industry
- To participate in the fight to reduce the infection rate and lessen the impact of HIV/aids and other communicable diseases

- A safe, secure and community friendly environment

Corporate Culture and Values

- Driven by the aspirations of our people, we will respect and uphold the constitution of the Republic of South Africa and , to this end, observe human rights and participate in co-operative governance
- We subscribe to the principles of Batho Pele and total quality management
- We commit ourselves to the Codes of Conduct for councillors and officials in the Municipal Systems Act and to the principles of sound financial management
- We believe in integrity in the relations with all our stakeholders
- We commit ourselves to a corruption free municipality
- We endorse a “people-driven” approach and, to this end, commit ourselves to ensuring public participation in local government
- We commit ourselves to promote racial, gender and all other forms of equality and to empower all people in the district
- We regard the personnel of our municipality as our most important resource
- We will respect the views and inputs of all members of the council

Performance objectives for the financial year

KPA1: Municipal Transformation and Organizational Development

- Systematically and gradually populate the Housing Unit by June 2008
- Filling of all critical vacant posts in the new organizational structure with particular bias to LED and Tourism, and rigorously address gender equity by June 2008
- The reviewed IDP to be endorsed by 1 March 2008, and ensure much greater involvement of sector departments
- Conduct a skills audit and formulate an Annual Skills Development Programme by September 2007
- Strengthen the capacity of municipalities in the district w.r.t. spending on grant funds
- Formulate and implement Service Delivery Budget Implementation Plan by September 2007
- Construction of the New Office building and sourcing of financial resources by July 2008
- Develop and maintain a website for the DM August 2007
- In collaboration with SALGA speedup the job evaluation process by December 2007
- Ensure that we meet all the requirements for Level One Housing Accreditation by Dec 2007
- Workshop, review, finalize and implement the delegation of powers by June 2007

- To ensure that the Internal Audit Unit meets the requirements of the Internal Audit Quality Assurance by December 2007
- Strengthen the implementation of the PMS, quarterly coaching sessions to be held
- Develop an Integrated Institutional Plan by June 2008

KPA 2: Basic Service Delivery

- Eradicate all buckets on formal residential sites by December 2007
- Solicit more funds for the eradication of buckets in the district, and strengthen the capacity of municipalities to deliver on this objective by June 2007
- Work with municipalities to convince communities to accept alternative forms of sanitation by June 2007
- Increase access to electricity to 90% of all formal households and stands by June 2008
- Fiercely solicit funding for the construction of a 200ml water pipeline from Copperton to Vanwyksvlei by December 2008
- Ensure 100% expenditure of the MIG grant
- To assist municipalities with the implementation of the Free Basic Services by December 2007
- Complete an audit on housing needs in the district by December 2007
- Conclude an agreement with all municipalities, except for Emthanjeni Municipality, for housing delivery by June 2008
- Eradicate all water backlogs by December 2008
- Ensure that all our schools have adequate sanitation by December 2007.
- Look at appropriate modalities to implement Environment Health Services by December 2007
- Make an assessment and analysis of the current plant and suggest more efficient alternatives by Dec. 2007
- Analyze the age cohorts of the employees in the Technical Department and the likely impact thereof on service delivery by December 2007

KPA 3: Local Economic Development

- Commission a study on uranium deposits in the district by December 2007
- Formal launch of DGDS, Website and the Youth Advisory Centre
- Get bankable business plans for five mega/anchor projects for the DGDS by December 2007
- Employ 300 people in sustainable EPWP projects and 100 youth in the National Youth Service Programme by December 2008

- Ensure a uniform business investment incentive policy in the district
- Canvass fiercely for the funding of the construction of a Cultural Village in Colesburg
- Increase our participation in the Lake Gariep Initiative and Tri-District Alliance
- Increase economic growth from 1.3% to 2% by the end 2008, which means about R60 Million contribution by the district to GDP of the province.
- Create about 1000 jobs in the formal and informal sector by June 2008
- Strengthen our working relationship and build synergies with the SEDA, Dept of Economic Affairs, Dept of Agriculture, Department of Tourism, NCEDA and NCT by June 2008
- Branding of the District Municipality to attract investments and tourists by December 2007
- Optimize the benefits derived from the NSDP Pilot Project

KPA 4: Municipal Financial Viability

- Establishment of Uniform Financial Systems in all the municipalities in the district by December 2008.
- Strengthening of the Internal Audit Section by filling all the vacant posts and ensuring that municipalities appoints Audit Committees with the appropriate qualifications by September 2007
- Ensure 100% compliance with the Supply Chain Management Policy by June 2008
- Establishment of an early warning system by December 2007 to curb over-expenditure
- Ensure 100% compliance with the budget process as prescribed by the MFMA
- Formulation of the Property Rates Policy and guide the municipalities in the implementation of the MPRA by September 2007
- At least four quarterly internal audits to be conducted in 2007/2008 financial year
- Four Internal Audit Committee meetings by June 2008
- Unqualified audit opinion for the financial year 2007/2008

KPA 5: Good Governance and Public Participation

- Strengthen the work of the District IGR and the Technical IGR, at least four District IGR meetings and six Technical IGR meetings for 2007/08
- Improve and refine the work of the Mayoral Committee Meets the People, at least ten towns must be visited in 07/08 Financial Year by June 2008
- Strengthening Political Championship: Formal launch of all projects of the district municipality by June 2007

- Improve our communication with internal and external stakeholders by utilizing all available means of communication in the district.
- Establish a quarterly official newsletter called *Pixley ka Seme DM Speaks* with editorship by the Municipal Manager, first edition to be in circulation in Sept. 2007
- Establishment of a District DGDS Steering Committee by September 2007, the Municipal Manager to draft the Terms of Reference for the committee
- Specific focus and support should be given to municipalities that experience riots and protests
- Strengthen our programme of mass mobilization to reduce the impact of HIV/AIDS and ensure greater interface between sector departments by Sept. 2007

Chapter 2: Performance Highlights

Our Mandate

During the year under review we celebrated the 11th anniversary of the South African constitution which was signed into law on 10 December 1996. At the time the Constitution involved many South Africans in the largest public participation programme ever carried out in the country and consists of integration of ideas from ordinary citizens, civil society movements and political structures represented in and outside the Constitutional Assembly. The Constitution represents the collective wisdom of the South African people and today is regarded as one of the most progressive constitutions in the world.

During the year under review, the District Municipality again registered a number of achievements, some of which are reflected hereunder. In April 2007 all the Councillors and the Senior Management of the Pixley ka Seme District Municipality retreated to darling Street 10, Hanover for a strategic planning session in order to determine the strategic priorities of the municipality leading up to the period 2014 and more specifically identify strategic priorities that will inform the 2007/2008 financial year. In line with the National and Provincial Targets, the District Municipality resolved to endorse the Five Year Local Government Strategic Agenda. Central to the agenda is the five Key Performance Areas as identified by the National Department of Provincial and Local Government. The Five Key Performance Areas are as follows:

- Municipal Institutional Development and Transformation,
- Basic Service Delivery,
- Municipal Financial Viability and Management,
- Good Governance and Public Participation, and
- Local Economic Development.

Corporate Services

The purpose of the Department is to lead and direct Corporate Support Services so that the Municipality is provided with efficient and effective support services in relation to Human Resource Management, Legal, Auxiliary Services and Information and Technology.

During the year under review we undertook a tedious process of re-engineering of the organizational structure to enable the institution to respond more swiftly to challenges of development. It is important to note that after the structure was approved by Council critical appointments were made to boost the implementation capacity of the District Municipality. We appointed a legal officer, a disaster management officer, a housing manager, 3 environmental health practitioners, a manager infrastructure, an senior internal auditor, an internal auditor, a project manager, an engineer/technician, community liaison officer, a manager in the office of the mayor, a security guard, a senior personnel clerk/ skills development officer.

The municipality extended the contracts of seven learners and placed them in the different departments within the municipality. The aim was to give the former learners more experience so as to improve their opportunities of employability.

Six personnel members of the municipality were promoted. Some of the promotions were to address the issue of women representation within the middle management level of the municipality.

Municipal infrastructure Grant and Provincial Infrastructure Grant

According to the DORA of 16th February 2007 an amount of R564, 000.00 was allocated for Municipal Infrastructure Projects in the Pixley ka Seme Region for the 2007/08 financial year ending 31 March 2008. An additional amount of R 3,800,000.00 was allocated for Flood damage. The allocation for Ubuntu Municipality was under R2m therefore their allocation was also managed by the District Municipality. In total the District Municipality has received R6,038,000.00 MIG funds for 2007/08.

Department of Housing and Local Government allocated an amount of R1 Million for bucket eradication in the district. The following projects were implemented from the Infrastructure Grants:

Municipality	Project Description	Total Expenditure for this financial year ®
PKS DM	406: Disaster funds Flood damage on Roads	4,481,626
Ubuntu	351: Housing Sewer Pump station	63,148
Ubuntu	267: Victoria West Area Lighting	744,622
Ubuntu	318: Victoria West Eradication of buckets	739,531
Thembelihle	Hopetown Construction of VIP's	430,733
Renosterberg	Petrusville Construction of toilet structures	0
Renosterberg	Philipstown Construction of toilet structures	763,560
Siyathemba	Prieska Construction of toilets	30,646

Umsobomvu	Colesberg Retention funds on sanitation project	156,358
Kareeberg	Vosburg O&M on toilet systems	36,005
Kareeberg	Bonteheuwel Eradication of buckets project	959,389
PKS DM	Loan DBSA repayment	738,992
Siyathemba	Prieska Upgrading of Oxidation ponds	96,982

Housing, Municipal Health and Disaster Management

The process of accrediting municipalities to perform housing functions is well under way in Pixley ka Seme District Municipality. The Provincial Department of Housing and Local Government consider us to be in a position to become the first fully accredited municipality for level one accreditation and to be in line for level two. This will hopefully happen before the end of November 2008.

The District Municipality is already very much involved in the Ouboks Project which is an Informal Settlement Upgrade Program (ISUP). This is a massive housing development providing for a 2345 housing unit development project in Umsobomvu Municipality, Colesberg and it has been given presidential status.

Pixley ka Seme District Municipality has accepted the responsibility in terms of the National Health Act, 2003 (Act 61 of 2003) regarding the rendering of Municipal Health Services.

The aim of the disaster management centre is to co-ordinate and organizes all the available resources during a disaster or an emergency within the region. The Centre is operational and functional. It handles on an average 1456 calls over a period of 30 days.

Financial viability

The District Municipality compiled the annual financial statements for the 2006/2007 and the 2007/2008 financial year in the GRAP format although the municipality have only to be fully GRAP compliant by the 30 June 2009. We were able to do the change over with our own staff and did not have to make use of consultants. We are please to announce that the change over went smoothly as can be seen from the Auditor General's Report. The municipality ended the 2007/2008 financial year with a net surplus of R2 603 926 (R3 008 304 in 2006/2007) but with a debit bank balance of R681 760 (credit balance of R555 718 in 2006/2007). The debit bank balance was because of transfers for June 2008 that we only received during July 2008. The District Municipality managed to generate 99% of the budgeted income for the 2007/2008 financial year (Budgeted income less income from investments and budgeted income from an external loan not realized). Due to strict budget control measures, we managed to end the 2007/2008 financial year with a 3% under expenditure of the budget.

Internal audit

Internal Audit is an independent appraisal function established to examine and evaluate the organizations activities as a service to the organization. The objective of Internal Audit is to assist members of the organization in the effective discharge of their responsibilities. The Internal Audit Unit was established, at the Pixley ka Seme District Municipality, to render a shared service to the District Municipality and all Local Municipalities, within its area of jurisdiction. The District Municipality entered into service agreements with all eight of the Local Municipalities and the Local Municipalities contributed an amount of R 93,744.00 for 2007/2008 towards the service. The District Municipality subsidized the service to the Local Municipalities, in order to support them in complying with Section 165 of the Municipal Finance Management Act, Act no 56 of 2003.

The audits were carried out in terms of the Standards for the Professional Practice of Internal Auditing. The following actions have taken place prior to the execution of the audits:

- Reviewing and approval of the Audit Committee's Charter
- Approval of the Internal Audit Charter
- Conducting a risk assessment
- Compilation of an Internal Audit Strategic Plan
- Compilation of an Annual Internal Audit plan

Audits were conducted as planned, but in certain instances, the Unit had to deviate from its schedule, as result of unique circumstances. There are still Municipalities who have not yet appointed their Audit Committees. Various attempts were made to persuade them to do so, but with no success. The audit year does not correspond with the financial year of the Municipality. For practical reasons the audit year starts at October of each year and ends at September of the following year.

District Growth and Development Strategy

The Pixley ka Seme DGDS aims to address, not only the above-mentioned challenges, but a host of related issues. It recognizes the leadership role that government plays in driving integrated, holistic, sustainable growth and development. At the same time it acknowledges the role of all sectors of society in ensuring socio-economic transformation and also seeks to achieve a shared vision amongst all sectors of society towards the achievements of our goal of improving the quality of life for all our citizens.

The challenges of unlocking our full socio-economic potential are enormous and require us to marshal the full capabilities of all sectors of society to steer the required growth and development of the district in the years to come. The DGDS provides the practical framework for:

- The integration of government's policies and objectives in the various areas of operation.
- Building on cooperative governance and intergovernmental relations towards ensuring integrated service delivery and the optimal utilization of all resources in support of growth and development.
- Aligning and establishing links between the planning and budgeting efforts of all three spheres.

- Establishing a single planning instrument that articulates the development agenda and provides a strategic direction for the district as a whole.
- Municipalities to develop their integrated development plans and local economic development strategies.
- Identify opportunities for investment and creating an environment of certainty and predictability that encourages private sector investment; and
- Consolidate and improve relations and partnerships with other sectors of the society.

This financial year, the first one within which the DGDS was implemented provided the municipality with the challenge to roll this process out to the local municipalities and assist them to localise the different strategies into operational plans. The municipality also started to prepare for initiatives following out of the different sector strategies.

Economic growth

It is trite economics that if we want to dent the high levels of poverty and unemployment in the district we must increase the production capacity of our industries, this means investing more in economic growth initiatives. It is noteworthy that over the past four years the average economic growth in the district was 0.8% interestingly in 2004/2005 the growth was 1.8%. The biggest challenge is to sustain such unprecedented growth rate. It is further important to note that the biggest contributor to the GVA of the district is Community Services Sector and the biggest employer is Agriculture and Agro-processing Sector. We need to double our efforts to increase the output capacity of the secondary economic activities in the district. The manufacturing Sector is the least contributor to the district GVA and the least employer. The district economy needs to break the mould of being the primary commodity producer and there is very little or no value-adding at all.

Premier's Excellence Awards

Pixley ka Seme District Municipality was awarded a gold awards under the Premier's excellence awards during this financial year. This project was for the Youth Advisory Centres of which the municipality had the Emthanjeni Youth Advisory Centre fully operational and five other centres in the final planning stages. The will be fully operational during the following financial year.

Second Runners-Up Vuna Awards 2007/2008

In 2003 the Department of Provincial and Local Government introduced Vuna Awards. These awards are meant to celebrate and appreciate performance excellence in Local Government. Awards are awarded to municipalities for best performance per category and Key Performance Area. In 2007 Pixley ka Seme District Municipality's was again one of the best in the Province. The District Municipality was the Second Runners Up for the Vuna Awards 2007/2008.

Chapter 3: Municipal Transformation and Organisational Development

3.1 Review of the Organizational Structure and Filling of Critical Posts

The organizational structure was reviewed so as to align it to the IDP of the municipality. The revised organizational structure was tabled before council for approval.

A number of positions were identified as being critical to the organizational structure. These identified positions had to be filled during this period.

The following critical posts were filled:

- * Legal Officer
- * Disaster Management Officer
- * Housing Manager
- * Environmental Health Practitioners
- * Manager Infrastructure
- * Senior Internal Auditor
- * Internal Auditor
- * Project Manager
- * Engineer/Technician
- * Community Liaison Officer
- * Manager in the Office of the Mayor
- * Security Guard
- * Snr Personnel Clerk/ SDF

The municipality extended the contracts of five learners and placed them in the different departments within the municipality. The aim was to expose them to experience, so as to improve their opportunities of employment.

3.2 Promotion and Succession

Six personnel members of the municipality were promoted. Some of these promotions addressed the issue of women representation within the middle management level of the municipality.

3.3 Adherence to Council's Employment Equity Plan (EEP)

In an effort to address employment equity within the institution, all appointments are subject to the employment equity plan of the Council. This approach has assisted the

municipality in addressing representation at all levels in the hierarchy of the municipality, especially gender representation.

Gender representation is currently more prominent at the middle management level of the municipality, compared to previous years.

The following table reflects on EE on the different employment categories within the organization as a whole.

NB: It should however be noted that the traditional or historic business of the institution will always have an impact on the employment trends of that particular business. It might be skewed towards males or females.

Occupational Categories	Male				Female				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	1		2					6
Senior management	2			1		2		1	6
Professionally qualified and experienced specialists and mid-management	6	3		2	3	3		2	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	8			1	2		1	13
Semi-skilled and discretionary decision making.	15	20			20	6			61
Unskilled and defined decision making	8	22							30
TOTAL PERMANENT	35	54		5	24	13		4	135
Non-permanent employees								1	1
TOTAL	35	54		5	24	13		5	136

Person with disabilities						1(sight)			1
---------------------------------	--	--	--	--	--	-----------------	--	--	----------

Disability categories as per EE Act: Sight, physical and mental.

Implementation of EE within the Support and Social services is on track.

The following table reflects the different categories within the section per gender, race and occupational category:

Occupational Categories	Male				Female				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2							1	3
Professionals	2	1			1	2			6
Technicians and associate professionals	1								1
Clerks	1	1			6				8
Service and sales workers	2	3			3	3			11
Skilled agricultural and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers									
Elementary occupations	1				3				4
TOTAL PERMANENT	9	5			13	5		1	33

Non-permanent employees									
TOTAL	9	5			13	5		1	33

Person with disabilities						1			1
---------------------------------	--	--	--	--	--	----------	--	--	----------

The following terminations were made during the 07/08 financial year:

Termination	Male				Female				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Resignation	3	2		1	1			1	8
Non-renewal of contract									
Dismissal – Operational requirements (retrenchment)									
Dismissal – misconduct									
Ill Health retirement	1	1							2
Deaths	1								1
Retirements		2						1	3
Total	5	5		1	1			2	14

3.4 Submission of annual EE report

During the 07/08 financial year, no report was submitted because our numbers are less than 150. In terms of the EE act employers with less than 150 employees need only to submit their report once every second year. Employers with more than 150 employees have to submit their EE report annually.

Our status in terms of the submission of EE reports will change as from 08/09 financial year, dependant on the employee status.

It should, however be noted that the biggest challenge facing the institution is bringing women into the top management level of the municipality. Currently no women are represented in the institution's top structure

3.5 Service Delivery Budget Implementation Plan

SDBIP was drafted and tabled before council for approval. It was implemented during this financial year.

3.6 Human Resources Development and Capacity Building

HRD is central to the survival of the organization because it ensures that the employees of the municipality are up to date of new developments affecting their work environment. This also ensures effective efficiency.

3.7 Development

All skills development programmes depend on the Work Place Skills Plan.

During this period a skills audit for all employees was done and the Work Place Skills Plan, as well as the Annual Training Report, were submitted to the LGSETA on time. Skills development is performed by accredited training providers; this ensures compliance with all relevant regulations regarding skills development within the local government sector. In house training is also provided where skills transfer is applicable among the employees of the Council.

The following accredited trainings and workshops were facilitated by the HR division for the period:

Support and Social Services Department

- | | |
|--|---|
| ○ Batho Pele Change Management | 1 |
| ○ Occupational Health and Safety Training | 2 |
| ○ Customer Relations and Customer Care | 4 |
| ○ HSS Training | 4 |
| ○ Disability Based Discrimination in Workplace | 2 |

Finance Department

- | | |
|--|---|
| ○ Finance Management Training | 5 |
| ○ Supply Chain Management | 3 |
| ○ Practical Municipal Accounting | 1 |
| ○ Implementation of Accounting Standards | 1 |

Technical and Infrastructure Department

- | | |
|---|----|
| ○ Financial Management Training | 1 |
| ○ Occupational Health and Safety Training | 12 |
| ○ Assessors Training | 1 |
| ○ Dumpy Levels | 6 |

Internal Audit

- | | |
|---|---|
| ○ Finance Management | 4 |
| ○ Practical Municipal Accounting | 5 |
| ○ Fundamentals of Internal Auditing | 7 |
| ○ Roles and Responsibilities of Audit Committee | 7 |
| ○ Risk Management | 2 |
| ○ Municipal Budgeting and Budgeting Forecast | 7 |
| ○ Performance Auditing | 5 |

Office of the Mayor

- | | |
|---|---|
| ○ Batho Pele Change Management | 2 |
| ○ Occupational Health and Safety Training | 1 |

The total cost of the training for the year amounted to R107 410,00.

3.8 Local Labour Forum

For an institution to achieve its strategic objectives there should be harmony between the organization and all unions active in that particular organization. Pixley Ka Seme District municipality has always strived to ensure that harmony prevails between itself and the unions. The contributory factor to this is the functioning of the LLF, where all parties come to this forum to raise their concerns and debate issues.

3.9 Human Resource Management

3.9.1 Institutional Plan

The service provider was appointed and is in the process of compiling a draft Institutional plan.

