



FOREWORD BY THE MAYOR

The 2008/09 financial year will go down in the annals of history of this municipality as the year of consolidation of our focus to the important matters of seeking to improve the lives of our people for the better. This is so because in the previous two financial years a firm foundation was laid by the development of policies, systems, processes and procedures to set the municipality on a path to an effective and efficient organization capable of discharging its responsibilities and mandate.

The challenges facing the municipality, like other municipalities across the length and breadth of the country, are daunting; the tasks to be performed are complex but one thing certain is that victory over them is guaranteed.

It is true that when the difficulties of the mountains have been overcome, it is only then that we realise the difficulties of the plains. The migration from what was described as an archaic financial management system to a new one, hailed as being responsive to the legislative demands imposed by the Municipal Finance Management Act, stimulated a false expectation that all the financial management woes plaguing the municipality were going to disappear into the dustbin of oblivion. This was never to be as new challenges attributable to the new system itself arose; these ranged from insufficient expertise of the staff members to make maximal use of the system to a corrupted data generated by the system.

These challenges and numerous others that have not been mentioned here above have resulted in a negative audit opinion being expressed on the financial management and administration of the municipality by the auditor general.

Notwithstanding, all of these challenges and others not alluded to above there are significant successes to the credit of the municipality. These are, amongst others,:

- Unblocking and completing housing projects that had blocked for a long time;
- Construction of the Joe Gqabi Community hall;
- Acquisition of plant and equipment for road maintenance ;
- Construction of a new cemetery with 17 000 grave sites;
- Regraveling of the streets in Jamestown;

These achievements and many others not mentioned would not have come to fruition had it not been for the co-operation, assistance and support of the business association, rate payers association, Agricultural

associations, service providers, other stakeholders and individuals who made it their business to support their municipality. For this reason we are grateful to all of them.

The role played by the ward committees, council and its structures and employees who, throughout the year, ensured that our community received decent municipal services. We are indeed indebted to them and wish to sincerely thank them.

Z.E.Pungwani

Mayor



A. PROGRAMME PRIORITIES BY THE MUNICIPAL MANAGER

The 2008/09 financial year saw the municipality building and consolidating on the foundation laid in the previous financial years. Necessarily, some of the projects whose implementation commenced in 2007/08 financial year were completed in the year under review.

In its quest to improve service delivery within its jurisdiction and to pursue developmental objectives it set itself, the municipality achieve most of the targets outlined in its SDBIP (Service Delivery and Budget Implementation Plan). Hereunder are some of the priorities that were set in the SDBIP and achieved:

- Adoption of the anti-fraud and corruption policy, strategy and plan to promote the culture of good corporate governance
- Improving information dissemination within the municipality by producing internal and external newsletters;
- Promulgation of by-laws to instil the rule of law within the municipal jurisdiction;
- The adoption of the performance management policy as a guide to ensure that the municipality is enabled to manage performance of its employees;
- Development of a risk assessment profile and action plan;
- Construction of a new cemetery with 17 000 grave sites in Dukathole;
- Renovation of Jamestown Library;
- Completion of the housing projects that had blocked ; these are Dukathole 1218, Aliwal 300, Hilton 89
- Construction of Joe Gqabi Community Hall;
- Resurfacing and regravelling of Hilton and Jamestown streets
- Construction of road side walks in Broadway street in Dukathole;

- Procurement of plant and equipment for road construction (Tipper truck, TLB, Grader)
- Installation of electricity in 300 houses in the newly established area, area 13.
- Successful implementation of Municipal property rates by completing General valuation roll.
- Implementation of a Financial Management System, Sebata

The list enumerated above is not exhaustive but represents a selection of major targets that were set and achieved during the year under review.

There was a marked deviation between the budgeted and actual revenue which resulted in the variance of R 22 million (9.6% of the budgeted revenue). Whilst the budgeted revenue was R 93, 4 million, the actual revenue generated was R 84 465 257. The actual expenditure was R 86 152 126 resulting in a deficit of R 1 686 869. This deficit was offset against the accumulated surplus.

Within its limited resource base the municipality identified the following as the priorities for the 2009/10 financial year:

- Acquisition of land for the extension of Joe Gqabi to implement Breaking the new ground housing development model;
- Development and implementation of the public participation strategy;
- Development of communication and marketing plan;
- Facilitate the implementation of the newly approved housing projects;
- Finalisation of the Local Economic Development strategy;
- Acquisition of additional plant and equipment to maintain roads and collect refuse;
- Construction of ward 3 community hall and fencing thereof;
- Tarring of the Joe Gqabi bus route;
- Address storm water challenges facing Dukathole, Joe Gqabi and Hilton.

Lastly it is imperative note that this Annual report has been prepared in line with the prescribed format.

Mcebisi Nonjola

MUNICIPAL MANAGER

OVERVIEW OF THE MUNICIPALITY

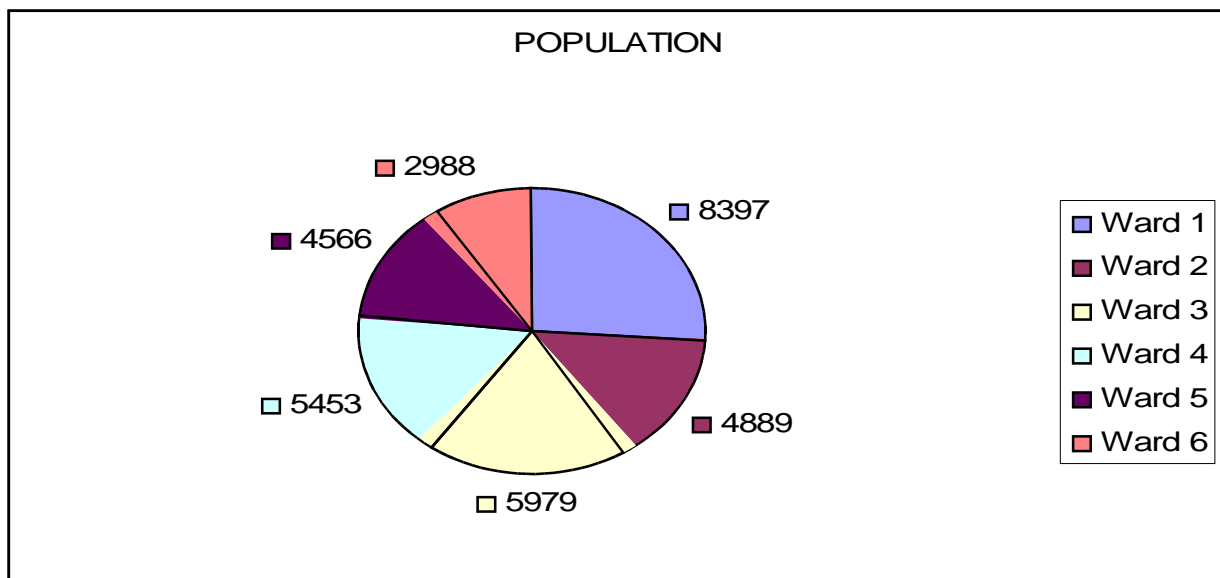
LOCATION

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

As a town on the N6 artery, it is a gateway into and out of the Eastern Cape. Aliwal North is the major town of the municipality and an economic hub of the Ukhahlamba District.

POPULATION DISTRIBUTION AND COMPOSITION

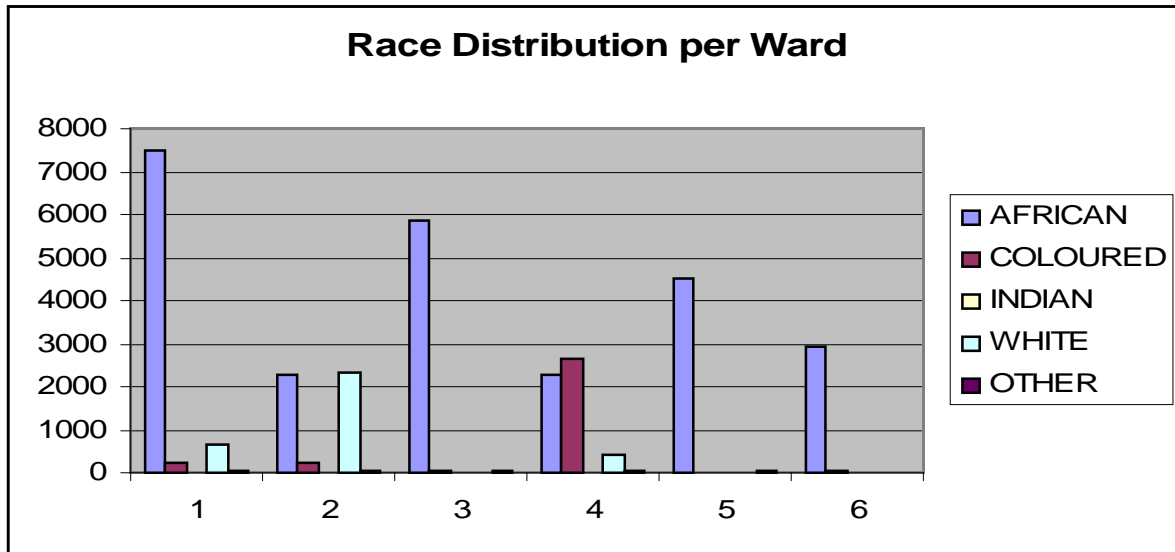
Population distribution: WARD



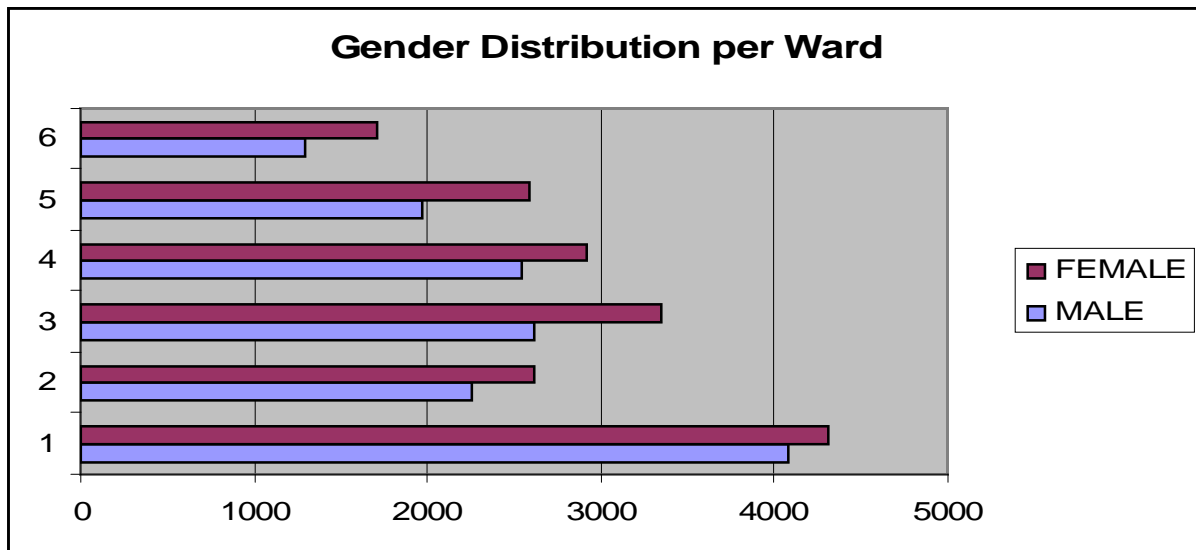
- According to the revised population estimates based on the community survey 2007(Statistics South Africa, 2007), the Maletswai Local municipality has a population of approximately 42 846(compared to the 2001 census estimate of 37 307) people residing in 11 444 households (Compared to 9 487 households in terms of 2001 census). This population accounts for 13.89% of the total population residing in the Joe Gqabi District, making it the second least populated local municipality in the district after Gariep.
- The largest population (26 %) of Maletswai is concentrated in Ward 1, Jamestown and neighboring farms. Jamestown was a municipality on its own under the Cape Administration until it amalgamated with Aliwal North to form Maletswai Local municipality.

- Ward 6, Dukathole, Block H 1 and area 13, has the smallest population (9%). This picture will change once Area 13 housing project is completed.
- Wards 2,4 and 5 are almost of the same size in terms of population size.
- The provision of middle- high income houses in ward 2 and the completion of Joe Gqabi Housing project will, of necessity, lead to increase in the population size of this ward.

Population composition : RACE



Population composition: Gender



DEVELOPMENT INDICATORS

Human Development Index

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

Annual Household Income

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

Literacy

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

Education Levels

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

Unemployment

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

Skills Levels

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

Formal Sector Employment

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

Informal Employment

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

ECONOMIC INDICATORS

Gross Geographic Product (GGP)

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

SERVICE INFRASTRUCTURE

Water and Sanitation

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

TELEPHONES AND ELECTRICITY

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

TRANSPORT

Roads, Railways and Airfield

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

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

A. EXECUTIVE SUMMARY

This report seeks to give account of the performance of the municipal council from 1 July 2008 to 30 June 2009. It marks an end of the municipal planning cycle and unlike Integrated Development Plan which is forward looking, the Annual report is backward looking and gives account of what was achieved against what was planned.

The report has been compiled in conformity with the requirements of the Municipal Finance Management Act, Act 56 of 2003, Municipal systems Act, Act 32 of 2000 and the National Treasury circulars.

Its architecture was designed by the Department of Local Government with a view to ensuring consistency in terms of its content across the municipalities in the province. It is structured in terms of the 5 key performance areas identified in the 5-year strategic agenda of the local government

Part A examines in detail the context within which the municipality exists by looking at a wide variety of socio-economic factors that fashion the environment of the municipality. The contextual environment of the municipality influences the plans and extent of the performance of the municipality. This part reveals that generally Maletswai municipality is regarded as the economic hub of the District municipal area by virtue of its location and natural endowment. This is evidenced, inter alia, by the population growth that has occurred from 37 342 in 2001 to 42 846 in the community survey conducted by the Statistics South Africa in 2007.

Part B gives an account of the performance of the municipality during the period under review in line with performance areas. The performance is reported against the targets that the municipality set to achieve.

The personnel expenditure of the municipality remains within the national norm of 36% of the operating expenditure. Juxtaposed with this is the fact that the vacancy rate of the positions established in the organogram remains relatively high.

The maintenance of roads, open spaces, parks and vehicles remains an important aspect of service delivery which has to be given the attention it deserves.

The development of the Local economic development strategy constitutes a major milestone in advancing the cause to stimulate an environment conducive to spur the local economy of Maletswai municipal area.

The last part of the report makes an analysis of functions rendered by the municipality and most critically the statistical analysis and cost implications of each function. The backlogs in service delivery in respect of each function are also covered.

PART B

1. KEY PERFORMANCE AREA ACHIEVEMENT REPORT

1.1 Presentation of the organizational structure

The municipality has a total of 389 approved posts on its organogram. These include the various categories of employees including those employed under special projects such as the cleaning campaign. The total number of approved has remained relatively constant over the past two years as there have never been significant paradigm shift in the focus of the municipality and its organizational machinery and developmental thrust.

Of the 389 posts on the organogram, 91 are vacant. This means that 23% of the total post establishment has not been filled. Whilst it may be desirable to have all the vacant positions in the organogram filled, it is not always possible to have them filled at the same time on account of financial constraints.

Currently, the personnel expenditure stands at 31.2% of the total general expenditure. This represents a decline of 4.6% from 2007/08 financial year. The 31% expenditure on personnel represents a favourable exposition relative to the national norm of 36%.

The Municipal manager and managers accountable to him signed the performance agreements within the prescribed time frame and were submitted to the Department of Local Government and Traditional affairs.

1.2 Staff development initiatives during the Financial Year

During this financial year, the municipality has provided the following types of training to the officials and councillor.

Councillors received training on the following areas:

- Risk management;
- Leadership;
- Community participation;
- Disaster management; and computer literacy
- Local government law and
- Executive leadership and management

Employees received training on the following areas:

- Finance and administration learnerships;
- Report writing;
- Minutes taking;
- Supervisory skills and finance system;

- Labour relations;
- Local Government law;
- Municipal Finance management ;
- Executive leadership and management

The municipality is in the process of developing Human Resource Development plan and the WSP and the Employment Equity report were submitted in October 2009.

1.3 Key HR statistics per functional area

1. Full time staff complement per functional area (examples are given below)

a. MM/Section 57 and Line Managers

	Approved positions (e.g MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	-
2	Managers S 57	4	4	-
3	Assistant Managers	5	4	1
4	Sectional Heads/ Line Managers	8	8	-
	Total	18	17	1

b. Staff complement in the technical services

	Approved positions (e.g MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Manager	1	1	0
2	Assistant Manager	2	2	0
3	Foremen	3	3	0
4	Superintendent	1	1	0
	Toolmen	4	4	0
	Linesman	1	1	0
	Shiftworkers	17	16	1
	Drivers	5	5	0
	Operators	2	2	0
Total		36	35	1

Water and Sanitation

	Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Manager	1	1	0
2	Assistant Manager	1	1	0

	Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
3	Foreman	1	1	0
4	Superintendent	1	1	0
5	Shift workers	13	12	1
Total		17	16	1

Public Works

	Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Manager	1	1	0
2	Assistant Manager	1	2	0
3	Foreman	1	1	0
4	General assistants	24	24	0
5	Drivers	5	5	0

Electricity

	Approved positions (e.g MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Manager	1	1	0
2	Assistant Manager	1	2	0
3	Senior electrician	1	1	0
4	Electricians	2	2	0
5	Toolmen	5	5	0
6	Shiftworkers	4	4	0
7	Temporary staff	3	3	0

2. Technical staff registered with professional bodies

Technical Service (e.g water, electricity etc...)	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Water	1	0	0	1
Electricity	1	0	0	1

3. Levels of education and skills

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training

286 (exclusive of 103 cleaning campaign staff)	107	179	54
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4. Trends on total personnel expenditure

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2006-2007		56 679 318	20 976 446	37%
2007-2008		64 996 318	23 260 609	35.8%
2008-2009		93 485 779	26 903 536	28.7%

5. List of pension and medical aids to whom employees belong

Names of pension fund	Number of members	Names of medical Aids	Number of members
1 Cape Joint	21	1 Key Health	2
2 SAMWU Provident fund	121	2 Samwumed	21
3 SALA Pension Fund	116	3 Bonitas	49
		4 LA Health	9
		5 Hosmed	4

1.4 Senior officials' wages and benefits (even if included in the financial statements);

Designation	Salaries	Allowances	Benefits	Bonus
Municipal Manager	839 502	18 000	-	-
Manager: Financial Services	666, 663	10 800	-	-
Manager: Corporate Services	584, 280	10 800	-	-
Manager: Community Services	666, 663	10 800	-	-
Manager: Technical services	666,663	10 800	-	-

1.5 Implementation of the Performance Management System (PMS):

Although the municipal manager and s57 managers have signed the performance agreements, no system was in place to evaluate the performance of other employees. However, the municipal and departmental SDBIPs, which are reported on a quarterly basis to the Council did serve the purpose of evaluating whether or not the municipality was meeting its targets.

The processes to develop a performance management system were already underway as of the end of the year.

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

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	2%	98%	98%	2%
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	1	1	100%	–
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	100%	100%	100%	–
4	Percentage of Managers in Technical Services with a professional qualification	100%	100%	100%	
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	Not applicable	Not applicable	Not applicable	Not applicable
8	Percentage of staff that have undergone a skills audit (including competency	100%	100%	100%	–

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	profiles) within the current 5 year term				
9	Percentage of councillors who attended a skill development training within the current 5 year term	100%	100%	100%	Still undergoing training
10	Percentage of staff complement with disability	4%	1%	1%	Difficult to recruit
11	Percentage of female employees	30%	35%	35%	-
12	Percentage of employees that are aged 35 or younger	35%	60%	-	-

1.7. Major challenges and remedial actions in regard to human resource and organizational management

Challenge	Remedial action
Insufficient funds for training of councillors, staff and ward committees;	Participation in programmes offered by PSA and Vulindlela institute of the DBSA
Inability to fill all posts in the organogram to ensure effective service delivery;	Maximum utilisation of available staff by strengthening supervision and performance management.
Partial implementation of the performance management system in the sense that it does not cover non-s56 employees	Performance management system will be implemented across the municipality
Non-signing of the minimum essential services agreement by the local labour forum albeit having been presented on numerous occasions	Efforts will be intensified to ensure that the minimum essential services agreement is signed.

2. Basic Service delivery performance highlights (KPA 2)

2.1 Water services

a. Water services delivery strategy and main role-players:

The Maletswai Municipality is the WSP (Water Services Provider) and UKhahlamba District Municipality is WSA (Water Services Authority). The function of the Maletswai Local Municipality is to provide basic water and sanitation services. The key functions of Maletswai Municipality are to extract raw water from Orange River, and treat raw water before distribution (full water purification process is being adhered to). When the potable water quality is satisfactory, it is then distributed to the consumers for consumption. The distribution of potable water is the complex exercise on its own whereby the Maletswai Municipality has 24 hours shift workers responsible for the distribution.

Maintenance of water infrastructure such as pumps, electric motors, bulk pipe bursts and reticulation pipes are done by Maletswai Municipality as WSP on daily basis. Amongst other maintenance activities included is replacement or fixing of faulty water meters and fixing of water leaks. The role played by UKhahlamba is to provide infrastructural capital injection where is deemed necessary especially on substantial replacement costs. Components like employment of personnel, and appointment of service providers in altering the services should be authorized by WSA.

In Jamestown water provision is a serious challenge as the town source of water is boreholes and therefore the yield of boreholes is insufficient to cater for Jamestown consumers. The WSA has hired trucks to cart water on daily basis to consumers. The sewer water borne projects implemented by the WSA is therefore ineffective as there is no water in the water reticulation pipes.

b. Levels and standards in water services:

The municipality provides water to two towns, that is, Jamestown and Aliwal North. Aliwal North water quality and provision can be regarded as high level because all formal dwellings have access to high level water and sanitation. i.e. every formal house has house water connection and full sewer water borne system. The informal settlements are only provided with the basic services such as stand pipes within RDP standards.

As for sanitation facilities, public toilets are provided and maintained by the Municipality to informal settlements. With regard to service level at informal settlement it can be regarded as low standard.

In Jamestown the water and sanitation service level can be regarded as low level standard for the reasons mentioned here above

c. Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	11907	0	11 907	11 907	100%
2	Percentage of indigent households with access to free basic potable water	5 436	0	5 436	5436	100%
4	Percentage of clinics with access to potable water		0	5	5	100%
5	Percentage of schools with access to potable water		0	7 schools	7	100
6	Percentage of households using buckets	0	0	0	0	0

d. Major challenges in water services and remedial actions

The Challenges that are faced by the Maletswai Municipality in Aliwal North are as follows; the old infrastructure prohibits the Municipality from growing as a results it affects the economic development of Aliwal North. In terms of the red book design standards the minimum clean water storage capacity of at least 48 hours is recommended. The current storage capacity of clean water reservoirs is about 8

hours which is way below recommended standards. Every time when major repairs are done to water treatment works interruptions of water supply is an inevitable exercise.

Jamestown Water: Challenges are very serious in this town, the Ukhahlamba District Municipality completed a water reticulation project in 2005/6, chemical purification plant together with the construction of a dam, and all these interventions are not functioning to maximally benefit the community. The chemical purification plant since its completion has never worked; water reticulation and 1 mg reservoir has never been filled with water. Water is currently been cart to community.

2.2 Electricity Services

a. Electricity services delivery strategy and main role-players

The Municipality should provide electricity to its community for the following consumers as one of the requirements of the Constitution of South Africa to deliver basic services to its Industrial consumers, Commercial consumers and households within the municipal area of jurisdiction. The municipality has a role of maintaining a sustainable supply and quality of electricity for its community in a healthy and safe way without endangering the lives of those who consume it.

As a municipality, we must ensure that requirements for availability of supply based on the individual household load growth, developments around and inside the municipal area are met.

We have to do feasibility studies in assessing the electricity needs in our area so that the Electricity Master Plan could be drawn up, this was undertaken by the appointed professional service provider. The consultants had to compile the Master plan to meet the electricity needs of the Maletswai community reflecting the following on their reports:

The estimated load growth of the municipality in the next 5yrs and the required plant in maintaining availability of supply for the period determined.

Condition of the network; whether it will be able to sustain the transmission and distribution of such loads for its consumers and for how long can it sustain that the provision of that service. The municipality has embarked on a substation construction programme which has been funded by the Department of Minerals and Energy and is 70%complete.

This is to ensure that there is sufficient capacity for all end users, the first 20MVA transformer and its switchgear has been installed.

