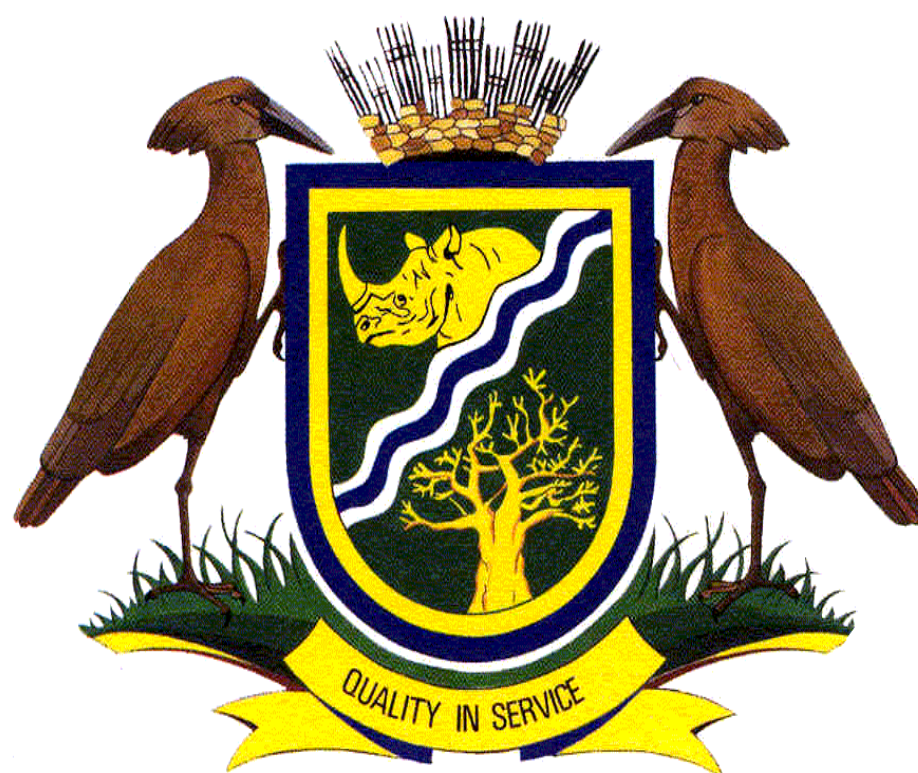


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# ANNUAL REPORT

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2011/2012



VHEMBE DISTRICT MUNICIPALITY

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## CHAPTER 1

### MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



#### **a. Vision**

A Developmental Municipality focusing on Sustainable Service Delivery and Socio-Economic Development towards an Equal Society.

#### **b. Mission**

To be an accountable and community driven municipality in addressing poverty and unemployment through sustainable socio-economic development and service delivery

#### **c. Key Policy Developments**

The municipality has during the year under review strengthened its administrative operations by drafting 23 policies on Human Resources Management. Several policies have also been reviewed to ensure good governance and accountability.

#### **d. Key Service Delivery Improvements**

The municipality has made notable improvements on service delivery within the district with specific reference to water provision. The focus during the year under review was to deal with the backlog as reflected in the beginning of 2009/2010 financial year.

The provision of piped water inside dwelling has improved from 31 857 in 2010 to 32 243 in the year under review. The supply of water through stand pipes increased from 165 662 in 2010/11 to 167 419 in 2011/2012.

#### **d. Public Participation**

To ensure good governance and public participation the VDM has established the following Intergovernmental structures.

Executive Mayors Forum

Municipal Managers Forum  
Chief Financial Officers' forum

The above structures assist in joint decision making, co-ordination and cooperation with the constituent local municipalities. Consistent public participation has been encouraged in the municipal programmes and projects in particular during the IDP and budget consultation meetings.

**e. Future Actions**

Although significant progress has been made on service delivery, it is quite clear that the Municipality should multiply its efforts to increase the pace on service delivery, especially on water provision. It is our intention to finalise all the water projects which were started during the year under review.

**f. Agreements / Partnerships (announcements on special partnerships initiated)**

It is pleasing to announce that the Vhembe District Municipality has, during 2011/12, entered into partnership with the following institutions:-

- **National Development Agency** ; for administering the VDM's budget for Nadoni Agricultural Hub Project.
- **LEDET**; for Implementation of the VBR Programme

**g. Conclusion**

Looking back on the previous year's performance, 2011 / 2012, it is clear that the District Municipality made some great strides in ensuring that the challenges identified in the previous financial year are attended.

However, the municipality still acknowledge the mammoth challenge on water provision and we are determined to work even harder to improve the situation.

The year ahead of us brings more challenges that will require all of us to multiply our efforts to ensure that we deliver as expected. We are however confident that we will remain focused to the task at hand and live up to the expectations of the inhabitants of this district.

**Cllr T. Matibe**  
**Executive Mayor**

## 1.1 MUNICIPAL MANAGER'S OVERVIEW



### **Introduction**

It has been an exciting and yet very demanding twelve calendar months. It was also a year where as a team, from the Accounting Officer to the Cleaner, should look at with pride. It was, however, very clear from the beginning of the financial year that a great task lied ahead of us and management was well aware of the challenges the institution was facing.

The District is in the process of finalising the transfer of staff from Department of Water Affairs and Forestry which had a contingent of 1290 officials. The transfer of staff from the Department of Health is also currently under way and we are determined to complete the process in the coming financial year.

### **Challenges v/s achievements**

During the period under review the municipality managed to complete the backlog with regard to individual performance assessment of the staff transferred from DWA which was a thorn in the flesh on the previous financial years. For the first time, the District would assess individual performance using its own performance management framework.

The District has made some strides in strategic areas and has also had challenges in some areas of our work. The greatest of the achievement in the year under review has been the reviewing of the Vision and Mission of the District and align it with the offerings and the District's comparative advantages as defined within the Provincial Growth and Development Strategy.

We have also achieved unprecedentedly in the area of good governance and institutional arrangements. We have in the year under review managed to be consistent in our reporting which allowed Council to take informed decisions. We also managed to appoint a new Audit Committee, the Legal services Manager and the IGR Officer. The Oversight Committee for the annual report has been revived and trained on its oversight responsibility.

**Conclusion**

It is quite pleasing to note that there has been a significant improvement in the manner in which we do business. The municipality has, during the year under review, once again produced a credible IDP and the SDBIP which is aligned to the IDP. We have also been consistent on performance monitoring and evaluation through quarterly performance review meetings.

However massive challenges still lie ahead with regard to the provision of water which is our key mandate. We are currently implementing water projects and upgrading our water schemes to improve in this regard.

**Makumule M.T**  
**Municipal Manager**

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### Powers and Functions

Vhembe District Municipality 's powers and functions as outlined in Section 84 (1) of the Municipal Structures Act ,117 of 1998 are as follows :

- Integrated Development Planning for the District municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality taking into account the integrated development plans of those local municipalities.
- Bulk supply of water that significant proportion of municipalities in the District.
- Bulk electricity that affects a significant proportion of municipalities in the District.
- Bulk Sewerage purification works and main sewage disposal that affects significant proportion of municipalities.
- Solid waste disposal sites serving the area of the District as a whole.
- Municipal roads which form an integral part of road transport system for the entire area of the District as a whole.
- Regulation of passenger transport services.
- Fire fighting services serving the area of the District as a whole.
- Promotion of local tourism for the area of the District municipality.
- The receipt, allocation and if applicable the Distribution of grants made to the District.
- The imposition and collection of taxes, levies and duties as related to the above-mentioned functions or as may be assigned to the District Municipality in terms of National legislation.

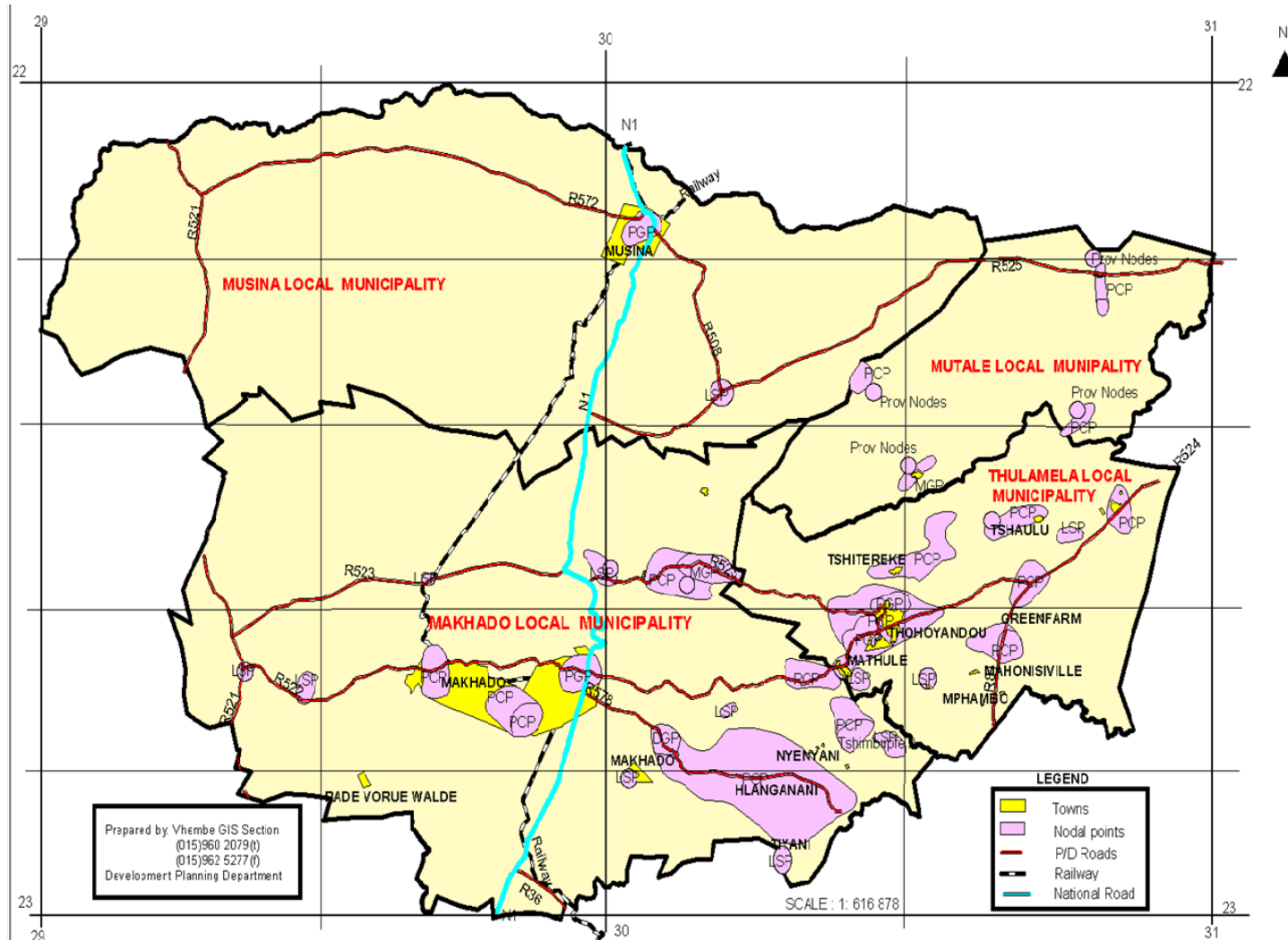
### Environmental Overview

Vhembe District Municipality was established in the year 2000 in terms of Local Government Municipal Structures Act 117 of 1998. The Municipality has been classified as a category C, grade 4 municipality by the Municipal Demarcation Board in terms of section 4 of the Local Government: Municipal Structures Act, 1998.

The Vhembe District Municipality is located in the Northern part of Limpopo Province and shares borders with Capricorn and Mopani District municipalities in the southern, eastern and northern directions respectively. The sharing of borders extends to Zimbabwe and Botswana in the North West and Mozambique through Kruger National Park.