Chapter 4: Audited Statements and Related Financial Information

4.1 Financial Statements: 2007/08

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net Assets		14,840,924.92	12,143,151.32
Government Grant Reserve		1,342,564.07	1,629,055.14
Capital Replacement Reserve		2,734,995.96	2,641,148.55
Accumulated Surplus/(Accumulated Deficit)		10,763,364.89	7,872,947.63
Non-current liabilities		7,916,572.59	4,439,622.73
Long-term liabilities	1	7,916,572.59	4,439,622.73
Current liabilities		23,856,794.33	11,765,219.97
Creditors	2	4,143,303.42	2,618,860.27
Unspent conditional grants and receipts	3	17,501,023.38	8,162,080.98
VAT Payable	4	350.68	-
Bank overdraft	14	681,760.02	-
Current portion of long-term liabilities	1	1,530,356.83	984,278.72

Total Net Assets and Liabilities		46,614,291.84	28,347,994.02
ASSETS			
Non-current assets		14,320,215.29	8,006,658.23
Property, plant and equipment	5	12,452,683.22	5,549,551.74
Investment Property	6	-	-
Intangible Assets	7	95,432.02	79,547.53
Investments	8	-	-
Long-term receivables	9	1,772,100.05	2,377,558.96
Current assets		32,294,076.55	20,341,335.79
Inventory	10	-	-
Trade Receivables	11	122,442.67	584,753.85
Other Receivables	12	3,966,913.21	1,065,018.71
VAT Receivable	4	2,562,595.02	820,787.53
Current portion of long-term loans	9	534,657.98	554,229.53
Call investment deposits	13	25,107,467.67	16,760,828.21
Bank balances and cash	14	-	555,717.96
Total Assets		46,614,291.84	28,347,994.02

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2008

	Note	Actual	
		2008 R	2007 R
REVENUE			
Regional Services Levies		98,587.52	1,835,208.85
Rental of facilities and equipment		163,469.98	95,095.54
Interest earned		1,684,501.49	1,510,049.03
Government grants and subsidies	15	65,800,427.07	16,168,377.00
Other income	16	7,171,187.45	5,383,127.03

Total Revenue		74,918,173.51	24,991,857.45
EXPENDITURE			
Employee related costs	17	11,452,053.76	9,182,103.31
Remuneration of Councillors	18	2,550,150.55	2,563,627.00
Bad Debts written off		214,695.20	580,740.15
Collection costs		154,750.60	519,901.26
Provision for Leave and Bad Debts		522,000.00	70,000.00
Depreciation		1,418,501.12	652,450.32
Repairs and maintenance		567,846.08	457,584.05
Contracted Services		318,808.99	569,330.91
Interest paid	19	385,197.99	261,510.94
Grants and subsidies paid	20	48,324,136.80	2,926,217.53

General expenses	21	6,406,106.23	4,200,087.56
Total Expenditure		72,314,247.32	21,983,553.03
NET SURPLUS/(DEFICIT) FOR THE YEAR		2,603,926.19	3,008,304.42

Refer to Appendix E(1) for the comparison with the approved budget

APPENDIX A

PIXLEY KA SEME DISTRICT MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2007	Received during the period	Redeemed written off during the period	Balance at 30/06/2008	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS			R	R	R	R		
DBSA Bank @ 9.89%		2012/03/31	2,851,995.90	-	545,237.87	2,306,758.03	-	-
DBSA Bank @ 9.863%		2018/03/31	-	5,000,000.00	74,798.11	4,925,201.89	7,755,356.03	
Total long-term loans			2,851,995.90	5,000,000.00	620,035.98	7,231,959.92	7,755,356.03	-
Finance Leases								
Canon			2,571,905.55	142,747.00	499,683.05	2,214,969.50	1,720,766.28	
Total Finance Leases			2,571,905.55	142,747.00	499,683.05	2,214,969.50	1,720,766.28	

TOTAL EXTERNAL LOANS

5,423,901.45	5,142,747.00	1,119,719.03	9,446,929.42
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9,476,122.31	-
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APPENDIX B

PIXLEY KA SEME DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings	1,706,400.00	110,000.00	7,645,356.03	-	9,461,756.03	1,365,119.99	56,880.00	-	1,421,999.99	8,039,756.04
Furniture and Fittings	73,500.05	-	-	-	73,500.05	48,877.49	6,883.23	-	55,760.72	17,739.33
Office Equipment	964,251.58	81,775.82	-	-	1,046,027.40	696,683.12	94,496.68	-	791,179.80	254,847.60
Council Vehicles	1,936,759.27	342,882.40	-	-	2,279,641.67	911,807.22	310,195.44	-	1,222,002.66	1,057,639.01
Protection Services	2,467,324.00	-	-	-	2,467,324.00	838,268.86	286,491.07	-	1,124,759.93	1,342,564.07
Plant and Equipment	482,431.48	-	-	-	482,431.48	434,271.46	28,789.14	-	463,060.60	19,370.88
Other	-	-	-	-	-	-	-	-	-	-
Sub-total	7,630,666.38	534,658.22	7,645,356.03	-	15,810,680.63	4,295,028.14	783,735.56	-	5,078,763.70	10,731,916.93
Leased Assets	3,085,942.00	142,747.00	-	-	3,228,689.00	872,028.49	635,894.23	-	1,507,922.72	1,720,766.28
Intangible Assets	-	95,432.02	-	-	95,432.02	-	-	-	-	95,432.02
Total Assets	10,716,608.38	772,837.24	7,645,356.03	-	19,134,801.65	5,167,056.63	1,419,629.79	-	6,586,686.42	12,548,115.23

APPENDIX C

PIXLEY KA SEME DISTRICT MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

30 JUNE 2008

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Administration	7,630,666.38	534,658.22	7,645,356.03	-	15,810,680.63	4,295,028.14	783,735.56	-	5,078,763.70	10,731,916.93
Leased Assets	3,085,942.00	142,747.00	-	-	3,228,689.00	872,028.49	635,894.23	-	1,507,922.72	1,720,766.28
Intangible Assets	-	95,432.02	-	-	95,432.02	-	-	-	-	95,432.02
Total	10,716,608.38	772,837.24	7,645,356.03	-	19,134,801.65	5,167,056.63	1,419,629.79	-	6,586,686.42	12,548,115.23

APPENDIX D

PIXLEY KA SEME DISTRICT MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

2007	2007	2007		2008	2008	2008
Actual	Actual	Surplus/		Actual	Actual	Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
17,362,362.81	8,857,080.36	8,505,282.45	Administration & Finance	19,154,363.39	9,490,974.25	9,663,389.14
1,852,000.00	2,141,507.06	-289,507.06	Development and Infrastructure	963,974.34	2,670,016.05	-1,706,041.71
36,000.00	20,972.48	15,027.52	Environmental Health	63,103.97	584,515.75	-521,411.78
-	-	-	Housing	17,960,095.70	17,694,692.61	265,403.09
640,000.00	1,486,116.48	-846,116.48	Internal Audit	691,217.80	2,296,539.46	-1,605,321.66
884,184.36	3,943,180.90	-3,058,996.54	Council Expenses	804,948.31	4,135,800.47	-3,330,852.16
-	1,110,573.52	-1,110,573.52	Municipal Manager	16,116.36	1,268,573.02	-1,252,456.66
3,231,725.28	3,182,187.57	49,537.71	I D P	35,050,167.04	32,943,413.27	2,106,753.77
985,585.00	1,241,934.66	-256,349.66	Protection Services	511,190.44	1,526,726.28	-1,015,535.84
<u>24,991,857.45</u>	<u>21,983,553.03</u>	<u>3,008,304.42</u>	Sub Total	<u>75,215,177.35</u>	<u>72,611,251.16</u>	<u>2,603,926.19</u>
<u>24,991,857.45</u>	<u>21,983,553.03</u>	<u>3,008,304.42</u>	Total	<u>75,215,177.35</u>	<u>72,611,251.16</u>	<u>2,603,926.19</u>

APPENDIX E(1)

PIXLEY KA DISTRICT MUNICIPALITY : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

REVENUE	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Administration Cost	1,498,508.73	1,687,000.00	(188,491.27)	-11	VAT not in budget amount included
External Loan	-	5,000,000.00	(5,000,000.00)	-100	Loan invested until used
Regional Services Levies	98,587.52	-	98,587.52	100	Possible income unknown because all levie debtors were handed over for recovery.
Regional Services Levies Credits	277,012.87	260,000.00	17,012.87	7	
Interest earned - Bank Account	116,540.39	100,000.00	16,540.39	17	Management of cash resulted in a positive Bank balance for a longer period.
Interest earned - External Investments	1,565,722.17	1,081,350.00	484,372.17	45	More investments made due to conditional grants received.
Interest earned - redemption fund : vehicles	2,238.93	2,000.00	238.93	12	Budget insufficient.
Income from Investments	1,939,249.00	6,585,000.00	(4,645,751.00)	-71	Used less income from investments.
Government grants and subsidies : Dora	17,472,553.00	17,472,000.00	553.00	0	
Government grants and subsidies : Other	47,789,902.39	49,165,000.00	(1,375,097.61)	-3	

Contribution : Provincial Government	537,971.68	447,500.00	90,471.68	20	Received more for Near as expected.
Contribution : Municipalities	2,089,572.00	2,057,550.00	32,022.00	2	
Income Vostersdam	4,322.64	-	4,322.64	100	Not budgeted
Medical Ex Gratia	326,963.40	356,000.00	(29,036.60)	-8	
Vehicle rent	-	215,000.00	(215,000.00)	-100	Received more then budgeted
Office Rental : External	163,469.98	160,000.00	3,469.98	2	
Other income	1,035,558.81	917,600.00	117,958.81	13	Received more then budgeted
Total Revenue	74,918,173.51	85,506,000.00	(10,587,826.49)	-12	

EXPENDITURE

Employee related costs	11,452,053.76	11,912,000.00	(459,946.24)	-4	
Remuneration of Councillors	2,550,150.55	2,802,000.00	(251,849.45)	-9	
Bad Debts written off	214,695.20	-	214,695.20	100	Not budgeted
Collection costs	154,750.60	155,000.00	(249.40)	0	
Depreciation	1,418,501.12	590,000.00	828,501.12	140	Due to the capitalisation of the leases assets
Repairs and maintenance	567,846.08	775,000.00	(207,153.92)	-27	Expenses were less then expected
Interest on external borrowings	379,339.94	823,000.00	(443,660.06)	-54	Received the loan from DBSA later then expected
Contracted services	318,808.99	197,000.00	121,808.99	62	Budgeted not enough for this line item
Ouboks Project	15,760,063.47	20,000,000.00	(4,239,936.53)	-21	Expenses were less then expected
Infrastructure expenses	32,564,073.33	30,165,000.00	2,399,073.33	8	
General expenses - other (including abnormal expenses)	6,411,964.28	6,305,000.00	106,964.28	2	
Contributions to funds	522,000.00	522,000.00	-	0	
Total Expenditure		74,246,000.00	(1,931,752.68)	-3	

	72,314,247.32			
NET SURPLUS/(DEFICIT) FOR THE YEAR	2,603,926.19	11,260,000.00	(8,656,073.81)	

APPENDIX E(2)

PIXLEY KA SEME DISTRICT MUNICIPALITY : ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual R	2008 Under Construction R	2008 Total Additions R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Land and Buildings	110,000.00	7,645,356.03	7,755,356.03	11,000,000.00	(3,244,643.97)	-29	Building not finished in this financial year
Office Equipment	81,775.82	-	81,775.82	75,000.00	6,775.82	9	Budgeted not enough for this line item
Council Vehicles	342,882.40	-	342,882.40	350,000.00	(7,117.60)	-2	
Leased Assets	142,747.00	-	142,747.00	-	142,747.00	100	Not budgeted (Grap)
Intangible Assets	95,432.02	-	95,432.02	-	95,432.02	100	Budgeted under operating budget
Total	772,837.24	7,645,356.03	8,418,193.27	11,425,000.00	(3,006,806.73)	-26	

Near	Provincial	-	-	266,275.95	233,695.73	124,992.92	124,992.92	124,992.92	124,992.92	-	-	-	-	n/a	Yes	n/a
Environmental Health	Provincial	-	-	38,000.00	-	9,500.00	9,500.00	9,500.00	9,500.00	-	-	-	-	n/a	Yes	n/a
Roadworks	Provincial	2,777,466.66	4,166,199.99	5,554,933.32	4,374,608.76	4,218,302.18	4,218,302.18	4,218,302.18	4,218,302.19	-	-	-	-	n/a	Yes	n/a
		2,777,466.66	4,166,199.99	5,859,209.27	4,608,304.49	4,352,795.10	4,352,795.10	4,352,795.10	4,352,795.11	-	-	-	-			
Other																
Housing	National	-	207,715.01	1,213,952.94	578,332.05	475,742.99	486,896.30	521,120.56	377,462.13	-	-	-	-	n/a	Yes	n/a
Housing	Provincial	-	3,312,316.28	5,270,520.80	7,177,226.39	-	-	7,814,819.45	7,945,244.02	-	-	-	-	n/a	Yes	n/a
MIG	National	-	7,656,876.51	4,373,163.68	7,114,896.84	3,854,919.92	4,699,721.71	3,564,335.38	7,025,959.92	-	-	-	-	n/a	Yes	n/a
Powerline Subsidy	National	-	1,300,993.47	-	-	319,454.65	981,538.82	-	-	-	-	-	-	n/a	Yes	n/a
Flood Damage	National	-	2,072,858.90	39,598.70	108,574.32	1,611,672.01	134,793.19	121,734.32	352,832.40	-	-	-	-	n/a	Yes	n/a
O&M Water	National	-	572,497.06	-	-	-	572,497.06	-	-	-	-	-	-	n/a	Yes	n/a
Tourism	National	-	309,236.40	-	58,040.00	-	309,236.40	-	58,040.00	-	-	-	-	n/a	Yes	n/a
Project Skietfontein	National	-	-	30,000.00	-	-	-	30,000.00	-	-	-	-	-	n/a	Yes	n/a
DWAF	National	-	-	-	4,744,560.48	-	-	-	4,744,560.48	-	-	-	-	n/a	Yes	n/a
Regravelling	Provincial	-	-	-	1,566,404.04	-	-	-	1,566,404.04	-	-	-	-	n/a	Yes	n/a
Bucket Eradication	National	-	688,996.17	309,876.89	649,669.50	410,272.29	638,941.94	126,599.14	472,729.19	-	-	-	-	n/a	Yes	n/a
		-	16,121,489.80	11,237,113.01	21,997,703.62	6,672,061.86	7,823,625.42	12,178,608.85	22,543,232.18	-	-	-	-			
		8,020,605.16	25,030,827.96	21,903,460.41	31,127,068.31	15,853,475.96	17,005,039.19	21,360,022.58	31,724,645.99	-	-	-	-			

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

Pre-GAMAP Old Reserves and Funds R	Government Grant Reserve R	Capital Replacement Reserve R	Donations and Public Contribution Reserve R	Accumulated Surplus/ (Deficit) R	Total R
-	1,445,070.60	2,828,528.00	-	4,349,491.48	8,623,090.08
-	-	-	-	3,008,304.42	3,008,304.42
-	-	-	-	766,852.39	766,852.39
-	-	102,896.47	-	-	102,896.47
-	-	(290,275.92)	-	290,275.92	-
-	397,585.00	-	-	(397,585.00)	-
-	-	-	-	-	-
-	(213,600.46)	-	-	213,600.46	-
-	1,629,055.14	2,641,148.55	-	8,230,939.67	12,501,143.36
-	-	-	-	(357,992.04)	(357,992.04)
-	1,629,055.14	2,641,148.55	-	7,872,947.63	12,143,151.32
-	-	-	-		

				2,603,926.19	2,603,926.19
-	-	-	-	-	-
-	-	196,743.88	-	-	196,743.88
		(102,896.47)		-	(102,896.47)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(286,491.07)	-	-	286,491.07	-
-	1,342,564.07	2,734,995.96	-	10,763,364.89	14,840,924.92

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		78,733,956.40	64,179,687.52
Cash paid to suppliers and employees		69,394,876.17	65,487,203.05
Cash generated from/(utilised in) operations	24	9,339,080.23	(1,307,515.53)
Interest received		1,684,501.49	1,510,049.03
Interest paid		(318,808.99)	(261,510.94)
NET CASH FROM OPERATING ACTIVITIES		10,704,772.73	(58,977.44)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,337,517.09)	(1,410,999.30)
Increase/(decrease) in statutory funds		93,847.41	-
Increase/(decrease) in non current receivables		625,030.46	600,184.55

NET CASH FROM INVESTING ACTIVITIES	(7,618,639.22)	(810,814.75)
CASH FLOWS FROM FINANCING ACTIVITIES		
New loans raised/(repaid)	4,023,027.97	(597,131.02)
NET CASH FROM FINANCING ACTIVITIES	4,023,027.97	(597,131.02)
TOTAL CASH FROM ACTIVITIES	7,109,161.48	(1,466,923.21)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,109,161.48	(1,466,923.21)
Cash and cash equivalents at the beginning of the year	17,316,546.17	18,783,469.38
Cash and cash equivalents at the end of the year	24,425,707.65	17,316,546.17

**ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

The principal accounting policies adopted in the preparation of these financial statements are set out below. Statements prepared for the current year differ from previous years due to the formal introduction of the Generally Recognised Accounting Practice (GRAP) standards.

1. BASIS OF PREPARATION

Previously these financial statements have been prepared so as to conform to the standards laid down 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).

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities

GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of interest in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):

- * Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. (Paragraphs 14, 19 and 30-31)

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):

- * Classification, measurement and disclosure of non-current assets held for sale. [para. 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]

The Minister of Finance exempted compliance with the following requirements in terms of the Government Gazette No. 30013 dated 29 June 2007.

- * GAMAP 17 - (Property, Plant and Equipment) - Review of useful life of items of Property, Plant and Equipment recognized in the annual financial statements [para. 59-61 and 77].
Review of depreciation method applied to PPE recognized in the annual financial statements [para. 62 and 77].
Impairment of non-cash-generating assets [para. 64-69 and 75(e)(v) - (vi)].
Impairment of cash-generating assets [para. 63 and 75(e)(v) - (vi)].
- * IAS 36 (AC 128) - (Impairment of Assets) - Entire standard.
- * GAMAP 12 - (Inventories) - The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.
- * IAS 40 (AC 135) - (Investment Property) - The entire standard to the extent that the property is accounted for in terms of GAMAP 17.
Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard [para. 79(e)(i) - (iii)].
- * IAS 17 (AC 105) - (Leases) - Recognising operating lease payments/receipts on a straight line basis if the amounts are recognised on the basis of the cash flows in the lease agreement. (SAICA circular 12.06 para. 8-11 and para. 33, 34, 50, 51, of IAS 17/AC 105)
- * IAS 38 (AC 129) - (Intangible Assets) - The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32/AC 432) and all other costs are expensed.

- * IAS 19 (AC 116) - (Employee Benefits) - Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [para. 29, 48-119, 120A(a) - (q)]
- * GAMAP 9 - (Revenue) - Initial measurement of fair value discounting all future receipts using an imputed rate of interest. (SA/CA circular 09/06 and para. 12)
- * IAS 39 (AC 133) - (Financial Instruments : Recognition and Measurement) - Initially measuring financial assets and financial liabilities at fair value. (SA/CA circular 09/06, para. 43, AG 79, AG 64 and AG 65 of IAS 39 / AC 133)
- * IFRS 7 (AC 144) - (Financial Instruments : Disclosures) - Entire Standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
- * IAS 14 (AC 115) - (Segment Reporting) - Entire Standard.
- * IFRS 8 (AC 145) - (Operating Segments) - Entire Standard.
- * IAS 11 (AC 109) - (Construction Contracts) - Entire Standard.
- * IFRS 3 (AC 140) - (Business Combinations) - Entire Standard.
- * IAS 20 (AC 134) - (Accounting for Government Grants and disclosure of government assistance) - Entire Standard excluding para. 24 and 26, replaced by para. 08 of GAMAP 17 and para. 42 - 46 of GAMAP 9.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the

statements.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis

4. RESERVES

4.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grant Reserve equal to the value of the government grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

4.2 Capital Replacement Reserve

When items of property, plant and equipment are financed using the CRR cash resources a corresponding transfer is made from the CRR bank account to the accumulated surplus/(deficit) in the Statement of Financial Performance as income. The expense of these items is done against the accumulated surplus/(deficit) in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, it is done against the

the accumulated surplus/(deficit) in the Statement of Financial Performance. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment

When an item of property, plant and equipment financed from the CRR is disposed, the amount received for that item, if any, is transferred to the CRR bank account.

4.3 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from donations and public contributions, a transfer is made from the donations and public contributions bank account to the donations and public contributions reserve equal to the amount used for property, plant and equipment. When such items of property, plant and equipment are depreciated it is done against the accumulated surplus/(deficit) in the Statement of Financial Performance.

5. FINANCIAL INSTRUMENTS

5.1 Financial Instruments

Financial Instruments, which include fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

5.2 Measurement

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.2 Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when it is extinguished.

6. LEASES

Amounts held under finance leases are initially recognised as assets of the municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense in the Statement of Financial Performance

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less accumulated depreciation.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an asset of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Pixley Ka Seme District Municipality has adopted a threshold whereby all expenditure below the threshold is expensed when incurred. The threshold is currently R3 000.00.

7.1 Depreciation

Assets are depreciated in accordance with GAMAP/GRAP guidelines. Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of assets.

The annual depreciation rates are based on the following estimated asset lives:-

	Years
Protection Services	5
Land and Buildings	30
Office equipment	3 - 7
Vehicles	5
Leased Assets	5

7.2 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

The Minister of Finance has, in terms of General Notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- The entire standard to the extent that property is accounted for in terms of GAMAP 17.
- Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard.

[Paragraphs 79(e)(i) -
(iii)]

7.3 Intangible Assets

Intangible assets are treated in accordance with the provisions of International Accounting Standard (IAS 38). In accordance with these provisions, intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the municipality are amortised according to the straight line method.