To enhance electricity service delivery, we have changed 508 metres out of the 560 that were audited and found to be faulty, meter audits are carried out on an ongoing process and faulty meters removed. Faulty kiosks and/or distribution boxes that are the main connection between the municipal network and the customer, are repaired and kept locked to prevent vandalism or interruption of supply to consumers. Network maintenance is carried out as per the monthly planners derived and prepared from the inspections carried out on the network.

We have inherited about 190 RDP houses in Joe Gqabi, 12 RDP houses in Hilton, 100 RDP houses totalling to 302 houses, there are only 5 outstanding houses, whose owners cannot be located and 742 infill sites of which only 22 are completely built and electrified. The municipality has attended to 778 electricity complaints in the 2008/09 financial year ranging from faulty meters, vandalised meters, tempered meters and households with no supply at all. Eskom has also played a major role in providing a rollout of energy efficient lighting for the then completed RDP houses, including Town Houses, suburbs and Aliwal North Townships.

All of the above mentioned houses that are registered on the institutions Indigenous register receive the free 50kW of electricity per month and all the repairs and maintenance done on their electricity dispensers or faults are then claimed from the equitable share.

Part of our role in electricity service delivery, is to ensure that there is sufficient public lighting to prevent /minimise crime activities in and around our residential and business areas. The municipality has more than 1800 street lights, and an average of 42 street lights is maintained per month; this yield to about 500 street lights maintained per annum. The municipality has lighting in the following informal settlements as well; Flood lighting in Pola Park, Flood light plus Post Top luminaries in Soul City, Flood lighting in Block H informal settlement. An ongoing street light maintenance programme is maintained which includes the Jamestown town and township that are part of the Maletswai municipality.

a. Level and standards in electricity services

The municipality has built a couple of reticulation network to provide the following bulk electricity services to those applicants who has applied for provision of such service. We have installed a 630kVA transformer for Pick & Pay after it was further developed. We have also installed a 630kVA transformer for the Aliwal North Hospital Upgrading, a 200kVA for the Lapeng Guest farm, we have installed a 50kVA transformer for the low voltage problem

eradication for the Aliwal North Golf Course, a new connection of 50kVA for the Buffelsvlei Guest farm, a 200kVA transformer for the development of new Arborview settlement area and the electrification of Area 13 for the provision of electrical infrastructure and house connections to 300 low cost housing project, there are 3 X 100kVA and 2 X 50kVA transformers.

c. Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	11907	0	11907	11907	100
2	Percentage of indigent households with access to basic electricity services	5 436	0	6002	6002	100
4	Percentage of indigent households with access to free alternative energy sources	500	400	100	51	51%

d. Major challenges in electricity services and remedial actions

The major problems regarding electricity are the infrastructure upgrading and high replacements costs. The transformers services have never been done in many years, and as a result it makes the continuous supply of electricity unpredictable. The old underground cables must immediately be replaced because they are small and cannot cope with the increased consumers' demands.

2.3 Sanitation

a. Sanitation services delivery strategy and main role-players

The Maletswai Municipality is the WSP (Water Services Provider) and Ukhahlamba District Municipality is WSA (Water Services Authority). The function of the Maletswai Local Municipality is to provide basic water and sanitation services.

On sanitation the key role of Maletswai Municipality as WSP is to ensure that every formal house has an approved sewer connection. The sewer is then gravitated to pump station where is being automatically pump to central pump station called Dukathole pump station. The central pump station then pumps it to sewer treatment plant.

The key operations on sanitation are done regularly. Since the infrastructural backlog is unimaginably huge the sewer blockages are so severe that sewer team spends all their valuable time unblocking sewer main lines and house blockages to an extent. Repairs on sewer pumps and motor, and construction of sewer manholes and sewer pipe repairs where necessary.

b. Level and standards in sanitation services

In Jamestown the water and sanitation service level can be regarded as low level standard for the reasons mentioned here above

c. Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	11907	0	11907	11907	100

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
2	Percentage of indigent households with access to free basic sanitation services.	5 436	0	6000	5436	90%

a. Major challenges in sanitation services and remedial actions

Aliwal North Sanitation: The capacity of the sewerage pipes is overstretched. Consequently there are frequent sewerage spillages both in town and Dukathole. The Maletswai Municipality Technical Services Department took a decision not to approve any development even if it's just a house construction that will add more load to sewer system is not being allowed. The situation has deteriorated gone so bad that in one month the technical team is experiencing about 120 sewer main line blockages and about 30 on site blockages per month. This number is extremely high and it emphasises that there is a serious problems about the sewer infrastructure.

Jamestown sewer: The Ukhahlamba District Municipality implemented and completed a project destined to be full water borne sewer system but opted with conservancy due to other factors. The hard reality is since there is no water in Jamestown the very same system put by the district Municipality needs water for flushing and it is therefore totally redundant.

2.4 Road maintenance

a. Road maintenance services delivery strategy and main role-players

The Maletswai Municipality road maintenance strategy is improving gradually. The Maletswai Municipality recently purchased the grader and 5 in 1 TLB and the tipper truck with clear intentions to intensify gravel roads maintenance.

Within the technical services department there is a division called PWD (Public Works Division) 100% focusing on roads maintenance and storm water maintenance. Key function of this division is continuously patching the potholes from all the tar roads in the Municipal jurisdiction.

The roads maintenance programme is a continuous programme in the Municipality there are resources human and mechanical allocated only for road maintenance.

b. Level and standards in road maintenance services

The service level standard is regarded as high in Maletswai Municipality; all the communities have access to roads facilities. There are no backlogs in roads construction especially in provision of basic services which gravel access in context of RDP.

The Maletswai Municipality through MIG funding has embarked on the programme to upgrade all Major routes to surfaced roads as opposed to gravel roads.

c. Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads 0%	11907	0	11907	11907	100
2	Percentage of road infrastructure requiring upgrade 60 %	7 144	60km	5km	357	5
4	Percentage of planned new road infrastructure actually constructed	700	700	2.5km	700	100
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	11907		R6 186 400	11907	

d. Major challenges in road maintenance services and remedial actions

Challenges	Remedial action
Funding is inadequate to maintain and surface the existing gravel road network;	Prioritise the most critical roads to be attended
Lack of technical expertise on the part of the employees to seal potholes	Embark on an intensive training of staff

2.5 Waste management

a. Waste management services delivery strategy and main role-players

The municipality implements daily refuse removals from residential premises, business premises and communal refuse receptacles. It has made land available to the Maletswai recyclers to construct a buy back centre. It has provided 10 skip bins in areas where illegal dumping is rife to minimise and eliminate illegal dumping. There are the “No dumping” signs which are erected in designated areas. Temporary employees are employed with the aim of intensifying refuse removal, cleansing of cemeteries and waste collection.

There are two solid waste sites in the municipality, one is in Aliwal North and the other is in Jamestown. Both sites are registered and operate in line with the prescribed permit conditions. In both Aliwal North and Jamestown, waste management services are rendered on a weekly basis to most residents in the urban areas.

Council has adopted the prevention of nuisance bylaw and appointed peace officers. The municipality is in the process of adopting the integrated waste management plan after which implementation will take place. In trying to intensify its commitment to cleanliness the municipality participated in the Greenest town competitions and has been nominated the greenest municipality in the district once again. Relevant stakeholders including government departments are involved in waste management initiatives that are undertaken by the municipality.

The district municipality provides support in line with powers and functions and through the Environmental Health Practitioners has conducted public awareness programmes on health and hygiene, trained and supplied hawkers with trading stands. The focus area of the district municipality is

the enforcement of the national legislation regarding smoking in public places and identifying overgrown erven.

The separation of refuse is done by the Maletswai Recyclers who assist in minimising the quantity of disposable waste. Department of Economic Development and Environmental Affairs assisted the municipality by supplying posters and advising the municipality in environment related issues. The Department of Agriculture supplied residents with seeds and fruit trees.

b. Level and standards in waste management services

The municipality provides high level of waste management across the municipality except in informal settlements where skip bins have been made available for waste disposal. In formal settlements a flat rate of availability charge is levied against all those who are not indigent.

c. Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	11459		11 549	11 549	100%

d. Major challenges in waste management services and remedial actions

Challenges	Remedial action
Shortage of resources such as plant and equipment	Council will lease the additional plant and equipment in the short term but plans to acquire its own as soon as the financial situation improves
Partial implementation of by-laws	Efforts will be intensified to implement by-laws including appointing and training peace officers and strengthening working relations with the South African Police Service and other law enforcement agencies.
Poor condition of the incinerator	Repairs to the walls of the incinerator will be effected.

2.6 Housing and town planning

a. Housing and town planning services delivery strategy and main role-players

Developmental Local Governance is defined as local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. The IDP process, Local Government Municipal Systems Act (Act 32 of 2000) and the Development Facilitation Act (Act 67 of 1995) allow for involvement of community based organisations, giving civil society more influence in the matters that affect their lives. Other organs of civil society such as NGO's, labour unions, employer organisations and business organisations play a prominent role.

The role of the municipality with regard to housing delivery is to ensure that:

- a) Inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis;
- b) Services in respect of water, sanitation, electricity, roads, storm water drainage and transport are provided in a manner which is economically efficient;
- c) Identify and designate land for housing development
- d) Initiate plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction
- e) Provide bulk engineering services, and revenue generating services in so far as such services are not provided by specialist utility suppliers
- f) Plan and manage land use and development

The Municipalities' strategy to provide town planning and housing delivery services is to contract Town Planning Consultant and Housing Development Agencies to assist in determining needs and to provide and plan to meet those needs. The role players are the Council and its officials, Town Planners, Housing Development Agents such as private developers and the Department of Human Settlement.

Town Planning Consultants provides land and layout plans for new residential areas, whilst Development Agencies will provide services and housing for the low, middle and high income groups.

The civil society combines the financial, labour and other resources among the masses of our people to rebuild our communities and engage people in their own development through sustainable economic activity.

b. Level and standards in Housing and town planning services

Provision of housing

The Municipality is responsible for the provision of housing.

The right to have access to adequate housing (Article 26) where adequate housing is defined in the RDP white paper of November 1994, in the following terms: "As a minimum, all housing must provide protection from weather, a durable structure, and reasonable living space and privacy. A house must include sanitary facilities, storm water drainage, a household energy supply, and convenient access to clean water. Moreover it must provide for secure tenure in a variety of forms. The Municipality as a coordinator and facilitator with the assistance of the Department of Human Settlements subscribes to the statement mentioned above as well as the National Norms and standards of 40 m² top structure.

The municipality provides housing to the low income group through RDP housing projects and other subsidized projects of the Department of Human Settlement in those areas for which layout plans have been specifically provided for. It may be a green fields project or an upgrading of housing in an existing residential area or even infill erven in existing residential areas. The municipality is the coordinator and the Department is the provider, funder and implementer.

Completed projects:

- 1218 houses in a Greenfield RDP project, Joe Gqabi.
- 858 houses in a Greenfield RDP project, Masakhane in Jamestown.
- 359 houses in a Greenfield RDP project, Jamestown.
- 89 houses in a Greenfield RDP project, Hilton in Aliwal North
- 100 houses informal Settlement Upgrading RDP project, Dukathole in Aliwal North
- 300 houses in a Greenfield RDP project, Dukathole

Current projects:

- 743 houses in Aliwal North, RDP upgrading of informal Settlement and Greenfield combined, started September 2008.

The Municipality does not provide housing for the middle and higher income groups, but facilitates the provision of housing through the alienation of land planned and intended for housing those income groups to developers. The developers will provide in the different needs of their market segment. The following projects will commence within 2 years:

- 24 erven High income project, Arbor View. Iskofu Developers
- 280 erven middle to high income project at Birds Eye View Iskofu Developers

Lastly the Municipality, with the assistance of the Department of Human Settlement, will provide housing for the low, middle and High income in a Breaking the New ground housing project which will accommodate all the socio- economic groups in a single residential area. The Department is presently assisting the Municipality to purchase the land required for the project. The Land to provide housing for the different types of projects is already identified in the spatial development framework plan of the Maletswai Municipality.

Council adheres to the levels and standards prescribed by the Department of Human Settlement for RDP housing projects for the low income group. The private sector's standards for housing levels and quality prevail in middle and high income groups. All housing provision projects for all income groups are monitored by National Home builders Regulatory Council inspectors, Municipalities building inspectors,

Eastern Cape Department of Human Settlement Project Managers, Quality Coordinators and Building Inspectors.

Provision of Town Planning

The Municipality is responsible for the provision of housing and town planning services. The municipality contracts the services of Town Planning Consultants to provide layout plans for new residential areas and for other land use needs such as commercial, industrial institutional recreational and tourism.

The Municipality implemented a spatial development framework plan in 2007 and reviews the plan bi-annually to keep in line with changing circumstances. All town planning is done within the confines of the framework plan.

The Municipality also implemented a town planning scheme in 2001 through which effective land use is applied. The following applications were processed for land use changes were processed:

- Rezoning 31
- Sub-division 15
- Consent use 9
- Departures 51
- Removal of restrictive conditions 2
- Township establishments 3

c. Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	562	3925	550		
2	Percentage of informal settlements that have been provided with basic services	2497	3925	550		
3	Percentage of households in formal housing that conforms to the minimum building	7834	3925	550		

standards for residential houses					
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c. Major challenges in housing and town planning services and remedial actions

The major challenges in spatial planning services have all been met. Town Planning Consultants have been appointed; the spatial development framework plan was adopted by Council and has already been reviewed once. Remedial actions are done on a need as we go basis in between the biannual reviews.

2.7 Spatial Planning

a. Preparation and approval process of SDF:

A consultant, SETPLAN, was appointed to review the Spatial Development Framework and was adopted by the Council. Internally, workshops were held with councillors and officials of the municipality to clarify and discuss proposals to amend the SDF

Provision of Town Planning

The Municipality is responsible for the provision of housing and town planning services. The municipality contracts the services of Town Planning Consultants to provide layout plans for new residential areas and for other land use needs such as commercial, industrial institutional recreational and tourism.

The Municipality implemented a spatial development framework plan in 2007 and reviews the plan bi-annually to keep in line with changing circumstances. All town planning is done within the confines of the framework plan.

The Municipality also implemented a town planning scheme in 2001 through which effective land use is applied. The following applications were processed for land use changes were processed:

- Rezoning 31
- Sub-division 15
- Consent use 9
- Departures 51
- Removal of restrictive conditions 2
- Township establishments 3

Major challenges in spatial planning services and remedial action

- Unavailability of municipal land for future growth and development of the town as the vast tracts of land bordering the town of Aliwal North are privately owned.

3. Municipal Local Economic Development Framework (KPA 3)

3.1 Brief presentation of LED Strategy/Plan:

LED PRIORITY AREAS	ROLE PLAYERS
Tourism Development	Product Owner Maletswai Tourism Ukhahlamba Tourism Maletswai LM Ukhahlamba DM DEDEA ECTB
Agriculture and Agro-Processing	Emerging Farmers Established Farmers NAFU Agri-EC Maletswai LM Ukhahlamba DM Department Agriculture
Skills Development and Training	Department of Higher Education Ikhala FET College SETA's SEDA ECDC DTI Local Businesses Farmers Maletswai LM Ukhahlamba DM
Investment Promotion	Local businesses Maletswai LM Ukhahlamba DM ECDC Local farmers
Development of Economic Infrastructure	Maletswai LM Ukhahlamba DM DEDEA CoGTA (Provincial & National) DoRT DME

Status on developing the LED Strategy:

The Maletswai Local Economic Development Strategy was completed in July 2009. The project of strategy development was cofounded by Thina Sinako and Department of Local Government through the Municipal systems grant funding.

Setting up a LED Unit:

The municipality assigned the LED function to its development agency, Mthombo Sediba Development Agency. This was done as an interim measure until the unit is functional. The approved organogram makes a provision for the establishment of a fully fledged unit but has not been populated by warm bodies. It is envisaged, though, that in the subsequent financial years a serious consideration will be given to the filling of the vacancies in the LED unit.

The LED unit has been located in the office of the Municipal Manager in terms of the organogram.

The availability of a LED expertise:

The limited expertise on LED in the municipality affects the ability of the municipality to deliver on this service. It is hoped that the capacity of the unit will be augmented once the vacant positions have been filled.

LED stakeholder forum functional (number of meetings held):

A LED stakeholders forum (LED Advisory Committee consisting of various community structures) was established in January 2008 to assist in the process of compiling the Maletswai LED Strategy. The committee met 5 times between January 2008 and June 2009.

Funding opportunities of LED activities:

The municipality received a R684 000 grant funding from the Thina Sinako Provincial LED Support Programme in order to develop a Maletswai LED Strategy and pilot Community Based Planning for LED.

The municipality through its development agency, Mthombo Sediba Development Agency, received a grant funding of R2.5-million from the EC Department of Economic Development and Environment Affairs (DEDEA), for undertaking Phase 2A & B of the Aliwal Spa Revitalisation Project.

3.2. Progress towards achieving the LED key objectives:

1. Spatial Development Framework/Land Use Management System:

The growth of the town is stymied by the lack of the bulk infrastructure for water and Sanitation. There are numerous development plans that are proposed for Aliwal North but are delayed due to infrastructural inadequacies.

2. Red tape reduction (turn-around time for licensing and other business related):

Maletswai Municipality is part of the SALGA P3 Project, which seeks to assist municipalities with a number of approaches related to Local Economic Development and Transparency. As part of the bigger programme, there a project on Red Tape Reduction and Business Retention and Expansion with an expressed aim to create a business friendly climate and transparency. The Red Tape Reduction Plan will be complete by end of this financial year.

3. Investment and Trading by-laws:

After facing numerous challenged with 'informers' traders, a Hawkers Trading By-Law was developed and gazetted and it is to be workshoped with hawkers for proper implementation.

An Investment Policy/By-Law is yet to be developed.

4. Provision and maintenance of quality and reliable infrastructure: Roads; ITC;

Market Places:

- The municipal area has tarred and graveled internal roads in good and acceptable condition. The municipality provides quality maintenance and the infrastructure is reliable and contributes to easy use by the various economic sectors (e.g. transport providers, business, etc.) for economic benefit.
- The municipality with the assistance of the Department Sport, Recreation, Arts & Culture (EC DSRAC) has acquired computers and grant funding to improve access to information, technology and communication by the general public on library services. The municipality has undertaken to provide universal access of these services to for various others users for economic development, e.g. downloading tender documents, access to information on business operations, business registration, etc.

5. Disaster Management within the context of conducive environment for Economic

Development (Policy/framework adoption and implementation):

None

b) Exploit Comparative and Competitive Advantage for Industrial Activities:

- Maletswai and Aliwal North in particular is a business and economic centre of the Ukhahlamba district municipal area. 90% of industries located in the district area are found in Maletswai and the area is regarded as business conferencing area of choice for many users (district, provincial and national government departments; parastatals, etc.)

c) Intensify Enterprise support and business development

1. Types of business development services provided to SMME:

- Company Registration (CC's)
- Funding for company registration
- Advise on types of companies for registration
- Development of Business Plans
- Assessment of business plans
- Skills Development and Training opportunities
- Letters of support for funding opportunities
- Referrals for further assistance (ECDC, SEDA, etc.)

- Referrals for mentorship/linkages

2. Public and Private Partnerships established:

None.

3. Number of new formal SMME established within the municipality:

- Ilithalomzi B&B Project
- Rehab Masters
- Maletswai Hawkers Association
- Morena Agente
- Sakhisizwe General Construction
- Hola Nyamazana Hola Construction & Security Services
- Maletswai Waste & Recycling Project
- Number 1 Poultry Project
- Smanyane Trading
- Puvas General Trading
- Hot Springs Tourism & Travels
- Maletswai Communications
- Lathitha
- Sinethemba Maletswai Crafters
- Masimanyane Makhosikazi Butchery
- N6 Youth B&B
- Ekuphumleni B&B
- Silver Solutions

4. Number of new employment opportunities through EPWP and PPPs:

Expanded Public Works Programme:

The municipality has created 102 job opportunities for women, youth and men under the Cleaning Campaign Programme that subscribe to EPWP principles and focusing on waste management and beautifying the area. The project is still to continue for a number of years.

The EC Department of Economic Development and Environmental Affairs (DEDEA) funded the Aliwal Spa Revitalisation Project to a tune R2-5 million and the project employed 36 people for a period of 9 months. The project subscribed to EPWP principles.

Public Private Partnerships:

No PPP was created and no job opportunities were created through the PPP.

Support Social Investment Programme:

- The municipality is yet to develop a plan on supporting Social Investment Programme.

3.3 Annual performance as per key performance indicators in LED

	Indicator Name	Target set for the year	Achievement level during the year (absolute figure).	Achievement percentage during the year
1	% of LED Budget spent on LED related activities.	100%	R2,5m	100%
2	Number of LED stakeholder forum held.	4	4	100%
3	% of SMME that have benefited from SMME support programme.	100%	18	95%
4	Number of job opportunities created through EPWP.	141	141	100%
5	Number of job opportunities created through PPP.	0	Not applicable	Not applicable

3.4 Challenges regarding LED strategy implementation:

CHALLENGES	REMEDIES
Implementation of the LED Strategy (funding for operational and programme activities)	A number of funding enquiries have been placed with various non-governmental donors' agencies, government departments and parastatals.
Limited human resources/capacity	The organogram for the LED Unit is in the process of development and internal re-organisation of the Office of the Municipal Manager and relocation of staff from the municipal development agency will assist.
Limited participation of the private sector in LED	The SALGA P3 Project has developed mechanisms for attracting participation by the private sector and once implemented after thorough consultation we are hopeful that the private sector will participate. Relations between the municipality and the private sector have improved; as a result there is indication of good working relations.
Land availability for future development	Municipality to sources funding to acquire land adjacent to new municipal development or purchase private land.
Low capacity of LED supporting infrastructure e.g. water, sanitation, etc.	Lobbying to have additional funding from the Ukhahlamba District Municipality to improve water and sanitation infrastructure.
Lack of LED understanding in the institution	Once the Strategic Planning and Economic Development Unit (SPEDU) has been

CHALLENGES	REMEDIES
	operationalise, one of its main tasks is to create awareness or conduct workshops within the institution on what is local economic development.

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

4.1 The audited financial statements

Attached as Annexure "A" please find the Financial Statements for the financial year ended 30 June 2009.

4.2 Budget to actual comparison

The actual expenditure was R86, 152, 126 compare to the budget of R93, 483, 779. The variance, between actual and budget, amounted to R7, 331, 653. Not all budgeted capital expenditure were spent, such as upgrading of the electricity network and the purchasing of plant and vehicles.

The actual revenue was R84, 465, 257 compare to the budget of R93, 483, 779. The variance, between actual and budget, amounted to R9, 018, 522.

The sale of electricity was R2, 026,939 less than budgeted due to distribution losses of 39, 31% due to unmetered connections or illegal connections. R3, 422, 635 less subsidy recognised from DME because not all grant funding received for the upgrading of the electricity network was spent.

4.3 Grants and transfers' spending

Grant details			Amount received and spent each quarter											
		R,000	1/04/ to 30/06 R,000		01/07 to 30/09 R,000		01/10 to 30/12 R,000		01/01 to 30/03 R,000		01/04 to 30/06 R,000		Total R,000	
Project name	Donor name	BF amount	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent
INEG	DME	R5,612		R1,830		R2,437	R11,600	R4,113	R2,000	R0943		R4,530	R13,600	R12,025
MIG	MIG			R0,338	R2,768	R1,889	R2,767	R2,075		R1,820	R1,780	R2,091	R7315	R7,876
FMG	FMG	R1,349		R0,427		R0,635	R1,500	R0,132		R0,251		R0,599	R1,500	R1,617
MSIG	MSIG	R0,150			R0,400	R0,022		R0.023		R0.022		R0,283	R0,400	R0,350

4.4 Meeting of Donors' requirements in respect of conditional grants

All the conditions of the MIG were met and all funds were spent on approved projects.

A contract was awarded on DME funding. It however included transformers that were imported from France, which were installed in October 2009.

Contracts were awarded on FMG funding for the installation of a new financial system (Sebata) and conversion from IMFO to GRAP of the Ledger, budget, financial statements and the assets register.

A contract was awarded for conversion from IMFO to GRAP of the Ledger, budget, financial statements and the assets register and finding from MSIG was added to the FMG to complete this project.

4.5 Long term contracts entered into by the municipality

Council did not enter into any long term contracts during the 2008/2009 financial year

4.6 Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage of expenditure on capital budget	R24,098,400	R21,535,702	89%
2	Salary budget as a percentage of the total operational budget	R27,775,105	R26,903,536	31,8%
3	Total actual trade creditors as a percentage of total actual revenue	R7,789,567	R7 799 878	9%
4	Total municipal own revenue as a percentage of the total actual budget	R55,007,985	R51,025,474	55%
5	Rate of municipal	R6,314,733	R6,520,629	-2,8%

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
	consumer debt reduction			
6	Percentage of MIG budget appropriately spent	R7,315,000	R7,315,000	100%
7	Percentage of MSIG budget appropriately spent	R400,000	R200,000	50%

4.7 The Audit committee functionality

The audit committee is operational and holds its meeting regularly as prescribed by the MFMA and by the agreement entered into with the municipality. Its minutes and reports are submitted to the Council from time to time. The audit committee was constituted by 4 members, all of whom are not employees of the Council.