The District covers **21 407 square km** of land and according to DWAF Stats Form-D study the population has increased and is standing at **1.388 427 million** people and the district settlement

patterns +- 772 whilst the number of households is 269 547. The population is mainly comprised of **women (55%)** with **50%** of the population being under the age of 20 years. About **57%** of the population does not have formal education, **9%** has primary education and **20%** with secondary education and only **3%** with tertiary education. The main contributions to the economy are community services (**22%**) mining (**0.7%**) and trade **14%**. Tourism, agriculture and manufacturing are also significant with potential to be further enhanced. Unemployment level is at **53%**. During the period under review, the municipality was headed by Cllr Mdaka F.P



### Population

Vhembe District Municipality has as per 2001 census results had a population of 1.199 884 people. The population distribution within the local Municipalities in the District as per 2001 stats South Africa results reflect that 575 675 people are found in Thulamela Municipality , 496 198 in Makhado , 40 836 in Musina and 57 643 in Mutale . The population of the District is mainly comprised of women who form 55% of the population while 50% of the population is composed of people under the age of 20 years. The

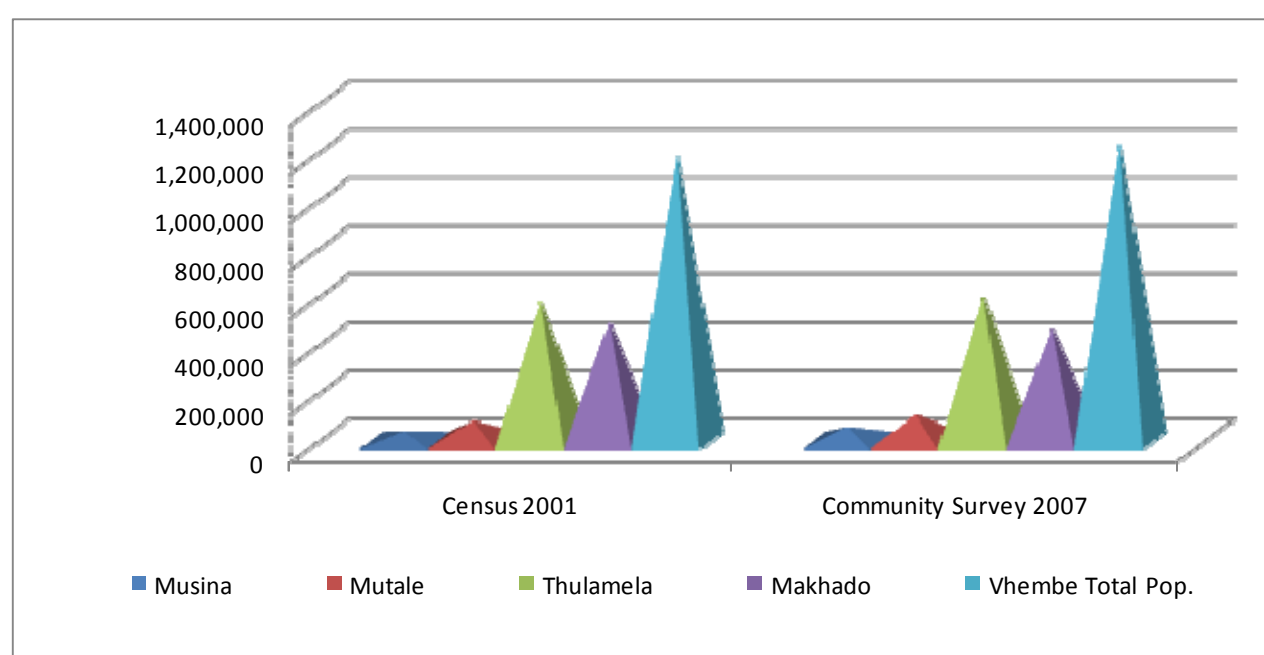


languages that are spoken in the District are Tshivenda, Xitsonga, English, Afrikaans and Sepedi.

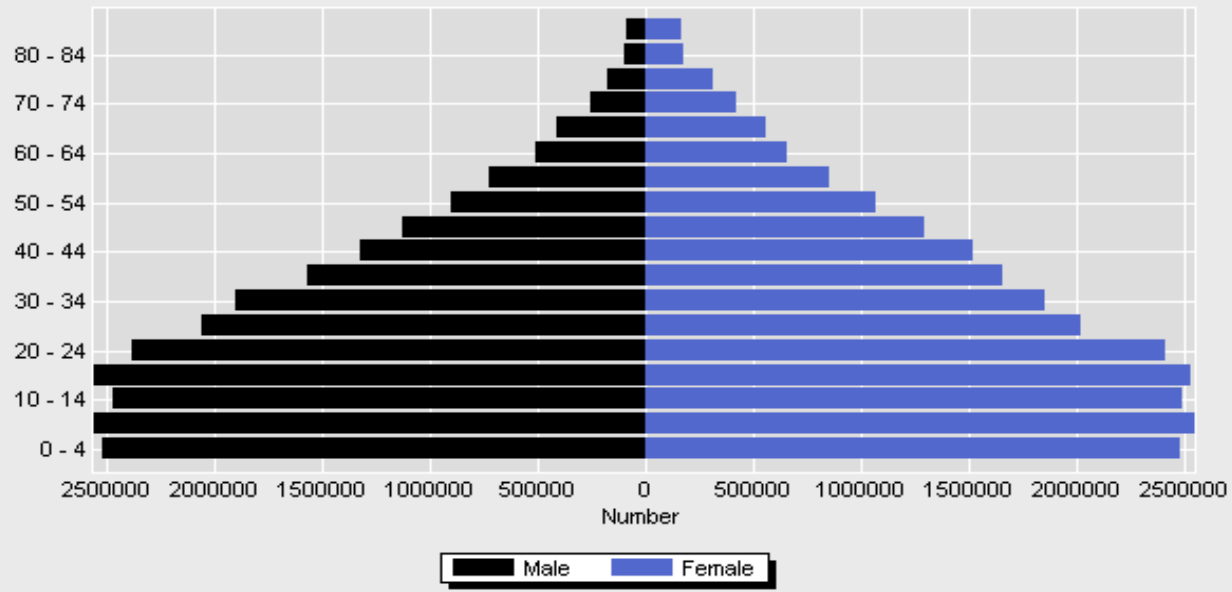
The poverty rate in the District as per the 2001 census has been recorded at 63.3% covering 176 464 households.

**Demographic profile per local municipality**

Years/ Area	Vhembe District Municipality	Musina Local Municipality	Mutale Local Municipality	Thulamela Local Municipality	Makhado Local Municipality
Census 2001	1 198 056	39 310	82 656	580 829	495 261
Community Survey 2007	1 240 035	57 195	108 215	602 819	471 805
Pop. Growth	41 979	17 885	25 559	21 990	-23 456

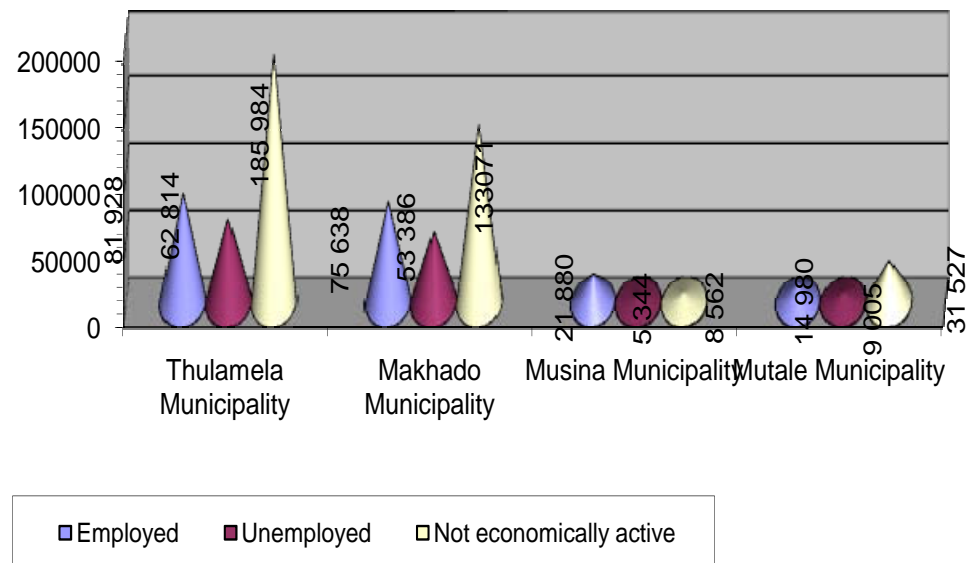


**Community Survey 2007:  
by gender and age group.  
(Number)**



© Statistics Denmark

**Population employment per local municipalities: Vhembe District Municipality**



### 1.3 SERVICE DELIVERY OVERVIEW

The provision of water is the core business of the Vhembe District Municipality. The supply of water within the district has been and is still our first priority. Over the past three financial years starting 2009/10, some considerable improvement has been made in this regard (provision of water).

The provision of piped water inside dwelling has improved from 31 857 in 2010 to 32 243 in the year under review. The supply of water through stand pipes increased from 165 662 in 2010/11 to 167 419 in 2011/2012. Although the supply of water still remains challenges, the above figures shows that there has been significance improvement in the provision of water within the district.

### 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

During the period under review the municipality managed to review the organogram as set out in the Service Delivery and Budget Implementation Plan. Job descriptions have been developed and signed by all employees.

In an effort to finalize the transfer process, all employees transferred from DWA, including those who are stationed in local municipalities, have been captured in the payroll of the municipality. A total of 23 policies have been developed with a view of enhancing the operations within the municipality.

The municipality also managed to offer training to the water services staff in order to improve in the management of water-works plants. This move has yielded positive results and improved the pace on provision of water within the District.

### 1.6 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	31 December
2	Consider & approve, reject or refer back the annual report at a council meeting	31 January
3	Place annual report on the municipal website	5 February
4	Oversight Committee assesses Annual Report	31 March
5	Council adopts Oversight report	
6	Oversight report is made public	
8	Oversight report is submitted to relevant provincial councils	
9	Annual Report and Oversight Reports to be used as input on commencement of draft Budget/ IDP finalisation for next financial year.	1 April

## CHAPTER 2 - GOVERNANCE

### 2.1 POLITICAL GOVERNANCE

During the year under review Vhembe District Municipality had the following components; Council, Governance and Administration.

#### (I) Council.

The legislative and executive authority of the municipality resides in council headed by the Speaker. In the year under review the Council was headed by Councillor Mahasela M.C as the Speaker. Council was composed of 58 Councillors. 22 Councillors are directly elected and 36 are proportionally representatives of the 4 local Municipalities within the District and 11 traditional leaders have been designated as part of council.

#### (II) Governance

The governance component of the municipality resides with the Executive Mayor assisted by the Mayoral Committee. During the 2011/2012 financial year the Executive Mayor of Vhembe District Municipality was Councillor F.F Dzhombere. The Executive Mayor was assisted by 10 Members of the Mayoral Committee each heading a portfolio of responsibilities as follows:

- Finance : Cllr Mdaka F.P
- Technical Services : Cllr. Mboyi M.D
- Community Services : Cllr. Chauke F.T
- Development Planning : Cllr. Ramoyada E.M
- Corporate Services : Cllr. Manyuha M.L

**THE MAYORAL COMMITTEE**

Executive Mayor: Dzhombere F.F

Cllr L . Chauke F.T

Cllr Sibiya S

Cllr Mahasela MC

Cllr. Manyuha M.L

Cllr Mathavha H.F

Cllr Mboyi MD

Cllr Mdaka FP

Cllr Mphaphuli .C

Cllr Muditambi L.J

Cllr Ramoyada E.M

## 2.2 ADMINISTRATIVE GOVERNANCE

### MUNICIPAL MANAGEMENT TEAM



Makumule M.T  
Municipal Manager



Ramathlaphe L:  
Chief Financial  
Officer



Razwiedani S:  
GM : Exec Mayor's  
Office



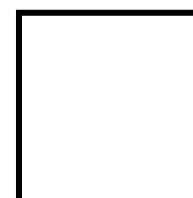
Tshivhengwa N.F  
GM Technical  
Services



Nemaconde M. A:  
GM Community  
Services



Mudau M. A:  
Acting GM  
Development  
Planning



Nyathela T.T:  
GM Corporate Services



Nemaconde M. A:  
GM Community  
Services

The administrative component of the municipality is headed by the Municipal Manager as an Accounting Officer and Head of Administration. The Municipal Manager of Vhembe District Municipality in the year under review was Mr Makumule M.T. Administration was composed of 7 Departments, namely, Corporate Services, Finance , Community Services, Technical Services, Development Planning , Office of the Executive Mayor and Office of the Municipal Manager.