7.4 Impairment of Assets

At each Statement of Financial Position date, the municipality reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life are not subjected to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase

Where the carrying amount of assets are greater than the estimated recoverable amount, it will be written down to its recoverable amount and an impairment loss charged to the Statement of Financial Performance.

The Minister of Finance has, in terms of General Notice 522 of 2007, exempted compliance with AC 128 (Impairment of Assets) in its entirety.

8. INVESTMENTS

Fixed deposits and short-term deposits are invested in registered commercial banks and are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

9. INVENTORIES

Stores and materials was held by Council solely for the use in the Roads Agency's operations. There are no materials held any more for this function. Materials are bought by order when needed.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. Bad debts are written off during the year in the statement of financial performance.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end.

11. TRADE CREDITORS

Trade creditors are stated at their normal value.

12. REVENUE RECOGNITION

District Council Levies are based on declarations made by the levy payer and are usually payable one month in arrears. Revenue will be recognised in accordance with the general recognition criteria on the due date based on actual declarations received, together with an estimate of levies payable where a levy payer has not submitted a declaration.

Levies were abolished on 30 June 2006. The municipality still receive levy income by converting all provisional levies into actuals and then collecting the outstanding debt on the amount.

Interest and rentals of facilities and equipment are recognised on a time proportion basis.

External Interest Received are interest received on investments. External interest received are recognized in the statement of financial performance and no direct allocation are made to the reserve

In the case of interest earned on unspent conditional grants, the interest may be allocated to the unspent conditional grant, only if it is not a condition of the grant stated otherwise.

No internal interest are allowed anymore.

Interest on outstanding levy debtors are recognized in the statement of financial performance when received. A collection charge were paid to the debt collectors at a rate of 10% of the amount collected.

Revenue from the sale of goods is recognised when all the following conditions has been met.

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually

associated with neither ownership nor effective control over the goods sold.

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Donations are recognised on a cash receipt basis or when the donation is in the form of property plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Payments received in advance are shown as creditors in the statement of financial position at year end.

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13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Revenue received from conditional grants, donations and funding are received in a separate bank account. Expenditure were done against these accounts and the balance on yearend are stated as unspent conditional grants in the annual financial statements.

13.1 Unspent Conditional Grants

Unspent conditional grants are reflected on the Statement of Financial Position under Current Liabilities.

- The balance of the unspent conditional grants is separately invested.
- Interest earned on the investments is treated in accordance with the grant conditions. If it is payable to the funder, it is recorded as part of the unspent conditional grant. If it is not a condition, interest is recognised as interest earned in the Statement of Financial Performance of the municipality.

14. PROVISIONS

Provisions are made to provide for obligations that are known at the time of the balance sheet, but of which the contribution to the provision are not certain at that stage. Annual contributions to these funds are made from the operating account.

Provisions are reviewed at reporting date and are adjusted to reflect the current best estimate.

Provisions are only been used for the purpose for which it was originally recognised.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, and the net value of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

In the case of the agency functions, when a deficit occurs, the deficit is shown as a debtor in the Statement of Financial Position and recovered from the grant of the next year.

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17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. COMPARITIVE INFORMATION

19.1 Current year comparatives:-

Budgeted amounts have been included in the annual financial statements for the current financial year only.

19.2 Prior year comparatives:-

When the presentation or classification of items in the annual financial statements is amended prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

20. RELATED PARTIES

A related party is related to the Municipality if the party:-

- (i) is a member of the key management personnel of the municipality. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager (section 57 managers).
- (ii) are individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.
- (iii) rely on the Municipality for the settlement of liabilities on behalf of the party.

The amount recognised must be significant.

Specific information with regards to related party transactions is included in the notes to the financial statements.

21. RETIREMENT BENEFITS

Pension Obligations : In Service Members

The Council and its employees contribute to the Cape Joint Pension Fund. This fund provides

retirement benefits to the employees. The Council and employees can also contribute to the Cape Joint Retirement Fund or the SAMWU Retirement Fund.

The retirement benefits are calculated in accordance with the rules of the funds.

Current contributions are charged against the operating account of the Council at a percentage of the pensionable remuneration paid to the employees.

Pension Obligations : Post retirement pension benefits

Currently five retired employees benefitted from this obligation. In this financial year this obligation amounted to R13 146.00. This expenditure are charged against and budgeted for in the operating account of the Municipality.

An actuarial valuation as at 30 June 2008 has been done by Arch Actuarial Consulting amounting to a liability of R103 477 in 2008, R92 667 in 2009 and R80 672 in 2010. No obligation has been created because the Municipality budgeted for the expense in the Statement of Financial Performance

Post Retirement Medical Obligations

Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member is entitled, on retirement, to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and Council for the remaining 70%.

An actuarial valuation as at 30 June 2008 has been done by Arch Actuarial Consulting amounting to a liability of R14 131m in 2008, R15 075m in 2009 and R16 073m in 2010. No obligation has been created because the Municipality budgeted for the expense in the Statement of Financial Performance

Accrued Leave Pay

Accumulated annual leave are only paid when an employee leaves the Municipality. Liabilities for annual leave are recognised as they accrue to the employees. Provision has been made for the payment of this liability. Provision is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Bonuses, Performance Bonuses and Long Service Bonuses**Bonuses**

Bonuses are paid to employees in November or December in the form of a thirteenth cheque or pro-rate for employees with less than one year's service. Provision has been made for this expense in the budget of the Municipality.

Performance Bonuses

The Municipality don't pay performance bonuses.

Long Service Bonuses

The Municipality don't pay long service bonuses.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [Paragraphs 29, 48-119, 120A© (q)]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
1. LONG-TERM LIABILITIES		
Annuity Loans	7,231,959.92	2,851,995.90
Capitalised Lease Liability	2,214,969.50	2,571,905.55
Sub-total	<u>9,446,929.42</u>	<u>5,423,901.45</u>
Less: Current portion transferred to current liabilities	,530,356.83	984,278.72
Annuity Loans	850,301.53	484,595.67
Finance Leases	680,055.30	499,683.05
Total External Loans	<u><u>7,916,572.59</u></u>	<u><u>4,439,622.73</u></u>
Refer to Appendix A for more detail on long-term liabilities.		

The capitalised lease liability is secured over the item of plant leased.

Interest Rate : 9,89% and 9,863%

Monthly Instalments : R61 582.64 and R65 724.38

Redemption Date : 2012/03/31 and
2018/03/31

1.1 Finance lease liability

Total finance lease liability	2,214,969.50	2,571,905.55
Less: Current portion	(680,055.30)	(499,683.05)
Carrying amount of finance leases	<u>1,534,914.20</u>	<u>2,072,222.50</u>

The lease assets are insured with the insurance company of the council.

The interest rate used for lease assets are the prime rate at the time when the

lease started. The lease agreements makes provision for monthly payment of the instalments with an annually escalation of 15%. Ownership of the assets stays with the provider.

1.2 Reconciliation between the minimum lease payments and their present value.

	Next year	Years 2 through 5	Beyond 5 years	Total
Minimum lease payments	680,055.30	1,534,914.20	-	2,214,969.50
2. CREDITORS				
Provision for leave payments			2,199,866.21	1,340,296.72
Trade creditors			1,577,364.29	402,726.35
Payments received in advance			6,424.09	232,982.49
Funds received and not yet spend			-	223,793.75
Control Accounts			-	33,500.00
Advances from			359,648.83	385,560.96
Total Creditors			4,143,303.42	2,618,860.27
Annual leave provision is based on the total number of leave days due on 30 June, at individual salary values effective on the reporting date.				

3. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government	17,501,023.38	8,162,080.98
Powerline Subsidies	969,203.30	243,650.95
Grant : MIG	1,882,616.79	3,629,227.18
Grant : RDP	5,397.88	5,397.88
Bulk Water Supply	955,439.52	-
Drought Relief Subsidy	17,090.90	17,090.90
Regravelling	29,896.96	-
Ouboks Colesberg	9,392,788.43	-
Project Skietfontein	129,789.42	-
Flood Damage	1,056,709.47	1,453,259.49
Sanitation	384,524.04	1,238,484.77
DGDS	174,556.87	215,184.06
MSIG	400,000.00	400,000.00
Fire Fighting Equipment	471,639.05	328,415.00
Housing	1,631,370.75	631,370.75
Total Conditional Grants and Receipts	17,501,023.38	8,162,080.98

See note 15 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilized.

4. VAT

VAT Payable	(350.68)	-
VAT Receivable	2,562,595.02	820,787.53
VAT (payable)/receivable	2,562,244.34	820,787.53

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date through out the year.

5. PROPERTY, PLANT AND EQUIPMENT

30 Junie 2008

	Land and Buildings	Furniture and Equipment	Council Vehicles	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2007	341,280.01	292,191.02	1,024,952.06	3,891,128.65	5,549,551.74
Cost	1,706,400.00	1,037,751.63	1,936,759.28	6,035,697.48	10,716,608.39
Correction of error (note 32)	-	-	-	-	-
Accumulated depreciation	(1,365,119.99)	(745,560.61)	(911,807.22)	(2,144,568.83)	(5,167,056.65)
Acquisitions	110,000.00	81,775.82	342,882.40	142,747.00	677,405.22
Capital under Construction	7,645,356.03	-	-	-	7,645,356.03
Depreciation	(56,880.01)	(101,379.91)	(310,195.45)	(951,174.40)	(1,419,629.77)
Carrying value of disposals	-	-	-	-	-
Cost/revaluation	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Impairment losses					

Other movements					
Carrying values at					
30 June 2008	8,039,756.03	272,586.93	1,057,639.01	3,082,701.25	12,452,683.22
Cost	9,461,756.03	1,119,527.45	2,279,641.68	6,178,444.48	19,039,369.64
Accumulated depreciation	(1,422,000.00)	(846,940.52)	(1,222,002.67)	(3,095,743.23)	(6,586,686.42)
Refer to Appendix B for more detail on property, plant and equipment.					

30 Junie 2007					
	Land and Buildings R	Furniture and Equipment R	Council Vehicles R	Other R	Total R
Carrying values at					
1 July 2006	398,160.01	252,229.36	403,688.78	1,523,011.10	2,577,089.25
Cost	1,706,400.00	910,613.26	1,050,483.34	2,552,170.48	6,219,667.08
Accumulated depreciation	(1,308,239.99)	(658,383.90)	(646,794.56) #	(1,029,159.38)	(3,642,577.83)
Acquisitions	-	127,138.37	886,275.94	397,585.00	1,410,999.31
Capital under Construction	-	-	-	-	-
Correction of error (note 32)				(872,028.49)	(872,028.49)
Depreciation	(56,880.01)	(87,176.71)	(265,012.66)	(243,380.96)	(652,450.34)
Carrying value of disposals	-	-	-	-	-
Cost/revaluation	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-

Impairment losses					
Correction of error (note 32)				3,085,942.00	3,085,942.00
Other movements					
Carrying values at					
30 June 2007	341,280.01	292,191.02	1,024,952.06	3,891,128.65	5,549,551.74
Cost	1,706,400.00	,037,751.63	1,936,759.28	6,035,697.48	10,716,608.39
Accumulated depreciation	1,365,119.99)	745,560.61)	(911,807.22)	(2,144,568.83)	(5,167,056.65)

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

5.1 Exemptions taken according to the exemptions gazetted in terms of Government Notice

No. 30013 of 29 June 2007:-

- Property, Plant and Equipment (GAMAP 17). Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59 - 61 and 77]
- Property, Plant and Equipment (GAMAP 17). Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Property, Plant and Equipment (GAMAP 17). Impairment of non-cash generating assets. [Paragraphs 64-69 and 75]

(e)(v) - (vi)]

- Property, Plant and Equipment (GAMAP 17). Impairment of cash generating assets. [Paragraphs 63 and 75 (e)(v)-(vi)]
- Impairment of Assets (AC 128) Entire Standard.
- Investment Property (AC 135) The entire standard to the extent that property is accounted for in terms of GAMAP 17.
- Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) - (iii)]
- Intangible Assets (AC 129) The entire standard except for the recognition, measurement and disclosure of the website cost (AC 432) and all other costs were expensed.
- Non-current Assets Held for Sale and Discontinued Operations (AC 142) Classification, measurement and disclosure of non-current assets held for sale. [Paragraphs 6 - 14, 15 - 29 (in so far as it relates to non-current assets held for sale), 38 - 42]

5.2 Transitional Provisions

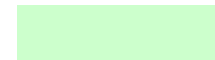
The municipality has taken advantage of the transitional provisions set out in GAMAP 17 as well as adhering to National Treasury's Guidelines as per MFMA Circular No.18 dated 23 June 2005, which state that it is paramount to prepare a process map to obtain infrastructure asset information over a number of years. The municipality will appoint a service provider to develop a detailed roadmap to enable the successful implementation of processes to identify, record, value and manage assets during the next three years. It is expected that an assessment of impairment will be done by 30 June 2009.

The municipality will be fully compliant with all the standards of GAMAP 17 by 30 June 2010.

5.3 Commitments

The amount of R1 494 873,27 were committed in this financial year (Arch M Architect) for the acquisition of Property, Plant and Equipment. This is a capital layout which will be incurred in the next financial year according to contractual agreements (building of new offices). R9 140 229.30 approved less R7 645 356.03 paid.

6. INVESTMENT PROPERTY



Cost
 Less: Accumulated Depreciation
Total Investment Properties

	-	-
	-	-

Investment property are identified. At this stage it is included in the total of property, plant and equipment. A fair value will be calculated and the financial statements will be adapted for the 2008/2009 financial year.

7. INTANGIBLE ASSETS

Cost

Balance 1 July 2007

Acquisitions for the year - At cost

Less: Accumulated Amortisation

Balance 1 July 2007

Amortisation for the year

95,432.02	79,547.53
79,547.53	-
15,884.49	79,547.53
-	-
-	-
-	-

Total Intangible Assets

95,432.02

79,547.53

Council design and develop a website during the 2006/2007 financial year.
The

website were redesigned during the 2007/2008 financial year and therefore no
amortisation for this financial year.

8. INVESTMENTS

Fixed Deposits

-

-

Pledged Investments

-

-

9. LONG-TERM RECEIVABLES

Infrastructure Category B Municipalities

2,306,758.03

2,851,995.90

Car loans

-

79,792.59

2,306,758.03

2,931,788.49

Less: Current portion transferred to current receivables	534,657.98	554,229.53
Car loans	-	69,633.86
Infrastructure Category B Municipalities	534,657.98	484,595.67
Total	1,772,100.05	2,377,558.96
Interest rate : 9.89%		
Monthly Instalment : R61 582.64		
Redemption Date : 2012/03/31		

10. INVENTORY		
Consumable stores	-	-
Total Inventory	-	-
Inventory represent only consumables. There are no other materials in the store.		
11. TRADE RECEIVABLES		
Regional Service Levies	244,321.22	706,853.64
Less: Provision for bad debts	(121,878.55)	(122,099.79)
Total	122,442.67	584,753.85
Levies : Ageing		
Current	20,316.89	56,527.04
30 days	7,494.45	31,291.48

60 days	9,233.23	32,511.82
90 days	16,484.11	152,819.02
+ 120 days	190,792.54	433,704.28
Sub-Total	244,321.22	706,853.64
Less: Provision for bad debts	(121,878.55)	(122,099.79)
Total Trade Receivables	122,442.67	584,753.85
Reconciliation of the bad debt provision		
Balance at the beginning of the year	122,099.79	139,263.10
Contributions to provision	37,363.87	28,892.70
Bad debts written off against provision	(37,585.11)	(46,056.01)
Balance at the end of the year	121,878.55	122,099.79
12. OTHER RECEIVABLES		

Sundries		1,966,042.15	384,585.10
Control Accounts		2,900.00	680,433.61
Advances To		1,997,971.06	-
Total Other Debtors		3,966,913.21	1,065,018.71
13. CALL INVESTMENT DEPOSITS			
Call investment deposits		25,107,467.67	16,760,828.21
The Municipality has the following call investment deposits:-			
Capital Replacement Reserve	6054384570	2,734,995.96	2,641,148.55
Leave reserve	7054384437	379,501.09	425,625.28
Bad debts	9070828558	121,878.55	122,099.79
Powerline subsidy	9119744881		

		969,203.30	243,650.95
MIG	9122853831	1,882,616.79	3,629,227.18
RDP	9122980711	5,397.88	5,397.88
Surplus funds	9123552505	1,002,258.28	5,304,758.28
Drought relieve	9123553763	17,090.90	17,090.90
Flood damage	9162881602	1,056,709.47	1,453,259.49
Sanitation	9162883573	384,524.04	1,238,484.77
PIMS Surplus	9167188786	13,166.44	105,115.33
DGDS	9169486009	174,556.87	215,184.06
MSIG	9174060442	400,000.00	400,000.00
Fire Fighting	9177555141	471,639.05	328,415.00
Housing	9179399983	1,631,370.75	631,370.75
Bulk water supply	9199120859	955,439.52	-
Regravelling	9199123491	29,896.96	-

Ouboks Colesberg	9199458399	9,392,788.43	-
New office buildings	9200487851	3,354,643.97	-
Project Skietfontein	9203426224	129,789.42	-

14. BANK BALANCES AND CASH			
The Municipality has the following bank accounts:-			
Current Account (Primary Bank Account)			
ABSA Bank - De Aar Branch			
Account Number 1850000197			
Cash book balance at beginning of year		555,617.96	372,529.00
Cash book balance at end of year		(681,760.02)	555,617.96

Bank statement balance at beginning of year	1,080,247.73	311,313.16
Bank statement balance at end of year	210,576.59	1,080,247.73
Petty Cash	-	100.00
15 GOVERNMENT GRANTS AND SUBSIDIES		
Grant : Equitable Share	3,916,915.22	2,985,607.00
Grant : Levy Replacement	12,317,073.04	10,777,000.64
Grant : Councillor Remuneration	738,564.74	884,184.36
Grant : FMG	500,000.00	500,000.00
Grant : NEAR	499,971.68	985,585.00
Grant : Environmental Health	38,000.00	36,000.00
Grant : MIG	19,144,937.03	-

Grant : Sanitation	1,648,542.56	-
Grant : Flood Damage	2,221,031.92	-
Grant : O & M Water	572,497.06	-
Grant : Tourism	367,276.40	-
Grant : Power Line Subsidy	1,300,993.47	-
Grant : Project Skietfontein	30,000.00	-
Grant : DWAF	4,744,560.48	-
Grant : National Housing	2,000,000.00	-
Grant : Provincial Housing	15,760,063.47	-
	65,800,427.07	16,168,377.00
Grant : MSIG (PIMS)	1,000,000.00	1,000,000.00
Grant : Roadworks	21,274,743.00	16,069,943.43
Total Government Grants and Subsidies	88,075,170.07	33,238,320.43

15.1 Equitable Share

This grant is used to assist municipalities to provide basic infrastructure and services.

15.2 Levy Replacement Grant

The purpose of this grant is to provide for the lost of income with the abolishment of the RSC levies.

15.3 Councillor Remuneration

To assist municipalities with the expenditure of full time councillors.

15.4 FMG (Finance Management Grant)

Balance unspent at beginning of year

-

-

Current year receipts

500,000.00

500,000.00

Conditions met - transferred to revenue	(500,000.00)	(500,000.00)
Conditions still to be met	-	-

This grant was used to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act.		
15.5 NEAR & Fire Fighting Grant		
Balance unspent at beginning of year	328,415.00	-
Current year receipts	499,971.68	1,314,000.00
Conditions met - transferred to revenue	(499,971.68)	(985,585.00)
Conditions still to be met	328,415.00	328,415.00
This grant was used to maintain effective functioning of the NEAR control		

centre

and provide additional funds for the training of NEAR personnel as well as to deal with fire hazards.

15.6 Environmental Health

Balance unspent at beginning of year

- -

Current year receipts

38,000.00 36,000.00

Conditions met - transferred to revenue

(38,000.00) (36,000.00)

Conditions still to be met

- -

To enhance the municipality to provide a environmental health function in the district.

15.7 MIG

Balance unspent at beginning of year

3,629,227.18 273,439.31

Current year receipts

17,398,326.64 15,936,811.90

Conditions met - transferred to revenue

(19,144,937.03) (12,581,024.03)

Conditions still to be met	1,882,616.79	3,629,227.18
To provide service delivery infrastructure to households in poorer infrastructure areas.		
15.9 Sanitation		
Balance unspent at beginning of year	1,238,484.77	2,997,437.06
Current year receipts	794,581.83	6,257,232.70
Conditions met - transferred to revenue	(1,648,542.56)	(8,016,184.99)
Conditions still to be met	384,524.04	1,238,484.77
To eliminate the use of bucket sanitation in the district.		
15.10 Flood Damage		
Balance unspent at beginning of year	1,453,259.49	3,980,087.46
Current year receipts	1,824,771.09	224,092.27
Conditions met - transferred to revenue	(2,221,321.11)	(2,750,920.24)

Conditions still to be met	1,056,709.47	1,453,259.49
To repair flood damage to gravel roads in the district.		
15.11 O & M Water		
Balance unspent at beginning of year	-	-
Current year receipts	572,497.06	-
Conditions met - transferred to revenue	(572,497.06)	-
Conditions still to be met	-	-
Refurbishment of water treatment works and groundwater management.		

15.12 Tourism		
Balance unspent at beginning of year	-	-
Current year receipts	367,276.40	-
Conditions met - transferred to revenue	(367,276.40)	-
Conditions still to be met	-	-
Compiling of a waste management plan.		
15.13 Power Line Subsidy		
Balance unspent at beginning of year	243,650.95	1,560,139.90
Current year receipts	2,026,545.82	1,494,050.05
Conditions met - transferred to revenue	(1,300,993.47)	(2,810,539.00)
Conditions still to be met	969,203.30	243,650.95
To improve the quality of the electricity network in the district.		