The recommendations of the audit committee on leave administration and bank reconciliations and other matters were carried out by the management and reported on at subsequent meetings.

The audit committee performed the following functions among others:

- Approval of the audit charter of the internal audit unit, which is outsourced to Price Waterhouse Coopers;
- Recommended the appointment of the internal audit unit;
- Approved and monitored the implementation of the internal audit plan ;
- Approval of the completed internal audit projects, which were
 - Leave reconciliation,
 - Reviewal of risk profile
 - Bank reconciliation
 - Performance reviewal of managers

4.8 Arrears in property rates and service charges

The arrears in property rates and service charges has decreased from R8,445,645 to R6,520.629. This was however 2,8% less than the anticipated reduction of 25%.

4.9 Anti corruption strategy

The council, at its meeting of December 2008 adopted anti-fraud and corruption strategy and policy as but one way of strengthening fight against these twin social ills. The roll out plan was entailed in the strategy itself.

As a build up to its adoption and a way of raising employees' awareness about the existence of such policies, a workshop was held comprising municipal officials and employees. The strategy and policy are being implemented.

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

5.1 Overview of the Executive and Council functions and achievements;

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

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

- 10 African National Congress Councilors
- 2 Democratic Alliance Councilor

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



Cllr N Mathetha : Corporate Services



Cllr M Mokhoabane : Technical Services



Cllr N.B. Mokhantso : Financial Services



Cllr Z Betana : Community Services

The Committees of council are constituted as follows:

Corporate Services Committee

- Cllr P Williams
- Cllr M Mokhoabane
- Cllr N Mokhantso

Technical Services Committee

- Cllr Nalisile Mathetha
- Cllr Thobeka Gaba
- Cllr GD Fourie

Financial Services

- Cllr E. Mbana
- Cllr Loest

- Cllr G Swart

Community Services

- Cllr Msokoli Jan
- Cllr Thobeka Gaba
- Cllr Nalisile Mathetha

This, being a plenary type of municipality both the legislative and executive authority vests in the municipal council.

Some of the successes registered by the council during the period under review were the following:

- Adoption of the draft and final budgets within the prescribed time frames; a
- Adoption of the Integrated Development Plan in line with legislative prescripts;
- Reviewal of the Human resource budget related policies especially the property rates policy;
- Adoption of the Annual report and oversight report;
- Promulgation of the bylaws

The main function of the standing committees is to consider matters relevant to their departments and make recommendations to council with regards to those. Standing committees also exercise oversight role over the performance of their departments.

5.2 Public participation and consultation;

As part of enabling the community an opportunity to participate in the decision making processes of the municipality numerous mechanisms were employed. 18 mayoral imbizos were held with communities in the 6 wards that constitute the municipality. These meetings were preceded by meetings with ward committees. After each session of imbizo, an action plan is drawn up for all the matters raised by the members of the community. The implementation of the plan is then monitored by the Mayor and Chairpersons of standing committees and on a quarterly basis a report is presented to the Council. At subsequent meetings with communities a feedback on the progress made in addressing the actions is presented.

Members of the ward committee attend the council meetings. They are also furnished with the agenda of the Council to enable them to prepare themselves for the council meetings.

Public hearings were held in each ward in preparation for the general valuation of the property. These were attended by the municipal councilors, officials and the municipal valuer. The purpose was to explain the entire process of property valuation and its implication to them. It must however be pointed out that attendance to these meetings was not impressive in some wards.

Further to the above measures, the municipality developed a website and newsletter as platforms of information dissemination and engagement with the members of the community. We have received quite valuable comments and recommendations via e-mail especially from those who reside out of the municipality.

At the municipal offices, both in Jamestown and Aliwal North, there are suggestion/complaints boxes placed at designated locations which are clearly visible to the members of the public for them to be able to utilize them effectively. There is a municipal official designated to open the boxes weekly and channel the comments/complaints to the relevant departments for a response.

The ward committees were established during the 2006/07 financial year and have been functional since then. During the year under review 39 ward committee meetings were held across the municipal wards as follows:

Ward number	Number of meetings held
1 (Jamestown)	12
2 (Joe Gqabi and town)	1
3 (Dukathole)	9
4 (Hilton, soul city, part of Dukathole)	6
5 (Dukathole)	6
6 (Dukathole)	5

5.3 Ward committees' establishment and functionality

There is an official appointed to take minutes at these meetings and they are filed for future reference and usage. The minutes are kept together with the attendance registers, which are in turn used to process the payment of the sitting allowance for the ward committees.

Almost every Sunday morning, there are community meetings between the ward councilor, ward committee and community to address a wide range of issues affecting them.

5.4 Community Development workers performance monitoring

The working relations with the Community Development Workers were not that structured during the year under review but 12 meetings were held between our communications unit and the CDWs.

The participation of the CDWs in municipal activities especially the Imbizos or outreach programmes preparing for the adoption of the IDP and Budget was quite notable. There is however a need to delineate their responsibilities with regards to these matters.

5.5 Communication strategy

A communications unit was established comprising a Senior communications Officer and clerk. Part of their responsibility is to ensure that the local communications forum is operational. Indeed, the local

communications forum was established and held two meetings. They are also members of the District communications forum, chaired by the District municipality.

During the year under review 4 volumes of the internal newsletter, Umthombo , were produced and distributed; and 3 volumes of Ulwazi, the external newsletter, were produced and distributed.

Regarding the communications strategy, a decision was taken by the District forum that a district communication strategy will be developed for all local municipalities in the District. The municipalities were expected to model theirs against that of the District to ensure synergy and consistency between the local and District municipality. As a consequence of this, there was a delay in adoption of the municipal communication strategy. The communication strategy was only adopted at the Council meeting held in September 2009.

5.6 Intergovernmental Relations

Although the IGR framework was not developed, the working relations between the Departments and municipality were always cordial. Whilst some Departments attended the IDP Representative forum, others did not. Some of those who attended were represented by staff members who lacked the requisite authority to take decisions on behalf of their Departments. This is an area that requires much attention.

5.7 Legal matters

5.7.1 Setting up of Legal Units

The municipality has no internal legal capacity as a result the legal services were outsourced to local firms of attorneys which are: Douglas and Botha; Horn and Kumm. There is no structured arrangement with these attorneys in the form of Service level agreements or contracts with them as their services are enlisted as and when circumstances so demand. Lovius Block attorneys were utilised for a Labour Court case between the municipality and a former employee of council.

5.7.2 Management of litigation

Case Load Management with specific reference to:

Favourable cases

Case name	Recovery (yes/No)	Reasons for non recovery
None	Not applicable	Not applicable

Unfavourable cases

Case name	Compliance with judgement (yes/No)	Reasons for non compliance with judgement
Maletswai municipality vs AVBOB	Yes	Not applicable
Maletswai vs Zililo	Yes	Not applicable

Case age analysis,

Case name	Nature of the case	Date of commencement	Cases of 2 years or below	Cases beyond 2 years	Reasons for extensive duration
State vs De Goede	Criminal	Not yet known			This case has not yet been heard before court due to the evidence still being collected.

Default judgements

Case name	Reasons for default judgement
None	Not applicable

1. Prevention mechanisms of current litigations

The municipality is expected to clearly indicate steps taken by the legal services to prevent the current litigations and the reasons why these litigations could not be prevented.

The case between the Municipality and AVBOB related to the wrongful and illegal impounding of commercial vehicles belonging to AVBOB by the municipal traffic officer

2. Criminal matters emanating from corruption and fraud

The case between the Municipality/ State and De Geode is a case in point- it relates to the alleged siphoning of councils funds by an employee who worked at the traffic Department.

5.7.3 Management of Legal Risks

The municipality, through its council, adopted risk management policy in 2006/07 financial year and it is being implemented. The policy makes provision for the development of a risk profile of the municipality and an action plan to mitigate the effect thereof. Legal risks have been no exception to this exercise as they form an important component of the risk assessment process carried out by the municipality.

A: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

1. General information (population statistics)

MALETSWAI LOCAL MUNICIPALITY GENERAL INFORMATION			
Reporting Level	Detail	Total	
Overview:	<p>The Maletswai Municipality, comprised of Aliwal North and Jamestown, is situated on the N6 between Bloemfontein and Queenstown. It serves as a commercial centre for the North Eastern Cape area and towns forming part of the Southern Free State. On the north is the Free State; to the west is the North Cape Province with Lesotho to the East.</p> <p>As a town on the N6 artery, it is a gateway into and out of the Eastern Cape. Aliwal North is the major town of the municipality and an economic hub of the Ukhahlamba District.</p> <p>Maletswai local municipality is a category B municipality with a plenary system as established by Section 12 Notice as promulgated by the Department of Housing, Local Government and Traditional affairs in the Eastern Cape. This municipality comprises the former Aliwal North and Jamestown Transitional Local Councils as well as the Transitional Representative council.</p>		
Information:	<p><i>Statistical information</i></p> <p>Geography:</p>		

MALETSWAI LOCAL MUNICIPALITY GENERAL INFORMATION			
Reporting Level	Detail	Total	
1	Geographical area in square kilometres Note: Indicate source of information (Stats SA)	4 358	
2	Demography: Total population Stats SA Community Survey, 2007(42 136)	40 037	
3	Indigent Population Note: Indicate source of information and define basis of indigent policy including definition of indigent	5 439	
4	Total number of voters	20 126	

2. Planning and Development function's performance

Function: Planning and Development			
Sub Function: Economic Development			
Reporting Level	Detail	Total	
Overview:	Economic development in Maletswai is driven by the following key economic sectors: government services, finance and business services, manufacturing, construction, tourism and agricultural services.		
Description of the Activity:	Municipal Service Delivery (provision of quality & adequate municipal services that support local economic development) is about providing water and sanitation, electricity, roads infrastructure, primary health care, library service, etc. Provincial/National Government: Provision of		

Function: Planning and Development			
Sub Function: Economic Development			
Reporting Level	Detail	Total	
	<p>important services such as ID/Passport, ITC, Tender Information, safety and security, infrastructure planning and development, land for agricultural needs, agricultural services, social security, health services, community development etc.</p> <p>Business Sectors provides opportunities for trade (trade sector includes activities related to wholesale and commission trade, retail trade and sale, maintenance and repair of motor vehicles) and services (banking, insurance, real estate, technical, travel, hospitality, etc.)</p> <p>Manufacturing sector includes activities related to the manufacturing of food products, beverages, textiles, clothing and leather goods, footwear, wood, refined petroleum, cement products, metals and machinery.</p> <p>Agricultural sector includes all activities related to growing of crops, gardening and horticulture, farming with animals, agricultural husbandry services, hunting, trapping and game propagation, forestry and logging, fishing and operation of fish hatcheries.</p> <p>Construction sector includes activities related to site preparation, construction of buildings, building installations, building completion and the renting of construction equipment.</p> <p>Tourism (It should be noted that the tourism sector is not classified as a sector to the Standard Industrial Classification, however it is a significant economic sector in Maletswai) sector includes activities related to accommodation, hospitality, adventure activities, redevelopment of the Aliwal Spa, etc.):</p>		

Function: Planning and Development Sub Function: Economic Development		
Reporting Level	Detail	Total
	<p>The municipality has a mandate to: Maletswai Municipality's LED unit provides the following functions:</p> <ul style="list-style-type: none"> ➤ Facilitate skill training ➤ Business Advice ➤ Business Plan Development ➤ Business Registration ➤ Business Linkage ➤ Municipal Land acquisition ➤ Facilitate project/business financing by DFI's ➤ Create platform for networking ➤ Facilitate learning encounters <p>In many instances the LED Unit depends on government entities (SEDA, ECDC, etc), district municipality, provincial and national government to initiate or finance these activities in order for them to take place. We have limited financial capacity in undertaking these functions, and our role would be to make logistical arrangement and other administrative matters.</p>	
	<p>The strategic objectives of this function are to: In order to achieve the long-term economic vision for Maletswai "(Maletswai will have a vibrant and sustainable economy by effectively using available resources and promoting investment opportunities and skills development, thereby reducing unemployment and poverty levels within communities)" the following strategic objectives of the function must be met:</p> <ul style="list-style-type: none"> ➤ Skills Development and Training ➤ Investment Promotion ➤ Tourism Development ➤ Agriculture and Agro-Processing Development ➤ Development of Economic Infrastructure 	
	<p>The key issues for 2008/09 are:</p> <ul style="list-style-type: none"> • Completion of phase 2 of the revitalization of the Aliwal Spa; 	

Function: Planning and Development			
Sub Function: Economic Development			
Reporting Level	Detail	Total	
	<ul style="list-style-type: none"> Determination of the future of the Mthombo Sediba Development Agency; Contribute in the efforts to establish District Development Agency 		
Analysis of the Function:	<i>Statistical information</i>		
1	Number and cost to employer of all economic development personnel:		R (000s)
	- Professional (Directors / Managers)	1	
	- Non-professional (Clerical / Administrative)	1	37 000
	- Temporary	0	
	- Contract	2	80 000
2	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
3	Detail and cost of incentives for business investment:		R (000s)
	<i>None</i>		0
4	Note: list incentives by project, with total actual cost to municipality for year		
	Detail and cost of other urban renewal strategies:		R (000s)
	<i>None</i>		
5	Note: list strategies by project, with total actual cost to municipality for year		
	Detail and cost of other rural development strategies:		R (000s)
6	<i>Not applicable</i>		0
	Note: list strategies by project, with total actual cost to municipality for year		
	Number of people employed through job creation schemes:		
6	- Short-term employment	36	
	- Long-term employment	<i>none</i>	
	Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives		
	Number and cost to employer of all Building Inspectors employed:		R (000s)
	- Number of Building Inspectors	2	R 410 484
	- Temporary	0	
	- Contract	0	
	Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total		

Function: Planning and Development			
Sub Function: Economic Development			
Reporting Level	Detail	Total	
	salary package		
	Details of building plans:		
	- Number of building plans approved	87	
	- Value of building plans approved		
	Note: Figures should be aggregated over year to include building plan approvals only		
7	Type and number of grants and subsidies received:		R (000s)
	<ul style="list-style-type: none"> Conditional grant for the revitalization of the Aliwal Spa 	1	R2,5m

3. Community and social services function's performance

Function: Community and Social Services			
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community services		
Description of the Activity:	<p>Includes all activities associated with the provision of community and social services and management thereof. These are</p> <ul style="list-style-type: none"> library services Refuse removal and cleansing Parks and Public Spaces Public Safety Housing and Land Administration Aliwal Spa Holiday Resort Primary Health Care Services <ul style="list-style-type: none"> These services extend to primary health care, but do not take account of <i>municipal health and hospitals</i> which reside within the jurisdiction of the District, provincial and National governments. The municipality has a mandate to: <ul style="list-style-type: none"> provide democratic and accountable government for local communities; to ensure the provision of services to communities in a sustainable manner; 		

Function: Community and Social Services			
Reporting Level	Detail	Total	
	<ul style="list-style-type: none"> ● promote social and economic development; ● promote a safe and healthy environment; and ● encourage the involvement of communities and community organizations in the matters of local government 		
	The strategic objectives of this function are to: To provide sustainable, accessible and affordable community facilities and services to residents and community at large.		
	The key issues for 2008/2009		
	<ul style="list-style-type: none"> ● Acquisition of land for the extension of Joe Gqabi; ● Provincialisation of the Primary health care; ● Development of the Integrated waste management plan; ● Formalisation of the informal settlements within Dukathole 		
Analysis of the Function:	<i>Statistical information</i>		
1	Nature and extent of facilities provided:	<i>no of facilities:</i>	<i>no of users:</i>
	- Library services	2	3500
	- Museums and art galleries	2	120
	- Other community halls/facilities	5	2500
	- Cemeteries and crematoriums	12	
	- Schools	17	
	- Sporting facilities (specify)	4	3000
	- Parks	3sq km	800
	Note: the facilities figure should agree with the assets register		
2	Number and cost to employer of all personnel associated with each community services function:		<i>R(000s)</i>
	- Library services	4	601 451
	- Museums and art galleries	2	volunteer
	- Other community halls/facilities	5	s 0

Function: Community and Social Services			
Reporting Level	Detail	Total	
	- Cemeteries and crematoriums	1	0
	- Sporting facilities	3	0
	- Parks	32	1 917 960
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community and social services function		R (000s)

4. Housing function's performance

Function:	Housing		
Sub Function:	N/A		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <p><i>Activities and services offered:</i></p> <ul style="list-style-type: none"> • Beneficiary identification • Advocacy on housing opportunities and subsidies • Administration of subsidy applications and approvals • Administer occupancies, registrations, claims and change of ownership and tenants • Reply to housing consumer enquiries • Establish and maintain housing consumer education • Exercise control over land invasion and illegal settlement • Prepare legal documents for registrations and transfers of ownership • Facilitate legal township establishment 		

Function: Sub Function:	Housing N/A		
Reporting Level	Detail	Total	
	<ul style="list-style-type: none"> Administer housing information and data <p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> Identify and designate land for housing development Create and maintain a public environment conducive to housing development which is financially and socially viable; Promote the resolution of conflicts arising in the housing development process Initiate, plan, co ordinate, promote and enable appropriate housing development in its area of jurisdiction; Provide bulk engineering services, and revenue generating services Plan and manage land use and development 		
	<p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> Ensure that the inhabitants within the municipal area have access to adequate housing on a progressive basis; Prevent and eliminate conditions that undermine the health and safety of the inhabitants Ensure that water, sanitation, electricity, roads, storm water drainage and transport are provided in an efficient and effective manner. 		
	<p>The key issues for 2008/2009 are:</p> <ul style="list-style-type: none"> ➤ Acquisition of land for the extension of Joe Gqabi; ➤ Inadequate bulk infrastructure for municipal services to allow growth of the area 		
Analysis of the Function:	<p><i>Statistical informaton</i></p>		
1	<p>Number and cost of all personnel associated with provision of municipal housing:</p> <ul style="list-style-type: none"> - Professional (Architects/Consultants) - Field (Supervisors/Foremen) 	0	R (000s)
		0	

Function: Sub Function:	Housing N/A		
Reporting Level	Detail	Total	
	- Office (Clerical/Administration)	4	799 744
	- Non-professional (blue collar, outside workforce)	0	
	- Temporary	0	
	- Contract	0	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.	5	
2	Number and total value of housing projects planned and current:		R (000s)
	- Current (financial year after year reported on)	743	40 122 000
	- Planned (future years)	550	46 200 000
	Note: provide total project and project value as per initial or revised budget		
3	Total type, number and value of housing provided:		R (000s)
	<i>Formal dwelling</i>		
	Note: total number and total value of housing provided during financial year		
4	Total number and value of rent received from municipal owned rental units		R (000s)
5	Estimated backlog in number of (and costs to build) housing:		R (000s)
	<	7000	R3billion
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
6	Type of habitat breakdown:		
	- number of people living in a house or brick structure	7834	
	- number of people living in a traditional dwelling	343	
	- number of people living in a flat in a block of flats	433	
	- number of people living in a town/cluster/semi-detached group dwelling	75	

Function:	Housing		
Sub Function:	N/A		
Reporting Level	Detail	Total	
	- number of people living in an informal dwelling or shack	1935	
	- number of people living in a room/flatlet	52	

1. Waste management function's performance

Function:	Waste Management		
Sub Function:	Solid Waste		
Reporting Level	Detail	Total	
Overview:	Includes refuse removal public convenience, solid waste disposal and landfill, street cleaning and recycling.		
Description of the Activity:	<p>The refuse collection functions of the municipality are administered as follows and include:</p> <ul style="list-style-type: none"> • Refuse removal, • street cleaning, • clearing of illegal dumps, • management of landfill sites <p><i>List administration of each function here: this should detail what is offered, and how it is offered to the community:</i></p> <ul style="list-style-type: none"> • <i>Refuse removal: Domestic, refuse and commercial refuse are collected on designated days and deposited at the dumping site; There are dedicated staff members for refuse removal;</i> • <i>Street cleaning: streets are cleaned daily;</i> • <i>Clearing of illegal dumping: The refuse dumped illegally is removed but those responsible are invoiced.</i> <p>The strategic objectives of this function are to:</p> <p><i>Provide waste management services that are sustainable, accessible and affordable to all communities in Maletswai municipality within the framework of legal standards and regulations.</i></p>		

Function: Waste Management			
Sub Function: Solid Waste			
Reporting Level	Detail	Total	
	The key issues for 2008/09 are: <i>Waste management, management of landfill sites, refuse collection, management of waste dumped in open spaces and encourage recycling of waste, cleaning of public toilets and streets</i>		
Analysis of the Function:	<i>Statistical informaion</i>		
1	Number and cost to employer of all personnel associated with refuse removal:		<i>R (000s)</i>
	- Professional (EHP)	1	165 226
	- Field (Supervisors)	1	125 784
	- Office (Clerical/Administration)	0	0
	- Non-professional (blue collar, outside workforce)	42	2 064 520
	- Temporary	1	125 784
	- Contract	61	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	106	
2	Number of households receiving regular refuse removal services, and frequency and cost of service:		<i>R (000s)</i>
	- Removed by municipality at least once a week	14854	R510, 977
	- Removed by municipality less often	0	
	- Communal refuse dump used	2	
	- Own refuse dump	0	
	- No rubbish disposal	0	
	Note: if other intervals of services are available, please provide details		
3	Total and projected tonnage of all refuse disposed:		
	- Domestic/Commercial	10854	
	- Garden		

Function: Waste Management		Sub Function: Solid Waste	
Reporting Level	Detail	Total	
4	Note: provide total tonnage for current and future years activity		
	Total number, capacity and life expectancy of refuse disposal sites: - Domestic/Commercial (number) - Garden (number)	2	10yrs
	Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period		10yrs
Reporting Level	Detail	Total	
5	Anticipated expansion of refuse removal service: - Domestic/Commercial - Garden	7000 h/h 7000h/h	R (000s) 225 000 225 000
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
	6 Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household)	5 441 50.31	
7	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
	Total operating cost of solid waste management function		R3 587 542

7. Waste water management

Function: Waste Water Management		Sub Function: Sewerage etc	
Reporting Level	Detail	Total	Cost

Function: Waste Water Management			
Sub Function: Sewerage etc			
Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><i>Maletswai Municipality as WSP is to ensure that every formal house has an approved and proper sewer connection. Maintenance of pump station and water treatment plant. Maintenance of sewer pumps and electrical motors, construction of sewer manholes and sewer pipe repairs and replacements where necessary. Ensure sewer spillages are unblocked from time to time.</i></p> <p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> • Maintain infrastructure for sewerage • Maintain public toilets <p><i>Continuously treat sewer. Unblock sewer blockages that pose health hazards to the community immediately.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>To provide quality and sustainable basic sanitation to all Maletswai Community members.</i></p> <p>The key issues for 2008/09 are:</p> <ul style="list-style-type: none"> • <i>That all residents should have access to basic sanitation services.</i> • <i>Proactive maintenance of infrastructure to avoid blockages and spillages</i> 		
Analysis of the Function:	<p><i>Statistical information</i></p> <p>1 Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) 	<p>1</p> <p>1</p> <p>1</p> <p>13</p>	<p><i>R (000s)</i></p>

Function: Waste Water Management			
Sub Function: Sewerage etc			
Reporting Level	Detail	Total	Cost
2	Number of households with sewerage services, and type and cost of service:		R (000s)
	- Flush toilet (connected to sewerage system)	<total>	<cost>
	- Flush toilet (with septic tank)	<total>	<cost>
	- Chemical toilet	<total>	<cost>
	- Pit latrine with ventilation	<total>	<cost>
	- Pit latrine without ventilation	<total>	<cost>
	- Bucket latrine	<total>	<cost>
	- No toilet provision	<total>	<cost>
	Note: if other types of services are available, please provide details		
3	Anticipated expansion of sewerage:		R (000s)
	- Flush/chemical toilet	<total>	<cost>
	- Pit latrine	<total>	<cost>
	- Bucket latrine	<total>	<cost>
	- No toilet provision	<total>	<cost>
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	5441	
	- Quantum (value to each household)	50.38	
Reporting Level	Detail	Total	Cost
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic		

Function: Waste Water Management			
Sub Function: Sewerage etc			
Reporting Level	Detail	Total	Cost
	Services provided.		
5	Total operating cost of sewerage function		R (000s)