## 2.3 INTERGOVERNMENTAL RELATIONS

To ensure good governance and public participation the VDM has established the following Intergovernmental structures.

Executive Mayors Forum

Municipal Managers Forum

Chief Financial Officers' forum

These structures assist in joint decision making, co-ordination and cooperation with the constituent local municipalities and are held on quarterly basis.

## 2.4 PUBLIC MEETINGS

The municipality has been very consistent in holding IDP Representative Forum meetings which served as a platform for the public to make their contributions and hold the municipality accountable. Public participation has been encouraged in the municipal programmes and projects in particular during the IDP and budget forums.

IDP Representative Forum meetings are held on quarterly basis and are captured in the Municipalities Corporate calendar. The EXCO meetings have also been conducted on quarterly basis to afford communities an opportunity to meet both the administrative and political component of the municipality. These meetings enabled the political office bearers to assess the impact of service delivery as well as the challenges thereof.

<b>Public Meetings</b>			
<b>Nature and purpose of meeting</b>	<b>Number of Participating Municipal Councillors</b>	<b>Number of Participating Municipal Administrators</b>	<b>Number of Community members attending</b>
IDP rep Forum	32	80	54
	35	59	82
	34	66	70
IDP Public Participation and Budget consul-tation	45	61	153
	36	47	90
	39	59	190
	64	44	118

## 2.5 IDP PARTICIPATION AND ALIGNMENT

During the financial year 2011/2012 the municipality conducted several meetings to reach out to the communities. The IDP representative forum has created a perfect platform for public participation.

Although not all of the issues raised by public members are achievable immediately, there are some considerable quick-wins made out of the concerns raised. Public participation has also raised critical issues to be considered for future plans. The IDP is aligned with the SDBIP and thus making it feasible to monitor the implementation of projects.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## 2.6 RISK MANAGEMENT

Vhembe District has established a Risk Management Unit in 2008. Since 2010 the post of a Risk Officer was vacant as the Officer has been seconded to finance departments to assist with Assets Management. Currently the Internal Audit Unit is assisting with some of the activities of Risk Management.

The following documents are in place:

- a) Risk Management strategy,
- b) Risk Register.

Risk Management Unit is currently not fully functional due to the vacant position of the Risk Officer; however, the post has been advertised to appoint a suitable candidate. Furthermore, Internal Audit is assisting by ensuring that risk assessments are conducted and relevant documents of risk management are in place. The annual risk assessment for 2011-2012 was conducted.

## 2.7 WEBSITES

The usage of the website has also improved in the previous three financial years. Important documents such as the annual report, Integrated Development Plan and Service Delivery and Budget Implementation Plan are posted in the website. The website has also increased access to the municipality's information as it is updated timeously.

## 2.8 PUBLIC SATISFICATION ON MUNICIPAL SERVICES

In order to evaluate the customer satisfaction of the municipal services, the municipality has during the year under review conducted a Customer Satisfaction Survey within the District. The findings of the survey have been discussed at different platforms within the municipality and paved the way forward on other pressing service delivery matters.



## CHAPTER 3 - SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT)

### INTRODUCTION

This chapter outlines how the municipality carried out its mandate during the year under review. It shall, in some instances, reflect on the previous financial year i.e 2010/11 with a view of reflecting on how the municipality has performed with regard to reducing the service delivery back-log.

The chapter shall also highlight the municipalities' achievements and challenges as well as the spending patterns on service delivery projects.

### COMPONENT A: BASIC SERVICES

This component includes: water supply; waste water (sanitation); Electricity; and a summary of free basic services.

#### Introduction to water services

The provision of water is the core business of the Vhembe District Municipality. The supply of water within the district has been and is still our first priority. Over the past three financial years starting 2009/10, some considerable improvement has been made in this regard (provision of water).

The provision of piped water inside dwelling has improved from 31 857 in 2010 to 32 243 in the year under review. The supply of water through stand pipes increased from 165 662 in 2010/11 to 167 419 in 2011/2012.

Although the supply of water still remains a challenge, the above figures shows that there has been significance improvement in the provision of water within the district.

### 3.1 WATER PROVISION

Water Service Delivery Levels			
Description	Households		
	2010/11	2011/12	
	Actual No.	Actual No.	Actual No.
<b><u>Water: (above min level)</u></b>			
Piped water inside dwelling	31 857	32 243	64 100
Piped water inside yard (but not in dwelling)	14 037	14 190	28 227
Using public tap (stand pipes )	165 662	167 419	333 081
<i>Minimum Service Level and Above sub-total</i>	<b>211 556</b>	<b>213 852</b>	<b>425 408</b>
<i>Minimum Service Level and Above Percentage</i>	<b>66.95%</b>	<b>67.7%</b>	<b>67.33%</b>
<b><u>Water: (below min level)</u></b>			
Using public tap (more than 200m from dwelling)	38 728	39 178	77 906
Other water supply (more than 200m from dwelling)	2 684	2 525	5 209
No water supply	41 412	41 703	
<i>Below Minimum Service Level sub-total</i>	<b>82 824</b>	<b>83 406</b>	<b>83 115</b>

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl Free Basic Water
2010/11	52.43%	14.52%	52.43%
2011/12	52.99%	14.70%	52.99%

**Water Service Policy Objectives Taken From IDP**

Service Objectives and Targets		2010/11		2011/12	
		Target	Actual	Target	Actual
<b>Service Indicators</b>					
<b>(i)</b> No. of households connected		<b>(ii)</b> No. of households with access to minimum water supply			
<b>Service Objective</b> : Deliver 122 640 000 litres of water , connect 4243 households without minimum water supply and 3754 households to RDP standard					
<b>Households without minimum water supply</b>	Additional Households provided with minimum water supply during the year	104 397	8 798	102 101	
<b>Improve reliability of water supply</b>	Reduce the number of interruptions in supply of one hour or more compared to the baseline of 2010/11	N/A	N/A	100%	0%
<b>Improve water conservation</b>	Reduce unaccountable water levels compared to the baseline of 2010/11	30%	50%	20%	50%

<b>Employees: Water Services</b>					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	-	-
4 - 6	11	13	13	-	-
7 - 9	63	174	174	-	-
10 - 12	158	243	243	-	-
13 - 15	994	1215	1215	-	-
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
<b>Total</b>	<b>1228</b>	<b>1647</b>	<b>1647</b>	-	-

Financial Performance 2011/12: Water Services					
R'000					
Details	2010/11	2011/12		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
<b>Total Operational Revenue (excluding tariffs)</b>					
Expenditure:	R 91 884	R9 0 816	R90 816	R94 682	
Employees	R 192 050	R165 325	R165 325	R156 531	
Repairs and Maintenance	R40 228	R61 335	R61 335	R49 682	
Other	-	-	-	-	
<b>Total Operational Expenditure</b>	<b>R324 162</b>	<b>R317 476</b>	<b>R61 682</b>	<b>R300 895</b>	

Capital Expenditure 2011/12: Water Services					
R' 000					
Project	Budget	Adjusted Budget	Actual Expenditure	Variance from original budget	Total Project Value
Tshidzivhe Local Ground Water Reticulation	R50 000	R50 000	R0	R50 000	R0
Muwaweni, Madadzhi,, Luv hufhe, Tswika and Slangar Bulk W Supply	R62 000	R246 000	R243 000	R3 000	R243 000
Tshiungani II, Nwiini, Maholoni, Bileni Equipment & Elec Boreho	R66 000	R2,000 000	R889 000	R1,111 000	R889 000
Tshagwa, Baimore, Tshungane Water Reticulation	R69 000	R69 000	R54 000	R15 000	R54 000
Sinthumule, Kutama, LMB & Makhado Contract 2A	R100 000	R500 000	R0	R500 000	R0
Mavhambe Water Supply	R200 000	R2,40 0000	R1,996 000	R404 000	R1,996 000
Malamulele East Bulk Water and Transfer/Tshikonelo	R250 000	R3,000 000	R2,625 000	R375 000	R2,625 000
Mutale RWS (Upgrading of Purification Works)	R250 000	R250 000	R0	R250 000	R0
Mavhode/Madatshitshi/Tshamulungu/Mafhohoni Water Supply	R300 000	R1,766 000	R1,552 000	R214 000	R1,552 000
Mutale RWS:(Upgrading of Purification Works)	R300 000	R549 000	R482 000	R67 000	R482 000
Nzhelele Regional Water Mutshedzi Water Purification	R354 000	R98 000	R78 000	R20 000	R78 000
Masibambane Theme 3	R500 000	R500 000	R0	R500 000	R0
Kurhuleni North Storage and Reticulation	R500 000	R437 000	R437 000	R0	R437 000
Mutale Route S Phase 3B	R527	R1,269 000	R1,269 000	R0	R1,269 000

Capital Expenditure 2011/12: Water Services					
					R' 000
Project	Budget	Adjusted Budget	Actual Expenditure	Variance from original budget	Total Project Value
Rehabilitation of Makuya RWS	R600 000	R600 000	R164 000	R436 000	R164 000
Phiphidi Ndongola Water Reticulation Phase 1	R638 000	R960 000	R692 000	R268 000	R692 000
Rambuda Pump Station: Bulk line to Mavhode Phase 3	R655 000	R920 000	R920 000	R0	R920 000
Tshikuyu, Dovhu, Dulutulu, Bennde Mutale & Masisi Water Supp 1	R682 000	R5,050 000	R4,345 000	R705 000	R4,345 000
Tshidzivhe Local Ground Reticulation	R684 000	R856 000	R802 000	R54 000	R802 000
Masisi Sandwell Point B	R763 000	R777 000	R751 000	R26 000	R751 000
Waste Water Treatment Works Management Plan	R869 000	R260 000	R260 000	R0	R260 000
Madimbo(Matshakatini), Malale, Domboni Water Supply Phase 1	R917 000	R1,959 000	R191 000	R1,768 000	R191 000
Thohoyandou Unit C Ext Water Supply	R1,000 000	R564 000	R564 000	R0	R564 000
Watervaal Waste Water Treatment Works Project	R1,000 000	R1,000 000	R0	R1,000 000	R0
Tshixwadza Water Reticulation Phase 2	R1,174 000	R0	R418 000	R418 000	R418 000
Mafukani to Mabila Rising Main Phase 2	R1,384 000	R588 000	R474 000	R114 000	R474 000
Middle Letaba Command Reservoir	R1,500 000	R2,200 000	R1,322 000	R878 000	R1,322 000
Luphephe, Nwanedi RWS: Bulk Infrastructure Phase 2 Reservoir	R1,500 000	R645 000	R645 000	R0	R645 000
Belemu, Mutanda II, Phiphidi, Ngwenani Ya Themeli & Mathule Z8	R1,550 000	R1,000 000	R790 000	R210 000	R790 000
Dzindi bulk water supply & reticulation phase 2	R1,600 000	R800 000	R686 000	R114 000	R686 000
Thohoyandou Block A(Milu&Tshida) Learner Contra 2	R2,000 000	R2,000 000	R473 000	R1,527 000	R473 000
Thohoyandou Block A(Milu&Tshida) Learner Contra 3	R2,000 000	R2,000 000	R574 000	R1,426 000	R574 000
Malamulele West RWS: Muda, Malo, Siya & Mapuve WTW Contra 1	R2,023 000	R2,467 000	R672 000	R1,795 000	R672 000
Malamulele West RWS: Muda, Malo, Siya & Mapuve WTW Contra 2	R2,023 000	R2,467 000	R504 000	R1,963 000	R504 000
Malamulele West RWS: Muda, Malo, Siya & Mapuve WTW Contra 3	R2,023 000	R2,467 000	R520 000	R1,947 000	R520 000
Malamulele West	R2,023 000	R2,467 000	R549 000	R1,918 000	R549 000