15.14 Project Skietfontein

Balance unspent at beginning of year	-	-
Current year receipts	159,789.42	-
Conditions met - transferred to revenue	(30,000.00)	-
Conditions still to be met	129,789.42	-

To improve the standard of living of the Skietfontein community.

15.15 DWAF

Balance unspent at beginning of year	-	-
Current year receipts	5,700,000.00	-
Conditions met - transferred to revenue	(4,744,560.48)	-
Conditions still to be met	955,439.52	-

Bulk water supply to Renosterberg Municipality.

15.16 National Housing

Balance unspent at beginning of year	-	-
Current year receipts	2,000,000.00	-
Conditions met - transferred to revenue	(2,000,000.00)	-
Conditions still to be met	-	-
To establish a housing department within the municipality.		
15.16 Provincial Housing		
Balance unspent at beginning of year	-	-
Current year receipts	25,152,851.90	-
Conditions met - transferred to revenue	(15,760,063.47)	-
Conditions still to be met	9,392,788.43	-
Ouboks housing project - Umsobomvu Municipality		
15.17 MSIG (Municipal Systems Improvement Grant)		
Balance unspent at beginning of year	-	-
Current year receipts	1,000,000.00	1,000,000.00

Conditions met - transferred to revenue	(1,000,000.00)	(1,000,000.00)
Conditions still to be met	-	-

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To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act, 2000.		
15.18 Road works		
Balance unspent at beginning of year	399,181.97	52,767.43
Acquisitions	-	309,411.08
Current year receipts	21,274,743.00	19,754,888.90
Conditions met - transferred to revenue	(21,673,924.97)	(19,717,885.44)
Conditions still to be met	-	399,181.97
To maintain the infrastructure of the roads network in the municipal area.		

15.19 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act of 2007, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

16. OTHER INCOME

Income from Investments	1,939,249.00	624,401.37
Money Various	590,753.49	219,468.39
Seta Claims	3,780.00	102,111.00
Administration Cost (Roads)	1,498,508.73	1,427,168.43
Administration Cost (MIG)	-	1,702,000.00
Umsobomvu Youth	-	150,000.00
Income from Insurance Claim	30,521.31	24,164.60
VAT - Additional Claim	-	485,586.16
Income - Vorstersdam	4,322.64	8,227.08
Telephone deductions	151,921.14	-
Travel & Subsistence paid back	6,092.45	-

Tender documents	19,750.00	-
Salary deductions	26,947.79	-
Salga	5,792.63	-
Income from surplus	200,000.00	-
Medical Ex-Gratia	326,963.40	-
RSC Levies credits	277,012.87	-
Contribution from Municipalities (Internal Audit)	2,089,572.00	640,000.00
Total	7,171,187.45	5,383,127.03
17. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	7,687,118.15	6,415,759.36
Employee related costs - Social contributions	2,015,556.22	1,392,877.60
Bonuses	537,983.44	454,198.01
Car allowances	957,802.50	630,116.14
Housing benefits	76,083.00	80,763.20
Overtime	133,294.05	137,390.72
Other employee related costs	44,216.40	70,998.28
Total Employee Related Costs	11,452,053.76	9,182,103.31

Remuneration of the Municipal Manager		
Annual Remuneration	525,722.06	534,380.02
Housing subsidy	7,149.00	5,623.00
Bonus	-	37,540.13
Car Allowance	190,644.93	92,612.54
Pension contributions	89,564.40	81,424.04
UIF	1,472.88	1,399.44
Total	814,553.27	752,979.17

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Remuneration of the Chief Financial Officer		
Annual Remuneration	410,096.22	444,378.41
Bonus	31,900.00	32,518.42
Car Allowance	138,679.06	84,000.00
Medical contributions	19,893.60	19,497.60
Pension contributions	69,606.72	70,634.71
UIF	1,472.88	1,399.44
Total	671,648.48	652,428.58

Remuneration of the Chief Audit Executive

Annual Remuneration	443,650.72	418,374.63
Bonus	35,092.00	31,893.44
Car Allowance	82,728.69	84,000.00
Medical contributions	32,428.80	29,901.60
Pension contributions	75,798.72	69,152.99
UIF	1,472.88	1,399.44
Total	671,171.81	634,722.10

Remuneration of the Snr Manager Technical and Infrastructure

Annual Remuneration	365,852.00	341,997.07
Housing subsidy	7,149.00	5,658.00
Bonus	28,721.00	25,698.09
Car Allowance	141,571.26	144,000.00
Medical contributions	24,278.40	21,494.40
Pension contributions	62,037.36	55,772.71
UIF	1,472.88	1,399.44
Total	631,081.90	596,019.71

Remuneration of the Snr Manager Shared Services

Annual Remuneration	456,690.72	428,383.00
Bonus	36,600.00	33,325.00
Car Allowance	132,608.88	60,000.00
UIF	1,472.88	1,399.44
Total	627,372.48	523,107.44

Remuneration of the Snr Manager Support and Social Services

Annual Remuneration	388,820.00	363,717.28
Housing subsidy	-	454.00
Bonus	30,635.00	27,467.00
Car Allowance	143,982.45	144,000.00
Pension contributions	66,171.60	59,687.74
UIF	1,472.88	1,399.44
Total	631,081.93	596,725.46

18. REMUNERATION OF COUNCILLORS

Executive Mayor	350,471.88	334,019.96
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Speaker	280,377.00	266,606.10
Members of the Mayoral Committee	732,822.00	686,628.02
Councillors	558,107.94	506,889.45
Travelling allowances	628,371.73	637,492.64
Medical contributions	-	2,028.00
Pension contributions	-	129,962.83
Total	2,550,150.55	2,563,627.00
In-kind Benefits		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time.		
Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor, Speaker and members of the Council has use of Council owned vehicles for official duties.		

19. INTEREST PAID	
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Long-term liabilities	379,339.94	257,818.47
Bank overdraft	5,858.05	3,692.47
Total Interest on External Borrowings	385,197.99	261,510.94
20. GRANTS AND SUBSIDIES PAID		
To IDP Projects	48,324,136.80	2,719,333.64
Infrastructure paid to Category B Municipality (Redemption)	-	206,883.89
Total Grants and Subsidies paid	48,324,136.80	2,926,217.53
21. GENERAL EXPENSES		
Total General Expenses	6,406,106.23	4,200,087.56
Included in the total general expenses are the following major expenses more than R150 000,00:-		

Consulting Cost	831,927.57	622,420.33
Training	240,971.09	321,732.52
Audit Cost	212,454.85	489,887.02
Printing & Stationary	270,168.40	-
Travel and Subsistence	1,111,455.79	821,506.66
Cellphone & Telephone	838,450.08	499,547.47
Housing Plan	750,000.00	-
Fire Fighting Equipment for Municipalities	233,695.73	-
Implementing Cost	351,373.43	-
Insurance General	217,872.85	179,089.63
	5,058,369.79	2,934,183.63

22. CORRECTION OF ERROR IN ACCORDANCE WITH GRAP 3

During the year ended 30 June 2007, leased assets were not included in property, plant and equipment.

The comparative amount has been restated as follows:-

22.1 Property, plant and equipment

Transfer to property, plant and equipment	-	3,085,942.00
Transfer to accumulated depreciation	-	(872,028.49)
Nett increase in property, plant and equipment (Note 5)	-	2,213,913.51

22.2 Long-term liabilities

Transfer to long-term liabilities	-	(3,085,942.00)
Transfer to accumulated surplus (Redemption previous years)	-	514,036.45
Nett increase in long-term liabilities (Note 1)	-	(2,571,905.55)

22.3 Accumulated surplus		
Transfer from accumulated surplus (Note 22.1)	-	(872,028.49)
Transfer to accumulated surplus (Note 22.2)	-	514,036.45
Nett effect on surplus	-	(357,992.04)
23. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP/GRAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of Gamap 17 (Property, Plant & Equipment), in accordance with GRAP 3.		
23.1 Statutory Funds		
Balance previously reported:-		
Capital Development Fund (See accounting policy para. 4.2)	-	1,760,851.71

Implementation of GAMAP/GRAP:-		
Transfer to Capital Replacement Reserve	-	1,760,851.71
23.2 Loans redeemed and other capital receipts		
Balance previously reported:-	-	6,199,128.14
Implementation of GAMAP/GRAP:-		
Transfer to accumulated depreciation (See accounting policy para. 7.1)	-	3,642,577.83
Transfer to accumulated surplus/(deficit) (see note 23.5)	-	2,556,550.31
Total	-	6,199,128.14
23.3 Provisions and Reserves		
Balance previously reported:-		
Powerline Subsidy	-	1,560,139.90
MIG	-	273,439.31
RDP	-	53,397.88

Drought Relief	-	127,951.10
Surplus Funds	-	1,067,676.29
EPWP	-	52,936.75
Middelburg Road	-	666,100.61
Main Road 803 & 809	-	2,043,202.61
Flood Damage	-	3,980,087.46
Sanitation	-	2,997,437.06
Total	-	12,822,368.97
Implementation of GAMAP/GRAP:- (See accounting policy para. 13.1)		
Transfer to unspent conditional grants and receipts	-	11,754,692.68
Transfer to Capital Replacement Reserve	-	1,067,676.29
Total	-	12,822,368.97

23.5 Accumulated Surplus/(Deficit)		
Implementation of GAMAP/GRAP:-		
Transferred from loans redeemed and other capital receipts (note 23.2)	-	(2,556,550.31)
Total	-	(2,556,550.31)
23.6 Provision for bad debts		
Balance previously reported:-		
Provision for bad debts (fund)	-	20,000.00
Implementation of GAMAP/GRAP:- (See accounting policy para. 10)		
Provision for bad debts (I/E)	-	20,000.00
24. CASH GENERATED BY OPERATIONS		
Net surplus for the year	2,603,926.19	3,008,304.42
Adjustment for:-		
Depreciation	1,418,501.12	652,450.32

Decrease in accumulated funds	-	(3,394.91)
Interest received	(1,684,501.49)	(1,510,049.03)
Interest paid	318,808.99	261,510.94
Operating surplus before working capital changes:	2,656,734.81	2,408,821.74
(Increase)/Decrease in inventories	-	234,801.38
(Increase)/Decrease in debtors	462,311.18	(769,589.58)
(Increase)/Decrease in other debtors	(4,597,973.04)	-
Increase/(Decrease) in conditional grants and receipts	9,338,942.40	(3,592,611.70)
(Increase)/Decrease in investments	-	1,650,012.65
Increase/(Decrease) in creditors	1,478,714.20	(1,238,950.02)
Increase in VAT	350.68	-
Cash generated by/(utilised in) operations	9,339,080.23	(1,307,515.53)

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:-

Bank balances and cash	-	555,717.96
Bank overdraft	(681,760.02)	-
Call investment deposits	25,107,467.67	16,760,828.21
Total cash and cash equivalents	24,425,707.65	17,316,546.17

26. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see note 1)	9,446,929.42	5,423,901.45
Used to finance property, plant and	-	-

equipment		
Sub-total	9,446,929.42	5,423,901.45
Cash set aside for the repayment of long-term liabilities	1,505,821.21	984,278.72
Cash invested for repayment of long-term liabilities	7,941,108.21	4,439,622.73

External loans have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that external loans can be repaid on redemption date.

**27. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL
EXPENDITURE DISALLOWED**

27.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

GOP/IDP

Opening balance	-	-
Unauthorised expenditure current year		-

Approved by Council	1,955,413.27	-
Unauthorised expenditure awaiting authorization	1,955,413.27	-
Incidents		
Unbudgeted expenditure for a bulk water supply project at Renosterberg Municipality. The municipality is only administrating the funds of this project and was not aware of this until it started at the end of the financial year.		
Steps taken		
The actual amount of the expenditure on 30 June 2008 for the project was R4 744 560.48. The expenditure is recovered by an amount received from DWAF during the financial year. (See note 15.15)		

27.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Incident

None

30

Disciplinary steps/criminal proceedings

None

27.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance

-

-

Irregular expenditure current year

-

-

Condoned or written off by Council

-

-

Transfer to receivables for recovery - not condoned

-

-

Irregular expenditure awaiting condonement

-

-

Incident**28. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL
FINANCE MANAGEMENT ACT****28.1 Contributions to
SALGA**

Opening balance

-

-

Council subscriptions

51,564.80

35,769.78

Amount paid - current year	(51,564.80)	(35,769.78)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

28.2 Audit fees

Opening balance	-	-
Current year audit fee	212,454.85	489,887.02
Amount paid - current year	(212,454.85)	(489,887.02)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

28.3 VAT

VAT inputs receivables and VAT outputs receivables are calculated. All VAT returns have been submitted by the due date throughout the year.

28.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	3,512,526.28	2,773,296.30
Amount paid - current year	(3,512,526.28)	(2,773,296.30)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

28.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	5,152,611.55	3,013,288.40
Amount paid - current year	(5,152,611.55)	(3,013,288.40)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

28.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at:-

30 June 2007

None

Total Councillor Arrear Consumer Accounts

Total	Outstanding less than 90 days	Outstanding more than 90 days
-	-	-

30 June 2006

	Total	Outstanding less than 90 days	Outstanding more than 90 days
None	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-
28.7 Non-compliance with chapter 11 of the MFMA			
Fully compliant			
29. IDP PAYMENTS			
Bulk Water Supply		4,744,560.48	-
IWMP		367,276.40	-
Kareeberg Operational Plan		500,000.00	-
HIV Special Project		-	8,096.09
Power Lines		1,300,993.47	-

MIG Projects	19,146,577.38	
O & M Water	572,497.06	-
Project Skietfontein	30,000.00	-
Radio Ulwazi	150,000.00	-
Renosterberg Electricity	650,735.68	-
Sanitation	1,433,396.76	-
Siyathemba Stormwater	175,438.60	-
Flood Damage	2,221,031.92	-
Service of Erven Siyathemba Municipality	-	307,017.54
Crime Prevention	-	19,220.00
D M A Area	375.00	109,500.00
Gender	19,210.21	31,000.00
HIV/AIDS	183,070.09	93,578.13
Innovative Fund	212,188.32	494,150.79
L E D	426,996.49	379,598.00

Tourism	196,325.85	206,267.71
Youth	33,399.62	42,143.42
PIMS Operational Centre	200,000.00	400,000.00
Noupoort Electricity	-	329,449.19
Disability Programmes	-	17,224.00
Cleaning Projects	-	14,508.77
	32,564,073.33	2,451,753.64
This expenditure will be financed from:-		
Grants	32,564,073.33	2,451,753.64
	32,564,073.33	2,451,753.64

30. RETIREMENT BENEFIT INFORMATION**30.1 Pension Fund Contributions**

The District Municipality contributes to the following post retirement funds:-

- Cape Joint Pension Fund
- Cape Joint Retirement Fund
- SAMWU Retirement Fund

These funds are subject to a triennial actuarial valuation.

30.2 Continued Medical Aid Contributions

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pay 70% as contribution and the remaining 30% are paid by the members.

31. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure		
Approved and contracted (See note 5.3)	1,494,873.27	-
Approved but not yet contracted	1,859,770.70	11,000,000.00
	<u>3,354,643.97</u>	<u>11,000,000.00</u>
The expenditure will be financed from:-		
Internal Funding (Own Resources)	-	6,000,000.00
External Loan (DBSA)	3,354,643.97	5,000,000.00
	<u>3,354,643.97</u>	<u>11,000,000.00</u>
An amount of R11m is budgeted for the building of more offices during the 2007/2008 financial year.		
Approved and contracted : Approved R9 140 229.30 less expenditure of R7 645 356.03.		
Approved but not yet contracted : Budgeted R11 000 000 less expenditure R7 645 356.03 less contacted R1 494 873.27.		

32. RELATED PARTY TRANSACTIONS**The Key Management Personnel (Section 57) are:-**

Z Saul	Municipal Manager	814,553.27	752,979.17
B F James	Chief Financial Officer	671,648.48	652,428.58
T A Loko	Snr Manager Support & Social Services	631,081.93	596,725.46
C J B Müller	Chief Audit Executive	671,171.81	634,722.10
H P Greeff	Snr Manager Technical Services & Infrastructure	631,081.90	596,019.71
S A Diokpala	Snr Manager Shared Services	627,372.48	523,107.44

Personnel of the Council contributes to the following retirement funds:-

Cape Joint Pension Fund	88,494.00	80,530.00
Cape Joint Retirement Fund	2,391,843.00	2,176,577.00
SAMWU Retirement Fund	297,442.00	270,672.00

Personnel of the Council contributes to the following medical aid funds:-		
L A Health	353,656.00	321,827.00
Pro Sano	48,096.00	43,767.00
Key Health	166,922.00	151,899.00
SAMWU Med	110,804.00	100,832.00
Payments on behalf of other Municipalities		
Kareeberg Municipality	11,735,537.21	5,266,118.42
Renosterberg Municipality	6,129,140.62	1,891,470.03
Siyathemba Municipality	2,819,723.28	1,555,367.22
Umsobomvu Municipality	2,002,818.24	679,967.77
	<u>22,687,219.35</u>	<u>9,392,923.44</u>

33. CONTINGENT LIABILITY

The Municipality is not being sued by anybody and there are no outstanding legal actions against the Municipality.

34. CONTINGENT ASSETS

The Municipality has no contingent assets.

35. IN-KIND DONATIONS AND ASSISTANCE

The Municipality received no in-kind donations.

36. FINANCIAL RISK MANAGEMENT

The activities of the municipality exposed it to a variety of financial risks, including market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's

financial performance.

(i) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(ii) Interest Rate Risk

The municipality is mainly exposed to interest rate risk due to the movements in long-term debt and short-term interest rates. The risk is managed on an ongoing basis.

(iii) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government.

(iv) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

37. EVENTS AFTER REPORTING DATE

None

38. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

4.2 Auditor General's Report

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF PIXLEY KA SEME DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Pixley ka Seme District Municipality which comprise the statement of financial position as at 30 June 2008, statement of financial performance 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 xx to xx.

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 basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007 (DoRA). 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) (PAA) and section 126(3) of the MFMA, 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 and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on 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. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by National Treasury, as set out in accounting policy note 1.

Basis for qualified opinion

Property, plant and equipment

10. The existence, valuation, rights and obligations and completeness of property, plant and equipment disclosed in note 5 to a value of R12 452 683 could not be confirmed due to the following:
 - The existence of certain assets could not be confirmed due to the absence of information on the identification and the location of the assets.
 - The completeness of property, plant and equipment could not be confirmed as several assets could not be traced to the asset register and assets with values less than R3 000 were not recognised. It was further noted that several assets which are insured, do not appear on the asset register.
 - Disclosures relating to finance leases were not complete as cell phones have not been included as required by IAS 17 (AC 105), This resulted in the liability and asset in respect of the finance lease assets being understated in the financial statements.
 - No alternative procedures could be performed to confirm the existence, valuation and completeness of property, plant and equipment disclosed.

Irregular expenditure

11. Expenditure amounting to R5 492 577 was incurred in contravention of the supply chain management policy and should have been regarded as irregular expenditure and disclosed as such in the financial statements as required by section 125(d)(i) of the MFMA.

Qualified opinion

12. In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects the financial position of the Pixley ka Seme District Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting as set out in accounting policy note 1 and in the manner required by the MFMA and the DoRA.

OTHER MATTERS

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

Internal control

13. 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 qualified opinion					
Property, plant and equipment			X		X
Irregular expenditure			X		X

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.

Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.

Non-compliance with applicable legislation

Municipal Finance Management Act

14. The mayor of the municipality did not table the annual budget at a council meeting at least 90 days before the start of the budget year as required by section 16(2) of the MFMA.
15. The accounting officer did not report on unauthorised, irregular or fruitless and wasteful expenditure as required by section 32(4).
16. Various payments were found to be paid after 30 days from receipt of the invoice from the supplier which resulted in non-compliance with section 65.

Matters of governance

17. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.	X	
• The audit committee operates in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		X
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	X	
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines per section 126 of the MFMA.	X	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		X
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		X
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	X	
• The prior year's external audit recommendations have been substantially implemented.		X
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October	X	

Matter of governance	Yes	No
2007.		
<ul style="list-style-type: none"> The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP. 		X
<ul style="list-style-type: none"> The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008. 	X	

Unaudited supplementary schedules

18. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary information as set out in appendices A and F does not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

I was engaged to review the performance information.

Responsibility of the accounting officer

19. 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

20. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

21. 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 judgement.

22. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

Non-compliance with regulatory requirements

Performance information not received in time

23. I was not able to complete an evaluation of the quality of the performance information as it was not received in time.

APPRECIATION

24. The assistance rendered by the staff of the Pixley ka Seme District Municipality during the audit is sincerely appreciated.

Kimberley

30 November 2008



A U D I T O R - G E N E R A L

4.3 Internal Audit

4.3.1 Executive Summary:

Internal Audit is an independent appraisal function established to examine and evaluate the organizations activities, as a service to the organization. The objective of Internal Audit is to assist members of the organization in the effective discharge of their responsibilities.

The Internal Audit Unit was established, at the Pixley ka Seme District Municipality, to render a shared service to the District Municipality and the eight Local Municipalities, within its area of jurisdiction.

The District Municipality entered into service agreements with all eight of the Local Municipalities and the Local Municipalities contributed an amount of R 95,760 per annum towards the service. The District Municipality subsidised the service to the Local Municipalities, in order to support them in complying with Section 165 of the Municipal Finance Management Act, Act no 56 of 2003.

The audits were carried out in terms of the Standards for the Professional Practice of Internal Auditing. The following actions took place prior to the execution of the audits:

- Drafting and approval of the Audit Committee's Charter
- Approval of the Internal Audit Charter
- Conducting a risk assessment
- Compilation of an Internal Audit Strategic Plan
- Compilation of an Annual Internal Audit plan

Audits were conducted as planned, but in certain instances, by force of circumstance, the Unit had to deviate from its schedule.