8. Road maintenance's function's performance

Function: Road Transport			
Sub Function: Roads			
Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include: <i>The roads programme and construction is championed by the technical services department and roads division within technical services department which is headed by assistant manager technical services with dedicated supervisor for the division.</i></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to: <i>Provide the basic road services to all residents of Maletswai Municipality. Maintain the standard of roads in to at least passable conditions, by ensuring that potholes are regularly patched. The roads inspection is done to regularly by various technical services employees as they are working doing their various inspections. On gravel roads our key function is to ensure that roads are regularly gravelled and graded especially after rainfalls. The roads maintenance programme is being adhered to</i></p> <p>The strategic objectives of this function are to: <i>To ensure effective coordination of local transport forum. And facilitate information flow from local transport forum to District Forum. To upgrade and maintain roads in Maletswai Municipality</i></p>		

Function: Road Transport			
Sub Function: Roads			
Reporting Level	Detail	Total	Cost
	The key issues for 2008/09 are: <i>Tarring of strategic routes, and re-gravelling of streets.</i>		
Analysis of the Function:	<i>Statistical information</i>		
	1 Number and cost to employer of all personnel associated with road maintenance and construction:		<i>R (000s)</i>
	- Professional (Engineers/Consultants)	1	388,381
	- Field (Supervisors/Foremen)	1	131,434
	- Office (Clerical/Administration)	1	120,317
	- Non-professional (blue collar, outside workforce)	24	1'524'888
	- Temporary		
	- Contract		
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
	2 Total number, kilometres and total value of road projects planned and current:		
- New bitumenised (number)	<kms>	<cost>	
- Existing re-tarred (number)	<kms>	<cost>	
- New gravel (number)	<kms>	<cost>	
- Existing re-sheeted (number)	<kms>	<cost>	
Note: if other types of road projects, please provide details			
3 Total kilometres and maintenance cost associated with existing roads provided			<i>R (000s)</i>
- Tar	<total>	<cost>	
- Gravel	<total>	<cost>	
Note: if other types of road provided, please provide details			
4 Average frequency and cost of re-tarring, re-sheeting roads			<i>R (000s)</i>

Function: Road Transport			
Sub Function: Roads			
Reporting Level	Detail	Total	Cost
	- Tar - Gravel Note: based on maintenance records	<total>	<cost>
5	Estimated backlog in number of roads, showing kilometres and capital cost		R (000s)
	- Tar - Gravel	<total>	<cost>
Reporting Level	Detail	Total	Cost
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received: <list each grant or subsidy separately>		R (000s)
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of road construction and maintenance function		

9. Water distribution function's performance

Function: Water			
Sub Function: Water Distribution			
Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	The water purchase and distribution functions of the municipality are administered as follows and include: The key functions of Maletswai Municipality are to abstract raw water from Orange River, and treat raw water before distribution (full water purification process is being adhered to). When the potable water quality is satisfactory is then distributed to the consumers for		

Function: Water			
Sub Function: Water Distribution			
Reporting Level	Detail	Total	Cost
	<p>consumption. The distribution of potable water is the complex exercise on its own whereby the Maletswai Municipality has 24 hours shift workers responsible for the distribution.</p> <p>These services extend to include <function/area>, but do not take account of <function/area> which sits within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to: <i>Provide basic service to the community.(Potable water)</i></p> <p>The strategic objectives of this function are to: To facilitate household access to at least basic level of water supply by 2010. To facilitate provision of free basic water supply to the poor in 2010</p> <p>The key issues for 2008/09 are: <i>Provided water to all formal settlements</i></p>		
	<i>Statistical information</i>		
1	<p>Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>	<p>1</p> <p>1</p> <p>1</p> <p><total></p> <p><total></p>	R (000s)
2	<p>Percentage of total water usage per month</p> <p>Note: this will therefore highlight percentage of total water stock used per month</p>		
3	<p>Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer</p> <ul style="list-style-type: none"> - Category 1 <insert here> - Category 2 <insert here> - Category 3 <insert here> - Category 4 <insert here> 	<p><volume></p> <p><volume></p> <p><volume></p> <p><volume></p>	R (000s)
4	<p>Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:</p>		R (000s)

Function: Water			
Sub Function: Water Distribution			
Reporting Level	Detail	Total	Cost
5	- Category 1 <insert here> (total number of households)	<volume>	<cost>
	- Category 2 <insert here> (total number of households)	<volume>	<cost>
	- Category 3 <insert here> (total number of households)	<volume>	<cost>
	- Category 4 <insert here> (total number of households)	<volume>	<cost>
	Total year-to-date water losses in kilolitres and rand <detail total>	<volume>	<cost>
			R (000s)
Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service:		R (000s)
	- Piped water inside dwelling	<total>	<cost>
	- Piped water inside yard	<total>	<cost>
	- Piped water on community stand: distance < 200m from dwelling	<total>	<cost>
	- Piped water on community stand: distance > 200m from dwelling	<total>	<cost>
	- Borehole	<total>	<cost>
	- Spring	<total>	<cost>
	- Rain-water tank	<total>	<cost>
Note: if other types of services are available, please provide details			
7	Number and cost of new connections:		R (000s)
	<detail total>	<number >	<cost>
8	Number and cost of disconnections and reconnections:		R (000s)
	<detail total>	<number >	<cost>
9	Number and total value of water projects planned and current:		R (000s)
	- Current (financial year after year reported on)	<total>	<cost>
	- Planned (future years)	<total>	<cost>
Note: provide total project and project value as per initial or revised budget			
10	Anticipated expansion of water service:		R (000s)
	- Piped water inside dwelling	<total>	<cost>
	- Piped water inside yard	<total>	<cost>
	- Piped water on community stand: distance < 200m from dwelling	<total>	<cost>
	- Piped water on community stand: distance > 200m from dwelling	<total>	<cost>
	- Borehole	<total>	<cost>
	- Spring	<total>	<cost>
	- Rain-water tank	<total>	<cost>
Note: provide total number of households anticipated to benefit and total additional operating cost per year to			

Function: Water			
Sub Function: Water Distribution			
Reporting Level	Detail	Total	Cost
	the municipality		
11	Estimated backlog in number (and cost to provide) water connection: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	<total> <total> <total> <total> <total> <total> <total> <total>	R (000s) <cost> <cost> <cost> <cost> <cost> <cost> <cost>
12	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	<total> <value>	
13	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	<total>	R (000s) <value>
14	Total operating cost of water distribution function		R (000s)

10. Electricity distribution function's performance

Function: Electricity			
Sub Function: Electricity Distribution			
Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity		
Description of the Activity:	The electricity purchase and distribution functions of the municipality are administered as follows and include:		

Function: Electricity			
Sub Function: Electricity Distribution			
Reporting Level	Detail	Total	Cost
	<p>The Municipality should provide electricity to its community for the following consumers as one of the requirements of the Constitution of South Africa to deliver basic services to its Industrial consumers, Commercial consumers and households within the municipal area of jurisdiction. The municipality has a role of maintaining a sustainable supply and quality of electricity for its community in a healthy and safe way without endangering the lives of those who consume it.</p> <p>As a municipality, we must ensure that requirements for availability of supply based on the individual household load growth, developments around and inside the municipal area are met.</p> <p>We have to do feasibility studies in assessing the electricity needs in our area so that the Electricity Master Plan could be drawn up, this was undertaken by the appointed professional service provider. The consultants had to compile the Master plan to meet the electricity needs of the Maletswai community reflecting the following on their reports:</p> <p>These services extend to include electricity distribution, but do not take account of power generation which resides within the jurisdiction of <i>Eskom</i>. The municipality has a mandate to:</p> <p><i>Provide basic electricity to all Maletswai residents and alternative energy to those who don't have access to electricity.</i></p> <p>The strategic objectives of this function are to:</p> <p>To facilitate increase of HH access to electricity connections to 90% by 2010</p> <p>The key issues for 2008/09 are:</p> <p><i>Provide electricity to all formal settlements.</i></p>		
Analysis of the Function:	<i>Statistical information</i>		

Function: Electricity			
Sub Function: Electricity Distribution			
Reporting Level	Detail	Total	Cost
1	Number and cost to employer of all personnel associated with the electricity distribution function: - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		R (000s)
		<total>	<cost>
		<total>	<cost>
		<total>	<cost>
		<total>	<cost>
		<total>	<cost>
2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer - Residential - Commercial - Industrial - Mining - Agriculture - Other		R (000s)
		<volume>	<cost>
		<volume>	<cost>
		<volume>	<cost>
		<volume>	<cost>
		<volume>	<cost>
		<volume>	<cost>
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer: - Household - Commercial - Industrial - Mining - Agriculture - Other		R (000s)
		<volume>	<cost>
		<volume>	<cost>
		<volume>	<cost>
		<volume>	<cost>
		<volume>	<cost>
		<volume>	<cost>
4	Total year-to-date electricity losses in kilowatt hours and rand <detail total>		R (000s)
		<volume>	<cost>
5	Number of households with electricity access, and type and cost of service:		R (000s)
Reporting Level	Detail	Total	Cost
	- Electrified areas		
	- Municipal	<total>	<cost>
	- Eskom	<total>	<cost>
	- Alternate energy source		
	- Gas	<total>	<cost>
	- Paraffin	<total>	<cost>
	- Solar	<total>	<cost>
	- Wood	<total>	<cost>
	- Non electrified	<total>	<cost>
	Note: if other types of services are available, please provide details		

Function: Electricity			
Sub Function: Electricity Distribution			
Reporting Level	Detail	Total	Cost
6	Number and cost of new connections: <detail total>	<volume>	R (000s) <cost>
7	Number and cost of disconnections and reconnections <detail total>	<volume>	R (000s) <cost>
8	Number and total value of electrification projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget	<total> <total>	R (000s) <cost> <cost>
9	Anticipated expansion of electricity service: <detail total> Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	<total>	R (000s) <cost>
10	Estimated backlog in number (and cost to provide) water connection: <detail total> Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	<total>	R (000s) <cost>
11	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	<total> <value>	
12	Type and number of grants and subsidies received: ELECTRIFICATION UPGRADING Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	<total>	R (000s) R3,000,000
13	Total operating cost of electricity distribution function		R (000s)

ANNUAL PERFORMANCE REPORT

1. INTRODUCTION

The Local Government: Municipal systems Act, Act 32 of 2000 requires municipalities to prepare a performance report reflecting the performance of the municipality during that financial year, a comparison of the performances with targets set for and performances in the previous financial year and measures taken to improve performance.

An attempt has been made to comply with these prescripts in terms of the structure and content of the report

The municipality established 4 departments in its organizational structure namely, Corporate Support Services, Community Services, Technical Services and Financial Services Departments. The report on the performance of the municipality has therefore been structured to reflect the performance of each Department including the council and municipal manager against the targets set in the Service Delivery and Budget Implementation Plan.

It should be clear, however that the report focuses on the activities regarded as significant for the pursuit and attainment of municipality's objectives. Therefore not every target set in the SDBIP has been reported upon. Those are sufficiently covered in the quarterly SDBIP reports that are submitted to the Council.

2. Council and Municipal Manager

KPA	Actual performance 2007/08	Target for 2008/09	Actual performance in 2008/09	Key problems and challenges
Functioning of the Council	4 ordinary and 2 Special council meetings were held	4 ordinary and 4 Special Council meetings were planned	4 ordinary and 3 special council meetings were held.	
Functioning of the standing committees	Standing committee meetings set once a month for 11 months.	6 meetings of the standing committee meetings	26 Standing committee meetings were held: Corporate Services: 8 Technical Services : 6 Financial Services : 7 Community Services: 5	Some standing committees were beset by absence of quorum in their meetings which result in them not meeting the target of 11 meetings per financial year.
Functioning of ward committees	Meetings with ward committees were held	24 ward committee meetings	39 ward committee meetings were held as follows: Ward 1: 12 Ward2 : 1 ward 3 : 9 Ward 4 : 6 ward 5 : 6 Ward 6 : 5	

KPA	Actual performance 2007/08	Target for 2008/09	Actual performance in 2008/09	Key problems and challenges
Municipal outreach meetings	18 outreach meetings were held in 3 sessions in the 6 wards of the municipality	6 ward meetings to be held in all wards	18 meetings were held with communities and 3 meetings with all ward committees were held.	
Reviewal of the delegation framework	The delegation framework was adopted by the Council	Review the delegation framework.	On implementation it became apparent that there was no need for reviewal.	Vacant positions in other departments result in overloading of other employees and compromise fundamental administrative principle of separation of roles.
Performance agreements for s56 and 57 managers	5 performance agreements were signed	5 performance agreements to be signed	5 performance agreements of s56 and 57 managers were signed	
Development and submission of the SDBIP	The SDBIP was developed and submitted to the Mayor for Approval within the prescribed timeframe.	Development and submission of the SDBIP report	The SDBIP was developed and submitted to the Mayor for Approval within the prescribed timeframe.	
Performance assessment of managers	The s57 managers were assessed in all 4 quarters	Assess 5 managers in all 4 quarters.	4 managers were assessed as per the Performance agreements.	

KPA	Actual performance 2007/08	Target for 2008/09	Actual performance in 2008/09	Key problems and challenges
Internal audit projects	4 internal audit projects were implemented, namely: <ul style="list-style-type: none"> • Revenue and receivables • Aliwal Spa • Fixed assets • Performance review 	4 internal audit projects	Four projects were completed: <ul style="list-style-type: none"> • Reviewal of the Risk assessment; • Performance reviewal of managers • Bank reconciliations • Leave reconciliation 	
Internal audit meetings	4 meetings of the audit committee were held.	4 Audit committee meetings	4 audit committee meetings were held.	
Management meetings	11 Management meetings were held.	11 Management meetings.	11 Management meetings were held.	
Develop communication and marketing strategy	A draft communication and marketing strategy was developed but was never presented to council.	Compile communication and marketing strategy	The communication and marketing strategy was not adopted and implemented. The draft document is still in circulation.	
	A draft document was developed but not	Finalise the public	The document was finalized but still to be	

KPA	Actual performance 2007/08	Target for 2008/09	Actual performance in 2008/09	Key problems and challenges
Develop public participation strategy	adopted by council	participation strategy	presented to council.	
Develop anti fraud and corruption strategy and plan	A draft document was developed and circulated among the relevant stakeholders.	Develop antifraud and corruption strategy and plan	The anti fraud and corruption strategy and plan were adopted by council at its December 2008 meeting.	None
Compile annual report	Annual report was prepared and submitted to the relevant departments	Preparation, adoption and submission of Annual report to DPLG and Provincial Treasury	The Annual report was prepared, adopted and submitted to the relevant Provincial Departments.	None
Compile oversight report	The oversight report was compiled and submitted to the relevant departments	Preparation, adoption and submission of oversight report to DPLG and Provincial Treasury	The oversight report was compiled and adopted by the council.	None
Integrated Development planning and Budget process plan	The process plan was adopted and made public within the prescribed timeframe.	Adoption of the process plan within the timeframe prescribed by the Municipal Systems Act and MFMA.	The process plan was adopted and made public within the prescribed timeframe.	None
SDBIP reports to Council	The SDBIP reports for the 4 quarters were compiled and presented to council	Quarterly SDBIP reports.	Reports for 3 quarters were presented to the Council.	
IDP Representative forum	2 IDP representative forum meetings were	4 IDP representative forum meetings.	One IDP Representative forum was held.	

KPA	Actual performance 2007/08	Target for 2008/09	Actual performance in 2008/09	Key problems and challenges
	held.			
IDP /Budget outreach meetings	18 outreach meetings were held in 3 sessions in the 6 wards of the municipality	6 ward meetings to be held in all wards	18 meetings were held with communities and 3 meetings with all ward committees were held.	
Joint ward committee meetings	2 Joint ward committee meetings were held.	2 Joint ward committee meetings	2 joint ward committee meetings were held.	
IDP/Budget alignment workshop	1 IDP/Budget alignment workshop was held.	IDP/Budget alignment workshop.	IDP/Budget workshop was held.	
Draft reviewed IDP	The draft IDP was adopted and made public for comments.	Adopt a draft reviewed IDP by 30 March 2009	A draft reviewed IDP was adopted by Council on 30 March 2009	
Adoption of the final IDP	The IDP was reviewed together with its sector plans and adopted by the Council	Review the IDP in line with the requirements of the MSA and MFMA	The IDP was reviewed together with its sector plans and adopted by the Council	Low participation of sector departments which sometimes resulted in postponement of meetings and the final product not reflective of other sector department's plans.
Communication				
Print and distribute an internal newsletter	No communication unit	Print and distribute 12 copies of the newsletter	4 copies were printed and distributed.	Insufficient budget
Print and distribute an	No communication unit	Print and distribute an 4	3 copies were printed and	Insufficient budget

KPA	Actual performance 2007/08	Target for 2008/09	Actual performance in 2008/09	Key problems and challenges
External newsletter		copies of external newsletter.	distributed.	
Host public information day	No communication unit	Host 4 public information day.	No information day was hosted.	
Coordinate the functioning of the Local Communications forum	No communication unit	4 sittings were planned.	2 meetings were held.	Meetings not making quorum
Co-ordination of community development workers	No communication unit	Hold 12 meetings with CDWs	12 meetings were held.	
Marketing in publications	No communication unit	2 adverts were planned.	2 adverts were placed.	

3. CORPORATE SERVICES DEPARTMENT

SERVICE	ACTUAL PERFORMANCE 2007/2008	TARGET PERFORMANCE 2008/2009	ACTUAL PERFORMANCE 2008/2009	KEY CHALLENGES
Council meetings	Meetings of deadlines improving steadily Delivery of agendas and minutes gradually improving Agendas and minutes well prepared.	Provision of support to council meeting ,special council meetings and council committees	Provided support to ordinary council meetings, Special council meetings, and Corporate standing committees. Preparations and distribution of agendas for all those meetings.	Recording of council decisions is sometimes ambiguous. Tight work schedule.
Public Participation	Ward committees held their meetings regularly.	Provision of support to ward committees and council public meetings	Provided support to public participation (outreaches ,ward committees , IDP and Budget)	None
Municipal records		Management of records and Archives.	A draft records management policy and file plan has been developed.	
BY- Laws	The BY-Laws were submitted to the government printers for promulgation.	Promulgation of the municipal BY-Laws.	Thirteen (13) BY- Laws have been promulgated .	
Training	Councillors and officials received training on the following:	Training of ward councilors and ward committees.	Councillors were trained on the following skills: (5)Risk management ,(5) leadership , (3) community	

SERVICE	ACTUAL PERFORMANCE 2007/2008	TARGET PERFORMANCE 2008/2009	ACTUAL PERFORMANCE 2008/2009	KEY CHALLENGES
	Integrated Development Planning, para-legal, customer care, chairing of disciplinary enquiries.		participation ,(5) Disaster management , and (3) computer literacy ; (1) Masters in Public Management; (1) Diploma in Labour Law (1) Local government law and administration.	
Standing rules of order of council		Reviewal of council standing rules.	Council standing rules have been developed and signed by the mayor and the municipal manager.	none
Municipal policies	HR policies were reviewed and adopted by the Council.	Development of new policies and review of the existing in line with the government legislation.	The policy on travelling allowance was reviewed. The procedure manual for recruitment and selection was developed based on recruitment and selection policy.	
Employment Equity	Report on the Employment Equity Plan was submitted to the Department of Labour.	Development of Employment Equity Plan.	Employment Equity Plan was developed and approved by the Council.	Equity targets partly achieved.
Organogram	Organisational structure was reviewed.	Review of organogram and filling of critical posts in line with municipal responsibilities	The organizational structure was reviewed in line with municipal responsibilities.	

SERVICE	ACTUAL PERFORMANCE 2007/2008	TARGET PERFORMANCE 2008/2009	ACTUAL PERFORMANCE 2008/2009	KEY CHALLENGES
Performance management	The performance management system was developed for section 57 managers.	Development of performance management system for the entire municipality.	Staff and organizational performance management policy was developed and approved by the council.	
Skills Development	<p>1.1 Submission of WSP and implementation reports to the LGSETA.</p> <p>1. Submission of Employment Equity Report to the Department of Labour.</p> <p>2. Submission of quarterly reports to the LGSETA</p> <p>3. Trained officials on the following: IDP & Community planning, Labour law , First Aid level , Advanced OH &S ,SDF training, Advanced debt collection , RPL Electrical ,Para-Legal ,Examiner of vehicles ,Speed camera operation.</p>	<p>1. Submission of WSP and implementation reports.</p> <p>2. Submission of the Employment Equity report.</p> <p>3. Submission of quarterly reports.</p> <p>4 Training of officials and councilors.</p>	<p>Skills implementation plan has been developed and the submission of Equity report will be done in October 2009.</p> <p>Employees were trained on the following areas: (2)Finance and administration Learnership; (5) report writing and minute taking; (11) Supervisory skills training; (16) Sebata financial management system; (19) landscaping and maintenance construction; (10) Clientele services;</p> <p>(2) Local government law and administration.</p>	Insufficient funding

SERVICE	ACTUAL PERFORMANCE 2007/2008	TARGET PERFORMANCE 2008/2009	ACTUAL PERFORMANCE 2008/2009	KEY CHALLENGES
AGs' Report	An action plan was developed and a follow up was made on the findings.	Development of the Action plan to address the findings of the AGs' report.	An Action plan for the findings emanating from the AGs' report and internal audits was developed and is being implemented.	Leave reconciliation and lack of staff to deal with the problem in the HR section.
Staff	The staff was verified on a quarterly basis.	Physical verification of staff members.	Physical verification of staff is done quarterly and proper employee records system is in place.	
Audit Service	An audit committee was established in line with s 166 of the MFMA	Appointment of audit committee members in line with the MFMA.	A new audit committee was established after the old one resigned.	
	Internal audit projects were implemented, namely Revenue and receivables, Aliwal Spa, Fixed Assets, Performance review	Implementation of internal audit projects.	Internal audit projects were implemented.	
	Risk assessment was undertaken and coverage plan was developed.	Development of risk assessment plan.	Risk assessment plan was developed.	
Reporting	The Annual report was prepared , adopted and submitted to the relevant Provincial Department.	Submission of the Annual report.	The Annual report for 2007/08 financial year was submitted and adopted by council on 8 February 2009	

MEASURES TAKEN TO ADDRESS CHALLENGES

- Appointment of an internal audit unit to audit and advise on leave administration.
- Appointment of 2 Human Resources INTERNS. This intervention is however unsustainable.

4. COMMUNITY SERVICES DEPARTMENT

A. REFUSE REMOVAL

PERFORMANCE TARGETS AND ACTUALS

Service	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
Waste Management	Implementation of the Integrated Waste Management Plan	Appointment of a Waste Management Officer	The Waste Management Officer was appointed in September 2008	
Management of dumping site	10 staff members were trained on waste collection, waste separation, waste recycling and dumping site management	Obtain a permit for the land fill site.	Permit obtained from the Department of Environmental Affairs and Tourism.	All the cells at the landfill site are full and the incinerator is not working properly due to the volume of waste generating currently. There are no funds to extend the landfill site in this financial year.
Refuse collection	Refuse removal programme was implemented	Appointment of a permanent Driver for a new refuse compactor	A permanent Driver has been appointed	We need an additional refuse compactor due to the expansion of the municipal area.
Management of waste dumped in an open spaces	Awareness campaigns conducted in all the	Purchasing of skip bins to be placed in open spaces	Eight (8) skip bins were purchased and placed in	The emptying of the skip bins is still a challenge since there is no dedicated

Service	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
	wards		strategic areas	equipment to empty them.
Conduct public education on Council by –laws	By-Laws were submitted to Council for approval	Implementation of by-laws related to Waste Management	By –Laws were promulgated and workshops were conducted in all the wards	Peace Officers were not appointed to actually implement the By –Laws.

MEASURES TAKEN TO ADDRESS CHALLENGES

- a) Provision to be made in the 09/10 budget for the extension of the landfill site.
- b) Provision to be made in the 09/10 budget for the purchasing of an additional refuse compactor.

B. LIBRARIES**HIGHLIGHTS OF THE YEAR**

The Librarian was selected as the best performing Librarian in the Province and received an award from the MEC of Sports, Arts and Culture.

Service/ Performance objective	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
Compliance with SLA Training of staff	Complied with SLA and were awarded Outstanding Library Award in the district	Comply with SLA	100% compliance with the Service Level Agreement. Held a Career Exhibition for the Grade 12 students from all schools within the Maletswai Municipal area	The internet facility is not connected at the Library which makes it difficult for the Users to research.
Purchase Library building in Jamestown	None	Renovate the library that is currently used in Jamestown	Library was renovated fully	Lack of funds for purchasing of a building

C . PARKS, PUBLIC SPACES AND CEMETERIES

Service/ Performance objective	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
Maintenance of parks and public open spaces	Nursery partly revived Parks maintained Stadium maintained	Revitalization of all parks	Parks were mainly maintained	Lack of funds for the revitalization of Parks.
Cleaning of cemeteries	Cemeteries cleaned 2 cemeteries sprayed Land identified and public consultations held	Construction of a new cemetery	A new cemetery with 17 000 grave sites has been constructed and fenced	None
Numbering of graves	All graves rows were numbered in the old cemeteries	Numbering of graves in the new cemetery	All graves sites in the new cemetery are numbered	Shortage of human resource to maintain the cemeteries

3. MEASURES TAKEN TO ADDRESS CHALLENGES

- a) Cleaning Campaign employees were assigned to help in the parks and cemeteries. An attempt should be made in future to appoint full time staff to perform these functions.