Capital Expenditure 2011/12: Water Services					
					R' 000
Project	Budget	Adjusted Budget	Actual Expenditure	Variance from original budget	Total Project Value
RWS:Muda,Malo, Siya & Mapuve WTW Contra 4					
Malamulele West RWS:Muda,Malo, Siya & Mapuve WTW Contra 5	R2,023 000	R2,467 000	R726 000	R1,741 000	R726 000
Malamulele West RWS:Muda,Malo, Siya & Mapuve WTW Contra 6	R2,023 000	R2,467 000	R777 000	R1,690 000	R777 000
Malamulele West RWS:Muda,Malo, Siya & Mapuve WTW Contra 7	R2,023 000	R2,467 000	R765 000	R1,702 000	R765 000
Malamulele West RWS:Muda,Malo, Siya & Mapuve WTW Contra 8	R2,023 000	R2,467 000	R791 000	R1,676 000	R791 000
Mutale Route S Phase 3A	R2,200 000	R2,316 000	R2,236 000	R80 000	R2,236 000
Mukumbani, Tshila, Tshivhu, Raba, Ngwe, Mavho, Gondelunu Phase 1	R2,323 000	R2,323 000	R1,915 000	R407 000	R1,915 000
Mutale Route S:Tshamabere (Phase 3C AND 3D) Contract 5	R2,351 000,	R1,904 000	R695 000	R1,209 000	R695 000
Malamulele West RWS:Muda,Malo,Siya & Mapuve WTW Contra 9	R2,467 000	R2,467 000	R278 000	R2,189 000	R278 000
Mutale Route s:Tshamabere(phase 3C & 3D)Contract 1	R2,500 000	R2,690 000	R2,668 000	R22 000	R2,668 000
Mutale Route S:Tshamabere (Phase 3c and 3D) Contra 2	R2,500 000	R2,500 000	R2,248 000	R252 000	R2,248 000
Mutale Route S:Tshamabere (Phase 3c and 3D) Contra 3	R2,500 000	R4,300 000	R3,727 000	R573 000	R3,727 000
Nandoni to Malamulele Phase 2 (Reservior and Pumpstation)	R3,000 000	R6,500 000	R5,654 000	R846 000	R5,654 000
Xikindu\Mhinga Water Reticulation Phase 1B	R3,659 000	R3,659 000	R2,070 000	R1,589 000	R2,070 000
Sinthumule, Kutama, LMB & Makhado Contract 2C	R4,000 000	R6,000 000	R4,907 000	R1,093 000	R4,907 000
Remedial Works Makhado Water Supply	R4,000 000	R4,000 000	R0	R4,000 000	R0
Rambuda Pumpstation: Bulk line to Mavhode Phase 1	R5,000 000	R241,261 000	R241 000	R0	R241 000
Rambuda Pump Station: Bulk line to Mavhode Phase 1B	R5,000 000	R5,000 000	R2,359 000	R2,641 000	R2,359 000
Xikindu\Mhinga Water Reticulation Phase 1C	R5,944 000	R6,244 000	R4,177 000	R2,067 000	R4,177 000
Dzindi-Lwamondo	R6,000 000	R6,784 000	R5,534 000	R1,250 000	R5,534 000

Capital Expenditure 2011/12: Water Services					
					R' 000
Project	Budget	Adjusted Budget	Actual Expenditure	Variance from original budget	Total Project Value
RL2,RL3,RL4 & RL6 Connections					
Thohoyandou Block A(Milu&Tshida)Water Supply: 10ML Reservoir	R6,000 000	R2,000 000	R1,332 000	R668 000	R1,332 000
Phiphidi Shonisani Water Reticulation	R6,500 000	R6,500 000	R3,137 000	R3,363 000	R3,137 000
Refurbishment in Gaarside,Sane Ext,Koporasi,Divhani,Mar anikw	R7,000 000	R7,000 000	R0	R7,000 000	R0
Refurbishment,Muti,Mant sha,Mamvuka,Tshiroolwe, Tshikunise,Many	R7,000 000	R4,500 000	R0	R4,500 000	R0
Tshiendeulu water supply and project phase 2	R7,000 000	R4,234 000	R3,676 000	R558 000	R3,676 000
Mukula Bulk Water supply Project	R8,000 000	R12,800 000	R12,489 000	R311 000	R12,489 000
Xikundu RWS:Doubling Bulk Water Supply from NR3 to Van Rooye	R9,500 000	R8,050, 000	R5,456 000	R2,594 000	R5,456 000
Thohoyandou Block A(Milu/Tshida)Water Supply Learner Contr 1	R10,000 000	R2,000 000	R1,993 000	R7 000	R1,993 000
Mukumbani, Tshila, Tshivhu,,Raba,Ngwe,Mavho,Go nde& Phase 2	R10,000 000	R7,553 000	R7,427 000	R126 000	R7,427 000
SinthumuleKutama DWA (B7)	R10,000 000	R10,000 000	R7,507 000	R2,493 000	R7,507 000
Sinthumule Kutama Bulk Water Supply Contract B8	R10,000 000	R12,200 000	R10,788 000	R1,412 000	R10,788 000
Luphephe Nwanedi RWS:Mechanical & Electrical works	R10,000 000	R5,250 000	R0	R5,250 000	R0
Tshikhudini Water Reticulation	R12,000 000	R10,000 000	R5,794 000	R4,206 000	R5,794 000
Shayandima Ext 9,10 and 11 Phase B Reservoir	R12,000 000	R16,087 000	R8,509 000	R7,578 000	R8,509 000
Tshishivhe, Mulodi and Mangaya Water Reticulation Phase 2	R13,000 000	R14,341 000	R12,053 000	R2,288 000	R12,053 000
Mphego Water Supply	R13,000 000	R14,000 000	R9,942 000	R4,058 000	R9,942 000
Xikundu/Mhinga Water Reticulation Phase 1A	R15,000 000	R6,678 000	R3,034 000	R3,644 000	R3,034 000
Matsa,Mamvuka,Manyii Bulk Water Supply	R15,000 000	R14,938 000	R7,136 000	R7,802 000	R7,136 000
Damani RWS:Upgrading of Water Treatment Works	R15,000 000	R17,500 000	R12,109 000	R5,391 000	R12,109 000
Mutale ROUTE S:Tshamabere (Phase	R15,000 000	R2,675 000	R2,669 000	R6 000	R2,669 000

Capital Expenditure 2011/12: Water Services					
					R' 000
Project	Budget	Adjusted Budget	Actual Expenditure	Variance from original budget	Total Project Value
3C and 3D) Contract 4					
Malamulele West RWS:Muda,Malo,Siyan,Mapu WTW Learner Contr 1	R18,204 000	R11,467 000	R4,597 000	R6,870 000	R4,597 000
Vhembe Cost Recovery	R19,000 000	R19,675 000	R19,491 000	R185 000	R19,491 000
Sinthumule/Kutama/DWA -Valdezia to Mowkop	R24,000 000	R13,300 000	R3,834 000	R9,466 000	R3,834 000
Shayandima Ext 9,10 and 11 Phase A: Bulk water supply	R25,000 000	R5,299 000	R2,919 000	R2,380 000	R2,919 000
<b>TOTAL</b>	<b>R390,875 000</b>	<b>R340,024 000</b>	<b>R213,600 000</b>	<b>R126,424 000</b>	<b>R213,600 000</b>

### 3.2 WASTE WATER (SANITATION) PROVISION

#### INTRODUCTION TO SANITATION PROVISION

The fact that the district is largely rural put more pressure to increase our performance on the provision of sanitation. The establishment of new stands or extensions also add to the existing challenge.

The District set a target of erecting 2000 pit toilets which was effectively achieved. A total of 2 354 flush toilets were also connected to sewerage.

Sanitation Service Delivery Levels					
Households					
Description	2010/11	2011/12	2011/12		
	Outcome	Outcome	Target	Actual	
	No.	No.	No.	No.	
<b><u>Sanitation/sewerage: (above minimum level)</u></b>					
Flush toilet (connected to sewerage)	37 486	39 840	2 500	2 354	
Flush toilet (with septic tank)	N/A	N/A	N/A	N/A	
Chemical toilet	N/A	N/A	N/A	N/A	
Pit toilet (ventilated)	37 300	2 000	2 000	1 400	
Other toilet provisions (above min.service level)	N/A	N/A	N/A	N/A	
<b>Minimum Service Level and Above sub-total</b>	<b>74786</b>	<b>41840</b>	<b>4500</b>	<b>3754</b>	
<b><u>Sanitation/sewerage: (below minimum level)</u></b>					
Bucket toilet	N/A	N/A	N/A	N/A	



Sanitation Service Delivery Levels					
Households					
Description		2010/11	2011/12	2011/12	
		Outcome	Outcome	Target	Actual
		No.	No.	No.	No.
-					
Other toilet provisions (below min.service level)	-	N/A	N/A	N/A	N/A
No toilet provisions	-				192 123
<b>Below Minimum Service Level sub-total</b>	-	N/A	N/A	N/A	N/A
<b>Below Minimum Service Level Percentage</b>	-	N/A	N/A	N/A	N/A

Households - Sanitation Service Delivery Levels below the minimum			
Households			
Description	2011/12		
	Original Budget	Adjusted Budget	Actual
	No.	No.	No.
<b>Formal Settlements</b>			
Total households	315 953	00	315 953
Households below minimum service level	192 123	00	192 123
Proportion of households below minimum service level	61%	0%	61%

#### Access To Sanitation

Access to Sanitation	
	Proportion of households receiving sanitation
2010/11	27%
2011/12	39%

Service Objectives and Targets		2010/11		2011/12	
		Target	Actual	Target	Actual
<b>Service Indicator</b>		No. of households with access to descent sanitation			
<b>Service Objective</b> : To provide descent sanitation facilities to the Vhembe DM community					
<b>Provision of toilets within standard</b>	Additional Households (HHs) provided with minimum sanitation during the year	39 654	39 654	2 000	1 400

<b>Employees: Sanitation Services</b>					
<b>Job Level</b>	<b>2010/11</b>	<b>2011/12</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
4 - 6	1	1	1	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>

<b>Capital Expenditure 2011/12: Sanitation Services</b>					
<b>Capital Projects</b>	<b>2011/12</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
	<b>R' 000</b>				
Total All					
Mutale Sanitation	R7000 000	R7000 000	R7000 000	0	R7000 000
Thulamela Sanitation	R10 000 000	R10 000 000	R10 000 000	0	R10 000 000
Makhado Sanitation	R10 000 000	R10 000 000	R10 000 000	0	R10 000 000
Eltivillas Sewer System Phase 2	R500 000	R500 000	R500 000	0	R500 000
Mhinga Sewerage ponds Phase II	R145 000	R145 000	R145 000	0	R145 000
Mhinga Sewerage Ponds Phase 2-Extension	R760 000	R760 000	R760 000	0	R760 000
Musina Installation of Sewer Ext 6 & 7	R1 000 000	R1 000 000	R1 000 000	0	R1 000 000
Musina Upgrading of Oxidation Ponds Phase 2	R392 000	R392 000	R392 000	0	R392 000
Thohoyandou Sewerage Works Ext Phase 2	R14 060 000	R14 060 000	R14 060 000	0	R14 060 000
Thohoyadou Business Area Sewerage	R150 000	R150 000	R150 000	0	R150 000
<b>TOTAL</b>	<b>R43 507 000</b>	<b>R43 507 000</b>	<b>R43 507 000</b>	<b>0</b>	<b>R43 507 000</b>

### 3.3 ELECTRICITY

Electricity Service Delivery Levels			
Households			
Description	2009/10	2010/11	2011/12
	Actual No.	Actual No.	Actual No.
<b><u>Energy: (above minimum level)</u></b>			
Electricity (at least min.service level)	18 099	10 823	10 823
Electricity - prepaid (min.service level)			
<b>Minimum Service Level and Above sub-total</b>	N/A	N/A	N/A
<b>Minimum Service Level and Above Percentage</b>	N/A	N/A	N/A
<b><u>Energy: (below minimum level)</u></b>			
Electricity (<min.service level)			
Electricity - prepaid (< min. service level)	N/A	N/A	N/A
Other energy sources			
<b>Below Minimum Service Level sub-total</b>	N/A	N/A	N/A
<b>Below Minimum Service Level Percentage</b>	N/A	N/A	N/A
<b>Total number of households</b>	18 099	10 823	10 823

### 3.4 ROADS

Gravel Road Infrastructure				
	Total gravel roads	Kilometres		
		New gravel roads constructed	Gravel roads upgraded to asphalt	Gravel roads graded /maintained
2009/10	Mavhunga Access Roads phase 1&2, Ramukhumba Road & Musina internal streets phase 1	None	16.70km	None
2010/11	Road leading to Airforce Base phase 1&2	None	10.00km	None
2011/12	Musina internal streets Phase 2 & Road leading to Airforce Base Phase 3	None	4.80 km	None