As at the end of the 2007/08 financial year, there are still four (4) Local Municipalities which have not yet appointed Audit Committees. Various fruitless attempts were made to persuade them to do so.

The audit year does not correspond with the financial year of the Municipality. For practical reasons the audit year starts in October of each year and ends in September of the following year.

4.3.2 Financial Performance:

The Internal Audit Unit had to render service to nine Municipalities, within the approved budget. Strict budget control was necessary to prevent overspending. Apart from the Personnel expenditure, the actual expenditure on Subsistence and Travelling is the second largest expenditure of the Unit. Proper planning and financial discipline was necessary to render the service, within the budget, without neglecting the quality of the service.

Expenditure Budget	R 2,325,000
Actual expenditure	R 2,296,539
Percentage of budget spent	97.77%

4.3.3 Conclusion

The Internal Audit Unit implemented certain recommendations made by the Auditor-General. This was done in order to increase the standard of service and to add value to the clients. Unfortunately, it has put more pressure on the time available and with the training sessions which were attended; the Unit was not able to complete all the quarterly audits, as planned. All the outstanding audits were completed by the end of July 2008 and the reports were issued.

4.4 Department of Finance

OBJECTIVES	KPI'S	SPECIFIC TARGETS	ACHIEVEMENTS
<u>KPA Nr 1</u> <i>Municipal Transformation and Organizational Development</i>	1). Management of the Department	1). <u>Attendance of meetings:</u> - Management	16 July 2007 1 August 2007 5 September 2008 12 March 2008 HOD meetings often took place during 2007/2008

	2).Implement a Comprehensive Skills Development Plan	1). Departmental Training Programme	<p>The following training programmes were attended.</p> <p><u>Practical Municipal Accounting (UNISA)</u></p> <p>B Wessels (Distinction) H Bossert (Distinction) E Blaauw</p> <p><u>Supply Chain Management (SAMDI)</u></p> <p>R Appies Z Mangaliso E Blaauw</p> <p><u>Principles of Financial Management(IMFO)</u></p> <p>R Appies B Wessels NA Mpawuli H Bossert</p> <p><u>Budget Guidelines (Provincial Treasury)</u></p> <p>B Wessels H Bossert NA Mphawuli DJ Fourie BF James</p> <p>Implementation of</p>
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			<u>Accounting Standards (IMFO)</u> DJ Fourie
		2). Mentoring Programme	Mainly junior staff and learners were trained in-house regarding compilation of orders and invoices, system operation etc.
	3). Implement EE Plan	1). Point of Recruitment Committee	An intern was appointed during 2007/2008 and the CFO formed part of a recruitment committee.
	4). Implement individual career paths for employees.	1). Management of the Individual career opportunities of subordinates.	The CFO was in constant communication with Corporate Services regarding capacity building initiatives and

			would then gear the staff accordingly.
<u>KPI's No 2:</u> <i>Municipal Financial Viability and Management</i>	1). Conduct research on the feasibility of establishing a Financial System	<ul style="list-style-type: none"> - Do a cost analysis and address the availability of funds. - Preparations on findings. - Contracts to be signed by all interested municipalities. 	<ul style="list-style-type: none"> - Renosterberg Municipality was identified as the pilot for 2007/2008. - Putting Renosterberg on the same system as Pixley would cost ± R1,2 million and funding was secured through the DBSA – no loan. - Thembelihle and Umsobomvu Municipalities are being targeted for 2008/2009.
	2). Implement Supply Chain Unit as by the Organisational Structure.	<ul style="list-style-type: none"> - Ensure 100% compliance with SCM Policy. - Advertise post. - Recruitment of qualified staff 	<ul style="list-style-type: none"> - Even though no SCM Unit existed during 2007/2008, the expenditure section ensured the application of SCM regulations - Vacancy of SCM Accountant was advertised during June 2008. - Recruitment to be

			finalized early 2008/2009
	3). Review current early warning system.	<ul style="list-style-type: none"> - Develop the system. - Implement the system. 	<ul style="list-style-type: none"> - The current system was thoroughly implemented - The last two internal audit reports included no expenditure mismanagement
	4). Compliance with the budget process.	<ul style="list-style-type: none"> - Inputs from departments. - Time frames. - Links to IDP. - Draft the budget. - Table concept budget. - Final Budget. 	<p>All relevant inputs were received timeously from all departments and DORA in order for preparatory time schedules to be met.</p> <p>The budget was linked to the IDP – circular 28 assisted in this regard. Concept Budget was tabled at the end of March 2007 and final draft adopted at end of May 2007.</p>

	5). Unqualified audit opinion for 2007/2008.	<ul style="list-style-type: none"> - Quarterly feedback from and response to the Internal Audit. - Financial Statements completed within prescribed time. 	Timeous feedback followed issues/queries raised by Internal Audit and recommendations were implemented. The last two Audit Committee Meetings of 2007/2008 had only \pm 2 items on its agenda. The AFS for 2007/2008 were completed on 21/8/2008 and signed off by the Municipal Manager on 31/8/2008.
	6). Management of SDBIP.	<ul style="list-style-type: none"> - Compilation of SDBIP. - Management of SDBIP. 	<ul style="list-style-type: none"> - The SDBIP for 2007/2008 was compiled and adopted by Council on 10/10/2007. - A mid-year report on the SDBIP for 2007/2008 was submitted to Council as part of the Section 72 Report.
<u>KPI's No 3:</u> <i>Good Governance and Public Participation</i>	1). Assistance and implementation with the Communication Strategy.	<ul style="list-style-type: none"> - Inputs to the relevant department for communication needs. 	The Department played a crucial role in District programmes i.e Council supplies the relevant financial information and statistics to DIGS, IGR etc.

	2). Participation in news letter.	- Part of editorial team. -Input articles for news letter.	The CFO represented the Finance Department on the editorial team and inputs were given regarding articles for news letter.
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4.5 Audit Committee

4.5.1 Executive Summary

The Audit Committee was appointed by Council in terms of Section 166 of the Municipal Finance Management Act, Act no 56 of 2003. The Audit Committee was mandated, by means of an Audit Committee Charter, to execute certain responsibilities. The Charter was approved by the Executive Mayor, the Municipal Manager and the Audit Committee members, at a meeting held on 6 November 2007..

The following members serve on the Audit Committee:

Mr W De Bruin	Chair person
Ms G Goci	Member
Ms C Penderis	Member (Appointed November 2007)
Ms D Fourie	Member

The members of the Audit Committee are independent from the District Municipality and written declarations of interest have been obtained to prove their independency.

During the 2007/2008 financial year, the Audit Committee held 4 meetings. In terms of the Municipal Finance Management Act, the Audit Committee should have at least four meetings per annum.

4.5.2 Audit Committee Responsibility

The Audit Committee reported that it complied, as far as possible, with its responsibility arising from Section 166 (2) of the MFMA. This includes the following:

- a. *Advise the Municipal Council, the Political office-bearers, the Accounting Officer and the Management Staff on matters relating to:*
 - i. Internal financial control and Internal Audits
 - ii. Risk management
 - iii. Accounting policies
 - iv. The adequacy, reliability and accuracy of financial reporting and information
 - v. Performance management
 - vi. Effective governance
 - vii. Compliance with Legislation
 - viii. Performance evaluation

- ix. Any other issues referred to it by the municipality

The Internal Audit Unit issued Internal Audit Reports to the Committee regarding the abovementioned components. Findings which were not resolved by Management were brought to the attention of the Committee. Recommendations made by the Audit Committee were implemented and reviewed by the Internal Audit Unit during follow-up procedures.

- b. *Review the Annual Financial Statements to provide the Council of an authoritative and credible view of the financial position of the Municipality and its overall level of compliance with Legislation.*
The Committee issued a separate report to Council.
- c. *Respond to Council on any issues raised by the Auditor-General in the audit report.*
A separate report was issued in this regard.
- d. *Carry out investigations into the financial affairs of the Municipality, as may be requested.*

No requests for investigations were received from the Municipality.

4.5.3 Risk Management

The Municipality has developed and approved a Risk Management Strategy. This strategy is the foundation for a continuous risk assessment process and for managing and monitoring risk on an ongoing basis. A Risk Management Policy was also approved by Council to ensure that Risk Management receives the necessary attention.

4.5.4 Fraud Prevention Plan and Fraud Response Plan

Both documents were approved and implemented by the Municipality. It should however, be revised on an annual basis to ensure applicability. Although the Municipality has its own documents in place, it should be mentioned that the Department of Provincial and Local Government (DPLG) has appointed consultants to draft a standard Anti-Corruption Strategy and Plan for all Municipalities. As at the end of June 2008, this process was still underway and according to the National Department the end results will be available before the end of December 2008.

4.5.5 Internal Auditing

In terms of the Municipal Finance Management Act, the Audit Committee has the obligation to oversee the operations of the Internal Audit Unit.

The following documents were approved by the Audit Committee:

- The Audit Committee Charter 2007/2008
- The Internal Audit Charter 2007/2008
- The Risk Assessment 2007/2008
- The Internal Audit Strategic Plan (3 Years)
- The Internal Audit Annual Plan 2007/2008

4.5.6 External Auditing

The Office of the Provincial Auditor-General is responsible for the external Audit at the District Municipality. The Audit Committee Charter provides for an open communication channel between the Audit Committee and the Auditor-General. During the 2007/08 financial year, it was not necessary for the Committee to meet separately with the Office of the Auditor-General.

4.5.7 Audit Committee Meetings

The attendance at the Audit Committee meetings was as follows:

Name	Number of meetings held during 2007/2008	Number of meetings attended
Mr W De Bruin	4	4
Ms G Goci	4	4
Mrs D Fourie	4	4
Ms C Penderis (Appointed Nov 2007)	4	2

Ms C Penderis was appointed during November 2007, and could therefore only attend two meetings.

The MFMA stipulates that no Councillor should be a member of the Audit Committee. The Executive Mayor and Mayoral Committee members were invited to attend all the meetings as invitees. It is hereby confirmed that no Councillor serves as a member of the Audit Committee.

The Municipal Manager and the Heads of Departments attended the meetings, in order to respond to concerns raised by the Committee.

The minutes of the Audit Committee meetings were submitted to the full Council, as stipulated in the Audit Committee's Charter.

4.5.8 Matters Requiring Specific Mention

The Committee noted the Auditor-General's qualified audit opinion for 2006/2007 and encouraged Management to implement corrective measures to improve on the concerns raised by the Auditor-General.

The Auditor-General's report on the Performance Management System was discussed by the Audit Committee in detail and the collective opinion was that Management should improve on the Performance Management System.

The Audit Committee members attended the following training sessions, during the specific financial year:

- The Role and Responsibility of Audit Committees
- The Performance Management System.

Chapter 5: Functional Area Service Delivery Reporting

5.1 Department Infrastructure and Technical Services

5.1.1 The objectives for Infrastructure and Technical Services

- Management of Department
- Implement a comprehensive Skills Development Plan
- Implement Employment Equity Plan
- Implement individual career paths for employees

Report on the key performance indicators:

KPI	Baseline information	Progress	Challenges
Management of Department	<p>Attendance of meetings</p> <p>Management meetings</p> <p>Departmental meetings</p> <p>Council meetings + SC</p> <p>Manage absenteeism</p> <p>Attendance of DIGR meetings</p>	<p>Attendance 4/5</p> <p>Attendance 10/10</p> <p>Attendance 5/6</p> <p>A consultation process was followed with supervisors in order to manage personnel absenteeism</p> <p>Control measures e.g. warnings and even disciplinary actions, were implemented</p> <p>Attendance 3/4</p>	<p>Availability of officials due to busy schedules. Sometimes have to send a representative</p> <p>When meetings are postponed officials are not always available</p> <p>Actual record-keeping is a function of support services, but the data to monitor effects is not available</p> <p>Availability of officials due to a busy schedule means that sometimes have to send a representative</p>
Implement a	Departmental training	The training needs were	Accreditation is

- Development of a program for assistance of local municipalities with implementation of infrastructure projects
- 100% of sanitation backlogs to be addressed
- 4000km of gravel road to be bladed
- 100% of schools with acceptable sanitation
- Appointment of service provider for fleet feasibility study to be appointed as from 31 July 2007

KPI	Baseline information	Progress	Challenges
100% of all formal stands to be serviced with water	Water on all formal stands	Water backlogs on all formal stands within Municipalities have been eradicated. A new survey was completed in June and according to the results Municipalities did have unserviced formal stands available and families have now occupied these stands so that there is a new backlog to be eradicated as indicated in Annexure A.	The roll-out of housing projects will address the backlogs on formal stands. There is still a backlog on informal stands as indicated in Annexure A.
To solicit funds from DPLG, DHLG, DWAF, and Treasury	Business plans Meetings	Business plans and submissions were prepared in order to solicit funds for Bucket eradication projects in the District. Meetings were held and attended with relevant stakeholders e.g. DPLG, DHLG and DWAF. An additional R45,5 million was allocated.	
100% of communities in all Municipalities with a serious water shortage to be consulted	Consultative meetings with all municipalities	Water shortages were experienced in Colesberg and Philipstown. Meetings were held with Umsobomvu and Renosterberg Municipalities in order to help solve the problems: <ul style="list-style-type: none"> • Colesberg – the O&M support unit gave guidance and assistance in the preparation of a 	

		<p>Business plan to obtain funds from DWAF in order to replace and refurbish pumps.</p> <ul style="list-style-type: none"> Philipstown – the unit helped organise and install emergency water pump 	
Solicit additional funding for electrifying 90% of all formal stands	<p>Business plans</p> <p>Meetings</p>	<p>Electricity backlog in all Municipalities has been eradicated</p> <p>Officials of the Dept attended the District Energy Forum Meetings where all Municipalities, DHLG, DME and Eskom were represented</p>	
100% implementation of Registered and funded projects	<p>Implementation plan</p> <p>Payment schedule</p> <p>Execution of action plan</p>	<p>Implementation plan was prepared and approved by council. The District Municipality received R564000 for the year which was to fund the Project Management Unit.</p> <p>A payment schedule was prepared and submitted to DHLG for the 2008/09 financial year</p> <p>The Implementation plan included all MIG funded projects within the Local and District Municipalities and the unit assisted some Local Municipalities with the implementation of their MIG funded projects</p> <p>The projects as listed in Annexure B were implemented during 2007/08 financial year.</p>	

		<p>level agreement between DWAF and the District Municipality was signed. The District Municipality is in the process of appointing a service provider in order to compile the tender documentation and manage the project.</p> <p>DWAF allocated R2,9 million to the District to rectify some of the categories. The remainder of the funds will be available during the next financial year. The summary of the findings are indicated in Annexure D.</p>	
	Appointment of a service provider for a fleet feasibility study	<p>A service provider was appointed</p> <p>The following reports were received:</p> <ul style="list-style-type: none"> • Status quo report • Fleet strategy • Fleet evaluation report <p>The report was tabled before council</p>	

5.1.3 Local Economic Development

Although no KPI's were set for the Department the Department contributes to LED through the appointment of SMME contractors within the region. The following SMME's were appointed:

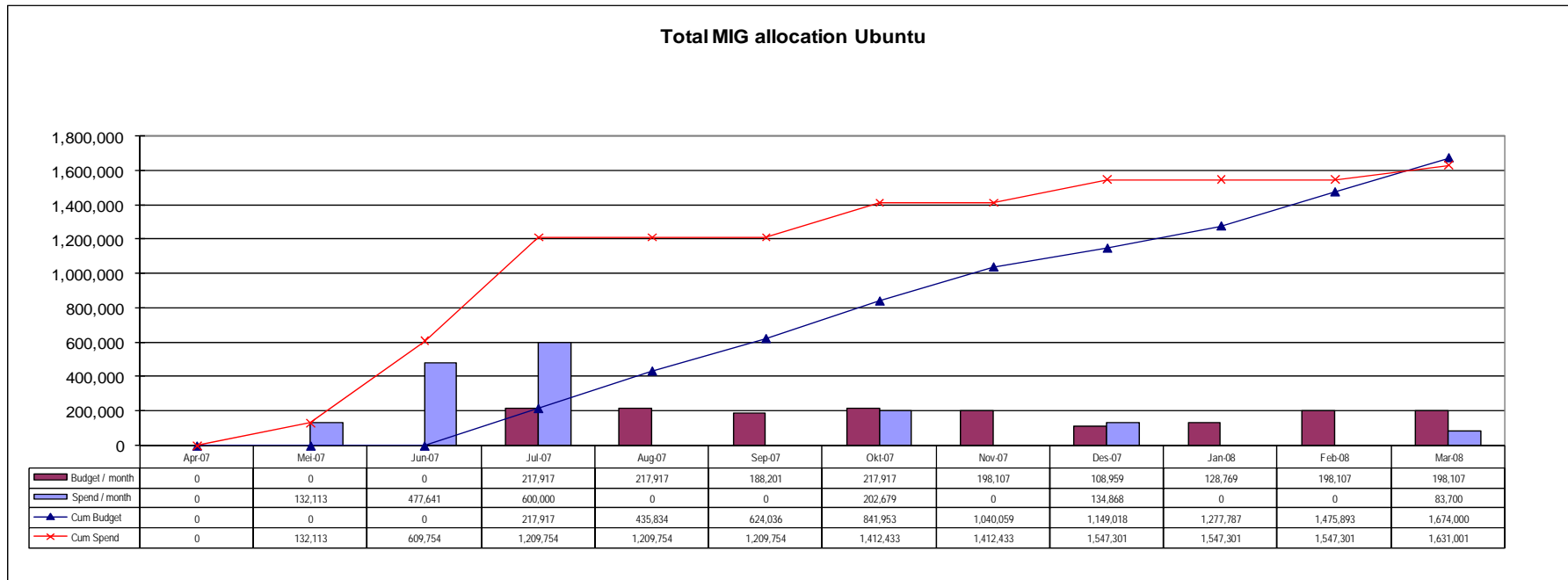
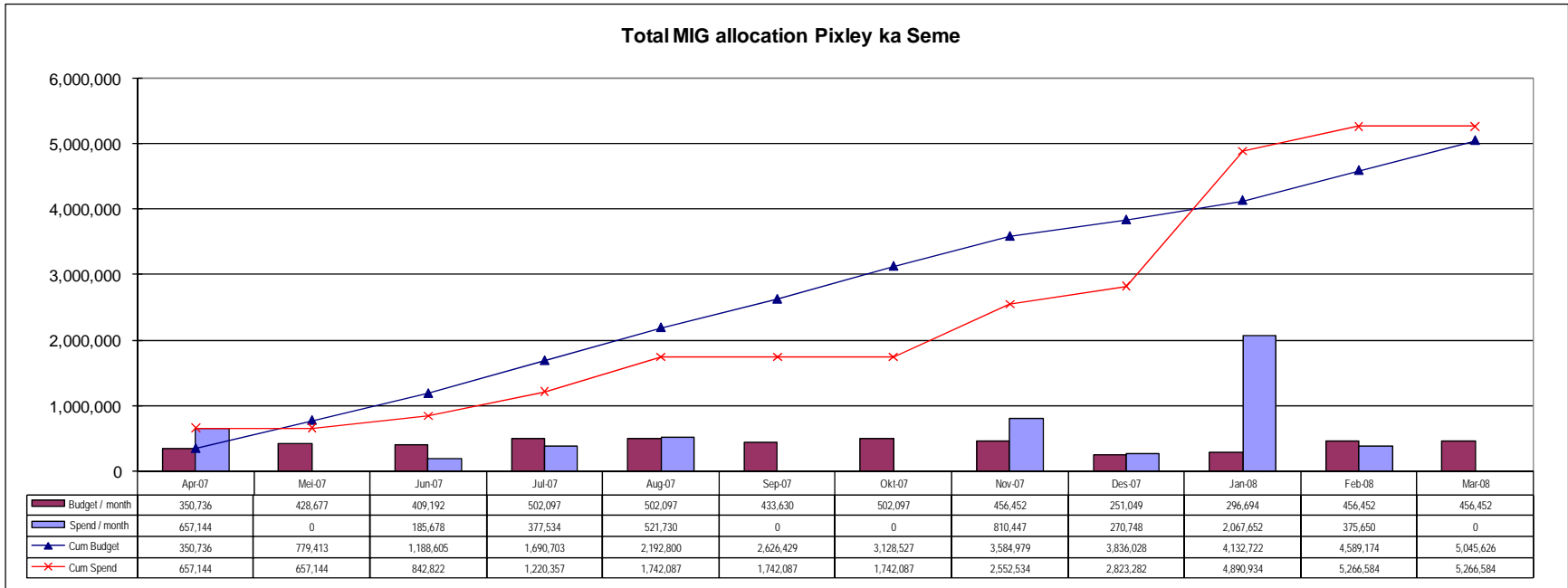
- Siakasa Building and Renovators – Flood damage repair work in Petrusville area
- Bobi Construction - Flood damage repair work in Petrusville area
- Komeng Building and Related Services – Bucket eradication project in Philipstown
- Tamani Construction – Flood damage repair work in Philipstown
- Benwal Construction – Repair toilet structures in Colesberg

5.1.4 Water Backlogs

Municipality	Water backlogs		Sanitation backlogs		Comments
	Formal Stands	Informal Stands	Formal Stands	Informal Stands	
Emthanjeni	0	0	0	58	
Kareeberg	0	115	180	115	BE project currently under construction
Renosterberg	0	0	25	27	
Siyancuma	1501	1174	1248	1032	BE project currently in tender stage
Siyathemba	179	0	94	179	
Thembelihle	113	424	113	324	
Ubuntu	250	129	250	86	
Umsobomvu	22	80	0	80	
Total	2065	1922	1910	1901	

5.1.5 MIG Funded Projects

According to the DORA of 16th February 2007 an amount of R564,000 was allocated for Municipal Infrastructure Projects in the Pixley ka Seme Region for the 2007/08 financial year ending 31 March 2008. An additional amount of R 3,8 million was allocated for Flood damage. The allocation for Ubuntu Municipality is under R2m therefore their allocation is also managed by the District Municipality. In total the District Municipality will receive R2,238m MIG funds for 2007/08. The next graph shows the budgeted amounts against the actual expenditure amounts for Pixley ka Seme and Ubuntu.