D. TRAFFIC MANAGEMENT SERVICES**HIGHLIGHTS OF THE YEAR**

1. Appointment of Chief Traffic Officer to oversee the management of the centre
2. Appointment of the Management Representative for the VTS.
3. Purchase of a new vehicle

Service/Performance objective	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
Vehicle and drivers testing, traffic control and traffic safety	The proposal for an organogram that complies with SLA was submitted and adopted by Council. Senior Traffic Officer, an examiner, supervisor E-natis and E-natis clerk were appointed. All services were available	Comply with SLA for the Department of Roads and Transport	Compliance with SLA with the assistance of Provincial Department of Transport (District Office)	Shortage of Examiners due to resignations.
Maintenance and upgrading of the aerodrome	Aerodrome maintained and aviation permit for the year was obtained	Maintenance of the aerodrome and comply with aviation authority requirements	Aerodrome is maintained on a regular basis	Lack of financial resources for the upgrading of the aerodrome
Maintenance and upgrading of the road signs	Road markings were maintained	Upgrading of road signs and markings	Road markings maintained on a regular basis	Lack of financial resources for the upgrading of the road signs

3. MEASURES TAKEN TO ADDRESS CHALLENGES

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

E. HOUSING AND LAND ADMINISTRATION

1. Completion of construction in 1218 project,
2. Approval of Dukathole 743 new housing project,
3. Completion of 330 housing project ,
4. Completion of Hilton 89 housing project and
5. Reviewal of the Spatial Development Framework and housing sector plan.

Service	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
Acquisition of Land for the extension of Joe Gqabi	The process of acquiring land from the Department of Housing was facilitated	Acquisition of land	Facilitate acquisition of land	The process of acquiring the land is stalled by Department of Housing. Constant follow ups are made with the department.
CBD and Spa Spatial Development Framework	Spatial Development Framework revised and adopted by Council	Revise spatial development framework	The Spatial Development Framework has been revised	Land identified on spatial development framework is privately owned.
Lease of Municipal property	Contracts were updated	Manage municipal leased properties	Leased properties are managed properly	Long and tedious law processes to enforce conditions of lease
EIA for areas 3& 4 and 550 infill sites	Appointment of Service Provider to conduct the EIA	Conduct EIA on areas 3& 4 and 550 Infill sites	Ninham Shand has been appointed to conduct the EIA	The process is tedious and long due to the Geotech investigations.
Acquisition of land for commonage purposes		Management of Commonage farms and implementation of Commonage	All farmers were encouraged to make use of the commonage	Lack of cooperation from the farmers in terms of payments and use of farms.

Service	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
	Three (3) Commonage farms were purchased by the Department of Land Affairs	management plan	farms for their stock	

F.PRIMARY HEALTH CARE

HIGHLIGHTS OF THE YEAR

- Holding a successful TB awareness day and
- Organising a Candle light memorial.
-

Service/ Performance objective	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
Facilitate awareness around preventable diseases	Promotion of condom use during condom week was done	Awareness campaigns on preventable diseases.	Promotion of condom use during condom week was done	HIV/AIDS, STIs and teenage pregnancy
	Preventing TB spread encouraging sputum testing, completion of treatment for those who have started, encouraging contact tracing, promoting HIV and TB collaboration Preventing MDR, XDR, re-treatment and defaulters		Preventing TB spread encouraging sputum testing, completion of treatment for those who have started, encouraging contact tracing, promoting HIV and TB collaboration Preventing MDR, XDR, re-treatment and defaulters (Ongoing)	Lack of knowledge resulting to MDR, XDR, re-treatment and defaulting Lack of houses resulting to overcrowding and spread of the disease
	Candle light memorial Remembrances of those who died of HIV/AIDS		Candle light memorial Remembrances of those who died of HIV/AIDS.	Lack of support and discrimination of the infected which leads to low morale and loss of respect

Service/ Performance objective	Actual performance 2007/2008	Target 2008/2009	Actual performance 2008/2009	Key Challenges
	Reducing stress and giving courage to those who are infected and affected		Reducing stress and giving courage to those who are infected and affected	
	TB Imbizo Encouraging community involvement, e.g. Traditional Health Practitioners, Councillors, Clinic Committees and other departments, signing of pledge by the abovementioned stakeholders		TB Imbizo Encouraging community involvement, e.g. Traditional Health Practitioners, Councillors, Clinic Committees and other departments, signing of pledge by the abovementioned stakeholders. TB day 20/03/08	Poverty and unemployment Shortage of transport for home visits

6. TECHNICAL SERVICES DEPARTMENT

CIVIL SECTION

Highlights of the year

1. Upgrading and resurfacing of Hilton Streets,
2. Construction of Joe Gqabi Community Hall
3. Construction of Masakhane Bus route
4. Re-gravelling of roads in Jamestown.
5. Construction of Storm water drainage system in Dukathole
6. Construction of road side walks in Dukathole
7. Fencing of main reservoirs
8. Purchasing of TLB, Tipper Truck and Grader

Service / Performance area	Actual Performance in 2007/8	Target for 2008/9	Actual Performance in 2008/9	Key Problems and Challenges
Water services	Enlargement of Dam in Jamestown completed.	Upgrading of Water purification Works, Phase 1.	12 Filters refurbished.	Non-payment of contractors slowed progress.
Water services	Upgrading of weir completed	Upgrading of purified water pump capacity, fencing of main reservoirs.	8 new pumps purchased, 4 installed, reservoir fencing completed.	Keep reservoirs full.
Sanitation	Sanitation of 378 sites completed.	Reduce blockages by obtaining better equipment.	Obtained equipment through savings on public toilet project.	Personnel to work with equipment.

Service / Performance area	Actual Performance in 2007/8	Target for 2008/9	Actual Performance in 2008/9	Key Problems and Challenges
Public Toilets	Polar Park and Chris Hani Public toilets renovated only painting was not done.	Construct new 3 public toilet blocks in ward 3 and 4	Construction of 18 toilets completed.	
Area 13 main sewer line	Construction of 2 pumps stations and pumping main completed.	Solve problems and short comings in pump stations.	Some problems rectified.	Water connections still outstanding.
Upgrade sewerage purification works	Project completed without problems.			
Bulk storm Water in Dukathole	Construction of concrete storm water channels in Meje Park and Chris Hani section completed.	Construction of storm water channel trough graveyard and in Broadway street.	Construction completed without problems.	
Maintenance of roads	<p>Resealing completed on Marco Street, Matini Street, Barkly Street, Smith Street, Durban Street, Myburg street, and Murray Street.</p> <p><i>Section of Young Street was upgraded through Technical services facilitation to the value of R 1.5m</i></p>	Reseal and upgrade roads to the value of R 1.6 m in Hilton	Resealing of streets in the old section of Hilton completed.	The challenge was to reseal all streets with the available money.

Service / Performance area	Actual Performance in 2007/8	Target for 2008/9	Actual Performance in 2008/9	Key Problems and Challenges
Speed humps construction	5 speed humps build funded by external source	Complete Speed humps construction	Speed humps completed.	
Bus Route Dukathole	Dukathole Bus route construction completed	Planned phase 2.	Due to budget constraints no progress.	
Joe Gqabi Community Hall	Steel structure completed, tender for completion awarded.	Complete construction	Construction of hall completed	Fencing outstanding.
Upgrading of Library	Construction completed	Problems with air conditioning system to be fixed.	Problem solved.	
Servicing of 128 high and middle income sites.	24 sites serviced and available, Sub- division of 99 into 282 sites approved.	Servicing of 282 sites to continue. Sell 24 sites.	24 Serviced sites do not sell. Approval for erection of two dwellings on certain sites outstanding.	
Re-gravelling of streets in Jamestown	Tender for re-gravelling of 10 km awarded.	Complete re-gravelling of 10 Km streets.	Re-gravelling completed.	Several complements for quality of work received.
Purchasing of equipment	Tenders for the purchasing of a grader, tip truck and compactor closed.	Purchase Grader, Tip-truck and compactor	Grader and tip truck purchased.	Due to budget restraints a compactor could not be purchased.
Building Maintenance	Completed renovations on Council chamber, Municipal Flats at Spyker Street, Technical Services	Renovate municipal buildings as needed.	Renovated 4 Aliwal Spa Flats, 6 more were painted outside. Disa Court 5, Municipal Manager,	

Service / Performance area	Actual Performance in 2007/8	Target for 2008/9	Actual Performance in 2008/9	Key Problems and Challenges
	Building, Jamestown Community hall, Nerina Court 3 & 4, Aliwal Spa White flats 8 & 20 Flats Dan Pienaar Street No 6 & 8, Ablution block at spa, Poly clinic, Main building roof covering, Blue hall in springs, Hilton Clinic.		Mayor and offices of Traffic Department were painted. Hilton Community Hall was renovated. Constructed 2 offices in town hall with partitioning.	
Construction of Ward 3 Community Hall.		Request tenders for the steel structure.	Tender for steel structure awarded. Manufacturing in progress.	
Construction of sidewalks in Broadway Street	Sidewalks construction and storm water are underway.	Complete the construction of the sidewalks in Broadway Street.	Sidewalks construction completed.	
Joe Gqabi bus route	600m of storm water channel stone pitching completed	Planning of and tendering.	Completed planning, tenders closed, awaiting adjudication.	
Construction of Masakhane Bus Route and tarred roads in Jamestown.	Planning, MIG Application approved. Consultations with SANRAL.	Construction of bus route and streets in Jamestown.	Construction of 3.5 km bus route in Masakhane completed. Construction of 7 streets in Jamestown completed.	
Change office into Archives		Construction of Fire proof archives.	Project completed.	

MEASURES TAKEN TO MITIGATE CHALLENGES:

- (1) Contractor stopped work due to non payment by Ukhahlamba District Municipality however the work started again after funds were made available.
- (2) The other water pumps will be installed during phase 3 of the upgrading project funded by the District Municipality',
- (3) Personnel to be transferred from water section as soon as Amatole Water takes over the bulk services.

- (4) A connection to one pump station will be provided as soon as the installation of services is completed by the contractors. A tank will have to be provided at the other one.

- (5) Some streets were resealed with a single layer of slurry.

- (6) Tenders were received. Budget constraints are retarding the progress.

- (7) Provision will be made in the 20010/2011 budget.

ELECTRICAL SECTION 2

Highlights of the year

1. Bulk electricity provision area 13,
2. Area 13, electrification of 300 units,
3. Purchasing of LDV for the Department to carry out its responsibilities and
4. Upgrading of North ring underground electrical cable

Service	Actual performance in 2007/8	Target for 2008/2009	Actual performance in 2008/2009	Key problems and challenges
High Tension	DME approved R60m for the next three years for construction of the sub-station and reticulation upgrading	To obtain funds from DME for sub-station construction and reticulation upgrading	Contractor commenced work on substation construction.	
High Tension	Upgrading of North Ring Feeder from 70mm ² to 185mm ² completed	Phase 1 Masterplan, Upgrading of the North Ring feeder.	Replaced a burnt cable at link station Grey Street, and at Lanbou. Replaced conductors Block G, Dairy bell, behind Pick 'n Pay, Installed 600kva mini-sub Commencing golf course new electrical line.	No protection from the substation. Regular electrical failures

Service	Actual performance in 2007/8	Target for 2008/2009	Actual performance in 2008/2009	Key problems and challenges
			Installing a new 315 KVA transformer at Police spar building.	
High tension	Ring Main Unit normalized, Installed permanent transformer	Replace temporary transformer with permanent 315kVA RMU.	Electrification of 300 is 95% completed	Insufficient funds
High tension	Feeder line From Eskom substation to Municipality substation completed.	Upgrading of Feeder line from Eskom substation to Municipal substation	Upgrading of 50 KVA to 100KVA transformer at riverside lodge. 600KVA transformer installation at Pick 'n Pay.	Regular electrical power failure
High tension	Contractor appointment Finalization	Electrification of Area 13	Delays in Joe Gqabi street lightning due to hard rock.	Insufficient funds
High tension	Contractor appointment and project completed	Electrify all outstanding households in Joe Gqabi To electrify 70 houses of Aliwal 100	92 Houses electrified 75 houses electrified Phase balancing Block H near to Sparkie's area. Upgrading of AMPS at Bank Street from 250 to 300 amps. Rewiring of water pumps	Insufficient funds

Service	Actual performance in 2007/8	Target for 2008/2009	Actual performance in 2008/2009	Key problems and challenges
			at kings drive. Reconnecting and wiring of water pumps at water treatment works in Aliwal North.	
High Tension	<p>Ikhala FET College, Upgrade from 100 to 200kVA.</p> <p>Dicks Scrap Yard, Upgrading from 100 to 200kVA.</p> <p>Dukathole Brick Works, New 100 kVA supply point installed</p> <p>Faulty cable replaced and a new Mini-substation installed at Aliwal Sp</p>	Upgrading of business supply points	<p>Electrification of 300 is 95% completed</p> <p>Upgrading of 50 KVA to 100KVA transformer at riverside lodge.</p> <p>600KVA transformer installation at Pick 'n Pay.</p>	Regular electrical power failure.
Low Tension	Finalizing adjudication for street lighting material supply.	Street lighting from Hospital to N6 via Joe Gqabi	Delays in Joe Gqabi street lightning due to hard rock.	Funding
Customers connections in Joe Gqabi	160 Houses electrified	Electrify all outstanding households in Joe Gqabi	92 houses electrified	The incomplete electrification programme dumped to the electrical department without a

Service	Actual performance in 2007/8	Target for 2008/2009	Actual performance in 2008/2009	Key problems and challenges
				budget.
Prepaid meters installation.	256 meters were replaced	Replacing 220 meters on average	256 meters were replaced	Electrical meters were faulty, malfunctioning, free dispensation. <i>Therefore all this resulted in revenue loses</i>
Meters audits	100% Audits completed in the Township, Blocks A-H.	Identify all faulty and tempered electrical meters within the Municipality.	100% Audits completed in Aliwal North	Residents do not come up front when their meters are faulty.
Service connections	Disconnections and Connections done	Effective disconnection and connections so that improvement of revenue collection can be maximized.	Disconnections and regularly done by different meter auditors	Imbalance in sold units vs. purchased units.

MEASURES TAKEN TO MITIGATE CHALLENGES

- The new is about to be completed and the protection will be high level, the first transformer is envisaged to be commissioned end September 2009
- The new substation currently underway will be able to detect any malfunction into the reticulation network and immediately isolate the problem area.
- Negotiations with DME are ongoing particularly for the under allocation for 09/10
- The shortage of electricians is the main challenge in the whole country. Over and above the qualified electricians the ordinary permanent staff

7. Financial Services Department

HIGHLIGHTS OF THE YEAR

- Sebata Financial System 80% implemented
- General valuation completed and rates levied as from 1 July 2009 on the new valuation

Service	Actual Performance 2007/2008	Target 2008/2009	Actual Performance 2008/2009	Key Challenges
Completion of Financial Statements	Financial Statements complete 31 August 2007	Complete Financial Statements on 31 August 2008	Financial Statements completed on 31 September 2008	Sick leave CFO, implementation of Sebata Financial System
Budgeting	Operating and Capital Budget completed on 31 May 2008	Complete Operating and Capital Budget before 31 May 2009	Operating and Capital Budget completed on 29 May 2009	
Revenue Management	Bank reconciliations not done in 2007/2008	To have up-to-date bank reconciliations at 30 June 2009	Bank reconciliations done for 2008/2009	
Compilation of Section 71 reports as prescribed in the MFMA	Reports submitted according to the requirements of the MFMA	Monthly reports to be prepared in accordance with Section 71 of the MFMA	Reports submitted according to the requirements of the MFMA	
Governance and management	All financially related policies develop by 31 May 2008	All financially related policies revised and approved by 31 May 2009	New Rates policy drafted and approved, Indigent Policy revised and approved on 29 May 2009	
Plan IDP review & budget process	Process plan was approved by council June 2008	Plan IDP review & budget process to be approved	Process plan was approved by council June 2009	

Service	Actual Performance 2007/2008	Target 2008/2009	Actual Performance 2008/2009	Key Challenges
		before 30 June 2009		
Updating investment register	Investment register updated on 30 June 2008	Investment register be updated not later than 30 June 2009	Investment register updated on 30 June 2009	
GAMAP / GRAP implementation	GAMAP/GRAP conversion not started	Appoint Service Provider and to start with GRAP conversion of Financial Statements	Service Provider was appointed in April 2009 and has they started with the GRAP conversion of the Financial Statements	
Implementation of New Financial System	Data-M System that did not address all the needs of council. Went out on tender and appoint Sebata to supply and install a financial system	To install the Sebata Financial System	Sebata financial system was 70% completed. Salary and Human Resources package as well as the resorts program will be installed during the later part of 2009	Senior Salary Clerk appointed from 1 May 2009 and he and other staff members needs to be trained and the tasks to be performed during the completion of the financial statements and year-end.
Safeguarding the financial systems(backup)	Back-ups done daily and monthly	To do back-ups daily on site and remotely by means of Sebata Connect	Back-ups were done daily, weekly and monthly in house and remotely by means of Sebata Connect from Centurion	

Service	Actual Performance 2007/2008	Target 2008/2009	Actual Performance 2008/2009	Key Challenges
Prepare and submit Debt Collection Report Monthly	Debt collection reports submitted to the Municipal Manager monthly	Prepare and submit Debt Collection Report	Debt collection reports submitted to the Municipal Manager monthly	Suspension of services of defaulters not regularly done due to limited staff at the electricity division and the non-availability of vehicles
Complete General Valuation	Council went out on tender and appointed a Valuer to conduct the General Valuation	Complete General Valuation	General Valuation was completed and advertised for objections. Objections satisfactory resolved	Valuer omitted some properties and added the valuation roll incorrectly
Design a Rates Policy in accordance with the New Property Rates Act	No policy in place	Design a Rates Policy in accordance with the New Property Rates Act	Rates policy designed and work shopped with the stakeholders and approved by council on 29 May 2009	
Implementation of the credit and debt control policy	Defaulters given notice and their services suspended on a daily basis and defaulting prepaid consumers blocked	Implementation of the credit and debt control policy	Defaulters given notice and their services suspended on a daily basis and defaulting prepaid consumers blocked	
Calculation and timeous delivery of accounts	Accounts were processed and delivered monthly	Calculation and timeous delivery of accounts	Accounts were processed and delivered monthly	
Process monthly financial records	Financial records were processed monthly.	Process monthly financial records	Monthly records were processed monthly. Teething problems were experienced	

Service	Actual Performance 2007/2008	Target 2008/2009	Actual Performance 2008/2009	Key Challenges
			with the transfer of data from Data-M to Sebata	
Timeous processing of amendments to payroll	Payroll was process monthly and deductions paid over	Timeous processing of amendments to payroll	Payroll was process monthly and deductions paid over. Council also started with the creation of master files in the Sebata system	
Service external & internal loans	The monthly payment of ABSA Leases were debited against our current account and DBSA Loan was serviced during September and March	Service external & internal loans	The monthly payment of ABSA Leases were debited against our current account and DBSA Loan was serviced during September and March	
Updating insurance portfolio	Insurance portfolio was revisited and renewed. Premiums were debited monthly against our current account	Updating insurance portfolio Go out on tender to appoint new Insurance Brokers	Insurance portfolio was revisited and renewed. Premiums were debited monthly against our current account. Council went out on tender and appoint AON as council's new Insurance Brokers	
Annual assets stock takings	Stock takes were done once during the year	Annual stock takings	Stock takes were done twice during the year on all moveable assets	

Service	Actual Performance 2007/2008	Target 2008/2009	Actual Performance 2008/2009	Key Challenges
Update Assets register from financial records	Assets register was updated during the year. Not all assets purchased or constructed were recorded	Update Assets register from financial records	Assets register was updated during the year. All assets purchased or constructed were recorded. Farms, donated to council years ago were recorded. The assets register balances to the general ledger	
Develop and implement an action plan for the findings emanating from AG's report and internal audits	An action plan for the findings emanating from AG's report and internal audits were developed	Develop and implement an action plan for the findings emanating from AG's report and internal audits	An action plan for the findings emanating from AG's report and internal audits were developed and regularly reviewed and updated to monitor progress to resolve deviations	
Develop, implement and monitor risk action plan for the Department	A risk profile and action plan was developed and action was taken to neutralised some of the risks	Develop, implement and monitor risk action plan for the Department	A Risk profile and action plan was developed with the assistance of PWC. Areas that require immediate intervention were identified	
Implement Council's resolutions	Council resolutions were regularly monitored to ensure	Implement Council's resolutions	Council resolutions were regularly monitored to ensure timeously	

Service	Actual Performance 2007/2008	Target 2008/2009	Actual Performance 2008/2009	Key Challenges
	timeously implementation there-of		implementation there-of	
Develop a compliance checklist for the Department in line with relevant legislation and policies	A checklist of all relevant legislations and policies were developed to ensure compliance	Develop a compliance checklist for the Department in line with relevant legislation and policies	A checklist of all relevant legislations and policies were developed to ensure compliance	
A report on adjudications performed during the month, quarter and year to be submitted to the Municipal Manager for tabling at council meetings	Reports on adjudications performed during the month, quarter and year were submitted to the Municipal Manager to be tabled at council meetings	A report on adjudications performed during the month, quarter and year to be submitted to the Municipal Manager for tabling at council meetings	Reports on adjudications performed during the month, quarter and year were submitted to the Municipal Manager to be tabled at council meetings	

MEASURES TAKEN TO OVERCOME CHALLENGES

- Appointment of Senior Clerk Cash Management and Senior Clerk Financial Management
- Appoint external provider to complete financial statements in the absence of the CFO

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE MALETSWAI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying annual financial statements and review the performance information of the Maletswai Municipality which comprise the statement of financial position as at 30 June 2009 and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 96 to 117.

The accounting officer's responsibility for the annual financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these annual financial statements in accordance with the entity specific basis of accounting, as set out in the accounting policy note 1.1 to the annual financial statements and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

The Auditor-General's responsibility

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), my responsibility is to express an opinion on the annual financial statements based on conducting the 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*. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Funds and reserves

Accumulated and various statutory funds

4. There are insufficient concomitant assets (cash and investments) to support the existence of the accumulated and various statutory funds. The concomitant assets are undervalued by R2.9 million. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the accuracy and existence of the concomitant assets disclosed in the annual financial statements.

Trust funds

5. I was unable to obtain the contracts or service level agreements necessary to determine who has rights to the housing funds as disclosed in Appendix A of the annual financial statements due to limitations placed on the scope of my work by the entity. Should the rights and obligations not accrue to the municipality, the trust funds would be overstated by R6.6 million. The municipality's records did not permit the application of alternative audit procedures regarding the rights to the housing funds. Consequently I could not obtain all the information and explanations I considered necessary to satisfy myself as to whom has rights to the housing fund.

Accumulated surplus

6. The accumulated surplus account and deficit per the income statement is understated by a net amount of R4.1 million and inadequate disclosure of the income and expenditure transactions making up this net amount has been made in the annual financial statements. This understatement has arisen due to income and expenditure transactions being processed through the accumulated surplus account instead of being allocated to a specific vote in the income statement. Only the net surplus/deficit for the year should be processed through the accumulated surplus account.

Trust funds, grant expenditure and grant revenue

7. Grant expenditure incurred in the 2007/2008 financial year was recorded in the 2008/2009 financial year which resulted in an overstatement of R314 736 in the accumulated deficit account balance. A register of grants and subsidies received from provincial and national government is not maintained. Supporting documentation could also not be provided by management for expenditure incurred against grants totalling R3.1 million and the municipality's records did not permit the application of alternative audit procedures. In addition to this input VAT on expenditure incurred against grants totalling R112 861 was incorrectly claimed.
8. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself that expenditure incurred against grants and the related input VAT claimed was accurately recorded in the municipality's accounting records and that such grant expenditure was valid.

Consumer deposits

9. A consumer deposit listing supporting the amount of R3.5 million recorded in the annual financial statements could not be produced by the municipality's accounting system. The municipality's records did not permit the application of alternative audit procedures and consequently, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for consumer deposits.

Fixed assets

10. Certain movable and immovable assets selected for verification against the fixed asset register could not be agreed to the asset register and certain assets selected from the asset register could not be physically verified. Some assets verified were no longer in a condition appropriate for use.
11. Supporting documentation could not be provided by management for fixed asset additions (excluding capital expenditure ex grants) amounting to R12.3 million nor fixed asset additions (capital expenditure ex grants) amounting to R18.1 million and for disposals amounting to R1.9 million. A rateable valuation reconciliation for all properties owned by the municipality could also not be provided nor a listing of projects in progress and completed by the municipality during the 2008/2009 financial year.
12. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was not able to determine whether any adjustments might be necessary to the original cost of fixed assets amounting to R126.6 million as disclosed in Appendix C to the annual financial statements.