Asphalted Road Infrastructure					
Kilometres					
	Total asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt roads maintained
2009/10	1	Vuwani to Ramukhuba Road	6.0	None	None
2010/11	None	None	None	None	None
2011/12	None	None	None	None	None

Cost of Construction/Maintenance:						
R' 000						
	Gravel			Asphalt		
	New	Gravel – Asphalt	Maintained	New	Re-worked	Maintained
2009/10	None	Mavhunga Access Roads phase 1&2, Ramukhuba Road & Musina internal streets phase 1	R 81 628 949.29	None	None	None
2010/11	None	Road leading to Airforce Base phase 1&2	R 39 000 273.57	None	None	None
2011/12	None	Musina internal streets Phase 2 & Road leading to Airforce Base Phase 3	R 24 981 018.53	None	None	None

Employees: Road Services					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	None	None
4 - 6	None	1	1	None	None
7 - 9	None	None	None	None	None
10 - 12	None	None	None	None	None
13 - 15	None	None	None	None	None
<b>Total</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>None</b>	<b>None</b>

Capital Expenditure 2011/12: Road Services					
R' 000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Maintenance of Roads in the District	R1 000 000	R1 000 000	R1 000 000	0	R1 000 000
Makonde/Matangari Access Road Phase 2	R1 519 000	R1 519 000	R1 519 000	0	R1 519 000
Maungani Access Road Phase 2	R594 000	R594 000	R594 000	0	R594 000
Mavhunga Access Road Phase 3	R1 305 000	R1 305 000	R1 305 000	0	R1 305 000
Mphephu Resort Bridge	R800 000	R800 000	R800 000	0	R800 000
Rehabilitation of Guyuni Khunguni Road	R324 000	R324 000	R324 000	0	R324 000
Road Leading to Airforce Base Phase 3	R8 027 000	R8 027 000	R8 027 000	0	R8 027 000
Tshilapfene/Mukumbani Road Phase 1	R10 000	R10 000	R10 000	0	R10 000
Rehabilitation of Shayandima Industrial Area	R256 000	R256 000	R256 000	0	R256 000
Upgrading of Road Leading to Airforce Base Phase 2	R490 000	R490 000	R490 000	0	R490 000
Upgrading of Streets in Nancefield (EPWP)	R8 697 000	R8 697 000	R8 697 000	0	R8 697 000
Rehabilitation of Shayandima Industrial Area	R256 000	R256 000	R256 000	0	R256 000
EPWP Roads	R8 893 000	R8 893 000	R8 893 000	0	R8 893 000
<b>TOTAL</b>	<b>R32 171 000</b>	<b>R32 171 000</b>	<b>R32 171 000</b>	<b>0</b>	<b>R32 171 000</b>

### 3.5 DEVELOPMENT OF MUNICIPAL ROADS

Development of municipal roads as required	Kilometres of municipal roads developed
2009/10	N/A
2010/11	N/A
2011/12	N/A

### 3.6 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

#### INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The establishment of the special programme unit has led to an improvement in creating awareness within the district about the importance of celebrating the activities and events aimed at improving the lives of older persons and children.

The district has prioritised special programmes and ensured that they are included in our strategic documents. Different activities, for both older persons and children, which planned for the year under review, were achieved.

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP							
Service Objectives and Targets		2009/10		2010/11		2011/12	
		Target	Actual	Target	Actual	Target	Actual
<b>Service Indicators</b>	a) Children's programmes	4	4	4	4	4	4
	b) Programmes for older persons	4	4	5	5	6	6
(i) Number of special programmes conducted							
<b>Service Objectives</b> : To advocate children's programme and promote children's rights : To conduct capacity building programmes for older persons							
Financial Performance 2011/12: Child Care; Aged Care; Social Programmes							
R'000							
Details	2011/12						
	Original Budget		Adjustment Budget	Actual	Variance to Budget		
<b>Total Operational Revenue (Excluding tariffs)</b>	Children	R300,000	R 00	R300,000	R 00		
	Aged	R250,000	R 00	R204,162	R45,838		
<b>Expenditure:</b>							
Repairs and Maintenance	N/A		N/A	N/A	N/A		
Other	N/A		N/A	N/A	N/A		
<b>Total Operational Expenditure</b>	<b>R550 000</b>		<b>R 00</b>	<b>R504 162</b>	<b>R45,838</b>		
<b>Net Operational Expenditure</b>	<b>R550 000</b>		<b>R 00</b>	<b>R504 162</b>	<b>R45,838</b>		

Employees: Child Care; Aged Care; Social Programmes					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	2	2	2	-	-
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>

### 3.7 MUNICIPAL INFRASTRUCTURE GRANT EXPENDITURE

Municipal Infrastructure Grant (MIG)* Expenditure 2011/12 on Service backlogs				
R' 000				
Details	Budget	Adjustment Budget	Actual	Major conditions applied by donor (continue below if necessary)
<b>Infrastructure – Water</b>				
<i>Dams &amp; Reservoirs</i>	R3 357 000	0	R2 785 000	None
<i>Water purification</i>	R17 300 000	0	R17 404 000	None
<i>Reticulation</i>	R181 460 000	0	R161 460 000	None
<b>Infrastructure Sanitation</b>				
<i>Reticulation</i>	R2 100 000	0	R2 041 000	None
<i>Sewerage purification</i>	R39 835 000	0	R 38 835 000	None
<i>Rural sanitation VIP</i>	R80 000 000		R79 329 000	None
<b>Infrastructure Other</b>				
<i>Other Specify:</i>	None	None	None	None
<b>Total</b>	<b>R324,052 000</b>	<b>0</b>	<b>299,069 000</b>	

### 3.8 LOCAL ECONOMIC DEVELOPMENT

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE AND LOCAL JOB OPPORTUNITIES:

The district has performed exceedingly on creation of job opportunities during the period under review. A total of 10 531 jobs were created through EPWP exceeding the target of 5100 which was set on the IDP. LED projects also yielded some good benefits with 251 jobs created. Although the rate of unemployment is

still high, these initiatives have gone a long way in reducing the levels of poverty and thus improving the lives of the people in the district.

<b>Economic Activity by Sector</b>			
<b>R '000</b>			
<b>Sector</b>			
Agric, forestry and fishing	R3,520,000.00		
Mining and quarrying	N/A		
Manufacturing	N/A		
Wholesale and retail trade	N/A		
Finance, property, etc.	N/A		
Govt, community and social services	N/A		
Infrastructure services	R876,634,230.00		
<b>Total</b>	<b>R880 154 230</b>		
<b>Economic Employment by Sector</b>			
<b>Sector</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>No.</b>	<b>No.</b>	<b>No</b>
Agric, forestry and fishing	140	136	0
Mining and quarrying	N/A	N/A	N/A
Manufacturing	N/A	N/A	N/A
Wholesale and retail trade	N/A	N/A	N/A
Finance, property, etc.	N/A	N/A	N/A
Govt, community and social services	N/A	N/A	N/A
Infrastructure services	208	4030	0
<b>Total</b>	<b>348</b>	<b>4166</b>	<b>0</b>

<b>Jobs Created during 2011/12 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created</b>	<b>Jobs lost/displaced by other initiatives</b>	<b>Net total jobs created in year</b>	<b>Method of validating jobs created/lost</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	
Total (all initiatives)	251	None	251	Head counting of the number of people on site/project registers.
Initiative A (2011/12)	251	None	251	
<b>Job creation through EPWP projects</b>				
<b>Year</b>	<b>Jobs created through EPWP projects</b>			
	<b>No.</b>			
2011/2012	10 531			Head counting of the number of people on site/project registers.



Local Economic Development Policy Objectives Taken From IDP			
Service Objectives and Targets			
Service Indicators		Current Year (2011/2012)	Following Year (2012/2013)
(i) Number of people trained			
Service Objective		To train 20 SMME in Agriculture and entrepreneurship	
<b>Capacity Building</b>	<b>Number of people trained</b>	20 people trained	Train 10 students in mining related qualifications.

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

Capital Expenditure 2011/12: Economic Development Services					
R' 000					
Capital Projects	Dec-11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Mhinga Cultural Vi	R200 000	R200 000	R0.00	R200 000	R0.00
Masakona Irrigatio	R200 000	R200 000	R288 000	-R 88 000	R288 000
Vhembe Arts and Cu	R500 000	R500 000	R0.00	R 500 000	R0.00
Tshakhuma Communti	R500 000	R500 000	R0.00	R 500 000	R0.00
Mutale Arts and Cr	R700 000	R700 000	R0.00	R 700 000	R0.00
Furniture Manufact	R800 000	R800 000	R0.00	R 800 000	R0.00

Nandoni Agricultur	R2,000 000	R2,000 000	R2,000 000	R 0	R2,000 000
Makhado Taxi Rank-	R2,000 000	R2,000 000	R0.00	R200 000	R0.00
Makhado & Masisi T	R2,500 000	R2,500 000	R0.00	R2500 000	R0.00
Side Walk to Mbilw	R3,000 000	R3,000 000	R2,273 000	R 727 000	R2,273 000
Agriculture Implements	R4,900 000	R4,900 000	R4 ,810 000	R 90 000	R4 ,810 000
Awelani Community Tourism	R2000 000	R2000 000	R806 000	R1,194 000	R806 000
Dzindi Irrigation	R50 000	R50 000	R36 000	R14 000	R36 000
<b>TOTAL</b>	<b>R19 350 000</b>	<b>R19 350 000</b>	<b>R10 213 000</b>	<b>R9 137 000</b>	<b>R10 213 000</b>

## CHAPTER 4 - ORGANIZATIONAL DEVELOPMENT PERFORMANCE

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

#### INTRODUCTION TO THE MUNICIPAL PERSONNEL

During the period under review the municipality managed to compile and submit a workplace skills plan to LGSETA. The Municipality also implemented minimum competency requirements in terms of the Municipal Regulations on Minimum Competency requirements (Gazette No. 29967 of 15 June 2007)

Interns were appointed to acquire work experience to access job opportunities and to increase staff complement

However, employment Equity has not yet been achieved fully because we still need to recruit people with disabilities and women in top management. Cascading of performance management to lower levels is still a challenge but should be resolved in the coming financial year.

#### Service statistics for human resource services

Human Resource Services Policy Objectives Taken From IDP		
Service Objectives and Targets	2011/2012 - 2012/13	
Service Indicators	Actual Current Year (2011/12)	Following year target (2012/13)
<i>(i)</i>		
<b>Key Service Objectives</b>		
To review organisational structure and fill vacant posts	Organisational structure reviewed. 60 positions filled.	19 vacant positions to be filled.
Development and reviewal of HR Policies, processes and procedures	23 policies developed	23 policies to be reviewed.
		357 posts to be evaluated Placement of 26 employees transferred from DHSD.