Expenditure and Implementation report for each project

The next table shows the planned MIG projects, budget, expenditure and status for the 2007/08 financial year:

PIXLEY KA SEME DISTRICT MUNICIPALITY - MIG PROJECTS BUSINESS PLAN FROM 1 APRIL 2007 UNTIL 31 MARCH 2008																			
Municipality	Project Description	Implementing Agent	MIG Approved Amount	Budget for this financial year	Total Expenditure for this financial year	Balance for this financial year	Percentage Expenditure for this financial year	Total Expenditure for the project	Balance for project	Start date	End date	Progress / Comments	Status & Complete	Job Opportunities				Training	
														Total	# Women	# Youth	# Disabled	Accredited # days	Non Accredited # days
Kareeberg	272: Bonteheuwel Bucket Eradication Project Bulk Network	Kareeberg and Pixley ka Seme DM	9,920,000	11,648,979	5,250,842	6,398,137	45%	5,576,132	4,343,868	01-Jan-08	31-Mar-08	New contractor appointed in November 2007.	45%	40	11	17	0	0	0
Kareeberg	422: Bonteheuwel Bucket Eradication Project Oxidation ponds	Kareeberg and Pixley ka Seme DM	9,135,584	8,523,329	14,425	8,508,904	0%	14,425	9,121,159	01-Oct-07	31-Mar-08	ROD received. Tender for the project was advertised. Appointment not made have to re-advertise	0%						
Kareeberg	317: Carnarvon Upgrading of streets	Kareeberg Municipality	4,424,000	0	0	0	0%	98,152	4,325,848	01-Sep-07	31-Mar-08	Implementation halted due to BE projects (lack of funds)	0%						
Kareeberg	417: Carnarvon Bucket Eradication		20,281,799	20,281,799	0	20,281,799	0%	0	20,281,799	01-Dec-07	31-Mar-08	Contractor appointed - waiting for his acceptance	0%						
Kareeberg	Total MIG allocation Kareeberg	Renosterberg Municipality	43,761,383	40,454,107	5,265,268	35,188,839	13%	5,688,710	38,072,673	01-Jul-07	31-Mar-08								
Renosterberg	86: Petrusville Upgrading of Oxidation ponds	Renosterberg Municipality	3,213,090	0	0	0	0%	2,713,743	499,347	01-Jul-07	30-Sep-07	Project is completed - Retention period	100%	22	6	9			
Renosterberg	273: Philipstown Upgrading of Gravel roads	Renosterberg Municipality	4,208,196	739,000	81,086	657,914	11%	81,086	4,127,110	01-Oct-07	31-Mar-08	Project was registered and is ready to start. Municipality must appoint a foreman to supervise the project.	0%						
Renosterberg	274: Petrusville Upgrading of Solid Waste site	Renosterberg Municipality	2,199,260	300,000	254,940	45,060	85%	254,940	1,944,320	01-Jul-07	30-Sep-07	A Consultant was appointed for the design of the project.	10%						
Renosterberg	544: Vanderkloof/Petrusville Cleanwater supply pipe line	Renosterberg Municipality	12,151,393	8,210,456	502,777	7,707,679	6%	4,443,714	7,707,679	01-Dec-07	31-Mar-08	Tenders for the project closed in December 2007 but no responsive tender was received therefore it was re-advertise in January 2008.	0%						
Renosterberg	439: Philipstown Bucket eradication		990,000	614,327	990,500	-376,173	161%	990,500	-500	01-Nov-07	31-Mar-08	Project is completed - Retention period	100%	34	6	9			
Renosterberg	: Renosterberg Water and Sanitation Masterplan		0	431,544	0	431,544	0%	0	0	01-Jul-07	31-Mar-08	Service provider was appointed - busy with status quo report							
Renosterberg	PMU funding		375,673	375,673	375,673	0	100%	375,673	0	01-Nov-07	31-Mar-08								
Renosterberg	Total MIG allocation Renosterberg	Siyathemba and Pixley ka Seme DM	23,137,612	10,671,000	2,204,976	8,466,024	21%	8,859,656	14,277,956	01-Jul-07	31-Mar-08								
Siyathemba	446: Prieska Upgrading of Sewage works		8,820,300	3,164,800	3,972,989	-808,189	126%	7,565,774	1,254,526	01-Jul-07	31-Mar-08	Project is completed - Retention period	95%	65	8	20	2	5	
Siyathemba	PMU funding		275,200	275,200	0	275,200	0%	0	275,200	01-Jul-07	31-Mar-08								
Siyathemba	Total MIG allocation Siyathemba	Pixley ka Seme DM	9,095,500	3,440,000	3,972,989	-532,989	115%	7,565,774	1,529,726	01-Jul-07	31-Mar-08								
PKS DM	406: Disaster funds Flood damage on Roads	Kareeberg and Pixley ka Seme DM	7,824,482	4,481,626	4,481,626	0	100%	7,824,482	0	01-Apr-07	31-Mar-08	Projects are completed	100%	55	14	12	0	0	0
PKS DM	PMU funding		564,000	564,000	784,958	-220,958	139%	784,958	-220,958	01-Jul-07	31-Mar-08								
PKS DM	Total MIG allocation Pixley ka Seme		8,388,482	5,045,626	5,266,584	-220,958	104%	8,609,440	-220,958	01-Jul-07	31-Mar-08								
Ubuntu	351: Housing Sewer Pump station		858,203	55,393	63,148	-7,755	114%	865,958	-7,755	01-Jul-07	31-Mar-08	Project is completed	100%						
Ubuntu	267: Victoria West Area Lighting	Ubuntu Municipality	600,000	600,000	744,622	-144,622	124%	744,622	-144,622	01-Jul-07	31-Mar-08	Project is completed	100%	4	0	0	0	0	0
Ubuntu	268: Victoria West Upgrading of Solid Waste Site	Ubuntu Municipality	4,987,791	128,084	0	128,084	0%	0	4,987,791	01-Jul-07	31-Mar-08	EIA process is underway.							
Ubuntu	318: Victoria West Eradication of buckets	Ubuntu Municipality	1,596,000	806,823	739,531	67,292	92%	1,528,708	67,292	01-Jul-07	31-Mar-08	Project is completed	100%	64	12	30	0	0	0
Ubuntu	PMU funding		83,700	83,700	83,700	0	100%	83,700	0	01-Jul-07	31-Mar-08								
Ubuntu	Total MIG allocation Ubuntu		8,125,694	1,674,000	1,631,001	42,999	97%	3,222,988	4,902,706	01-Jul-07	31-Mar-08								
0	Grand Total		92,508,671	61,284,733	18,340,818	42,943,915	30%	33,946,568	58,562,104					284	57	97	2	5	0

Photographs of the projects

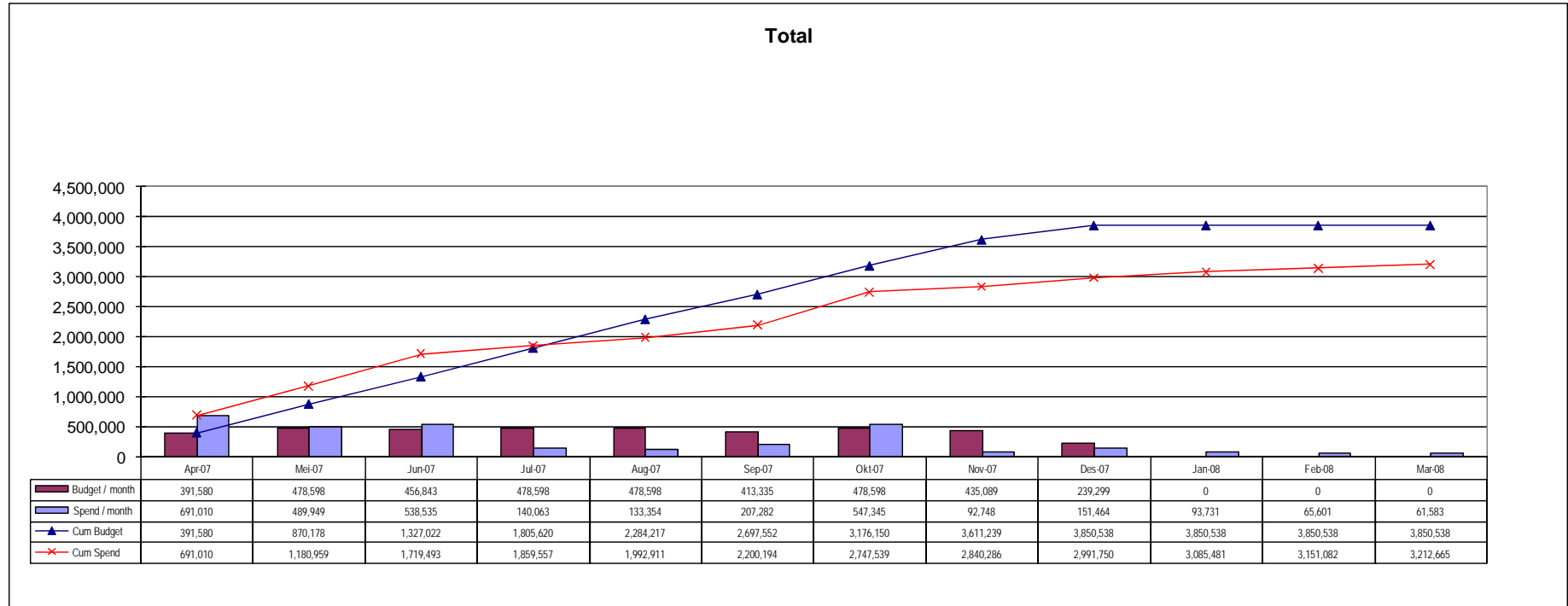
Philipstown Bucket Eradication – New toilet installed

The new and old toilet structures



5.1.6 Provincial Infrastructure Grant (PIG) projects

The Provincial Department of Housing and Local Government allocates R1 million for the 2007/08 financial year for bucket eradication projects in the Pixley ka Seme Region. R2,85 million was carried over from the previous financial year to the new financial year. The next graph shows the budgeted expenditure against the actual expenditure.



5.1.7 Expenditure and Implementation report for each project

The next table shows the planned PIG projects, budget, expenditure and status for the 2007/08 financial year:

PIXLEY KA SEME DISTRICT MUNICIPALITY - PIG BUSINESS PLAN FROM 1 APRIL 2007 UNTIL 31 MARCH 2008																						
Municipality	Project Description	Implementing Agent	Approved Amount	Expenditure up to previous financial year	Unspend funds of previous financial year	PIG funds for this financial year	Budget for this financial year	Total Expenditure for this financial year	Balance for this financial year	Percentage Expenditure for this financial year	Total Expenditure for the project	Balance for project	Start date	End date	Progress / Comments	Status & Complete	Job Opportunities				Training	
																	Total	# Women	# Youth	# Disabled	Accredited	Non Accredited
																	# days	# days	# days	# days		
Thembellihle	Hopetown Construction of VIP's	Thembellihle and Pixley ka Seme DM	1,446,000	575,500	722,406	0	722,406	430,733	291,673	60%	1,006,233	439,767	01-Apr-07	31-Dec-07	Project is completed	100%	40	19	17	0	0	0
Renosterberg	Petrusville Construction of toilet structures	Pixley ka Seme DM	150,000	0	150,000	0	150,000	0	150,000	0%	0	150,000	01-Apr-07	31-Dec-07	Project is completed	100%	12	3	7			
Renosterberg	Philipstown Construction of toilet structures	Pixley ka Seme DM	1,100,000	886,841	300,000	0	300,000	763,560	-463,560	255%	1,650,401	-550,401	01-Apr-07	31-Dec-07	Project is completed	100%	14	2	8			
Siyathemba	Prieska Construction of toilets	Siyathemba Municipality	31,000	0	31,000	0	31,000	30,646	355	99%	30,646	355	01-Apr-07	31-Dec-07	Project is completed	100%	10	2	5			
Umsobomvu	Colesberg Retention funds on sanitation project	Umsobomvu Municipality	200,000	0	200,000	0	200,000	156,358	43,642	78%	156,358	43,642	01-Apr-07	31-Dec-07	Project is completed	100%						
Kareeberg	Vosburg O&M on toilet systems	Kareeberg Municipality	35,000	0	35,000	0	35,000	36,005	-1,005	103%	36,005	-1,005	01-Apr-07	31-Dec-07	Project is completed	100%	10	4	4			
Kareeberg	Bonteheuwel Eradication of buckets project	Kareeberg and Pixley ka Seme DM	4,000,000	2,594,654	742,132	0	742,132	959,389	-217,257	129%	3,554,043	445,957	01-Apr-07	31-Dec-07	All PIG funds are utilized. Project is now implemented with MIG funds	55%	40	19	17	0	0	0
PKS DM	Loan DBSA repayment	Pixley ka Seme DM	3,000,000	431,078	0	1,000,000	1,000,000	738,992	261,008	74%	1,170,070	1,829,930	01-Apr-07	31-Dec-07	Repayment of loan							
Siyathemba	Prieska Upgrading of Oxidation ponds	Siyathemba and Pixley ka Seme DM	670,000	0	670,000	0	670,000	96,982	573,018	14%	96,982	573,018	01-Apr-07	31-Dec-07	Project completed	100%	65	8	20	2	5	
	Total		10,632,000	4,488,073	2,850,538	0	3,850,538	3,212,665	637,873	83%	7,700,738	2,931,262					191	57	78	2	5	0

5.1.8 Photographs of the projects

Hopetown installed VIP's



5.1.9 School Sanitation

Category	Categorising of problem	Number of schools	Responsibility/Funding authority
1	Schools with no water and sanitation	1	DWAF
2	Schools with no sanitation	5	DWAF
3	Schools with no water on site		DWAF
4a	Schools with inadequate sanitation technology		DoE/DoT, R&PW
4b	Schools with inadequate sanitation numbers and existing toilets experience functionality problems	33	DoE/DoT, R&PW
4c	Schools with inadequate sanitation numbers	40	DoE/DoT, R&PW
4d	Schools with 50% and more sanitation functionality problems	12	DWAF
5a	Schools with inadequate water technology (e.g. windmills, hand pumps)	1	DoE
5b	Schools with inadequate water functionality	1	DoE
	Schools with no back logs of which has closed down	17	

5.2 Planning, Implementation and Management Services

5.1.3 Integrated Development Plan

This report covers an account of key performance areas and key performance indicators according to our annual action plan, SDBIP and the strategic plan for 2007/8 as adopted by the Council.

The report also gives an account of experiences or lessons that local municipalities went through during their IDP review process.

5.2.1.1 Integrated Development Plan (IDP) of Pixley ka Seme District Municipality (2008/09)

The District Council IDP strategic document was tabled on 20 May 2008 and it is based on, among other things, the millennium targets and the 5 year Local Government strategic agenda. The document was adopted as a cornerstone at the service delivery in the region for the financial year 2008/9

It is perhaps useful to mention here that the IDP reflects the aspirations of the people that the Council lead, and it is on that notion that the budget for 2008/9 has also been drafted, as the blue print of the Pixley ka Seme people's needs.

The document also informs a critical part of the performance measurement of Pixley ka Seme District Municipality, as it is a contract between the Council and the community regarding service delivery. From this contract a budget and Service Delivery Budget Implementation Plan (SDBIP) for 2008/9 financial year was drawn up. The SDBIP was drawn up to effect the implementation of the IDP and provides the basis for measuring performance in service delivery against end-of-year development objectives and targets and implementation of budget.

As the IDP governs the input of the communities into what happens in the District and Local Municipalities, communities were involved during the drafting of the document through the consultation process

5.2.1.2 Local Integrated Development Plans (IDPs)

Like the IDP of the District Council, the local Integrated Development Plans also set out some strategic agendas and focus for development and service delivery in 2008/9 financial year. The strategic development agendas are premised on five key performance indicators as set out by the Department of Provincial and Local Government. The said five key performance areas are as follows:

- Basic service delivery
- Municipal institutional development and transformation
- Local economic development
- Municipal financial viability and management ; and
- Good governance and public participation

5.2.1.3 IDP Achievements

The IDP documents went through all legislative processes. Municipalities held a number of IDP review forum consultative meetings as provided for by the MSA of 2000 in order to enhance public participation. In some local municipalities the community's participation began at the ward committee level, and in this way feedback from the community was collected and included in the IDP documents. According to my observation all the local municipalities achieved community buy-in of the IDP as communities were involved in the process.

All the IDP documents were adopted by respective Councils as shown in the table below.

2008/9 IDP

Municipality	Date adopted	Council resolution Nr.
Emthanjeny	30/5/2008	Item 8
Kareeberg	06/5/2008	Item 6.12
Renosterberg	23/5/2008	Item 4.2
Umsobomvu	30/5/2008	48/05/2008
Ubuntu	31/3/2008	Item00228
Thembelihle	30/5/2008	Item 27
Siyathemba	30/5/2008	Item 8
Siyancuma	18/6/2008	Item 12.1

Improvements achieved in the 2008/9 IDP process also include the identification of key performance areas, development priorities, objectives, strategies, indicators and all problems affecting the community and all this was taken into consideration.

All the local municipalities submitted their IDP documents to the MEC for Local Government for assessment and comments in terms of the MSA of 2000. On behalf of the MEC, the documents were then assessed and rated by the national and provincial IDP assessment panel based on the five key performance areas that were set by DPLG. The rating ranges from 1 – 5, of which one (1) represented a very poor rating and five (5) a good rating. The outcome of the rating is shown below.

2008/9 IDP Analysis

Municipality	Rating (1 – 5)
Pixley ka Seme District Municipality	
Key performance area	
Service delivery	4
Institutional arrangements	3
Local Economic Development	4

Financial viability	5
Good Governance	4
Ubuntu municipality	
Key performance area	
Service delivery	2
Institutional arrangements	1
Local Economic	1
Financial viability	3
Good governance	1
Kareeberg municipality	
Key performance are	
Service delivery	3
Institutional arrangements	1
Local Economic Development	1
Financial viability	5
Good governance	1
Emthanjeni municipality	
Key performance area	
Service delivery	2
Institutional arrangements	3
Local Economic Development	1
Financial viability	4
Good governance	3
Siyathemba municipality	
Key performance area	
Service delivery	2
Institutional arrangements	2
Local Economic Development	1
Financial viability	2
Good governance	3

Umsobomvu municipality	
Key performance area	
Service delivery	2
Institutional arrangements	1
Local Economic Development	1
Financial viability	3
Good governance	2
Thembelihle municipality	
Key performance area	
Service delivery	1
Institutional arrangements	2
Local Economic Development	1
Financial viability	2
Good governance	2
Renosterberg	
Key performance area	
Service delivery	2
Institutional arrangements	1
Local Economic Development	1
Financial viability	2
Good governance	2
Siyancuma municipality	
Key performance area	
Service delivery	
Institutional arrangements	
Local Economic Development	
Financial viability	
Good Governance	
Siyanda District Municipality	
Key performance area	

Service delivery	4
Institutional arrangements	5
Local Economic Development	2.5
Financial viability	4
Good governance	4
Kgalagadi District Municipality	
Key performance area	
Service delivery	3
Institutional arrangements	1
Local Economic Development	2
Financial viability	4
Good governance	1

Even though the outcome of the assessment is still not very good, I can now confidently say that the local IDP review processes have improved very significantly and this is because of the hard work which has been done by municipalities and all structures involved in the process. On behalf of the Executive Mayor and the District Municipal Manager, I would therefore like to thank all the municipal managers and their officials for a job well done.

In summary, the local Integrated Development Plans for 2008/9 set out to achieve the provision of free basic services, the provision of health services, the provision of roads for the communities, municipal institutional development and transformation, good governance and public participation and local economic development including the eradication of poverty and ensuring job creation opportunities.

5.2.1.4 Activities undertaken by Shared Services Centre

Taking into account our roles and responsibilities, we undertook many activities during this year's IDP review process in order to assist local municipalities in strengthening their IDP documents. The following are examples:

- We drafted the local IDP process plans guiding the entire review process.
- Statistical information on the social and economic profiles of the region and assistance were provided to local municipalities to ensure that their IDP documents were credible.
- Sector plans, such as integrated environmental management programmes and spatial development framework, were compiled and provided to local municipalities. These are required for strengthening the sustainability of local IDP processes.
- The 5 year Local Government strategic agenda as well as the IDP guide formats prepared by DPLG were also given to local municipalities during their review process. The documents serve as a tool to guide IDP review processes so that the plans comply with relevant legislation.
- We guided municipalities with the appointment of service providers who assisted them with the compilation of their IDP documents.

- We attended and participated in all IDP representative forum meetings held during the review process, in order to assist municipalities with the identification of their key performance areas, development priorities, objectives and strategies for 2008/9 financial year.
- We drafted and applied the request for proposals, inviting proposals from service providers who were appointed to assist municipalities in compiling their IDP documents.
- We drafted the Terms of References for the proposed Ubuntu local economic development forum.
- The IDP evaluation framework document was given to municipalities before the engagement session held in Upington in May this year. The document also serves as a tool, or guideline, towards establishing the quality of a credible IDP.
- We created links with the national and provincial departments through the IDP process. The national and provincial departments of environmental affairs and the department of transport are already assisting municipalities with the compilation and implementation of sector plans and other projects.