Inventory

13. I did not attend the year end game count performed by the management as I was not informed of the date and time of the count. Furthermore, the method used by the municipality for counting the game was inappropriate and cannot be relied upon to ensure that all game was included and accurately counted. The municipality's records did not permit the application of alternative audit procedures.
14. In accordance with Section 28.1 of the Municipality's Asset Management Policy, accounting for biological assets should take place in accordance with the requirements of International Accounting Standards 41 - Agriculture (IAS41). In accordance with IAS 41, biological assets which include game should be classified as such and recorded at its fair value. The municipality classified its game as inventory per note 8 to the annual financial statements.
15. Consequently, I was not able to determine whether any adjustments might be necessary to the game inventory amounting to R903 050 as disclosed in note 8 to the annual financial statements.

Trade debtors, other debtors and provision for the impairment of trade and other debtors

16. The trade debtor's balance of R6.5 million was overstated by R490 272 when compared with the balance recorded in the debtor's age analysis and the debtor's sub-ledger. The ageing categories in the age analysis did not cast and the ageing per the age analysis for each individual debtor did not agree to the ageing per the individual debtor's statements.
17. Included in the other debtor's balance in note 9 to the annual financial statements is an amount of R8.7 million shown as being owed by Ukhahlamba District Municipality. The district municipality is disputing this amount, indicating an overstatement of R5.9 million. No sufficient appropriate evidence supporting these differences could be obtained from management.
18. The provision for the impairment of trade and other debtors of R1.6 million was not supported by an accurate assessment made by management of the recoverability of the trade and other debtors. The collectability of individual trade debtors could not be assessed as the

individual debtor account details had not been amended for property transfers by management. Furthermore supporting documentation could not be obtained from management for the recoverability of R712 057 of other debtors nor the validity and recoverability of R1.9 million included in other debtors and therefore I could not determine whether these amounts should be provided for. The municipality's records did not permit the application of alternative audit procedures.

19. Consequently, I was not able to determine whether any adjustments might be necessary to the amounts shown in note 9 to the annual financial statements for trade and other debtors.

Bank and cash

20. The bank and cash balances were overstated by R3.1 million when compared to the cash balances as confirmed by the relevant banking institutions. The municipality's records did not permit the application of alternative audit procedures.
21. Consequently, I was not able to determine whether any adjustments might be necessary to the amounts shown in note 19 to the annual financial statements for bank and cash.

Provisions

Provision for restoration of landfill sites

22. As required under section 28 of the National Environmental Management Act 1998 (Act No. 107 of 1998) and section 20 of the Environmental Conservation Act, 1989 (Ac No.73 of 1989) (ECA), the municipality is required to rehabilitate land fill sites. The municipality has not disclosed in the annual financial statements a provision of the estimated costs required to rehabilitate the landfill sites at Aliwal North and Jamestown. I have not been able to obtain sufficient appropriate evidence to assess the quantum of the required provision. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the financial impact of this non-disclosure on the annual financial statements.

Provisions

Leave pay provision

23. Differences were identified between the attendance register, leave register and the manual leave forms. The leave pay provision movement of R1.9 million could not be reconciled to the amount expensed in the general ledger by R927 987.
24. Consequently, I was not able to determine whether any adjustments might be necessary to the leave pay provision as disclosed in note 10 to the annual financial statements.

Creditors

25. The current year audit fee of R664 869 and the legal fees of R81 219 have not been provided for in the financial records of the municipality and as a result general expenses and payables are understated by R746 088. Supporting documentation could also not be obtained from management for payments made subsequent to year end totalling R7.9 million to determine whether these expenses should have been

accrued for, nor could I obtain creditors reconciliations in support of creditors amounting to R3.3 million. Consequently, I was not able to determine whether any adjustments might be necessary to trade creditors amounting to R7.4 million as disclosed in note 11 to the annual financial statements.

26. As indicated in Appendix G to the annual financial statements, the municipality has disclosed contingent liabilities amounting to R1.2 million. However, these contingent liabilities do not satisfy the recognition criteria for a contingent liability and should in fact be disclosed as a current liability in the annual financial statements. Consequently the accumulated deficit and creditors are understated by R1.2 million respectively.

Revenue

27. The municipality does not have an adequate system of internal control to ensure that all revenue is recorded in the accounting records of the municipality. Furthermore, sufficient adequate supporting documentation could not be provided by management to support the revenue recorded in the annual financial statements. The municipality's records did not permit the application of alternative audit procedures.

28. Consequently, I was not able to determine whether any adjustments might be necessary to revenue of R84.5 million as disclosed in appendix D to the annual financial statements.

29. The following additional findings relating to electricity revenue and agency fees were noted:

30. As disclosed in Appendix F to the annual financial statements, the municipality lost 24 760 877 units of electricity or 39.31% of the total units purchased due to distribution losses not been monitored closely in the current financial year. This loss has arisen, as the technical department had not adopted procedures to ensure that distribution losses were kept within the required norm and only susceptible to inherent risks. Losses in excess of 12% are regarded as non-technical losses and could have been avoided. The 17 202 719 units lost (over and above the non-technical losses at 12%) results in an understatement of revenue. Electricity revenue as recorded in appendix D to the annual financial statements is therefore understated by R13 million. It is not possible to ascertain the potential understatement of trade debtors as I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the recoverability of these debtors had the revenue been appropriately billed and recognised.

31. No supporting documentation could be obtained from management for the agency fees billed to Ukhahlamba District municipality. The contract between the municipality and Ukhahlamba District municipality does not stipulate the amount of agency fees payable by the district municipality.

Expenditure

32. Adequate supporting documentation for general expenditure amounting to R656 126 and a list of all purchases returns, payments, orders and goods received vouchers for the year, as well as the corresponding transaction dates could not be provided.

33. Consequently, I was not able to determine whether any adjustments might be necessary to other general expenses of R18.5 million included in appendix D of the annual financial statements.

Bad debts written off expense

34. Detailed supporting documentation for bad debts written off could not be obtained from management. The bad debts written off expense and the current year movement in the provision for bad debts was not charged to the provision for bad debts account and the bad debts written off account respectively but was instead incorrectly charged against the Accumulated Surplus account.
35. Consequently, I was not able to determine whether any adjustments might be necessary to the bad debts written off expense of R9.3 million.

Amounts charged out

36. Amounts charged out represent costs incurred by the finance department which is charged out, inclusive of a 6% mark up on the prior year charge, to other municipal departments. No further supporting documentation or agreements could be provided in order to substantiate this charge. The municipality's records did not permit the application of alternative audit procedures.
37. Consequently, I was not able to determine whether any adjustments might be necessary to the amounts charged out as disclosed in appendix D of the annual financial statements of R1.9 million.

VAT

38. A VAT apportionment ratio should be used to calculate VAT whereas the municipality is currently claiming VAT at 14%.
39. VAT has not been disclosed separately in the notes to the annual financial statements. This is a material non-disclosure deficiency.
40. Supporting documentation could not be provided by management for revenue earned on license, fines and commissions. The municipality's records did not permit the application of alternative audit procedures. Consequently I was not able to determine whether any adjustments might be necessary to the VAT receivable amounting to R2.9 million.

Disclosure

Accumulated surplus

41. In accordance with the requirements of IMFO, a general description of all prior year adjustments should be included in the notes to the annual financial statements
42. Prior year adjustments amounting to R474 686 were made against the accumulated surplus account during the current financial year, however, no disclosure thereon was included in the notes to the annual financial statements.

Capital commitments

43. Inadequate disclosure has been made regarding capital commitments existing at the financial year end. Only two projects have been disclosed as capital commitments in the annual financial statements whereas a number of capital projects in progress at the financial year

end were identified. Insufficient information was provided on all capital projects in progress and thus it was not possible to quantify all capital commitments that have not been disclosed.

Contingent liabilities

44. Section 125 (1)(c) of the Municipal Finance Management Act states that the notes to the annual financial statements of the municipality must disclose particulars of any contingent liabilities of the municipality as at the end of the financial year. Contingent liabilities amounting to R1.2 million should not have been disclosed in Appendix G as the litigation has been settled whereas a contingent liability relating to the application of eleven liquor license holders to nullify the by-laws has not been disclosed in Appendix G as the Municipal Council does not have an estimate of the possible exposure to this contingent liability.
45. The level of disclosure of contingent liabilities per the annual financial statements is not adequate to provide users of the annual financial statements with meaningful insights into their nature, severity and likelihood of the contingent liability materialising.

Investments

46. No disclosure has been made in the notes to the annual financial statements relating to investments totalling R1.7 million that were ceded to the Development Bank of South Africa (DBSA) as security for the DBSA loan. Furthermore, the investments balance per note 6 to the annual financial statements has not been split between the current and non-current portion of the investments.

Fixed Assets

47. There is a difference of R8.9 million between the amount disclosed as contributions to capital expenditure from current income in appendix C of the annual financial statements and the amount disclosed as contributions to fixed assets in appendix D. Under the IMFO code of accounting practice these amounts are required to balance. Management could not provide a comprehensive explanation for this variance.
48. There is also a difference of R3.4 million between the fixed asset balance of R9.1 million as disclosed in appendix C of the annual financial statements and external/internal loans outstanding balance as per appendix B. Under the IMFO code of accounting practice these amounts are required to balance. Management could not provide a comprehensive explanation for this variance.

Inadequate disclosure of non compliance with Municipal Finance Management Act

49. No disclosure has been made in the notes to the annual financial statements of the particulars of non-compliance with the MFMA.
50. Commitments and compliance with the Municipal Finance Management Act and the Supply Chain Management Regulations
51. Supporting documentation relating to the tender process could not be provided by management and consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the municipality's compliance with the Municipal Finance Management Act and the Supply Chain Management Regulations.

Unauthorised, irregular or fruitless and wasteful expenditure as well as material losses through criminal conduct

Fruitless and wasteful expenditure

52. Fruitless and wasteful expenditure amounting to R203 492 was identified during the performance of audit work which was not disclosed in the annual financial statements. The amount was in relation to interest on bank overdraft and creditors, damages paid for incorrect impounding of vehicles and licence fees and penalties on deregistered vehicles.

Irregular expenditure

53. Supply Chain Management Regulations 12, 16 and 17 were not complied with for expenditure totalling R585 778 as a result of not obtaining the minimum number of quotes for transaction values exceeding R2 000 up to R200 000. Tax clearance certificates for expenditure totalling R665 232 were also not obtained from management as required by section 13 of the regulations.

54. This expenditure constitutes irregular expenditure as defined in section 1 of the MFMA which has not been disclosed in the annual financial statements as required by section 125(2)(d)(i) of the MFMA. Furthermore, no attempt was made to recover the irregular expenditure as required by section 32 (2) of the MFMA nor has it been certified as irrecoverable by Council in terms of section 32 (2) (b).

Unauthorised expenditure

55. Overspending of R1.7 million relating to certain votes in the approved budget was identified as unauthorised expenditure.

56. Section 50(a) of the MFMA has not been complied with as the municipality did not have an approved budget for guarantees issued of R1.8 million in respect of the DBSA Loan. No disclosure was made of the guarantees in the annual financial statements due to the fact that management does not have an adequate understanding of the disclosure requirements in terms of IMFO.

Corresponding figures in the annual financial statements

57. The audit report on the financial statements for the year ended 30 June 2008 contained an adverse opinion as a result of material misstatements in the prior year with respect to bank and cash, fixed assets, debtors, revenue and the leave provision. Management has not corrected the misstatements identified and therefore the corresponding figures are still misstated.

Disclaimer of opinion

58. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the annual financial statements of Maletswai Municipality as at 30 June 2009. Accordingly, I do not express an opinion on these annual financial statements.

Emphasis of matter

I draw attention to the following matter on which I do not express a disclaimer of opinion:

Disclosure

Accounting policies

59. IMFO requires that all accounting policies which are judged to be material or critical to an understanding of the annual financial statements are to be disclosed by way of a note in the annual financial statements.
60. The municipality has omitted regulated disclosure on assessment rates revenue and the relevant income recognition policy which is required in terms of IMFO.

Other matters

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

Material inconsistencies in other information included in the annual report

61. I have not obtained the other information included in the annual report and have not been able to identify any material inconsistencies with the annual financial statements.

Unaudited supplementary schedules

62. The supplementary information set out in Appendix B, C, E and F and disclosure on page 25 2(d)(ii) is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Non-compliance with applicable legislation

Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)

63. Section 166 (2)(a) of the MFMA has not been complied with as council does not evaluate the effectiveness of the audit committee, the audit committee does not engage with the external auditors and is not up to date with audit issues that may arise. None of the members of the audit committee are experts in performance management.
64. The mayor did not table the budget at least 10 months before the start of the financial year as is required in terms of section 21(1b) of the MFMA nor did he table the budget at a Council meeting at least 90 days before the start of the budget year as required in terms of section 15(b) of the MFMA. The annual budget as approved by the Council did not contain a statement containing any other information as required by section 215(3) of the Constitution or a projection of cash flows per revenue source, broken down per month or a resolution imposing municipal tax and setting municipal tariffs as may be required for the budget year as required in terms of section 17 of the MFMA.
65. The adjustments budget was not accompanied by an explanation of how the adjustments budget affects the annual budget, a motivation of material changes to the annual budget, or an explanation of the impact of any increased spending on the annual budget and the annual

budgets for the next two financial years as required in terms of section 28 of the MFMA. The municipality could also not provide documentary evidence as required in terms of section 29 of the MFMA that all unforeseen and unavoidable expenditure was incurred in accordance with a framework. The expenditure may not exceed a prescribed percentage of the approved annual budget and if so, such expenditure should be reported by the Mayor to the Council at its next meeting.

66. Section 28(5) of the MFMA has not been complied with as the final adjusted budget for the 2008/2009 financial year was approved one month before the financial year end with no clear justification as to why adjustments were required.
67. Section 65(2)(e) of the MFMA has not been complied with as instances were identified where payments were not made to suppliers within 30 days of invoice date.
68. The municipality did not perform an annual fixed asset count as required by the Municipality's Supply Chain Management Policy and thereby failed to comply with section 78(1)(e) of the MFMA.

Environmental Conservation Act No 73 of 1989

69. Section 20 of the Environmental Conservation Act has not been complied with as the municipality does not have a permit issued by the Minister of Water Affairs to operate the Jamestown landfill sites.

Supply Chain Management Regulations

70. The awarding of tender contracts was not in terms of Regulation 5(2)(a) which requires that the power to make final awards should be delegated to various responsibility levels according to the value of the award. No evidence was provided that suggests that the regulation had been complied with.
71. The reports on final awards made during the month were not submitted within 5 days of the end of each month to the municipal manager as required in terms of regulation 5(4).
72. The accounting officer did not submit to the council, within 30 days after the end of the financial year, a report on the implementation of the Supply Chain Management policy of the municipality and all its municipal entities, as required in terms of regulation 6(a).
73. The accounting officer did not submit to the mayor, within 10 days after the end of every quarter, a report on the implementation of the Supply Chain Management policy of the municipality as required in terms of regulation 6(c).
74. The reports per regulations 6(a) and 6(c) were not made public in accordance with section 21A of the Municipal Systems Act as required in terms of regulation 6(d).
75. The Supply Chain Management policy did not provide measures for the combating of abuse of the Supply Chain Management System or enabled the accounting officer to investigate allegations of failure to comply with the Supply Chain Management Policy as required in terms of regulation 38(1)(b).

Basic Conditions of employment Act (BCEA)

76. Employees were allowed to work more than 10 hours of overtime per week which is in contravention of section 10(1) of the BCEA.

Eastern Cape Liquor Act

77. Regulation 6(2) of the Liquor by-laws and Section 44 of the Eastern Cape Liquor Act 2003 have not been complied with as the municipality did not allocate any resources for the enforcement of the liquor by-laws and no report was submitted to the liquor board.

Collective agreement

78. A number of employees accumulated more than 48 days leave which is the maximum number of days that can be accumulated.

Governance framework

79. The governance principles that impact the auditor’s opinion on the annual financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal control deficiencies

80. 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 that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
1.1	Accumulated and various statutory funds			X		
1.2	Trust funds	X		X		
2.	Accumulated surplus			X		
3.	Trust funds, grant expenditure and grant revenue	X		X		
4.	Consumer deposits			X	X	

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
5.	Fixed assets	X		X	X	
6.	Inventory	X		X		
7	Trade debtors, other debtors and provision for the impairment of trade and other debtors			X	X	X
8	Bank and cash			X		X
9.1	Provisions – Provision for restoration of landfill sites	X			X	
9.2	Provisions – Leave pay provision				X	
10	Creditors	X		X		
10	Contingent liabilities	X				
11.	Revenue	X		X	X	X
12.	Expenditure			X		
13	Bad debts written off expense			X		
14	Amounts charged out			X		
15	VAT			X	X	
16	Disclosure – Accumulated surplus			X		
16	Disclosure – Capital commitments	X				
16	Disclosure – Contingent liabilities	X				
16	Disclosure – Investments			X		

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
16	Disclosure - Fixed assets			X		
16	Disclosure – Commitments and compliance with MFMA and the Supply Chain Management Regulations	X				
17.1	Fruitless and wasteful expenditure	X		X		
17.2	Irregular expenditure	X		X		
17.3	Unauthorised expenditure	X		X		

Conclusion on the governance framework based on internal control deficiencies

81. Management did not ensure that there are sufficient assets to support the accumulated funds balance. The CFO does not exercise oversight responsibility over financial reporting. Management does not have proper controls in place to ensure that there are votes for all income and expenditure to be allocated against. Management was not committed to obtaining the necessary supporting documents and did not ensure that expenses were recorded in the correct period. The system was not properly implemented which caused the lack of supporting documentation. Management did not apply the applicable standards to ensure that inventory is correctly disclosed. Management did not implement a proper filing system to ensure that supporting documentation was available and they did not ensure that proper reconciliations were performed. Management does not have a process in place to ensure compliance with all the applicable accounting standards. Management does not have proper controls in place to account for the movement in leave provision. Management did not ensure that they identified all the expenses to be accrued for at year end. Management does not have sufficient understanding of the definition and recognition criteria of a contingent liability. The municipality does not have an adequate system of internal control for the completeness of revenue. Management does not have an adequate understanding of the accounting systems to obtain the necessary reports. Management does not have an adequate system of internal control to ensure that the bad debts written off expense and the current year movement in the provision are correct. Management does not have an adequate understanding of the accounting system to ensure that the correct VAT is calculated. Management does not have sufficient understanding of the disclosure requirements in terms of IMFO and the MFMA. Management does not ensure compliance with management’s supply chain management policy, nor do they have sufficient controls in place to ensure that irregular expenditure is identified and adequately disclosed. Management does not have an adequate system of internal controls in place to ensure that all misstatements identified by the external auditors are corrected.

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2

Legend	
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self -assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

82. 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 key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		X
Quality of annual financial statements and related management information			
2.	The annual financial statements were not subject to any material amendments resulting from the audit.		X
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		X
Timeliness of annual financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines [section 126 of the MFMA].	X	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.		X

No.	Matter	Y	N
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The Municipality had an audit committee in operation throughout the financial year. 	X	
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		X
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 		X
7.	Internal audit		
	<ul style="list-style-type: none"> The Municipality had an internal audit function in operation throughout the financial year. 	X	
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 	X	
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		X
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		X
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		X
10.	The information systems were appropriate to facilitate the preparation of the annual financial statements.		X
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 95(c)(i) of the MFMA.	X	
12.	Delegations of responsibility are in place, as set out in section 106 of the MFMA.		X
Follow-up audit findings			

No.	Matter	Y	N
13.	The prior year audit findings have been substantially addressed.		X
Issues relating to the reporting of performance information			
14.	SCOPA/Oversight resolutions have been substantially implemented.		N/A
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		X
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		X
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Maletswai Municipality against its mandate, predetermined objectives, outputs, indicators and targets in terms of section 87 of the MFMA.		X
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		X

Conclusion on the governance framework based on other key governance requirements

83. Significant delays were experienced during the execution of our audit due to the municipality not providing documentation and explanations required for audit purposes. A structured process was followed in an attempt to obtain the documentation and explanations. Management was regularly informed of the delays. Most documentation and explanations required were only submitted after several requests. (This root cause relates to point 1).
84. The financial statements were subject to material adjustment as a result of a lack of controls being in place to ensure that complete, valid and accurate information is captured into the financial system. There is a lack of an adequate documentation management system to ensure easy retrieval of documentation. Most of the adjustments made were as a result of a lack of monitoring by management in ensuring that their policies and procedures are being adhered to. (This root cause relates to point 2).
85. Key officials were not available throughout the audit processes to respond to audit queries and to provide us with information to which only they had access to; thus resulting in excessive delays in the audit process. (This root cause relates to points 3 and 5).

86. The significant deficiencies in the design and implementation of internal control in respect of financial and risk management were attributed to a lack of approved and implemented policies being in place for the whole of the year under review. (This root cause relates to point 6).
87. The audit committee does not have a sufficient understanding of their responsibilities in terms of the MFMA. (This root cause relates to point 6).
88. The internal audit committee does not have a sufficient understanding of their responsibilities in terms of the MFMA. (This root cause relates to point 7).
89. The significant deficiencies in the design and implementation of internal control in respect of financial and risk management were attributed to a lack of approved and implemented policies being in place for the whole year under review and to key internal controls and processes that were either not in place or not functioning as intended. (This root cause relates to point 8).
90. The significant deficiencies in the design and implementation of internal control in respect of the compliance with applicable laws and regulations were attributed to a lack of implemented controls not being adhered to and a lack of monitoring and supervision by management. Management has not taken sufficient action to clear all audit findings. (This root cause relates to point 9).
91. The information system was not appropriate and management does not have an adequate understanding of the information system. (This root cause relates to point 10).
92. Management did not appropriately delegate their responsibilities in terms of the MFMA. (This root cause relates to point 12).
93. Not all the issues reported in the prior year audit and management report were addressed as these issues were also reported on in the 2008/2009 audit. (This root cause relates to point 13).
94. The reliability of the source information and systems utilised to gather the information was not found to be reliable. (This root cause relates to point 15).
95. There are no documented and approved policies and procedures in place for the reporting of performance information. There is also a lack of monitoring by management to ensure that their policies and procedures are being adhered to. (This root cause relates to point 16 and 17).
96. The mid year performance bonus assessment was not submitted for audit purposes. (This root cause relates to point 18).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

97. I have reviewed the performance information as set out on pages xx to xx

The accounting officer's responsibility for the performance information

98. 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).

The Auditor-General's responsibility

99. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008 and read in conjunction with section 45 of the Municipal Systems Act, No. 32 of 2000.

100. 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.

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

Audit findings on performance information

Non-compliance with regulatory requirements

Existence and functioning of a performance audit committee

102. The municipality did not appoint and budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

Internal auditing of performance measurements

103. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the Municipal Systems Act.

104. The internal audit processes and procedures did not include assessments of the extent to which the municipality's performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

Lack of adoption of a performance management system

105. The municipality did not adopt a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including the roles of

the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Lack of reporting on all predetermined objectives in annual report

106. The municipality has not reported on its performance with regard to the developed road maintenance plan indicator as per the approved integrated development plan in the service delivery implementation plan and the annual performance report.

Inconsistently reported performance information

107. Discrepancies were noted between the information contained in the service delivery implementation plan and the annual performance report.

108. Discrepancies were also noted between the information contained in the integrated development plan and the annual performance report.

Reported performance information not reliable

109. The source evidence provided to support the reported performance information with regards to the target for electrifying all outstanding households in Joes Gqabi as disclosed on page 21 of the annual performance report did not adequately support the validity and completeness of the facts.

No performance information system for Mthombo Sediba Development Agency

110. Section 93B of the Municipal Systems Act has not been complied with as the municipality did not review or monitor the performance of Mthombo Sediba Development Agency during the current financial year and the development agency did not submit an annual performance report to the municipality.

111. Section 87(2) and 87(3) of the MFMA has not been complied with as there was no audit evidence to show that the municipality had considered the proposed budget of the development agency and had assessed the development agency's priorities and objectives. There was also no tabling of the proposed budget for the development agency in the council when the annual budget of the municipality for the current financial year was tabled.

112. Section 87(11)(g)(ii) of the MFMA has not been complied with as no monthly management reports, explaining material variances from the service delivery agreement and the business plan, were submitted by the development agency to the municipality during the current financial year.

113. Section 88 of the MFMA has not been complied as the development agency did not submit a report on its performance to the municipality before the 20 January 2009.