Employees: Human Resource Services				
Job Level	2011/12			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	-	0.16	100%
4 - 6	10	8	1.22	20%
<b>Total</b>	<b>11</b>	<b>8</b>	<b>1.38</b>	<b>27.3%</b>

Financial Performance 2011/12: Human Resource Services				
R'000				
Details	2011/12			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Revenue (excluding tariffs)				
<b>Operational (excluding tariffs)</b>				
<b>Expenditure:</b>				
Employees	R26 635 640	R16 317 138.03	R17 046 886.54	R 729 748.51
Repairs and Maintenance	R2 141 520	R2 335 700	R670 539.78	R 1 665 161
Other	R 37 027 733	R31 003 623.02	R 37 840 933.90	R 6 837 310.88
<b>Total Operational Expenditure</b>	<b>R65 905 893</b>	<b>R49 656 461.05</b>	<b>R55 558 360.22</b>	<b>R5 901 899.17</b>

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

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

ICT Services Policy Objectives Taken From IDP		
Service Objectives and Targets	2011/2012 - 2012/13	
Service Indicators	Actual Current Year	Following year target
<i>(i) Functional IT services</i>		
<b>Key Service Objectives</b>		
To provide IT services	EDMS Phase 2 implemented	Ongoing Implementation of EDMS
	60 Computers leased	-
	Employee self-service system implemented	Implementation

Employees: ICT Services				
Job Level	2011/12			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	-	0.92	100%
4 - 6	5	4	0.92	20%
7 - 9	4	2	1.83	50%
10 - 12	N/A	N/A	N/A	N/A
13 - 15	N/A	N/A	N/A	N/A

<b>Employees: ICT Services</b>				
<b>Job Level</b>	<b>2011/12</b>			
	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
16 - 18	N/A	N/A	N/A	N/A
19 - 20	N/A	N/A	N/A	N/A
<b>Total</b>	<b>10</b>	<b>6</b>	<b>3.67</b>	<b>40%</b>

<b>Financial Performance 2011/12: ICT Services</b>				
<b>R'000</b>				
<b>Details</b>	<b>2011/12</b>			
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue (excluding tariffs)</b>				
Expenditure:	R 1 800 000	0	R 150 000	R1 650 000
Employees	R1 115 100	R18 000	0	R1 097 100
Repairs and Maintenance	R 2 715 100	-	0	0
Other	-	-	-	-
<b>Total Operational Expenditure</b>	<b>R5 630 200</b>	<b>R18 000</b>	<b>R 150 000</b>	<b>R2 747 100</b>

<b>Capital Expenditure 2011/12: ICT Services</b>							
<b>R' 000</b>							
<b>Capital Projects</b>	<b>2011/12</b>					<b>Total Value</b>	<b>Project</b>
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>			
IT Services	R 200 000	-	195 000	5000		195 000	
Disaster Recovery	R2 000 000	-	1 700 000	5000		1 700 000	

<b>Employees: Property; Legal; Risk Management; and Procurement Services</b>				
<b>Job Level</b>	<b>2011/12</b>			
	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	1	1	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

**WORK FORCE**

<b>Employees</b>					
<b>Description</b>	<b>2010/11</b>	<b>2011/12</b>			
	<b>Employees</b>	<b>Approved Posts</b>	<b>Employees</b>	<b>Variance</b>	<b>Variance</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
Water	1228	1647	1647	-	-
Waste Water (Sanitation)	1	1	1	-	-
Electricity	-	-	-	-	-
Waste Management	-	-	-	-	-
Housing	-	-	-	-	-
Waste Water (Storm water Drainage)	-	-	-	-	-
Roads	1	3	2	1	33.33%
Transport	3	3	3	-	-
Planning	7	9	6	3	33.33%
Local Economic Development	7	7	7	-	-
Planning (Strategic &Regulatory)	-	-	-	-	-
Local Economic Development	-	-	-	-	-
Community & Social Services	-	149	143	6	4%
Environmental Protection	-	-	-	-	-
Health	-	35	26	9	26%
Security and Safety	-	-	-	-	-
Sport and Recreation	1	2	2	0	-
Corporate Policy Offices and Other	-	-	-	-	-
<b>Totals</b>	<b>1247</b>	<b>1855</b>	<b>1836</b>	<b>19</b>	<b>1.24%</b>

<b>Vacancy Rate 2011/12</b>			
<b>Designations</b>	<b>*Total Approved Posts</b>	<b>*Variances (Total time that vacancies exist using fulltime equivalents)</b>	<b>*Variances (as a proportion of total posts in each category)</b>
	<b>No.</b>	<b>No.</b>	<b>%</b>
Municipal Manager	-	-	-
CFO	-	-	-
Other S57 Managers (excluding Finance Posts)	2	0.84	-
Other S57 Managers (Finance posts)	-	-	-
Municipal Police	-	-	-
Fire fighters	4	1.99	-
Senior management: Levels 13-15 (excluding Finance Posts)	-	-	-
Senior management: Levels 13-15 (Finance posts)	1	1	-
Highly skilled supervision: levels 9-12 (excluding Finance posts)	12	8.44	-

Vacancy Rate 2011/12			
Designations	*Total Approved Posts	*Variances (Total time that vacancies exist using fulltime equivalents)	*Variances (as a proportion of total posts in each category)
	No.	No.	%
Highly skilled supervision: levels 9-12 (Finance posts)	3	2.3	-
<b>Total</b>	<b>23</b>	<b>14.57</b>	-

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2011/12	20	115	5.75

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty						
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost	
	Days	No.	%	Days	R'000	
Required basic medical attention only	07	03	30%	21	N/A	
Temporary total disablement	None	None	None	None	N/A	
Permanent disablement	04	03	30%	03	N/A	
Fatal	01	01	01	01	N/A	
<b>Total</b>	<b>11</b>	<b>07</b>	<b>60%</b>	<b>25</b>	<b>N/A</b>	

Number of days of Sick Leave (excluding injuries on duty)		
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %
<b>Total</b>	<b>7 098</b>	<b>None</b>

#### 4.4 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	-	-	-
2	Attraction and Retention	-	-	-
3	Code of Conduct for employees	100%		2004
4	Delegations, Authorisation & Responsibility	-	-	-
5	Disciplinary Code and Procedures	100%		2004
6	Essential Services	-	-	-
7	Employee Assistance / Wellness	100%		Waiting for council Approval
8	Employment Equity	100%		2004
9	Exit Management	-	-	-
10	Grievance Procedures	100%		2004
11	HIV/Aids	100%		Waiting for council Approval
12	Human Resource and Development	100%		2008
13	Information Technology	-	-	-
14	Job Evaluation	100%		Waiting for council Approval
15	Leave	100%		2004
16	Occupational Health and Safety	100%		Waiting for council Approval
17	Official Housing	100%		2004
18	Official Journeys	100%		2004
19	Official transport to attend Funerals	100%		Waiting for council Approval
20	Official Working Hours and Overtime	-	-	-
21	Organisational Rights	-	-	-
22	Payroll Deductions	-	-	-
23	Performance Management and Development	100%		2008
24	Recruitment, Selection and Appointments	100%		Waiting for council Approval
25	Remuneration Scales and Allowances	-		-
26	Resettlement	100%		2004



<b>HR Policies and Plans</b>				
	<b>Name of Policy</b>	<b>Completed</b>	<b>Reviewed</b>	<b>Date adopted by council or comment on failure to adopt</b>
		<b>%</b>	<b>%</b>	
27	Sexual Harassment	100%		2004
28	Skills Development	100%		2004
29	Smoking	-	-	-
30	Special Skills	-	-	-
31	Work Organisation	-	-	-
32	Uniforms and Protective Clothing	-	-	-
33	Other:	-	-	-

<b>Number and Period of Suspensions</b>				
<b>Position</b>	<b>Nature of Alleged Misconduct</b>	<b>Date of Suspension</b>	<b>Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised</b>	<b>Date Finalised</b>
None	None	None	None	None
<b>Disciplinary Action Taken on Cases of Financial Misconduct</b>				
<b>Position</b>	<b>Nature of Alleged Misconduct and Rand value of any loss to the municipality</b>	<b>Disciplinary action taken</b>	<b>Date Finalised</b>	
None	None	None	None	None

#### **4.5 CAPACITATING THE MUNICIPAL WORKFORCE**

##### **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

In the beginning of the financial year the municipality identified critical positions which required special attention and a total of 60 positions were filled. Interns were also recruited to strengthen critical department such as finance while at the same time providing work experience to the graduates.

Performance agreements were also signed between the supervisor and the employee with a view of creating a platform for monitoring and evaluating performance. This has also assisted in identifying critical skills gap.

##### **Comment on skills development and related expenditure and on the financial competency regulations:**

In the next financial year 2012/2013 the municipality will ensure that training of employees is conducted based on the Personal Development Plans as outlined in the Performance Agreements. We will ensure that all employees sign performance agreement with their respective immediate supervisors.

A total budget of R 3,682,230 has been set aside for 2012/2013 for skills developments activities for all employees including councillors. All General Managers, Municipal Manager and Senior managers are attending MFMA Competency Regulations Qualification to enhance their competency on financial management which will continue until 2012/2013.

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL PERFORMANCE

This chapter outlines the performance of the Municipality on financial matters. The report shall, in some instances, compare the financial performance of the municipality for the past three financial years i.e 200/11/12

#### **Financial Performance of Operational Services**

R '000						
Description	2010/11	2011/12		2011/12 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water		331,045	331,045	415,359	20.30%	20.30%
Waste Water (Sanitation)		-	-	-	0.00%	0.00%
Electricity		-	-	-	0.00%	0.00%
Waste Management		-	-	-	0.00%	0.00%
Housing		-	-	-	0.00%	0.00%
Component A: sub-total	-	331,045	331,045	415,359	20.30%	20.30%
Waste Water (Stormwater Drainage)	-				0.00%	0.00%
Roads					0.00%	0.00%
Transport					0.00%	0.00%
Component B: sub-total	-	-	-	-	0.00%	0.00%
Planning		24,941	24,941	18,564	-34.36%	-34.36%
Local Economic Development		-	0	-	0.00%	0.00%
Component B: sub-total	-	24,941	24,941	18,564	-34.36%	-34.36%
Planning (Strategic & Regulatory)	-				0.00%	0.00%
Local Economic Development	-				0.00%	0.00%
Component C: sub-total	-	-	-	-	0.00%	0.00%
Community & Social Services	-	62,847	62,847	69,979	10.19%	10.19%
Environmental Protection	-	12,695	12,695	10,798	-17.57%	-17.57%
Health					0.00%	0.00%
Security and Safety					0.00%	0.00%
Sport and Recreation					0.00%	0.00%
Corporate Policy Offices and Other		119,223	119,223	125,133	0.00%	0.00%
Component D: sub-total	-	194,765	194,765	205,910	5.41%	5.41%
<b>Total Expenditure</b>	-	<b>550,752</b>	<b>550,752</b>	<b>639,833</b>	<b>13.92%</b>	<b>13.92%</b>

Repair and Maintenance Expenditure 2011/12				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	75,177	71,302	59,733	20.54%
T5.3.4				

**Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2011/12				2009/10 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b><u>Borrowing Management</u></b>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure										
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions										
<b><u>Safety of Capital</u></b>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves										
Gearing	Long Term Borrowing/ Funds & Reserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	2.1	1.1	0.3	-	-	-	-	-	-	-
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	TRUE	TRUE	TRUE	-	-	-	-	-	-	-
Liquidity Ratio	Monetary Assets/Current Liabilities	5.1	3.2	4.3	-	-	-	-	-	-	-
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing										
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue										

Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old											
<b>Creditors Management</b> Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))											
<b>Funding of Provisions</b> Provisions not funded - %	Unfunded Provision./Total Provisions											
<b>Other Indicators</b> Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.2%	55.1%	49.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.2%	55.1%	49.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.9%	6.0%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.0%	22.1%	9.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>IDP regulation financial viability indicators</b>	-											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	0.8	0.3	1.3	-	-	-	-	-	-	-	-
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services											
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	0.1	0.0	-	-	-	-	-	-	-	-

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Year 2011/12			Variance Current Year	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A- Malamulele West	22,204		10,180	-118%	100%
B- Damani RWS,Upgrading of WTW	20,000		12,840	-56%	100%
C- Thohoyandou Sewerage works Ext Phase 2	14,060		8,485	-66%	100%
D- Shayandima ext 9,10 & 11 phase A&B	34,436		11,428	-201%	100%
E- Upgrading of makhado sewerage treatment plant	30,000		20,863	-44%	100%

\* Projects with the highest capital expenditure in 2011/12

Name of Project - A	Malamulele West
Objective of Project	Water supply
Delays	None
Future Challenges	None
Anticipated citizen benefits	Malamulele West :Mudabula,Malonga,Siyandani

Name of Project - B	Damani RWS,Upgrading of WTW
Objective of Project	Water supply
Delays	Slow progress on site due to the Contractor's financial problems and lack of skilled staff
Future Challenges	None
Anticipated citizen benefits	Damani, Tshenzheni, Mianzwi, tshivhilwi,Luvhimbi,Maholoni, Khubvi, Tshidimbini, Vondwe, Matangari, Makhuva,Mbulu, Mavhode

Name of Project - C	Thohoyandou Sewerage works Ext Phase 2
Objective of Project	
Delays	Delays on the pipes from Rare water and the Contractors has changed his site staff.
Future Challenges	
Anticipated citizen benefits	Thohoyandou

Name of Project - D	Shayandima ext 9,10 & 11 phase A&B
Objective of Project	
Delays	Delay in delivery pipes
Future Challenges	
Anticipated citizen benefits	Shayandima

Name of Project - E	Upgrading of makhado sewerage treatment plant
Objective of Project	
Delays	None
Future Challenges	
Anticipated citizen benefits	Makhado Town
T5.7.1	

Actual Borrowings 2009/10 - 2011/12			
	R' 000		
Instrument	2009/10	2010/11	2011/12
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases		3,801	3,533
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	0	3,801	3,533
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			

Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
T5.10.2			

**TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2010/11**

<b>Asset 1</b>				
Name	Sports Centre N/Field Ext 6			
Description	Sports Centre N/Field Ext 6			
Asset Type	Municipal Buildings			
Key Staff Involved				
Staff Responsibilities				
	2007/2008	2008/2009	2009/2010	2010/2011
Asset Value				2,341,297.81
Capital Implications				
Future Purpose of Asset	Holding of Sports Events in Musina			
Describe Key Issues	Holding of Sports Events in Musina			
Policies in Place to Manage Asset	Yes			

<b>Asset 2</b>				
Name	Sports Centre Madimbo			
Description	Sports Centre Madimbo			
Asset Type	Municipal Buildings			
Key Staff Involved				
Staff Responsibilities				
	2007/2008	2008/2009	2009/2010	2010/2011
Asset Value				2,037,750.75
Capital Implications				
Future Purpose of Asset	Holding of Sports Events in Madimbo			
Describe Key Issues	Holding of Sports Events in Madimbo			
Policies in Place to Manage Asset	Yes			

<b>Asset 3</b>				
Name	Community Hall - Malale			
Description	Community Hall - Malale			
Asset Type	Municipal Building			
Key Staff Involved				
Staff Responsibilities				
	2007/2008	2008/2009	2009/2010	2010/2011
Asset Value				1,556,716.48
Capital Implications				
Future Purpose of Asset	Holding of Events			
Describe Key Issues	Holding of Events			
Policies in Place to Manage Asset	Yes			



## GRANT PERFORMANCE

Grant Performance						
R' 000						
Description	2010/11	2011/12		2011/12 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
-						
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>						
Equitable share	317,246	431,171	431,171	431,171	0%	0%
Municipal Systems Improvement	750	790	790	790	0%	0%
Department of Water Affairs	97,475	140,845	140,845	140,845	0%	0%
Levy replacement	31,327	46,327	46,327	46,327	0%	0%
Finance Management Grant	1,000	1,250	1,250	1,250	0%	0%
<b>Provincial Government:</b>	<b>447,798</b>	<b>620,383</b>	<b>620,383</b>	<b>620,383</b>	<b>0%</b>	<b>0%</b>
Health subsidy	16,968.00	7,109.00	7,109	7,109	0%	0%
Housing						
Ambulance subsidy						
Sports and Recreation						
Finance Management Grant	1,000	1,250	1,250	1,250	0%	0%
<b>District Municipality:</b>	<b>17,968</b>	<b>8,359</b>	<b>8,359</b>	<b>8,359</b>	<b>0%</b>	<b>0%</b>
<i>Own revenue</i>	89,950	103,026	103,026	103,026	0%	0%
<b>Other grant providers:</b>	<b>89,950</b>	<b>103,026</b>	<b>103,026</b>	<b>103,026</b>	<b>0%</b>	<b>0%</b>
<b>Total Operating Transfers and Grants</b>	<b>555,716</b>	<b>731,768</b>	<b>731,768</b>	<b>731,768</b>	<b>0</b>	<b>0</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
T5.2.1						

### 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June 2011				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%

Financial Summary						
R' 000						
Description	2010/11	Current Year 2011/2012			2011/12 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates						
Service charges	70,538	12,000	12,000	72,432	83%	83%
Investment revenue	17,334	9,000	9,000	8,265	0%	-9%
Transfers recognised - operational	110,165	945,257	945,257	930,061	-2%	-2%
Other own revenue	85,631	115,027	115,027	22,263	-417%	-417%
<b>Total Revenue (excluding Capital transfers &amp; contributions)</b>	283,668	1,081,284	1,081,284	1,033,021	-5%	-5%
Employee costs	302,416	244,176	364,041	318,852	23%	-14%
Remuneration of councillors	7,017	10,221	10,221	8,593	-19%	-19%
Depreciation & asset impairment	83,420		15,663	64,646	100%	76%
Finance charges	2,044	143	143	776	82%	82%
Materials and bulk purchases						
Transfers and grants						
Other expenditure	239,791	171,892	171,892	354,775	52%	52%
<b>Total Expenditure</b>	634,688	426,432	561,960	747,642	43%	25%
<b>Surplus/(Deficit)</b>	-351,020	654,852	519,324	285,379	-129%	-82%
Transfers recognised - capital	625,397	952,672	951,504	1,099,020	13%	13%
Contributions recognised - capital & contributed assets	0					
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	274,377	1,607,524	1,470,828	1,384,399	-16%	-6%
Share of surplus/ (deficit) of associate	0					
<b>Surplus/(Deficit) for the year</b>	274,377	1,607,524	1,470,828	1,384,399	-16%	-6%
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	625,397	952,672	951,504	1,099,020	13%	13%
Public contributions and donations						
Borrowing						
Internally generated funds		0	0			
<b>Total sources of capital funds</b>	625,397	952,672	951,504	1,099,020	13%	13%
<b>Financial position</b>						
Total current assets	264,087	746,042	746,042	266,442	-180%	-180%
Total non current assets	1,951,779	812,449	537,623	668,085	-22%	20%
Total current liabilities	182,882	483,701	483,701	-258,827	287%	287%
Total non current liabilities	34,097	22,915	22,915	-14,377	259%	259%
Community wealth/Equity						

<b>Cash flows</b>						
Net cash from (used) operating	371,686	885,463	522,076	463,104	-91%	-13%
Net cash from (used) investing	1,405	-809,949	-537,623	1,258,553	36%	57%
Net cash from (used) financing	12,502			-36,892	100%	100%
<b>Cash/cash equivalents at year end</b>	<b>385,593</b>	<b>75,514</b>	<b>-15,547</b>	<b>-832,341</b>	<b>109%</b>	<b>98%</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available		249,285	249,285			
Application of cash and investments		173,086	406,212			
<b>Balance - surplus (shortfall)</b>	<b>0</b>	<b>422,371</b>	<b>655,497</b>	<b>0</b>		
<b>Asset management</b>						
Asset register summary (WDV)						
Depreciation and asset impairment			15,663			
Renewal of Existing Assets						
Repairs and Maintenance						
<b>Free services</b>						
Cost of Free Basic Services provided						
Revenue cost of free services provided						
<b>No. of Households below minimum service level</b>						
Water						
Sanitation/sewerage						
Energy						
Refuse						
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						
						T5.1.1

Description of financial indicator	Basis of calculation	2006/07	2007/08	2008/09	Current Year 2009/10				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Borrowing Management</b>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	97.0%	68.0%	76.0%	0.0%	0.0%	0.0%	76.0%	0.0%	0.0%	0.0%
Credit Rating		0-Jan-00	0-Jan-00	0-Jan-00				0-Jan-00			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	92.0%	83.0%	87.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	78.0%	97.0%	71.0%	0.0%	0.0%	0.0%	76.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	82.0%	66.0%	76.0%	0.0%	0.0%	0.0%	81.0%	0.0%	0.0%	0.0%
Gearing	Long Term Borrowing/ Funds & Reserves	98.0%	61.0%	82.0%	0.0%	0.0%	0.0%	81.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0.7	1.2	0.9	-	-	-	1.2	-	-	-
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	1.1	0.9	-	-	-	1.0	-	-	-
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	1.1	1.0	-	-	-	1.1	-	-	-
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	78.0%	61.0%	90.0%	0.0%	0.0%	0.0%	53.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	84.0%	61.0%	79.0%	0.0%	0.0%	0.0%	80.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	82.0%			
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90.0%	90.0%	90.0%	100.0%	100.0%	50.0%	50.0%	90.0%	90.0%	90.0%
<b>Funding of Provisions</b>											
Provisions not funded - %	Unfunded Provisions./Total Provisions	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/(units purchased and generated	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%

	purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	100.0%	88.0%	50.0%	0.0%	0.0%	0.0%	66.0%	0.0%	0.0%	0.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	68.0%	89.0%	95.0%	0.0%	0.0%	0.0%	97.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	96.0%	82.0%	75.0%	0.0%	0.0%	0.0%	61.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	60.0%	70.0%	69.0%	0.0%	0.0%	0.0%	69.0%	0.0%	0.0%	0.0%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	2.1	1.3	1.5	-	-	1.2	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	64.0%	62.0%	68.0%	0.0%	0.0%	60.5%	0.0%	0.0%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.5	1.9	1.4	-	-	0.8	-	-	-	-

Capital Expenditure - Funding Sources 2009/10 - 2010/11							
R' 000							
Details	2009/10	2010/11					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
External loans							
Public contributions and donations							
Grants and subsidies	333,594	575,054	299,030	299,030	100.00%	0.00%	
Other	782	13,032	49,032	28,601	58.33%	-71.43%	
<b>Total</b>	<b>334,376</b>	<b>588,086</b>	<b>348,062</b>	<b>327,631</b>	<b>94.13%</b>	<b>-6.24%</b>	
<b>Percentage of finance</b>							
External loans	0.0%	0.0%	0.0%	0.0%	0.00%		
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.00%		
Grants and subsidies	99.8%	97.8%	85.9%	91.3%	-7.14%	5.87%	
Other	0.2%	2.2%	14.1%	8.7%	74.62%	-61.37%	
<b>Capital expenditure</b>							
Water and sanitation	275,737	97,404	243,659	341,063	71.44%	28.56%	

	Electricity	0	0	0	0		
	Housing	0	0	0	0		
	Roads and storm water	87,701	12,401	15,494	27,895	55.54%	44.46%
	Other	6,976	9,017	9,017	0		
<b>Total</b>		<b>370,414</b>	<b>118,822</b>	<b>268,170</b>	<b>368,958</b>	<b>67.80%</b>	<b>27.32%</b>
<i>Percentage of expenditure</i>							
	Water and sanitation	74.4%	82.0%	90.9%	92.4%	11.32%	1.71%
	Electricity	0.0%	0.0%	0.0%	0.0%	0.00%	0.00%
	Housing	0.0%	0.0%	0.0%	0.0%	0.00%	0.00%
	Roads and storm water	23.7%	10.4%	5.8%	7.6%	-38.04%	23.58%
	Other	1.9%	7.6%	3.4%	0.0%	0.00%	0.00%
							T5.6.1

Municipal Infrastructure Grant (MIG)* Expenditure 2011/12 on Service backlogs							R' 000
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)	
				Budget	Adjustment Budget		
<b>Infrastructure - Road transport</b>							
<i>Roads, Pavements &amp; Bridges</i>	285,040	36,248	34,624	-723%	-5%		
<i>Storm water</i>	0	0	0	0%	0%		
<b>Infrastructure - Electricity</b>							
<i>Generation</i>	0	0	0	0%	0%		
<i>Transmission &amp; Reticulation</i>	0	0	0	0%	0%		
<i>Street Lighting</i>	0	0	0	0%	0%		
<b>Infrastructure - Water</b>							
<i>Dams &amp; Reservoirs</i>	5,000	10,000	9,300	46%	-8%		
<i>Water purification</i>							
<i>Reticulation</i>	310,086	314,886	262,759	-18%	-20%		
<b>Infrastructure - Sanitation</b>							
<i>Reticulation</i>	57,893	27,000	12,819	-352%	-111%		
<i>Sewerage purification</i>	33,616	49,689	38,260	12%	-30%		
<b>Infrastructure - Other</b>							
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<b>Other Specify:</b>							
<i>LED</i>	18059	17,450	10,823	-61%	-61%		
<b>Total</b>							

Cash Flow Outcomes				
R'000				
Description	2010/11	Year 2011/2012		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	139,520	188,445	188,445	161,916
Government - operating	759,475	546,450	546,450	1,051,977
Government - capital	41,074	398,807	398,807	121,916
Interest	17,518	9,000	9,000	8,265
Dividends	0	0	0	0
<b>Payments</b>				
Suppliers and employees	309,433	374,262	374,262	327,445
Finance charges	2,044	143	143	776
Transfers and Grants	531	154	154	154
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1,269,595</b>	<b>1,517,261</b>	<b>1,517,261</b>	<b>1,672,449</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	1,405,570	809,949	537,623	1,259
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>1,405,570</b>	<b>809,949</b>	<b>537,623</b>	<b>1,259</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	11,703	0	0	-11,703
<b>Payments</b>				
Repayment of borrowing	0	0	0	0
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>11,703</b>	<b>0</b>	<b>0</b>	<b>-11,703</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>2,686,868</b>	<b>2,327,210</b>	<b>2,054,884</b>	<b>1,662,005</b>
Cash/cash equivalents at the year begin:	185,226	76,571	76,571	76,571
Cash/cash equivalents at the year end:	-836,157	5,101	5,101	5,101
Source: AFS JUNE 2011/12				T5.9.1

**INVESTMENT**

Municipal and Entity Investments			
			R' 000
Investment* type	2009/10	2010/11	2011/12
	Actual	Actual	Actual
<b><u>Municipality</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	0	76,571	5,101
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	<b>0</b>	<b>76,571</b>	<b>5,101</b>
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>			<b>0</b>
<b>Consolidated total:</b>	<b>0</b>	<b>76,571</b>	<b>5,101</b>
			T5.10.4



**REPORT OF THE AUDITOR-GENERAL TO PROVINCIAL LEGISLATURE AND THE COUNCIL ON VHEMBE DISTRICT MUNICIPALITY**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I was engaged to audit the financial statements of the Vhembe District Municipality, which comprise the statement of financial position as at 30 June 2012, the statements of financial performance, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report, as set out on pages XXX to XXX.