5.2.1.5 Lessons learned from this year's IDP review process

The District and its 8 local municipalities drafted their 2008/9 IDP documents. Valuable lessons were learnt during the process of putting the plans together, and these will serve as building blocks towards an improved planning tool for the next review process. The following lessons were drawn:

- Linking of planning, budgeting and performance management system (PMS) to enhanced service delivery.
- Inter-Governmental planning needs to be further enhanced for effective inter-three-sphere planning.
- The need for a vibrant public participation structures, i.e. ward committees, NGOs, private sector and departments to strengthen public input into the IDP process.
- The need for better coordination, support and capacity to further ensure attainment of national and provincial imperatives, some of which will continue to be pursued beyond the current term of Council.
- All IDP processes went through a full circle of planning, compiling, public participation, and alignment with budgets identifying from the IDP, those items or development priorities to be addressed in a specific financial year.
- All the service providers who assisted some municipalities were managed by us to ensure that they produce credible IDP documents.
- All the IDP documents we received during the review process were assessed and the comments made were shared with service providers for finalization of the documents.

We are quite confident that these challenges, or lessons, will be dealt with in 2009/10 IDP review process.

5.2.2 Land Use and Land Management

- Assessed and approved building permit applications from local municipalities.
- Assessed and approved applications for change of land use and site subdivisions from developers.
- Inspected new institutional and residential buildings in the main towns for compliance.
- Liaised with DBSA and sector departments to provide funds for the implementation of projects that were identified in local Integrated Development Plans. The Department

of Transport is already assisting Emthanjeni and Umsobomvu municipalities with the development of taxi ranks in De Aar and Colesberg. This project is expected to be implemented in Hopetown and Victoria West in 2008/9 financial year.

- The newly compiled scheme regulations for municipalities and building plan tariffs were given to municipalities. They will be applied to land use control, as required and prescribed in terms of section 36 (1) of the Northern Cape Planning and Development Act of 1998.

5.2.3 Human Resource Management

Objectives set to have been completed	Achievements	Challenges	
<ul style="list-style-type: none"> • Ensure all municipalities have Skill Workplace Skills Plans and submit implementation reports to the LGSETA • Capacity building/ training of officials 	<ul style="list-style-type: none"> • Amendment of Skills Audit for Pixley Ka Seme, Renosteberg, Emthanjeni and facilitate Skills Audits for Siyathemba and Umsobomvu. • Facilitate the compilation and submission of all nine municipalities WSP's in the district and be submitted to the LGSETA. • Assistance in the drafting of district municipal implementation plans from the WSP to be funded by SETA. • Facilitation of the establishment of SDF Forum to discuss capacity problems like trainings and when assistance is needed. • Facilitation of the establishment of the Training Committee by Local Municipalities to outline all training and approve the training and the budget. • Facilitate the compilation of Institutional Plans of Ubuntu and Renosterberg. 	<ul style="list-style-type: none"> • Municipalities are unable to draft their WSP and contracted service providers • Shortage of resources to facilitate more training. • Central 	<ul style="list-style-type: none"> • Facilitate training to empower SDFs in order to draft their Skills Audits and WSPs. • Individual municipal training is to be conducted to ensure they are able to draft their Implementation reports. • Constant training must be

Objectives set to have been completed	Achievements	Challenges	
<ul style="list-style-type: none"> • Implementation of Learnership 	<ul style="list-style-type: none"> • Drafting and assistance of Municipalities with their Learnership application or Business Plan. • Advertisement of Learnership programme • Compilation of contracts of Employment and Learnership agreements • Management of learnership Service Provider • Initiating MFA learnership programme for the district and local municipalities • Coordinating learnerships for all Municipalities in the district. 	<p>coordination of training.</p> <ul style="list-style-type: none"> • Availability of Mentors for MFA learners to coach them. • Monitoring of learnership learners' performance at Local Municipalities. 	<p>conducted and more assistance be given to municipalities.</p> <ul style="list-style-type: none"> • More funds are needed to undertake accredited training according to WSP and to ensure the funds for SETA are used for training as identified in the WSP. • Corporate Service Department coordinates the training • More training and involvement of Assessors to assist in the coordination and monitoring of the programme.

Objectives set to have been completed	Achievements	Challenges	
<ul style="list-style-type: none"> • Building capacity by implementing the MSIG 	<ul style="list-style-type: none"> • We had compiled the District and Local Municipalities Activity Plans that were submitted to DPLG before end of April 2008. • Compiled eight LM activity plans that were submitted to DPLG before June 2008. • Compiled monthly expenditure reports for the District and Local Municipalities. • Monitored the implementation of those activity plans and their municipal expenditure. • Compiled the Service Level Agreement to be signed by both the District and Local Municipalities. • Facilitated the contribution of Shared Service Centre and Internal Audit from MSIG. • Compiled the Service Level Agreements between the District and Local Municipalities in order for auditors to understand why the contribution to SSC. • HR support is in place in those mentioned municipalities in order to empower them. 	<ul style="list-style-type: none"> • Expenditure is not according to the Activity Plans. • Spending of MSIG is moving too slowly. • No compliance in submitting monthly reports. 	<ul style="list-style-type: none"> • Adhere to timeframes of Activity Plans. • Shared Service Centre must be used to assist in the compilation of monthly and quarterly reports.

Objectives set to have been completed	Achievements	Challenges	
<ul style="list-style-type: none"> To ensure an effective corporate service of local municipalities (Renosterberg, Ubuntu and Umsobomvu) 	<ul style="list-style-type: none"> The HR support programmes have also been put in place to ensure a well functional department in those municipalities 	<ul style="list-style-type: none"> Resources to improve the systems and enough staff to undertake those responsibilities. Municipalities to adhere to the Service Level Agreement as will exist for five year. Cooperation from those municipalities. Resource to improve their systems and enough staff to undertake those responsibilities 	<ul style="list-style-type: none"> Designate enough time to this programme and ensure achievement by receiving support from those municipalities. (e.g. establishment of
<ul style="list-style-type: none"> Effective 			

Objectives set to have been completed	Achievements	Challenges	
<p>Personnel Administration in those municipalities: Renosterberg, Ubuntu and Umsobomvu.</p>			<p>functional support service unit within HR department in Renosterberg with limited staff they have with clear responsibilities)</p> <ul style="list-style-type: none"> • Designate enough time for this programme and ensure achievement by receiving support from those municipalities. (e.g. establishment of functional personnel unit within HR department in Renosterberg with limited staff they have with clear responsibilities)

5.2.4 Legal Services

NO	MUNICIPALITY	CASES/OTHER	CHARGE	PROGRESS TO DATE
1	Pixley ka Seme DM	Pixley ka Seme/ Security Regulator Pixley ka Seme/G. Theron	-The municipality was charged with 8 counts for employing unqualified security. -Unfair Labour Practice	According to the Act, each count carries R10 000-00 fine but we settled the matter and paid R6 000-00 on all charges. -Arbitration Still Pending
2	Emthanjeni	Emthanjeni/Rachel Arnolds	-Fraud	The accused was found guilty and given a fine and a suspended sentence.
3	Siyathemba	Siyathemba/Kortje	Unfair Deductions	Arbitration Still Pending
4	Ubuntu	S v Ubuntu/Bostander	Reckless Driving	Arbitration Still Pending
5	Umsobomvu	Umsobomvu/ BJ Kapp -Umsobomvu/G Reed &Others	Unfair Demotion and Unfair Labour Practice Unfair Dismissal	Arbitration Still Pending Arbitration Still Pending
6	Thembelihle	Thembelihle/DR Davids Thembelihle/ Saayman E	Constructive Dismissal Gross insubordination	The municipality won the matter at the arbitration but Ms Davids took the matter to Labour Court and outcome still pending. DC still pending
7	Kareeberg	Kareeberg/Rate	Refusing to pay rates	Still Pending

		Payers Assoc		
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5.2.4.3 Other Cases

Most of the cases conducted as a legal unit already reflect in the report of the LR. There are a number of contracts and legal opinions that we have given from time to time to the District and Local municipalities. Some of those include the request that the Renosterberg Council be allowed oral representation about the prospect of a successful prosecution of the then Municipal Manager and CFO on the 9th July 2007.

We have been requested also by the Thembelihle Municipality to show cause as to why we are of the opinion that Mr Saayman should be charged for gross insubordination for refusing to sign fixed term contract as was decided by the council and this was also viva voce opinion in the council meeting. We are also handling the civil case of one of our drivers from Technical Dept where we have been cited as Second Respondent in which he was involved in a motor collision with another driver. The most notable contracts are the Memorandum of Understanding at Umsobomvu where three parties are involved, e.g. Dept of Housing & Local Government, Pixley ka Seme Dm and Umsobomvu Local Municipality, in a very big project called Ouboks Development project and PPP at Emthanjeni Municipalities which is also a huge project consisting Buffer Zone Properties CC, DBSA and Emthanjeni Municipality. This Tripartite Agreement is one of its kind where Buffer Zone cc will develop the land and sell affordable houses to people who are employed and assist them to obtain funds from the bank.

There were other cases from above municipality notably Emthanjeni Municipality v.s Councillor J Oberholzer & B Van Staden and other legal opinion based on contractual dispute, labour dispute, civil etc. In Kareeberg, there have been a few disputes we attended to; the most recent one being the dispute between the rate payers association and the municipality. This is still outstanding. We are also involved in the same dispute (as in Kareeberg) at Umsobomvu Municipality. We have won almost all our cases but have also lost some, for example the waste that occurred in Philipstown where the Renosterberg municipality had to pay an amount R280 000-00 (Two Hundred and Eighty Thousand Rand) in damages caused by a sewage overflow which caused the death of livestock on a neighbouring farm. We have highlighted only the most important cases.

5.2.4.4 Law Library

Because a poorly prepared, badly researched, case presentation is utterly detrimental to each of our municipalities, our clients and the people in our districts, we have invested in an up-grade Law Library. This library has an on-line facility with full access to information from the internet, and we feel that this is an excellent investment. For any further information relevant to this report, please feel free to contact the legal unit.

5.2.4.5 Other Cases

These have been addressed in the report of the LR. There a number of contracts and legal opinions that we have, from time to time given to the District and Local municipalities. The most notable contracts are the Memorandum of Understanding at Umsobomvu and PPP at Emthanjeni Municipalities.

5.2.4.6 Disciplinary Hearings Progress Report as From July 2007 to June 2008

The following covers all disciplinary cases that have been handled by this office since July 2007 till June 2008. Some of these cases are still outstanding as we are awaiting the verdict by the presiding officers or have been postponed due to a request from the defence.

EMPLOYEE NAME	CHARGE	DATE	PRESIDING OFFICER	PROSECUTOR	VENUE	VERDICT	STATUS
Mandisa Mbayise	Gross Dishonesty	Nov 2007	Kevido	X.Z.C Ngcongco (L.R.O)	Pixley	Forfeited salary for few days	Complete
Desirey Jansen	Being under the influence of alcohol or intoxicating substance	Nov 2007	SS Thiso (PMS Legal Practitioner)	X.Z.C Ngcongco (L.R.O)	Pixley	Guilty Written warning valid for six months. Referral for counseling	Referrals for counseling still outstanding
Mangaliso Mthini	Caused damages to employers property	Nov 2007	SS Thiso (PMS Legal Practitioner)	X.Z.C Ngcongco (L.R.O)	Renosterberg Municipality	Not guilty	Complete
C September	Being under the influence of alcohol or intoxicating substance while as on duty	Nov 2007	SS Thiso (PMS Legal Practitioner)	X.Z.C Ngcongco (L.R.O)	Pixley	Guilty Written warning valid for six months.	Complete
Francis Seherie	Theft	Jan 2008	D. Bobbejaan	X.Z.C Ngcongco (L.R.O)	Umsobomvu Municipality	Guilty Dismissed	Complete
George Reed	Theft	Feb 2008	D. Bobbejaan	X.Z.C Ngcongco (L.R.O)	Umsobomvu Municipality	Guilty Dismissed	Complete

Piet Hugo	Being under the influence of alcohol or intoxicating substance while on duty Caused malicious damage to employers' property Caused malicious damage to third party vehicle	Apr 2008	M W Gathogo	X.Z.C Ngcongco (L.R.O)	Umsobomvu Municipality	Guilty Final written warning Referred for rehabilitation, Both the employer and the employee will account for rehabilitation cost equally The employer will pay an amount of R500 as cost for total damages caused on the third party vehicle for a period of 36 months as from end of Aug 2008 till completion.	Referral for rehabilitation still outstanding, Deduction for an amount of R500 per month for a period of 36 months still outstanding for the cost of the third party damaged property
Jim Motume	Being under the influence of alcohol or intoxicating	Apr 2008	M W Gathogo	X.Z.C Ngcongco	Umsobomvu Municipality	Guilty. Final written	Referral for Rehabilitation

	<p>substance while on duty.</p> <p>Neglecting duty assigned to him</p>			(L.R.O)	lity	<p>warning valid for six months,</p> <p>Referral to Rehabilitation centre,</p> <p>The employer and employee to account for rehabilitation cost equally shared,</p> <p>Demotion for three months from being a foreman to a labour .</p>	<p>programme complete,</p> <p>One month outstanding on demotion period.</p>
Themba April	Being under the influence of alcohol or intoxicating substance while on duty.	Apr 2008	M W Gathogo	X.Z.C Ngcongco (L.R.O)	Umsobomvu Municipality	<p>Guilty</p> <p>Final written warning on neglecting duties assigned to him, and on being under the influence of alcohol while on duty valid for</p>	Referred for Rehabilitation programme complete,

						<p>six months,</p> <p>Referral to Rehabilitation centre,</p> <p>The employer and employee to account for rehabilitation cost equally</p>	
Isak Meyer	Theft	Apr 2008					Resigned
B Webb	Being absent from work without leave or permission without good cause	Apr 2008	SS Thiso(PMS Legal Practitioner)	X.Z.C Ngcongco (L.R.O)	Pixley Ka Seme Tech services	Guilty Written warning	Complete
K Webb	Being absent from work without leave or permission without good cause	Apr 2008	SS Thiso(PMS Legal Practitioner)	X.Z.C Ngcongco (L.R.O)	Pixley Ka Seme Tech services	Guilty Written warning	Complete
Mxolisi Sibeko	Theft , Caused damage to employers property	May 2008					Resigned
Mxolisi Sibeko	Theft , Caused damage to employers property	May 2008					Resigned
Jacob Mthini	Being under the influence of alcohol or intoxicating	Jun 2008	M W Gathogo	X.Z.C Ngcongco (L.R.O)	Pixley Ka Seme Tech	Guilty	Complete

	substance while on duty				Service		
L Neels	Theft Gross dishonesty	Jun 2008	SS Thiso(PMS Legal Practitioner	X.Z.C Ngcongco (L.R.O)	Prieska Municipality	Outstanding	Outstanding
P Tyalithi	Theft Gross dishonesty	Aug 2008	Gary Botha	X.Z.C Ngcongco (L.R.O)	Prieska Municipality	Not Guilty	Complete
M Basson	Theft &Fraud, Dishonesty, Absentism, Disobeying lawful and reasonable order.	Aug 2008	Gary Botha	X.Z.C Ngcongco (L.R.O)	Prieska Municipality	Dismissed	Complete

5.2.4.7 Challenges

- Lack of knowledge by the employees on policies, rules, laws applicable to them in terms of all work related issues e.g. Disciplinary Code Procedure, Eating, Drinking smoking policies and Basic Conditions of Employment Act.
- Lack of notification signs on municipal premises e.g. No smoking within the municipal premises, signs showing smoking and eating areas which have been provided within the municipal premises.
- Lack of proper control systems, mainly at the finance department.

5.2.4.8 Recommendations

- Notices, policies rules and laws in regard to labour issues, among others, should be made available in the gallery, main passages, as well as common areas in the municipal buildings.
- A Memo and Brief should be issued to all employees, notifying them of all policies Law, rules etc in the gallery.
- Attached to the brief or memo, a list of employee's names should be made available for all employees to sign acknowledgement of such notices.
- Pasting of non smoking signs at all main entrances, common areas and other visible areas. Smoking area for employees should be declared.
- Municipality with traffic department should introduce a policy whereby all funds payable in relation to the traffic services should be paid at such municipalities' main offices and a receipt produced and issued to the payee. The payee should then present such receipts to the Traffic Department for the services to be rendered.
- This is to try to eradicate the movement of funds from one office to the other within a long distance which exists in most municipalities, between the Traffic Department and the main offices e.g. Prieska Municipality.

- In the Finance Department, particularly at money holding areas, receiving areas, as well as the processing areas surveillance cameras systems should be installed to enhance and increase security.
- Funds within the municipal systems should be well accounted for i.e. the person in possession should sign to acknowledgement of possession. In the case of transfer of such funds, the transferee should acknowledge receipt from the transferor, until such money is banked or moved out of the municipal system.
- The money receiving points within municipal systems should remain open up until 14:30.
- This will enable the official in charge of processing and banking, to have adequate opportunity to bank such monies before the banks closes at 15:30.

Designated and specific employees should deal with municipal funds at all time; this is to enhance and promote accountability and responsibility in regard to movement of funds within municipal systems.

5.2.5 Performance Management Systems

No	Activity	Action	Progress to Date
1	New regulations <ul style="list-style-type: none"> • Working session on Regulations and interpretation thereof 	Workshops with Municipalities	Workshops on the regulations and interpretations were held at all local municipalities with the Council and the Senior management. This action took place at the District Municipality with Senior management only PMS was also work-shopped with the members of the Audit Committees in place during 2007/08 financial year
2	Establishment of structures at municipal level <ul style="list-style-type: none"> • PMS Audit Committee • Evaluation Panel 	Assistance with Establishment Prepare submission if necessary alert the Councils on who needs to be involved in the Evaluation Panel	Municipalities were alerted to the establishment of the PMS Audit Committees and most Municipalities decided that the normal Audit Committee would also act as the Performance Audit Committee Municipalities were also alerted to the appointment of the 2 Evaluation panels for the Municipal Manager and Direct Reports and municipality were assisted with the Council Submissions
3	Updating of the Scorecard <ul style="list-style-type: none"> • KPAs • Objectives • KPIs • Performance Targets • Target Dates 	Workshop Supporting Documentation: Departmental Annual Reports, Strategic Planning Session Report, Scorecard 07/08	Municipalities were assisted with the completion of their municipal scorecard and performance plans for the administration. Some municipalities however had a problem bringing this phase to a close. This meant that not all the local municipalities completed the process of signing their performance agreements, but the PMS Division of the Shared Services Department completed all

No	Activity	Action	Progress to Date
			<p>scorecard for the following municipalities:</p> <p>Pixley ka Seme DM</p> <p>Emthanjeni</p> <p>Kareeberg</p> <p>Ubuntu</p> <p>Umsobomvu</p> <p>Siyathemba</p> <p>Thembelihle</p>
4	<p>Scorecard</p> <ul style="list-style-type: none"> • Compiling a scorecard for 2007/08 taking into cognizance: <ul style="list-style-type: none"> ○ IDP ○ SDBIP ○ Budget • Community participation 	<p>Assistance with Compilation</p> <p>Advertising</p> <p>Submission to Council</p> <p>Adoption by Council</p>	<p>This was a process where the Division assisted municipalities to compile, advertise and submit to Council.</p> <p>Municipalities however failed to comply fully with the standards as set by the AG. The Division was hampered in that it could only assist and not prescribe to, municipalities.</p> <p>Community participation was the largest problem at all municipalities. There were no definite structures established for community participation</p>
5	<p>Performance Agreements</p> <ul style="list-style-type: none"> • Performance Agreements • Performance Plans • Personal Development Plan 	<p>Assistance with preparation of Agreements and Plans</p> <p>Facilitate the signing of agreement</p>	<p>Performance agreements, including performance plans and personal development plans were compiled for the abovementioned municipalities, but the formal signing of these documents was a challenge especially at local level. Some of these documents were only signed in the latter half of the financial year</p>
6	<p>Implementation</p> <ul style="list-style-type: none"> • Monitoring and review 	<p>Monthly Progress Report from Municipality</p>	<p>Monitoring was a problem because local municipalities delayed the previous processes and this meant that monitoring and review was very difficult. The division however constantly followed the process up and was able the report on this process to its peers on a regular basis</p> <p>Because this process was a challenge during</p>

No	Activity	Action	Progress to Date
			this financial year, the division decided to take a another approach for the next financial year
7	Annual Reporting <ul style="list-style-type: none"> • Council • MEC • Minister 	Assistance with the completion of mid-year and year- end compilation of report	No midyear reports were done by the municipalities as some contracts were not signed by December and some municipal scorecards had not been approved by then. Municipalities are currently busy compiling year-end reports and at this stage we cannot comment on that

5.3 Municipal Transformation and Institutional Development

5.3.1 The Development of Policies, By-Laws And Procedures

Policy development is critical in any organization. Policies are there to give guidance to officials to carry out their responsibilities in a certain way. Pixley Ka Seme District Municipality is no exception. Policies also need to be continuously reviewed so as to ensure that they are still relevant and that they keep pace with all developments within the municipality

The following procedures and policies were developed, or revised, by the Municipality during this period.

- i) Subsistence and travelling policy
- ii) Fleet Management policy
- iii) Delegation of Powers and Functions
- iv) Promotion and Succession planning policy
- v) Property rates policy
- vi) Health and Safety policy
- vii) Supply Chain Management policy

5.3.2 Morale and Team Building within the Municipality

A positive morale within the workforce of the institution is central if the institution is to achieve its strategic objectives. In order to ensure that the staff morale is high within the institution, a number of activities were organized by the department.

- ◆ An annual year end function was successfully coordinated by the department. During this event recognition was given to the model employee of the municipality.
- ◆ Netball and soccer teams were established by the municipality and they play against other corporate teams. This is a huge morale booster and keeps workers healthy.

- ◆ The HR division, as part of its information sharing, held meetings with all departments and information over a wide range of issues was given to workers. During these sessions workers were also given the opportunity to meet with officials of HR division.
- ◆ During these meetings personnel of the institution were also familiarized with the approved policies, collective agreements and procedures of council.