APPRECIATION

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

Auditor-General

30 November 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACTION PLAN TO ADDRESS AUDIT FINDINGS

Problem	Action	Deadline	Responsible Person	Progress
No register of assets/liabilities relating to the housing development fund.	Management will prepare a list of property belonging to the housing development fund and where this fund is no longer used or its intended purpose has expired, it will be written off.	31 January 2010	MM Assistant Manager: Financial Services	
Long term liabilities - No reconciliations performed	Monthly reconciliations will be performed between the general ledger and the statements received from the banks and differences will be followed up. The reconciliations will be reviewed and signed by an independent senior manager. A senior manager will also review the long term liabilities balances per the general ledger, including the recording of interest and capital repayments, on a regular basis.	Monthly	MM Assistant Manager: Financial Services	
Financial Statements - No supporting documentation and incorrect calculation of costs allocated to other departments	Management will ensure that there is supporting documentation for all amounts reflected in the financial statements	30 June 2010	Manager: Financial Services	
Budgeting- No justification for adjustment budget	When an adjustments budget is tabled, it will be accompanied by - a) an explanation of how the adjustments budget affects the annual budget b) a motivation of any changes to the annual budget c) an explanation of the impact of any increased spending on the annual budget and the annual	31 January 2010	Manager: Financial Services	

Problem	Action	Deadline	Responsible Person	Progress
	budget for the next two financial years and d) any other supporting documentation that may be prescribed			
Bank and cash - Bank reconciliations not performed correctly	Bank reconciliations will be prepared correctly and contain valid reconciling items and this will be reviewed and signed by an independent senior manager	Monthly	Accountant Expenditure	
Disclosure and other Matters - Inadequate disclosure of capital commitments	All outstanding financial commitments and tenders which had been contracted as at year end will be disclosed in the annual financial statements accumulated surplus	30 June 2010	Manager: Financial Services	
Purpose, Operations and Financial Management: Non-compliance with the Municipal Finance Management Act and Supply Chain Management	<p>1. The supply chain management policy will be amended to comply with the regulations 5(2)(a), 5(4), 6(a), 6(c), 6(d), and 38(1)(b) of the Supply Chain Management Regulation.</p> <p>2. These reports will be issued. They will be in writing and contain particulars of each final award made during the month, including:</p> <ul style="list-style-type: none"> - Amount of award - Name of person to whom award was made - Reason why award was made to that person <p>3. The any further reports required due to non-compliance will also be issued.</p> <p>4. Bids awarded will be made public.</p> <p>6. Corrective steps will be taken to ensure that the supply chain management policy is complied with.</p>	31 January 2010 for amendments to the policy and reports monthly	Manager: Financial Services	

Problem	Action	Deadline	Responsible Person	Progress
Investment- No approved budget for investment guarantees	The municipality will ensure that guarantees fall within the approved budget before they issue any guarantees. All guarantees will be disclosed in the notes to the annual financial statements.	30 June 2010	Manager: Financial Services	
Budgeting - Non-compliance with MFMA	The annual budget approved by council will contain a statement as required by section 215(3) of the constitution; and The budget will contain a monthly projection of cash flows per revenue source.	31 March 2010	Manager: Financial Services	
Disclosure and other matters - Inadequate controls and disclosure for Fruitless and Wasteful expenditure	Management will ensure that an effective system of internal control is in place with regards to avoiding as well as identifying fruitless and wasteful expenditure. Careful consideration will be given by management to areas in which fruitless and wasteful expenditure could arise. Management will ensure that all items of material unauthorised, irregular, fruitless and wasteful expenditure is disclosed in the notes to the financial statements.	On-going and the Annual Financial Statements- 30 June 2010	Manager: Financial Services regarding disclosure in the Annual Financial Statements In respect of the other issues all managers and the Municipal Manager MM	
1. Disclosure and other Matters - No reporting of Unauthorised, Irregular, Fruitless & Wasteful Expenditure	Management will ensure that controls are in place to identify instances of unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality and will thereafter ensure that section 32(4) of the Municipal Finance Management Act is	Monthly	All managers and the Municipal Manager	

Problem	Action	Deadline	Responsible Person	Progress
	complied with in this regard.		all managers and the Municipal Manager Municipal Manager Municipal Manager	
Disclosure and other matters - Recovery of Unauthorised, Irregular, Fruitless & Wasteful Expenditure	Management will ensure that an effective system of internal control is in place in order to identify unauthorised, irregular or fruitless and wasteful expenditure. This expenditure will then be recovered, authorised in an adjustments budget, certified by the municipal council or written off as prescribed by Section 32(2) of the Municipal Finance Management Act.	Monthly	All managers and the Municipal Manager all managers and the Municipal Manager Municipal Manager Municipal Manager	
Going concern - Inadequate disclosure in financial statements	Management will disclose the material uncertainties in the notes to the financial statements.	30 June 2010	Manager: Financial Services	
Revenue, funds and reserves - No reconciliation of grants received	Management will ensure that a reconciliation is performed between amounts received as per the primary bank account statements and the grants received according to the schedules from National Treasury. This reconciliation will be reviewed by an independent senior management and reconciling items followed up on and investigated	Monthly	Assistant Manager: Financial Services Manager Financial Services to review	

Problem	Action	Deadline	Responsible Person	Progress
Investments - Incomplete disclosure of investments	Management will ensure that all disclosure relating to investments is included in the financial statements including any investments that have been ceded and will split investments between current and non-current.	30 June 2010	Manager: Financial Services	
Expenditure - Expenses recognised on payment basis and not on accrual basis as required by IMFO	Expenses and the corresponding accruals will be recognised in the same period as the corresponding goods or services are received by the Municipality.	Monthly	Accountant Expenditure	
Expenditure - No grant register is maintained	The municipality will maintain a register of all grants.	Monthly	Assistant Manager: Financial Services Manager Financial Services to review	
Bad debts written off - No evidence for validity, accuracy and completeness of bad debts written off expense	<p>Council will approve all bad debts written off for the year and the amount per their approval will agree to the bad debts expense amount per the trial balance</p> <p>Proper documentation for the calculation of the bad debts expense will be available for inspection and will agree to the bad debts expense per the trial balance</p> <p>Proper steps will be taken to recover the bad debts prior to write off. It is not adequate to only cut the defaulting debtor's services</p>	30 June 2010	<p>Manager: Financial Services</p> <p>Accountant Revenue</p>	

Problem	Action	Deadline	Responsible Person	Progress
	<p>The bad debts expense will be charged against the provision for bad debts and not against the Appropriation account. The movement in the provision for bad debts will be included in the bad debts expense account and not charged against the Appropriation account.</p> <p>Management will ensure that all disclosure required in terms of IMFO regarding bad debts expenses is included in the Annual Financial Statements.</p>	On-going		
Expenditure - Non compliance with Municipal Finance Management Act Circular 34			Manager Financial Services	
Internal Control - No controls over suspense accounts	Management will review suspense accounts on a monthly basis to ensure that outstanding transactions within the suspense accounts are cleared each month.	Monthly	Accountant Expenditure Accountant Revenue Assistant Manager Financial Services	
Journals - Inadequate review of journals processed	A senior manager will review all journals passed to the system on a monthly basis by inspecting a download of journals processed. Management will trace certain journals back to authorised journal	Monthly	Assistant Manager:	

Problem	Action	Deadline	Responsible Person	Progress
	vouchers and supporting documentation on a monthly basis to identify any unusual entries and ensure that all journals processed have been authorised		Financial Services	
Accumulated Surplus/Deficit - No management review of the account	Management will perform a regular review of the accumulated surplus/deficit account to ensure that only valid transactions are completely and accurately recorded therein. There will be evidence of this review.	Monthly	Assistant Manager: Financial Services	
Disclosure and other matters - Inaccurate disclosure of levies, pension and medical aid contributions.	Management will ensure that the disclosures relating to audit fees, taxes, levies, duties and pension and medical aid contributions are accurately and completely recorded in the annual financial statements and agree to the amounts recorded in the general ledger	30 June 2010	Manager: Financial Services	
Accumulated Surplus/Deficit - Prior year adjustments not disclosed in the financial statements	Disclosure of prior year adjustments made against the accumulated surplus/deficit account will be disclosed in the annual financial statements as required by IMFO	30 June 2010	Manager: Financial Services	
Disclosure and other matters - Inadequate disclosure of contingent liabilities in the annual financial statements	The annual financial statements will be amended to reflect necessary information. Note 26 of the IMFO model of annual financial statements will be used by management as an example when compiling the annual financial statements of the municipality	30 June 2010	Manager: Financial Services	
Disclosure and other	Management will ensure that they are up to date with the Municipal Finance Management Act in			

Problem	Action	Deadline	Responsible Person	Progress
matters - Inadequate disclosure of non-compliance with the MFMA	order to identify all instances of non-compliance with the Act. Management will also ensure that all non-compliance with the Municipal Finance Management Act that they are aware of is disclosed in the notes to the annual financial statements	30 June 2010	Manager: Financial Services	
Payables - Under accrual of audit and legal fees	<p>Management will ensure that all expenditure that is incurred during the financial year, is recorded as an expense during the financial year.</p> <p>Management will enquire from the Auditor General in order to obtain the total audit fee expense for the year.</p>	30 June 2010	Manager: Financial Services	
Provisions - No provision raised for environmental rehabilitation	The municipality will be liable for costs to restore the landfill sites as defined by the Act and will therefore raise a provision for environmental rehabilitation	30 June 2010	Manager: Financial Services Manager Technical Services Manager Community Services	
Receivables - Ukhahlamba debtor balances materially overstated	Management will send monthly statements to the Ukhahlamba District Municipality and the district municipality will sign these statements as evidence that they agree or disagree with the balances owing by them. All differences will be followed up on and investigated	As Expenditure becomes known	Manager: Financial Services	

Problem	Action	Deadline	Responsible Person	Progress
Revenue & Receivables - No supporting documentation for Agency Fees revenue	<p>There will be an agreement in place between Maletswai Municipality and Ukhahlamba Municipality which stipulates how the agency fees payable each month to Maletswai municipality will be calculated.</p> <p>The municipality will invoice Ukhahlamba municipality on a monthly basis for all agency fee revenue.</p>	31 January 2009	Municipal Manager	
Revenue & Receivables - No supporting documentation for traffic income	<p>The municipality will ensure that there are policies in place with regards to the collection of traffic income. Due to the fact the municipality does not have access to the NATIS system, they will delegate an official to design daily cash-up templates on an excel spreadsheet that requires the traffic officials to document all relevant information including supporting documentation on this template at the end of every day of income that is specifically due to the municipality. Furthermore these template will be signed by the manager at the traffic department after they have been reviewed.</p> <p>Monthly reconciliations of the supporting documentation received and the income recorded in the general ledger will be performed and differences followed up on. These reconciliations will be reviewed by senior management and signed as evidence of their review thereof.</p>	Daily/Monthly	MM Accountant Revenue Senior Traffic Officer Manager Community Services	

Problem	Action	Deadline	Responsible Person	Progress
	<p>Management will also calculate an estimate at year end for fines revenue that accrues to them at the end of the year but for which no monies have yet been received from the Traffic Department to ensure that all revenue to which the municipality is entitled to at year end is recorded in the general ledger.</p>			
<p>Expenditure- VAT apportionment ratio</p>	<p>A VAT review will be performed on the accounting records of the municipality to ensure that the correct apportionment ratio is used</p>	<p>31 January 2009</p>	<p>Assistant Manager Financial Services</p>	
<p>VAT- Disclosure in financial statement notes</p>	<p>VAT receivable/payable will be disclosed in the notes to the financial statements as either a liability or a receivable.</p>	<p>30 June 2010</p>	<p>Manager: Financial Services</p>	
<p>VAT - No VAT reasonability and monthly VAT reconciliations performed</p>	<p>A VAT reasonability calculation will be performed between the VAT input and output amounts as per the VAT returns and the monthly income and expenditure amounts as per the general ledger to ensure that all input VAT is claimed and all output VAT is declared to SARS. This will be reviewed by an independent senior manager.</p> <p>A monthly reconciliation will also be prepared between the amounts per the VAT return and the amounts recorded in the general ledger. This reconciliation will be reviewed by an independent person.</p>	<p>Monthly reconciliation</p> <p>Monthly Review</p>	<p>Assistant Manager Financial Services</p> <p>Manager: Financial Services</p>	

Problem	Action	Deadline	Responsible Person	Progress
Long term liabilities - Short term portion incorrectly calculated	Management will review the calculation of the short term portion of long term loans and ensure that it was been accurately calculated and disclosed in the financial statements	30 June 2010	Manager: Financial Services	
Budgeting - No forecasted figures for the 2008/2009 financial year	The annual budget will include forecasts for revenue, expenditure and purchases to enable management to measure actual results against forecasts.	30 June 2010	Manager: Financial Services	
Bank and cash - Suspense accounts not cleared	All suspense accounts will be cleared on a regular basis in order to prevent them being used for fraudulent purposes.	Monthly	Senior Clerk Financial Management	
Bank and cash - Signed cheques returned to the preparer	Cheques will be returned to a person other than the preparer to prevent the cheque from being altered and funds misappropriated.	15 December 2009	Accountant Expenditure	
Internal Control - Section 71 reports not submitted timeously	All section 71 reports will be submitted to the mayor and provincial treasury within 10 working days after the end of each month as prescribed in the act.	Monthly	Manager Financial Services/ Senior Clerk Financial Management	
Other compliance - Non-submission of grant spending returns	The municipality will submit all returns to National Treasury as required by Section 74 of the Municipal Finance Management Act.	Monthly	Manager Financial Services/ Senior Clerk Financial Management	

Problem	Action	Deadline	Responsible Person	Progress
<p>CIS - No documented IT policies and procedures</p>	<p>An IT environment policy will be documented, formalised and implemented to reflect procedures and controls (for all application systems) for:</p> <ol style="list-style-type: none"> 1. New user set-up and creation; 2. Changes when users transfer or terminate employment; 4. Steps to be taken to identify inactive accounts; 5. Periodic checks to be carried out to ensure that employees' current system-level access is commensurate with their job responsibilities; and 6. Communicating the user account management procedures to all available and relevant users. 	<p>January 2010</p>	<p>Manager Financial Services</p>	
<p>CIS - No disaster recovery plan and business continuity plan developed and documented</p>	<p>Management will also ensure that a comprehensive disaster and business continuity plan is developed and documented.</p>	<p>January 2010</p>	<p>Manager Financial Services</p>	
<p>CIS - Formal Software procurement procedures are not followed</p>	<p>The formal process for procuring software will be followed</p>	<p>4 December 2009</p>	<p>Senior Procurement Officer</p>	
<p>CIS - Inadequate access controls for the financial systems</p>	<p>Management will ensure that procedures and controls are in place to ensure the following:</p> <ul style="list-style-type: none"> that policies and procedures are implemented to control the use of illegal software by municipal officials and; that policies and procedures are implemented to control the regular changing of 	<p>January 2010</p>	<p>Manager Financial Services</p>	

Problem	Action	Deadline	Responsible Person	Progress
	passwords by employees.			
CIS - Inadequate general computer controls	Management will ensure the implemented IT security policy reflects processes on new technological improvements and significant changes in business processes in exploiting technology for efficiency and effectiveness in productivity. Furthermore, this would ensure that rules and procedures followed by users minimise the risk of fraud and the loss of data confidentiality, integrity and availability	January 2010	Manager Financial Services	
Inventory- Incorrect classification of game stock	Livestock will be accounted for and disclosed in terms of IAS 41 as required by the Municipality's accounting policy.	30 June 2010	Manager: Financial Services	
Investments - Reconciliation of investments is not reviewed	The investment accounts will be reconciled to third party statements on a monthly basis. The reconciliation will be reviewed by an independent senior manager and signed as evidence of their review.	Monthly	Manager Financial Services	
Fixed Assets - Assets not classified to a specific asset type in the fixed asset register.	All fixed assets will be classified to an asset type with an identifiable description	Monthly	Senior Procurement Officer	
VAT- SARS correspondence and late submissions of returns	Management will ensure that all returns are submitted within the prescribed time period and that a letter of receipt will be requested from SARS.			

Problem	Action	Deadline	Responsible Person	Progress
		Monthly	Assistant Manager Financial Services	
Value for money: Inadequate reconciliation/comparison of budgeted and actual expenditure	<p>A reconciliation will be performed which evaluates capital expenditure incurred in each year and allocates it against the budget of the financial year to which it relates. For example, 2009 capital expenditure may amount to R20m. R5m of this may relate to the 2008 financial year and as such, will be allocated against the 2008 budget.</p> <p>This reconciliation/comparison will be updated on a monthly basis by the staff involved with the tender process and authorisation of expenditure. This reconciliation will be reviewed by the chief financial officer to ensure it has been performed accurately. Deviations will be followed up on by the chief financial officer and if necessary, any further legislative requirements will be fulfilled. The reconciliation/comparison will be signed by the person performing it, and by the chief financial officer as evidence of his review.</p>	Monthly	Managers Manager Financial Services	
Value for money: Budgets over spent and under spent	The Municipality will take all possible steps to ensure that budgets are not over spent, or under spent by ensuring that allocated funds are adequately utilised to fulfil the needs for which they were provided.	Monthly	All Managers	
Bank and cash - No use of electronic funds transfer to	The municipality will make use of electronic funds transfer to pay its suppliers. Adhoc purchases may	Monthly	Manager Financial	

Problem	Action	Deadline	Responsible Person	Progress
make payments	be paid using cheques.		Services	
Employee costs - No controls over payroll master file amendments	<p>Any changes to be made to the payroll system will be recorded on sequentially numbered two part masterfile amendment forms and these will be authorised by management prior to the amendments being made to the system. One copy of the amendment form will then be given to Luros for processing. The other amendment form will be filed in numerical sequence and all missing amendment forms will be followed up on a regular basis.</p> <p>Each month, a report of changes to the payroll system will be reviewed by senior management and reconciled back to the amendment forms to ensure that all changes made to the system have been authorised by management and are supported by a masterfile amendment form.</p>	Monthly	<p>Accountant Expenditure</p> <p>Assistant Manager Financial Services - review</p>	
Employee costs - No reconciliations between the financial system and the payroll system	<p>Management will ensure that monthly reconciliations between the financial system and the payroll system are performed. Reconciling items identified will be cleared timeously. The reconciliations will be signed as evidence of the review.</p>	Monthly	<p>Accountant Expenditure</p> <p>Assistant Manager Financial Services - review</p>	

Problem	Action	Deadline	Responsible Person	Progress
Expenditure- Tax clearance certificates	Authorisation will be obtained to obtain tax clearance certificates from SARS to ensure that the providers tax matters are in order.	Daily	Senior Procurement Officer	
Expenditure- 3 Quotations were not obtained and reasons were not documented for not obtaining 3 quotations	<p>A) The Municipality will obtain 3 quotations from a list of accredited service providers for expenditure between R2 000 and R200 000.</p> <p>B) The Municipality will obtain reasons for not obtaining 3 quotations.</p>	Daily	Senior Procurement Officer	
Purchases and payables - Delivery notes not kept on file and no GRV's maintained	<p>Delivery Note: A copy of the delivery note, signed by the stores personnel acknowledging receipt of the goods will be filed with the supporting invoice.</p> <p>Goods received vouchers: Goods received vouchers (GRV's) will be completed in numerical sequence and issued to suppliers on receipt of goods or performance of services and a copy kept for internal purposes. The suppliers account will be automatically credited with the amount of the GRV to ensure that all creditors are raised as liabilities when the goods are received. The copy of the GRV will also be matched to the supplier invoice and delivery note. All GRV's will be filed in numerical sequence together with supporting documentation and missing GRV's followed up on.</p> <p>In respect of services, certificates of satisfactory</p>	Daily	Accountant Expenditure	

Problem	Action	Deadline	Responsible Person	Progress
	performance will also be issued			
Payables- Liabilities unrecorded at year end	Management will prepare a comprehensive schedule of expenditure paid after year end and thereafter identify all expenditure on the list that was incurred before year end and ensure that this expenditure and related payable is recorded in the general ledger before year end. A journal will be passed which correctly raises the liability and allocates the expenditure to the relevant vote and accounts for the related VAT. This schedule will then be audited during the audit process.	30 June 2010	Accountant Expenditure	
Payables - No reconciliation performed for creditors accounts	The municipality will perform creditor's reconciliations on a monthly basis in order to identify reconciling items.	Monthly	Accountant Expenditure	
Employee cost- No supporting documents for deductions	Authorised supporting documents will be kept on file for all employee deductions	Monthly	Accountant Expenditure	
Employee cost - Wage register not signed by employees when they collect wages	The wage register will be signed by employees on collection of wages as indication that they collected their wages.	Monthly	Accountant Expenditure	
Employee costs - Salary summary not signed	The salary summary will be reviewed and signed by the expenditure accountant to identify any errors before being submitted to LUKOS for processing.	Monthly	Accountant	

Problem	Action	Deadline	Responsible Person	Progress
			Expenditure	
Expenditure- Municipality's VAT registration number does not appear on supplier invoices	The municipality will ensure that their VAT registration number appears on all supplier invoices in order for the invoice to qualify as a valid VAT invoice and this will be checked by a clerk.	Daily	Accountant Expenditure	
No regular review of commitments listing	The procurement officer will regularly review the listing to ensure that all orders are followed up on timeously.	Daily	Senior Procurement Officer	
Bank and Cash- Returned cheques are not written back in the cash book	Returned cheques will be written back to the specific debtors account instead of being recorded in a suspense account.	Daily	Accountant Expenditure	
Bank and Cash- Returned cheque register	The debtors account number will be included next to each returned paid cheque as per the returned cheque register to provide information as to whom the returned paid cheque belongs to.	Daily	Accountant Expenditure	
Inventory - Inadequate stock count procedures	The auditors will be informed by the client of the date and time of the year end stock count to observe counting procedures followed by the municipality and agree on quantities by performing test counts.	June 2010	Assistant Manager Technical Services (Mr. G Venter)	
Inventory - Insurance of game stock not considered by council	The Chief Financial Officer will annually insure the municipality's biological assets, in consultation with the departmental heads concerned, provided the			

Problem	Action	Deadline	Responsible Person	Progress
	council considers such insurance desirable and affordable	January 2010	Manager Financial Services	
Payables - Inadequate controls over supplier database	<p>The Supply Chain Management Policy will be complied with for all suppliers.</p> <p>All supplier database forms will be approved and signed by senior management to ensure that they are in compliance with the Supply Chain Management Act</p> <p>Supplier database forms will be sequentially numbered. Once the supplier database form is captured onto the supplier database system, a copy of the changes made to the system will be printed and attached to the database form. Management will perform a sequence check on the supplier database forms to identify any missing forms and will also ensure that for each database form, there is a printout of the changes to the system attached thereto to ensure that all database forms are recorded onto the system. Management will sign the printout from the system as evidence of this check.</p>	Monthly	<p>Accountant Expenditure</p> <p>Manager Financial Services to review</p>	
Expenditure - Payments not made within the required 30 day period	The creditors clerk will prepare a creditors age analysis which is to be reviewed by the expenditure accountant to ensure that this policy is being complied with and that the 30 day period is not exceeded.	Monthly	Accountant Expenditure	

Problem	Action	Deadline	Responsible Person	Progress
Fixed assets - Fixed assets not verified	The fixed asset register will be updated on a constant basis and assets which are no longer in use will be written off and deleted from the fixed asset register	Monthly	Senior Procurement Officer	
Fixed Assets- Completeness of fixed asset register	Management will ensure that all Fixed Assets are reflected on the Fixed Asset Register and that all fixed assets reflected in the fixed asset register actually exists	Monthly	Senior Procurement Officer	
Fixed Assets - No supporting documentation regarding disposals	Disposals of fixed assets will be accounted for in the year in which they occur, and supporting documentation thereof will be available for inspection.	Monthly	Senior Procurement Officer	
Fixed Assets - Inadequate fixed asset count	A full count of all fixed assets will be performed at year end.	June 2010	Senior Procurement Officer	
Value for money: Excessive delays between tender closing dates and tender award dates	The supply chain management requirements of the MFMA will be complied with - management will ensure that tenders are awarded on a timely basis.	Timeously	Manager Financial Services	
Expenditure - List of accredited service providers	An e-mail will be sent to treasury to make sure that the municipality is not prohibited from doing business with the public sector.	Quarterly	Senior Procurement	