5.3.3 Implement Performance Management Systems

Section 57 of the Municipal Systems Act provides for the establishment and implementation of performance management systems for the Section 57 employees by all municipalities. All section 57 Managers including the Municipal Manager signed their performance contracts for this period. Not much success was achieved regarding the coaching sessions as only one informal coaching session was conducted.

5.3.4 Strategic Planning Session

A successful strategic management session was held during April 2008. The aim was to review the targets of the municipality and create new targets for the remainder of the year.

5.3.5 Property and Asset Management

5.2.1.3 Buildings

Progress on the construction of the new building is behind schedule, although the contractor undertook that occupation of the building could take place during the latter part of 2008.

The completion of the new building will also address the shortage of office space currently experienced by the municipality.

Carports have been erected for use by the personnel and council vehicles.

All rental agreements are in place and payments are continuously monitored to ensure that rentals are up to date.

The section is also responsible for the management of the assets of the municipality and must ensure that the property is kept safe and in a good condition.

5.2.1.4 Motor Vehicles

Currently most of the vehicles of the council are in a fairly good condition except for the Condor silver Tazz, Mazda 626, and the Mercedes Benz. These vehicles each average 180 000 kilometres. Provision should be made for the replacement of these vehicles.

Two new Nissan 1400 LDV's were purchased, mainly for use by EHP's.

5.2.1.5 Vorstersdam Farm

Two close corporations have been established on the farm by the Department of Agriculture. The aim is to ensure organised farming activity, which will ensure market viability

Lease agreements have been entered into with the close corporations for a further period of five years

Neighbouring commercial farmers are assisting the emerging farmers of Vorstersdam by sharing their farming knowledge and experience.

5.4 Good Governance and Public Participation

5.4.1 Development and Maintenance of the Municipal Website

The municipal website was developed and is up and running. The only challenge that the municipality faces is the lack of internal capacity to continuously update the website. Currently this function has been outsourced but problems are still experienced. The position of IT specialist has been advertised and it is hoped that the appointment will address this problem.

5.4.2 Administrative Support

The necessary logistical support is given to Council and Mayoral Committee through council minutes, agendas and other tasks, as requested and expected from the department from time to time.

The municipality assisted a number of municipalities during this period where a lack in managerial or financial management capacity manifested itself.

5.4.3 Communication Strategy

A workshop facilitated by GCIS was held and GCIS is in the process of finalising the strategy on behalf of the municipality

The objectives for the section are:

- Assistance and implementation with the communication strategy
- Participation in newsletter

Report on the key performance indicators:

KPI	Baseline information	Progress	Challenges
Assistance and implementation with the communication strategy	Inputs to the relevant Department for communication needs Develop own departmental communication plan	Requests regarding communication needs were communicated during the management and HOD meetings. A departmental communication plan was developed and consists of a strategy and action plan.	

Participation in newsletter	Part of editorial team Input articles for newsletter	The Manager Infrastructure and Tech. Services represent the Department and form part of the editorial team. Items were discussed at management level and submitted regularly for the newsletter	
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5.5 Other Functional Areas

5.5.1 The Establishment of an Effective and Efficient Disaster Management Unit

The aim of the disaster management centre is to co-ordinate and organizes all the available resources during a disaster or an emergency within the region.

The Centre is operational and functional. It handles on an average 1456 calls over a period of 30 days.

The disaster management framework for Pixley Ka Seme DM has been reviewed and a draft document has been compiled and will be submitted to council for adoption.

No volunteer training programme could take place due to lack of funds

5.5.2 Municipal Health

Pixley ka Seme District Municipality has accepted the responsibility in terms of the National Health Act, 2003 (Act 61 of 2003) regarding the rendering of Municipal Health Services.

5.5.2.1 Environmental Health Service Delivery Plan

The EHSDP was constituted and it informs all the programmes of the EHP's.

Three Environmental Health Practitioners (EHP's) were recruited and appointed during this period so as to render Municipal Health Services in the region.

5.5.2.2 Authorization

In order for the EHP's to function, application for authorisation had to be submitted to the National Minister of Health. The authorization under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972) was granted.

5.5.2.3 Services Rendered

5.5.2.3.1 Water Quality Monitoring

The following services are rendered by the EHP's:

Water quality monitoring is done once a month to all municipalities so as to ensure that water quality is not compromised. However some municipalities are not taking the minimum number of water samples as required by law.

NB: It should be borne in mind that municipalities themselves are responsible for the taking of water samples. Ours is only to monitor water quality.

The table below indicates water sampling by municipalities:

No. of Water Samples/Population Ratio

NAME OF MUNICIPALITY	NO. OF SAMPLES PER MONTH												Total 07/08	POP.	Min Req/Year SANS 241
	Jul 07	Aug 07	Sept 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	June 08			
Siyancuma	-	-	-	-	-	-	4	22	-	9	7	11	53	35809	120
Kareeberg	4	4	4	4	4	4	3	8	4	4	4	4	51	9436	24
Ubuntu	-	5	-	2	5	3	3	8	4	4	4	4	42	16376	36
Siyathemba	-	-	-	-	-	-	-	4	1	8	8	5	26	17513	36
Thembelihle	-	15	-	9	5	5	14	9	5	5	6	5	78	13936	36
Renosterberg	10	9	9	10	10	10	10	18	10	10	10	10	126	9069	24
Umsobomvu	7	-	7	3	7	7	4	13	-	5	7	7	67	23640	36
Emthanjeni	8	9	8	9	9	9	-	13	9	9	13	12	108	35549	120
Total No. of Samples	29	42	28	37	40	38	68	98	32	55	68	57	592	164603	408

5.5.2.3.2 Food Control

All food handling premises are inspected at least bi-monthly and those that comply with the minimum standard as set out in the regulations are issued with certificates of acceptability.

Waste Management

Waste disposal sites are inspected continuously so as to ensure that toxic waste is not disposed of in ordinary waste disposal sites. The majority of municipalities do not comply with legislation in terms of the management of their waste sites.

The table below indicates the state of the waste sites in the different municipalities:

Waste Site Status Quo in Pixley ka Seme District Municipality

MUNICIPALITY	NO. OF WASTE SITES	LICENSED (In terms of Section 20 of the Env. Conservation	IN THE PROCESS OF LICENSING	COMPLY WITH THE MINIMUM REQUIREMENTS FOR LANDFILL SITES

		Act)		
RENOSTERBERG	3	No	No	No
KAREEBERG	3	Yes (Carnarvon Only)	Van Wyksvlei Vosburg	No
SIYATHEMBA	3	Yes (Prieska Only)	No (Niekershoop and Marydale)	No
EMTHANJENI	3	No	No	No
SIYANCUMA	3	No	No	No
THEMBELIHLE	2	No	No	No
UBUNTU	3	No	No	No
UMSOBOMVU	3	Yes (Colesberg and Noupoot)	No (Norvalspond)	No

5.5.3 Housing

5.5.3.1 Accreditation

The process of accrediting municipalities to perform housing functions is well under way in Pixley ka Seme District Municipality. The Provincial Department of Housing and Local Government consider us to be in a position to become the first fully accredited municipality for level one accreditation and to be in line for level two. This will hopefully happen before the end of November 2008.

5.5.3.2 MOU's and SLA

The MOU for the accreditation has been signed and submitted to the Department of Housing and Local Government: a tripartite agreement with the Department of Housing and Local Government and Umsobomvu Municipality for the Ouboks project has also been signed.

A consultation process has been initiated with all category B municipalities in the region, except Emthanjeni Municipality. The draft SLA is being circulated for comments - internally at first and will be forwarded to all the concerned municipalities at a later stage. To finalise the process of service level agreements these should be signed by all our municipalities by the end of October 2008.

5.5.3.3 Housing Plan and Policies

A draft housing plan has been drafted and is currently with the service provider so as incorporate the comments of the share Services Centre. The final draft will be tabled before council in due course.

Our policies are in the process of finalization. To some extent these were dependent on the housing plan to be drafted for the district as we now need two policies, namely the Housing Allocation policy and the Emergency Housing Assistance policy. The Housing allocation policy

needs to be supported by a Beneficiary Management Procedure and the drafts are now ready for circulation and comments before being sent to council for approval.

We have also embarked on a broad housing research data base process, where each household has been surveyed to identify the total needs of the District. This information also needs to be captured on the national database, but the process is now being delayed by the registration and training of the data capturers.

5.5.3.4 Projects

The District Municipality is already very much involved in the Ouboks Project which is an Informal Settlement Upgrade Program (ISUP). This is a massive housing development providing for a 2345 housing unit development project in Umsobomvu Municipality, Colesberg and it has been given presidential status.

The township establishment has been completed and the installation of services is underway. A number of contractors were appointed to install these services and Pixley ka Seme District Municipality is the developer. The district municipality has also submitted an application to DBSA for a loan so as to ensure the rapid implementation of this project, which is in the process of being upgraded to cater for the bulk services.



The area of development was a Greenfield

The site has been divided into four phases and the installation of services has been underway with two of the four contractors already handing over their sites to the municipality



The two completed phases which have been handed over are now ready for the construction of the top structures, hence the advertising of tenders for the construction of houses. This tender closed on the 15th of August 2008.

In all the above-mentioned project phases we attended regular monthly project site meetings and once a quarter we attended a project steering committee meeting under the chairpersonship of the Department of Housing and Local Government.

We are now increasing our involvement in all housing projects in the Region, and this is being done with the cooperation of the district office of Housing in preparation for our full accreditation and the eventuality of us taking over the housing functions and the projects in the Pixley ka Seme District Municipality's jurisdiction. We are already playing a role in all housing projects in the Umsobomvu municipal area.

5.6 Annual Performance Report

5.6.1 Introduction

The report is made in terms of the Performance Management System of Pixley ka Seme District Municipality and the Local Government: Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (Municipal Performance Regulations) or (MPR)

5.6.2 Legislative Framework

The following are conditions attached to the award of a bonus to an employee for outstanding performance as prescribed by legislation.

Affordability

Section 38 of the Municipal Systems Act requires a municipality to establish a performance management system which is commensurate with its resources. The Municipal Performance Report, in section 8, makes affordability to the municipality a condition for bonuses to be paid to senior managers.

Period Permissible to Award a Performance Bonus

The Municipal Systems Amendment Act restricts the award of bonuses to employees to a period of a financial year.

The Tabling and Adoption of the Annual Report By Council

A third condition is that a performance bonus can only be paid after the Annual Report for the year under review has been tabled and adopted by Council. At this point of the municipal business cycle, the Auditor General has had an opportunity to express an opinion on the municipality's financial statements and the municipality's planning and performance management systems.

It is also at this stage in the business cycle that the Oversight Committee of Council has had an opportunity to make recommendations to Council on the Annual Report in terms of section 129 of the MFMA.

The Annual Report content, process and resultant Oversight Report is a fairly accurate indicator of overall performance of a municipality over a particular year.

Performance Evaluation

The fourth condition is for a credible performance evaluation or assessment process in terms of the section 26 and 27 of the MPR.

Council Approval

The fifth condition is that the Evaluation or Performance Assessment Report and the awarding of bonuses must be approved by Council.

Percentage Limit

A Performance bonus is capped at 14% of the all-inclusive remuneration package in terms of section 32 of the MPR.

5.6.3 The 2007/08 Financial Year Performance Evaluation

The 2007/08 Performance Evaluation took place between the 29th of September 2008 and the 01st of October 2008. A service provider was contracted to ensure strict adherence to legislation, transparency between contracting parties and, as an outside party, add to the legitimacy of the process.

A workshop was held first before individual senior managers' assessments could take place to ensure that all senior managers are familiar with applicable legislation and the process and procedure of assessment.

5.6.4 Employees Evaluated

The report covers the annual performance assessment for the 2007/08 of the following employees

NAME	DEPARTMENT
1. Mr. B.James	Chief financial Officer
2. Mr. T. Loko	Support and Social Services
3. Mr. H. Greef	Infrastructure and Technical Services
4. Mr. S. Diokpala	Shared Services
5. Mr. K. Miller	Chief Audit Executive
6. Mr. Z. Saul	Municipal Manager

5.6.5 Evaluation Procedure and Criteria

Procedure

Each senior manager was required to compile a portfolio of evidence supporting their performance against key performance indicators agreed to with the municipality in their signed performance agreements.

Employees were also to indicate their own self-scores against the total weighting for each KPI in the performance agreements based on their performance.

The scores were then confirmed with the Municipal Manager in case of section 57 managers and with the Executive Mayor in the case of the Municipal Manager based on their satisfaction with the evidence submitted.

Criteria

The assessment criteria consists of two components with a weighting of 80:20 allocated to key performance areas (KPA) and core competency requirements (CCR) requirements respectively.

80% of the score is the main area of work. Assessment will be based on performance in terms of outputs and outcomes linked to KPAs agreed to in the performance plan.

20% of the score is based on CCR that are deemed to be the most critical for the employee's specific job and agreed to during contracting.

Key Performance Areas

The KPAs are modelled according to the 2006-2011 Local government Strategic Agenda.

- Basic Service delivery;
- Municipal Institutional Development and Transformation;
- Local economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation;

Core Managerial and Occupational Competencies

CCRs are selected according to a specific field of a Senior Manager from the following list required by Regulations.

- Strategic capability and leadership;
- Programme and project management;
- Financial management (c);
- Change management;
- Knowledge management;
- Service Delivery Innovation;
- Problem solving and analysis;
- People management and empowerment (c);
- Client orientation and customer focus (c);
- Communication;
- Honesty and integrity;
- Policy implementation within national policy frameworks;
- Knowledge of PMS and Reporting;
- Global and local political and economic context;
- Policy conceptualization, analysis and implementation;
- Knowledge of multiple municipal fields or discipline;
- Mediation skills;
- Governance skills;
- Self management;
- Competence as required by other national line departments;
- Creativity to improve the functioning of the municipality

5.6.6 Synopsis of Evidence

Chief Financial Officer

Purpose	To manage and control all financial functions of the municipality so that the future effectiveness of Council services, programmes and operations is ensured in a sustainable way. These functions include accounting, budgetary control, cash receipts and disbursements, payroll, financing, banking, investment and risk management.
Signed PA	Yes
No of KPAs	3 KPAs: Municipal Transformation, Municipal Financial Viability and Good Governance and Public Participation.
No of KPIs	12
Evidence of Performance	Yes
No of Core Competency Requirements	8
Overall Performance	10 out of 12 KPIs and 8 out of 8 CCR achieved.
Comments	<ul style="list-style-type: none"> ▪ Although not fully achieved, a financial system is currently being established in Renosterburg. The next two years will see a roll-out in the rest of the district. ▪ An audit opinion of the AG has not been received yet.

Support and Social services

Purpose	To lead and direct the Support and Social Services Department so that the municipality is provided with an efficient and effective support services in relation to Human Resources, Legal, Administration, Information Technology and Social Services.
Signed PA	Yes
No of KPAs	3 KPAs: Municipal Transformation, Infrastructure and Service Delivery and Good Governance and Public Participation.
No of KPIs	16
Evidence of Performance	Yes
No of Core Competency Requirements	10
Overall Performance	13 out of 16 KPIs and 10 out of 10 CCR achieved.
Comments	<ul style="list-style-type: none"> ▪ The job evaluation process is stalled at the Bargaining Council level. ▪ Although an Institutional Plan was not achieved, all elements of the plan exist. ▪ Similarly, all elements of a Communication Plan exist and

	must just be consolidated into one document.
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Infrastructure and Technical Services

Purpose	To lead and direct the Infrastructure and Development Department so that the municipality is provided with efficient services in relation to mechanical, technical, road maintenance and infrastructure.
Signed PA	Yes
No of KPAs	3 KPAs: Municipal Transformation, Infrastructure and Service Delivery, Good Governance and Public Participation.
No of KPIs	16
Evidence of Performance	Yes
No of Core Competency Requirements	11
Overall Performance	16 out of 16 KPIs and 11 out of 11 CCR achieved

Comments	<ul style="list-style-type: none"> ▪ District deliverables KPIs should be separated from Support deliverables to B municipalities. ▪ Infrastructure development plays a significant role in LED and LED KPIs should be included in the next PA
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Shared Services

Purpose	To lead and manage the Planning Department so that an appropriate plan exists and the urban environment is managed and regulated through the plan and to assist local municipalities in the development of human resource, performance management and integrated development planning functions.
Signed PA	Yes
No of KPAs	2 KPAs: Municipal Transformation and Good Governance and Public Participation.
No of KPIs	19
Evidence of Performance	Yes
No of Core Competency Requirements	8

Overall Performance	18 out of 19 KPIs and 8 out of 8 CCR achieved
Comments	<ul style="list-style-type: none"> ▪ Some KPIs were activities that could be clustered under fewer KPIs ▪ The PMS support to local municipalities does not include all the core components of a PM System

Chief Audit Executive

Purpose	Internal audit is responsible for the overall functioning of the Internal Audit Department so that the audit function fulfils the purpose and responsibilities established in the Audit Charter, resources are efficiently and effectively employed and the audit work conforms to the standards for the professional practice of internal auditing.
Signed PA	Yes
No of KPAs	3 KPAs: Municipal Transformation and Organisational Development, Municipal Financial Viability and Good Governance and Public Participation.
No of KPIs	10
Evidence of Performance	Yes

No of Core Competency Requirements	8
Overall Performance	10 out of 10 KPIs and 8 out of 8 CCR achieved.
Comments	<ul style="list-style-type: none"> ▪ Although all 10 KPIs haven achieved, 33 out of 36 audits were done and 32 out of 36 audit reports were submitted for the district and all local municipality at the end of the financial year. ▪ Another weakness in the system was the non existence of an audit Committee in 4 out of the 9 municipalities in the district.

Municipal Manager

Purpose	Overall strategic leadership of the municipality
Signed PA	Yes
No of KPAs	5 KPAs: Municipal Transformation, Infrastructure Development and Service Delivery, Local Economic Development, Municipal Financial Viability and Good Governance and Public Participation.
No of KPIs	An aggregate of all senior managers' KPAs and KPIs.
Evidence of	

Performance	Yes
No of Core Competency Requirements	9
Overall Performance	Performance significantly above expectations
Comments	<p>Overall achievements of the municipality</p> <ul style="list-style-type: none"> ▪ Premier Service Excellence Awards- GOLD. ▪ Provincial VUNA Award, Category C Municipalities. ▪ Provincial VUNA Award LED. ▪ Provincial VUNA Award Credible IDP.

5.6.7 Management of Evaluation Outcomes

Overall Rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

The rating Scale for Key Performance Areas and Core Competency Requirements are as follows.

Level	Result	Description
5	Outstanding performance	Performance far exceeds the standard expected at this level. The employee has achieved above fully effective results against all performance criteria and KPIs as indicated in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.

4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The employee has achieved fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year
3	Fully Effective	Performance fully meets the standards expected in all areas of the job. The employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Performance not fully effective	Performance meets some of the standards expected for the job. The employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable Performance	Performance does not meet the standard expected for the job. The employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

Section 32 of the regulations determines the criteria for managing the results of performance evaluation in order to determine the bonus payable to each employee. The scale in the table below guides the determination of bonuses to be paid to employees for outstanding performance.

Level	Final Score	Bonus %
0	130% & Less	0%
1	130%-134%	6%
2	135%-139%	7%
3	140%-144%	8%

4	145%-149%	9%
5	150%-154%	10%
6	155%-159%	11%
7	160%-164%	12%
8	165%+	14%

Performance Scale and % Bonus payable

Overall Rating

The overall rating achieved for the Key Performance Areas and Core Competency Requirements were then converted into a scale of 1 to 5. 1 representing unacceptable performance, and 5 representing outstanding performance as outlined above.

NAME	DESIGNATION	KPA Scores	CCR Scores
Mr B James	Chief financial Officer	96%	100%
Mr T Loko	Support and Social Services	96%	100%
Mr H Greef	Infrastructure and Technical Services	96%	100%
Mr S Diokpala	Shared Services	94%	100%
Mr K Miller	Chief Audit Executive	96%	100%

Mr Z Saul	Municipal Manager	96%	100%
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Performance Assessment Scores

The converted KPAs and CCR scores are as follows:

NAME	DESIGNATION	KPA SCORES	CONVERTED SCORE	CCR SCORE	CONVERTED SCORE
Mr Z Saul	Municipal Manager	96%	4.8	100%	5
Mr B James	Chief financial Officer	96%	4.8	100%	5
Mr H Greef	Infrastructure and Technical Services	96%	4.8	100%	5
Mr S Diokpala	Shared Services	94%	4.7	100%	5
Mr K Miller	Chief Audit Executive	96%	4.8	100%	5
Mr T Loko	Support and Social Services	96%	4.8	100%	5

Converted scores

5.6.8 Final Scores and % Bonus

The following are the final scores and bonus percentages payable on the employees total remuneration packages.

NAME	DESIGNATION	Evaluation Scores	% Bonus payable
Mr Z Saul	Municipal Manager	161%	12%
Mr B James	Chief financial Officer	161%	12%
Mr H Greef	Infrastructure and Technical Services	161%	12%
Mr S Diokpala	Shared Services	158%	11%
Mr K Miller	Chief Audit Executive	161%	12%
Mr T Loko	Support and Social Services Municipal Manager	161%	12%

5.6.9 General Recommendations

The following recommendations are made to improve the municipality's Performance Management System.

2.1 Performance Agreements must be reconfigured to:

- Set proper baseline information for each KPI;
- KPIs to be input, output and outcome based;
- Quarterly performance targets should be set as a mirror of performance targets of the Technical SDBIP.

5.6.10 Conclusion and Recommendation to Council

Council approves the Performance Evaluation Report and authorise the payment of performance bonuses as recommended.