Problem	Action	Deadline	Responsible Person	Progress
	Update the list at least quarterly to include any additional prospective providers and any new commodities or types of services.		Officer	
Fixed assets - Insufficient descriptions per the fixed asset register	The description of fixed assets per the register will be complete in order to appropriately identify fixed assets.	Monthly	Senior Procurement Officer	
Consumer Deposits - No consumer deposit register kept	<p>A Consumer deposit register will be compiled at year end that reconciles to the general ledger.</p> <p>Monthly reconciliations will also be performed that reconciles the consumer deposit register to the general ledger. The reconciliation will be reviewed by an independent senior manager and signed as evidence of their review thereof.</p>	<p>Register in place January 2010</p> <p>Monthly</p>	<p>Accountant Revenue</p> <p>Assistant Manager Financial Services to review</p>	
Receivables - No audit evidence for the provision for bad debts	Management will ensure that they have a proper system in place that is able to produce a reliable and accurate debtors age analysis in order to test the provision for bad debts	June 2010	<p>Accountant Revenue</p> <p>Assistant Manager Financial Services to review</p>	
Receivables - Debts irrecoverable	Management will ensure that proper controls are in place over the recoverability of other debtors. Management will perform a review of all other debtors balances at year end to determine which	June 2010	<p>Accountant Revenue</p> <p>Assistant Manager Financial Services to</p>	

Problem	Action	Deadline	Responsible Person	Progress
	balances are likely to be irrecoverable and thereafter write off these balances.		review	
Receivables - No controls over the completeness of meter readings	Management will implement policies and procedures to ensure the completeness of revenue for meter readings. This would involve the review by senior management of the monthly meter readings recorded on the system to ensure that all meter readings per the meter reading listing are included. In addition, the meter reading listing will be reviewed for accuracy and completeness on a monthly basis by senior management and signed as evidence of their review thereof.	Monthly Monthly	Accountant Revenue Senior Clerk Revenue	
Receivables - Provision for doubtful debts not reviewed monthly and specifically	A review of irrecoverable debts will be done on a monthly basis and a provision raised by management for bad debts that are unlikely to be recoverable	Monthly Monthly	Accountant Revenue Senior Clerk Revenue	
Receivables - No monitoring of Indigent Debtors Consumption	Management will ensure that controls are implemented to limit the usage of water by indigents to the quota of water allocated to them to ensure consumption is not higher than the subsidies granted.	Monthly Monthly	Accountant Revenue Senior Clerk Revenue	
Revenue and receivables - No review of changes to	A report of changes to the system will be reviewed by management and reconciled back to the			

Problem	Action	Deadline	Responsible Person	Progress
master files	<p>amendment forms to ensure that all changes made to the system have been authorised by management and are supported by a master file amendment form.</p> <p>The ability to make changes to master files will be limited to a few people using access controls and such changes will be supported by adequate documentation and authorisation as evidence of the review to ensure that the information remains pertinent and up to date.</p>	Monthly	Accountant Revenue	
Revenue & Receivables - No evidence for validity of Electricity revenue	Management will consult with employees at Sebata to enable reports to be produced on a monthly basis to make it possible to obtain an audit trail of all transactions making up the batches recorded in the general ledger refuse revenue accounts	15 December 2009	Accountant Revenue	
Revenue & Receivables - No evidence for the validity, accuracy and completeness of rental revenue.	<p>Management will implement and maintain a register reflecting all rentals and deposits received. Controls will be put in place to ensure that deposits are charged and received for the rental of facilities.</p> <p>The amounts for deposits will be reflected on the tariff listing. The deposits per this listing will also agree to the deposit paid by the customer for renting of the premises.</p> <p>Management will thereafter ensure that the rentals according to the registers, are balanced to the</p>	Monthly	Accountant Revenue	

Problem	Action	Deadline	Responsible Person	Progress
	<p>relevant general ledger rental revenue account on a monthly basis and also ensure that deposits received and deposits paid back are allocated to the relevant general ledger deposit account and the balance of deposits held according to the register are reconciled with the general ledger account on a monthly basis.</p> <p>Management will consult with employees at Sebata to enable reports to be produced on a monthly basis to make it possible to obtain an audit trail of all transactions making up the batches recorded in the general ledger rental revenue accounts.</p>	15 December 2009		
Revenue & Receivables - Incorrect charges for services on rezoned properties	The finance department will be notified of all rezoning of properties to ensure that the tariffs as per the system are updated as soon as the rezoning takes place to ensure that revenue is accurately recorded in the general ledger. The changes to the system will be printed out and attached to supporting documentation relating to the rezoning. This will be reviewed by senior management and signed as evidence of their review thereof	Monthly	Accountant Revenue	
Revenue & Receivables - Conventional electricity billing incorrect	Management will implement procedures whereby system checks are performed to ensure that the correct charges as per the tariff listing are recorded onto the system. If correct charges are recorded and there are still differences between invoiced amounts and recalculations, representatives from	5 December 2009	Accountant Revenue	

Problem	Action	Deadline	Responsible Person	Progress
	SEBATA will be contacted to ensure that this is corrected			
Revenue & Receivables - No supporting documentation for certain other revenue transactions	Management will ensure that they have supporting documentation for all other revenue transactions recorded in the general ledger to provide evidence as to the validity of the transactions.	Monthly	Accountant Revenue	
Revenue & Receivables - No escalation clauses in rental contracts	The municipality will include escalation clauses in all rental contracts that will take place over a long period of time to ensure that the municipality receives market related rentals.	January 2010	Blackie Swart	
Receivables - No notice of discontinuance for defaulting debtor	Management will ensure that effective systems are in place and that all overdue debtors are sent notices of discontinuance regardless of where the debtor resides. If a notice of discontinuance is not possible, the debtor will be handed over to the attorneys. Management will also ensure that overdue accounts are followed up on and that those overdue will be handed over to the attorneys. It is important that the municipality collect all outstanding monies and revenues due	Monthly	Accountant Revenue	
Revenue & Receivables - Incorrect interest rate charged on outstanding debtors	Management will consult with a representative from SEBATA to enable the system to show a clear audit trail of the interest rate used each month. Management will also perform the calculations of interest charged on the debtors accounts on a regular basis to ensure that the system is calculating this accurately.	Monthly	Accountant Revenue	

Problem	Action	Deadline	Responsible Person	Progress
Journals - Incorrect posting of revenue journal entry	Once a journal has been processed by a clerk, a journal trail report will be produced reflecting which accounts the journal entry was posted to and this will be attached to the manual authorised journal voucher. This will be reviewed by management to ensure that journals are being posted to the correct accounts in the general ledger.	Monthly	Accountant Revenue	
Revenue & Receivables - VAT on rentals for accommodation	Contracts for the rental of accommodation will be amended to reflect that no VAT is included in the rentals. VAT will not be included in rental amounts billed to lessees of residential accommodation.	January 2010	Blackie Swart	
Revenue & Receivables - No controls over completeness of prepaid installation revenue	Management will implement controls over the completeness of revenue relating to the installation of prepaid meters. A customer will complete an installation form before an installation for prepaid electricity can take place. These forms will be in numerical sequence and authorised by management. Once the installation has been performed by the electrician, a numerically sequenced invoice will be produced by the municipality and sent to the customer. A copy of this invoice will be attached to the installation form signed by the customer. Management will thereafter review the installation forms to ensure there are no missing forms and that the invoices are attached to the forms.	January 2010	Manager Technical Services	

Problem	Action	Deadline	Responsible Person	Progress
Revenue & Receivables - Prepaid electricity from vendors not banked timeously	Management will adhere strictly to the requirements stipulated in the agreements between the vendors and the municipality. Monies received from the vendors will be banked timeously. This will be strictly monitored and contracts with vendors will be terminated if not adhered to.	Daily	Accountant Revenue	
Revenue & Receivables - No estimates for electricity readings at year end	Management will make an estimate of electricity revenue for the last 15 days of the financial year and record this estimate as revenue in the general ledger. Management will ensure that electricity revenue relating to the previous financial year is not included in the municipality's revenue during the month of July	30 June 2010	Accountant Revenue	
Revenue & Receivables - Differences on Rental revenue amounts	For all rental contracts, the lessee will be billed correctly in accordance with the rental amounts as stipulated in the contracts. Management will ensure that debtors statements are available for inspection for all rental contracts that are in force during the current financial year.	Monthly	Accountant Revenue	
Revenue & Receivables - VAT on invoices incorrectly calculated	Management will ensure that the system charges VAT consistently on items that are subject to VAT.	Monthly	Accountant Revenue	
Revenue & Receivables - Rental contract not signed	Lease agreements will be signed by the Municipal Manager	Monthly	Municipal Manager	

Problem	Action	Deadline	Responsible Person	Progress
by municipality official				
During the performance of audit work, it was identified that distribution losses were not monitored closely.	Installation of energy meters at each ring main unit to measure the overhaul usage of electricity in that particular transformer zone. We have 59 RMU throughout the network and we will have to embark on outages on other RMU's for the installations there-of.	30 June 2010	Assistant Manager Technical Services (Electrical)	
Procedures to ensure that losses were kept within the required norm. Planned maintenance programme to reduce losses due to overheated copper in transformers, loading in transformers and magnetic effects of transformers.	Outsource the RMU maintenance to the transformer maintenance specialists, who will also do maintenance on the switchgear side of the RMU's to replace or repair worn out contacts, copper busbars etc. Purification, Di-electric strength and Moisture tests to be done in transformer and switchgear oil to maximize the cooling effect and insulating properties of the transformers. Thus reducing the internal loses. We have to switch off the RMU's that will require planned outages for all the RMU's to be maintained. Arrangement will have to be made with the service provider that will be awarded the contract to carry out the maintenance and the frequency of maintenance with a strategy that will minimize the number outages that will have to be carried out.	30 June 2010	Assistant Manager Technical Services (Electrical)	

Problem	Action	Deadline	Responsible Person	Progress
<p>Procedures in dealing with susceptible losses due to faulty meters dispensing free electricity to consumers. Phasing out of Plessey meters that regularly suffer internal faults and LCD displays getting blank.</p>	<p>Removal of all faulty meters within the Municipal area and replacing them with new Conlog electricity dispensers. All the reports on auditing with blank meters will be dealt with immediately. To complete the removal and phasing out of Plessey meters by due date. The electrician will upon receipt of the audit spreadsheet, compile a list of faulty and/or blank meters, submit to the Assistant Manager in order to compile a daily scope of work and include in daily work instructions for the removal hereof.</p>	<p>31st March 2010</p>	<p>Assistant Manager Technical Services (Electrical) Senior Electrician Electricians</p>	
<p>Procedures to deal with illegal connections or tempering of electricity dispensers by consumers</p>	<p>Meter audits will be done on monthly bases from the 1st the 15th o of each month, and be checked every morning upon submission to the Senior electrician. Electricians will play a role of field supervision on meter readers during the auditing period, whils't doing his routine work or inspections, faults and planned work in his allocated area, he will attend to calls from the auditing team under his supervision, confirm tempering or illegal connection and thereafter disconnect the illegally connected or tempered meter and issue out a temper notice. Finance will be advised to block the customer from purchasing and issue a fine. The</p>	<p>Will be done on ongoing bases.</p>	<p>Assistant Manager Technical Services (Electrical) Senior Electrician Electricians</p>	

Problem	Action	Deadline	Responsible Person	Progress
<p>Street lighting, Public place lighting and municipal buildings are not metered adequately and therefore not billed and results in an increase in un-accounted electricity usage.</p>	<p>All the street lighting will be metered, metering which will happen concurrently with the installation of bulk meters inside the Ring Main Units and transformers supplying street lights, all the faulty meters metering the Municipal buildings will be replaced, if any, public places like parks, community halls etc. will be metered.</p>	<p>31 March 2009</p>		<p>Assistant Manager Technical Services (Electrical)</p>
<p>Disconnections and Reconnections to enhance revenue collection on Municipal services.</p>	<p>The cut-off list will be forwarded to Technical Services on daily bases before 8h30a.m. The list will then be distributed amongst electricians according to their areas of allocation/ zones. If there is a person available to focus on disconnections only, that responsibility of disconnections and reconnections will be assigned to him. he will be doing disconnections from 8h30a.m to 13h00p.m and reconnections from 14h00p.m to 16h15pm. A list of all customers who has settled their debts should be forwarded to technical services where Mrs. Mothai will dispatch the relevant person for reconnection.</p> <p>No reconnections will be done after hours, unless the finance department will carry the costs implicated in doing reconnections as overtime. Finance should ensure that the person is charged for call out.</p>	<p>Ongoing Process</p>		<p>Assistant Manager Technical Services (Electrical)</p>

Problem	Action	Deadline	Responsible Person	Progress
<p>New connections to facilitate registering of customers onto the Municipal database for collection of basic electricity charges and service fees.</p>	<p>An application form for the provision of municipal services will be completed by applicant. The Assistant manager/senior electrician will visit the place for the compilation of the material layout and issue a quotation.</p> <p>NB. Prior to the issue of an invoice for payment and availability of supply, the following should be ensured:</p> <p>That here building plans have been approved. That the commencement form prior to installation work on the building/dwelling was completed. That the load estimate for the electrical supply has been provided.</p> <p>That the certificate of compliance has been issued by an accredited person. That there are no outstanding payments on the erf concerned.</p> <p>A connection advice will be forwarded to finance for the capturing of all newly connected meters and/or bulk usage points. The details of the applicant, the meter numbers, and the readings will be submitted with an application form. All this information will be captured in the new connection spreadsheet detailing the load as well as the</p>	<p>Ongoing Process</p>		<p>Assistant Manager Technical Services (Electrical)</p> <p>Accountant Revenue</p>

Problem	Action	Deadline	Responsible Person	Progress
	<p>installation electrician in order to update the institutions Notified Maximum Demand and avoid Eskom penalties once exceeded.</p>			
<p>All electrical equipment sustaining failure due to inadvertent weather conditions, and were insured should be claimed from the Institutions insurers.</p>	<p>All the equipment lost or damaged due to adverse weather conditions should be reported to the Assistant manager, who will in turn complete the insurance claim forms from the Supply Chain Officer providing all the details and occurrence of the incident, the same procedure will apply in cases where the municipal vehicle or any other insured asset sustain a failure force majeure.</p> <p>Technical department should ensure that all the electrical assets are captured on the asset register and are insured.</p>	<p>Should be done on ongoing process.</p>		<p>Assistant Manager Technical Services (Electrical)</p> <p>Accountant Revenue</p>
<p>Electricity re-sale and inadequate billing by consumers who sell electricity to their tenants and not paying availability fees, line charges etc.</p>	<p>During the meter audits undertook throughout the whole town, it was discovered that there are certain individuals who are providing their own meters for their tenants and selling electricity tokens to them, the financial manager, according the responsibilities vested to him according to section 62(1) d of the MFMA, and section 125(2)(d) of the MFMA should take responsibility of such issues that have got a financial impact to the municipality. These people are operation without any agreements signed or entered into between</p>	<p>30 January 2010</p>		<p>Manager: Financial Services</p> <p>Assistant Manager Technical Services (Electrical)</p>

Problem	Action	Deadline	Responsible Person	Progress
	the municipality and themselves, and thus, it is unknown whether they're operation within the benchmarks as set regionally on electricity tariffs or not. Finance to urgently advice on the matter.			
Issuing of fines to recover revenue losses due to illegal connections and free electricity dispensation.	Issuing of fines will be as per agreed procedures for electricity tampering attached, the meter auditor will inform the electrician of a suspicious tampering, the electrician will perform tests or visually inspect the electricity dispenser, if satisfied that it has been tempered, will issue a temper notice which should be signed by the customer/recipient prior to disconnection of supply. A copy of the tamper notice will be submitted to Mrs. N Smith who will in turn issue out a fine and the purchases are blocked for the customer.	Ongoing process		Accounted Revenue

OVERALL STRATEGY TO IMPROVE AUDIT OPINION IN RESPECT OF 2008/09

1. INTRODUCTION

The Municipality has never been subjected to the extensive and incisive audit as was the case in 2008/09 financial year audit. Areas and aspects which were never a subject of audit in the past were audited and findings were made thereto. This was confirmed in the audit steering committees that were held during audit period.

It is however imperative to note with regret that some of the audit findings which constituted the basis of an audit opinion received are of a recurrent nature.

This therefore necessitates the adoption of a vigorous and different approach to dealing with the findings of the audit.

This strategy therefore seeks to present an overarching line of march which will guide interventions aimed at addressing not the symptoms but the root causes of the findings. These will range from systemic /organizational to management issues.

The strategy is not intended to replace action plans which are being developed and fine-tuned to ensure their effectiveness but rather to complement and guide the process to the attainment of the outcomes anticipated therein.

1.1 PROBLEM STATEMENT

The unavailability of documentation and information to the auditors resulted in a disclaimer of audit opinion by the Auditor general. The unavailability of information during audit could be ascribed to the following factors:

- Unavailability of key officials to provide the relevant explanations and information to the audit team;
- Disappearance of the information handed over to the audit team;
- Inability of the SEBATA financial management system to generate certain data and critical information required for audit;
- Some of the employees lacked requisite skill to operate the financial management system; consequently, some data even though it was available but could not be produced from the system;
- The filling and archive section was not utilized maximally to the benefit of the entire municipality.

1.2 Strategic goal

The strategic goal of the municipality is to achieve its financial viability and stability by 2015;

1.3 Objectives

- To improve the audit opinion from the disclaimer in 2008/09 to qualified audit opinion in 2009/10;
- To streamline the functioning of the municipality to direct attention and resources to pursuing and attaining the afore stated objective;
- To engender awareness in the municipality that auditing is not an exclusive preserve of the financial services department but “everybody’s business”.

2. SYSTEMIC ISSUES

- Configure and reposition the finance department to respond to the demands of the municipality; This will inter alia, include, creation and filling of critical positions in the supply chain management unit to achieve centralization of the Supply chain management function and segregation of functions and responsibilities between the departments and within the unit.
- Improve the functioning of the SEBATA financial management system and alignment thereof with other municipal systems;

3. MANAGEMENT ISSUES

3.1. RECORD KEEPING

- Enforce the implementation of the Records management policy;
 - All the important documentation to be kept at the Registry :
 - Council resolutions with the relevant attachments;
 - Lease agreements;
 - Rental contracts;
 - Supply Chain Management documentation

3.2. PLANNING

A monthly plan of activities of the municipality will be produced and distributed to the entire municipality to ensure that sections and departments organize their activities and programmes in accordance with the targets set in the SDBIP and; procurement of goods and services is carried out in accordance with the quarterly procurement plans.

The benefits of this approach will be far reaching as it will prevent clashes of programmes but also control spending patterns of the department which sometimes adversely affect cash flow of the municipality.

3.3. INTERNAL AUDIT PROJECTS

Internal audit plan will be amended to prioritize the following internal audit projects:

- Cash and Bank
- Supply Chain Management
- Asset management
- Leave reconciliation
- GRAP Implementation Review
- Information Technology – Environment Review
- Monthly reviews of the action plan
- Regulation of overtime
- Dry run audit by internal auditors
- Identify shortcomings in the Annual Financial statements and trial balance in respect of reconciliation to minimize audit queries.

3.4. IN- YEAR BUDGET MONITORING

Budget -in -year monitoring will be strengthened to avoid over and under-expenditure. To that a budget steering committee will be convened bi-monthly to monitor expenditure trends by departments.

3.5. CAPACITY BUILDING

- Capacity development of the employees with a particular focus to finance staff; Skills gap analysis will be undertaken in the finance department;

- Intensive training of staff members on the Financial Management system, SEBATA and GRAP standards
- Training of the management and supervisors on risk management, Asset management and Supply chain management.
- Appointment of key staff members in the finance department – Asset manager and Systems administrator

3.6. MONITORING AND EVALUATION

- Internal audit unit will oversee and monitor the implementation of the Action plan and will report to the audit committee on a quarterly basis.
- Monthly bank reconciliations will be reviewed by the Internal auditors;
- The audit committee will report to the standing committee for Finance [February, March, April May and June] and Council meetings [March and June]

3.7. PERFORMANCE MANAGEMENT

- Performance agreements of the s57 managers and Municipal Manager to incorporate audit findings.

3.8. ENSURING SUPPORT

All members of the broad management will sign a pledge to commit themselves to and support the clean audit project.

3.9. PRE- AUDIT PREPARATION

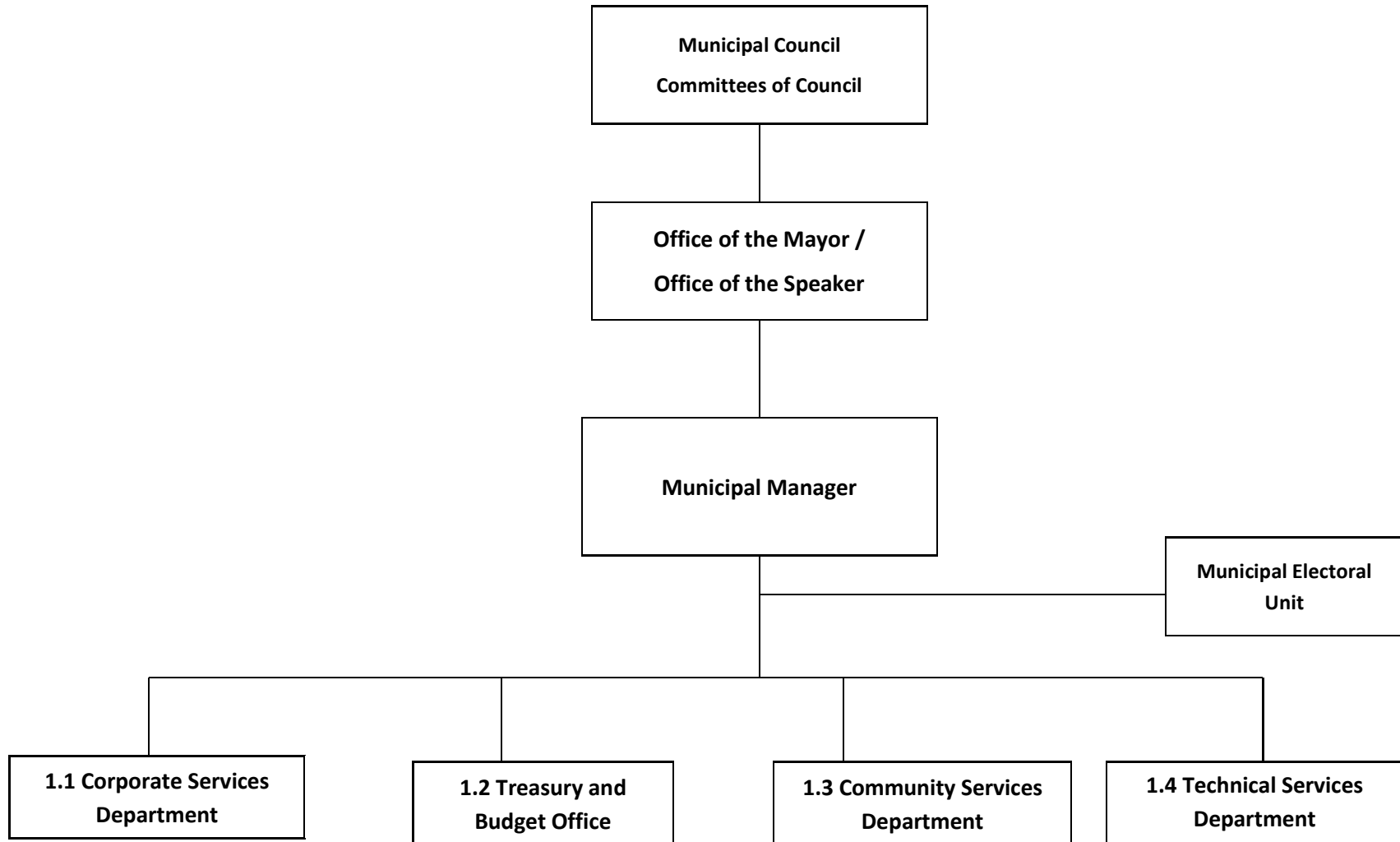
- Dry run audit by the internal auditors by March 2010;
- GRAP implementation review will be undertaken in March 2010 to determine the state of readiness;
- Develop and review audit file

3.10. AVAILABILITY OF KEY PERSONNEL

- During the month of September and October, applications for leave of absence will be submitted to the Municipal manager for approval.

ORGANOGRAMME FOR 2009/10 FINANCIAL YEAR

Micro Configuration



MUNICIPAL COUNCIL / COMMITTEES OF COUNCIL

OFFICE OF THE MAYOR / SPEAKER

PURPOSE : To provide political leadership to the local municipality

FUNCTIONS

Fulfill reporting requirements in line with the legislative framework and political requirements.

Regular reporting to the relevant political structures and oversight committees on financial and related matters.

Ensure that the municipal priorities are aligned to political priorities.

MUNICIPAL MANAGER

PURPOSE: To head the local municipality in terms of the applicable legislation and to be the Accounting Officer of the municipality in terms of the Municipal Finance Management Act (MFMA).

FUNCTIONS

Head of administration of the local municipality.

Accountability for the local municipality.

Integrated Development / Strategic Management, Budget Integration and Performance.

Provide link between the political and administrative arms of the municipality.

1 Bodyguard / Driver