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

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), Division of Revenue Act, 2011 (Act No. 6 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-General's responsibility**

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

**Basis for disclaimer of opinion**

**Property, Plant and Equipment (PPE)**

4. Included in note 2 to the financial statements are infrastructure assets amounting to R1 923 168 997 which were unbundled during the year in line with the requirements of Standards of Generally Recognised Accounting Practice (GRAP), GRAP 17, *PPE, Property Plant and Equipment*. However, assets to the amount of R24 204 650 included in the accounting records could not be verified. I also identified infrastructure assets that were not accounted for in the financial statements and the valuation of assets included in financial statements were not correctly valued in accordance with Directive 4, *Application of deemed cost on the adoption of GRAP*. The municipality may apply deemed cost to determine the cost of asset that were acquired before 1 July 2009 only if information about the historical cost of those assets is not available.
5. The deemed cost is a surrogate value for the cost or fair value of an asset at its initial acquisition, contrary to the requirements of Directive 7, the municipality applied the depreciated replacement cost on all movable assets purchased before 1 July 2009. I was unable to obtain sufficient appropriate audit evidence on the valuation of assets purchased prior to 1 July 2009. , Due to the matters reported

above, I was unable to determine the accuracy of the depreciation expense on water infrastructure assets of R48 769 454 (2011: R67 764 449) in the statement of financial performance including the net carrying amount of R1 923 168 997 (2011: R1 389 523 161) as it was impractical to do so.

6. The municipality did not assess assets for impairment as required by Standards of Generally Recognised Accounting Practice (GRAP), GRAP 21, *Impairment of Non-cash-generating Assets*, which require that a municipality assess at each reporting date whether there is any indication that an asset may be impaired I was unable to determine where any adjustment relating to property, plant and equipment of R2 208 691 589 (2011: R1 639 799 581) in the financial statements was necessary.

#### Revenue and consumer receivables

7. The district municipality in its capacity as principal has entered into an agency agreement with its four local municipalities for the provision of water and sewerage services as agents. However no controls have been implemented to ensure that water related transactions, revenue and receivables are correctly accounted for. There were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all water revenue and receivables were accurately recorded.
8. My opinion was modified with regards to the consumer receivables in the prior year. No adjustments have been made to correct these balances. The closing balances are therefore misstated by an unquantifiable amount. Consequently, I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the completeness, accuracy and occurrence of water revenue recognised at R72 431 446 (2010: R70 538 059), as disclosed in note 13 to the financial statements and the existence, completeness and valuation of the related receivable balance amounting to R63 366 686 (2011: R45 963 555), as disclosed in note 20 to the financial statements.
9. A provision for irrecoverable bad debts of R109 296 663 (2010: R130 410 379) has been raised on the consumer debtors as shown in note 20 to the financial statements. This provision has not been computed in accordance with the requirements of Standards of Generally Recognised Accounting Practice, GRAP 104, *Financial Instruments*, which requires an entity to assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets are impaired. Furthermore, a difference of R2 555 834 was identified between the movement in the provision for doubtful debt on consumer deposits and VAT receivable, and the bad debt recovered of R19 971 458 as disclosed in note 22 to the financial statements for which no documentation or explanations could be provided. I was unable to determine whether any adjustment relating to the provision for bad debts in the financial statements was necessary.
10. An unexplained difference of R7 298 875 was noted between the bad debts written off per confirmations from the local municipalities and the amounts actually written off to the statement of financial performance and the accounts receivable balance.

#### Other receivables

11. Other receivables amounting to R304 181 160 have been impaired in full due to non recoverability in the current financial year. A portion of this impairment should have been accounted for in the 2010-2011 financial year. The municipality has not made a retrospective restatement regarding this in accordance with Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*. The municipality also did not account for the impairment provision in terms of SA Standards of GRAP 104, *Financial Instruments*.

Consequently, the comparative amount of R 271 813 728 included in note 8 and the related provision for impairment are misstated. The disclosure of other receivables and the impairment provision are also not in terms of SA Standards of GRAP 104, *Financial Instruments*.

12. I was unable to obtain sufficient and appropriate evidence for sundry debtors amounting to R3 683 990 (2011: R924 618) disclosed in other receivables, note 8 to the financial statements. The municipality's records did not permit the application of alternative audit procedures. Consequently I was unable to determine whether any adjustment relating to sundry debtors in the financial statements was necessary.

#### **Value Added Tax (VAT)**

13. The municipality entered into an agency agreement with its local municipalities for the provision of water. As the principal, the municipality has not accounted for VAT on the water transactions in accordance with the VAT Act. The municipality also claimed VAT on non qualifying expenditure and also claimed the incorrect VAT amounts. I was unable to determine the correct amount of the VAT receivable balance of R68 044 683 (2011: 69 651 189) disclosed in the financial statements as it was impractical to do so.

#### **Prior period errors**

14. Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, requires that an entity correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the period presented in which the error occurred. I identified that there were journals processed in the financial statements to correct prior period errors relating to an increase of R12 027 739 in water related receivable, decrease of R33 331 118 in consumer debtors, increase of R10 352 686 VAT receivable and a decrease of R10 950 693 to water payables. No disclosure was made for these prior period corrections in the financial statements as required by SA Standards of GRAP 3.

#### **Cash and cash equivalents**

15. The municipality did not implement adequate controls to ensure that bank reconciliations are prepared and reviewed adequately on a monthly basis. The following was noted on the year end reconciliation:
- Unexplained reconciling items amounting to R5 554 816.
  - Stale cheques amounting to R513 021 were not investigated and resolved.
  - A duplicate payment of R782 549 was not investigated and followed up until November 2012.

Consequently, I could not obtain sufficient and appropriate audit evidence to satisfy myself over the completeness and valuation and allocation of the bank balance of R2 075 485 (2010: R18 420 460) disclosed in note 10 to the financial statements..

#### **Inventory**

16. The comparative figure for water inventory of R88 432 567 disclosed in inventories, note 7 to the financial statements were materially misstated in the prior financial year. This has not been adequately resolved in the current year. Consequently I was unable to determine whether any adjustment relating to the closing balance of water inventory stated at R766 293 in the financial statements was necessary..

#### **Trade and other payables**

17. The municipality did not accrue for invoices in respect of goods and services received amounting to R20 248 307. Furthermore, the municipality did not provide supporting documentation for a payment of R3 741 465 made subsequent to year end to enable me to determine if the goods or services were received during the financial year. Consequently I was unable to determine whether any adjustment relating to trade and other payables of R3 579 955 (2011: R82 699 798) disclosed in note 12 to the financial statements was necessary.

#### **Trade and other payables – Retentions**

18. There was no system of control over the recoding and accounting for retentions in the accounting records and financial statements. The following were noted:
- Debit balances amounting to R3 154 207 were included in the retention payable balance of R90 046 250 (2011: R77 771 767) as disclosed in note 12 to the financial statements.
  - Unexplained differences amounting to R2 596 604 were noted between the underlying accounting records and supporting documentation
  - No supporting documentation could be provided for retentions to the amount of R8 408 754.

Consequently I was unable to determine whether any adjustment relating to the retention balance of R90 046 250 (2011: R77 771 767) was necessary.

#### **Trade and other payables - Water payables**

19. The district municipality in its capacity as principal has entered into an agency agreement with its four local municipalities for the provision of water and sewerage services as agents. I have identified a difference of R248 459 064 between the water payables included in note 12 to the financial statements and the amounts per local municipalities' financial statements. There were no satisfactory alternative procedures I could perform to obtain reasonable assurance that the water creditors are correctly recorded. Consequently, I was unable to obtain sufficient appropriate evidence to confirm the existence, completeness and valuation of the amount of R483 659 924 (2011: 477 157 387) per note 12 to the financial statements. I was unable to quantify the misstatement to the population.

#### **Provisions**

20. The district municipality in its capacity as principal has entered into an agency agreement with its four local municipalities for the provision of water and sewerage services as agents. I have identified an unexplained difference of R5 708 188 between the leave provision balances from the local municipalities recorded in the financial records and the confirmation letters received from the local municipalities. I was unable to obtain sufficient and appropriate audit evidence to obtain reasonable assurance that the leave provision was correctly accounted for. I further identified a difference of R1 437 828 between the prior year leave provision listing and the opening balance in the financial records. I also identified differences between the leave days taken as per the leave report and the approved leave forms.
21. There was no system of control over the leave records of the municipality on which I could rely for the purpose of my audit as I noted differences between the actual leave days taken by employees per approved leave forms and the days recorded in the payroll system. I was unable to confirm the balance by alternative means. Consequently I was unable to determine whether any adjustments were

necessary for leave provision of R14 993 344 (2011: R28 485 560) as disclosed in note 6 to the financial statements.

22. Included in the provision amount of R21 120 244 in note 6 to the financial statements is an amount of R5 385 488 (2011: R5 012 884) relating to long service awards that should have been disclosed and classified separately as in terms of South African Standards of Generally Recognised Accounting Practice, GRAP 19, *Provisions*. Consequently, the provisions have been overstated and other long term employment benefit liability understated by the same amount.

#### **Accumulated surplus**

23. The accumulated surplus opening balance differs from the prior year's closing balance by R52 230 900. I was unable to obtain sufficient appropriate audit evidence or explanations regarding this difference. Furthermore, correction of prior period errors were not accounted for against accumulated surplus as required in terms of SA Standards of GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*. Consequently, I could not obtain sufficient and appropriate audit evidence over the valuation and allocation of the opening and closing balance of accumulated surplus in the statement of changes in net assets
24. SA Standards of GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors* requires that an entity to correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the period presented in which the error occurred. I noted that corrections of prior period errors for property, plant and equipment to the value of R32 356 754 were accounted for against repairs and maintenance of R61 261 646 (2010: R50 893 983), instead accumulated surplus. The comparative figures were also not restated as required by SA Standards of GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*. Due to the matters reported on above, I was unable to determine the impact on the accumulated surplus balance in the statement of changes in net assets.

#### **Commitments**

25. I identified contracts to the value of R71 097 652 that were not included in the contracts register and thus unutilised amounts excluded from the commitments balance disclosed in note 30 to the financial statements. I further identified differences between the underlying financial records and the commitments disclosed in the financial statements. I also identified differences between commitments on the underlying financial records and supporting documentation inspected. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. Consequently, I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the completeness of commitments of R490 552 120 (2011: R1 005 331 354), as stated in note 30 to the financial statements. I was unable to quantify the misstatement to the population.

#### **Irregular expenditure**

26. The municipality procured goods and services amounting to R183 532 290 in contravention of the supply chain management (SCM) requirements. The amount was not included in note 35 to the financial statements as required by section 125(2)(d) of the MFMA. I could not obtain supporting documentation for R9 295 393 awards made to contractors, to determine if the tenders were awarded in accordance with the SCM requirements. Furthermore, due to the inadequate implementation of an appropriate procurement and provisioning system, I was unable to obtain sufficient appropriate evidence that the irregular expenditure identified above and the amount disclosed in note 35 to the financial statements of

R606 475 669 (2011: R604 043 169) represents all the irregular expenditure incurred during the financial year under review.

#### **Personnel expenditure**

27. I was unable to obtain sufficient appropriate audit evidence or explanations on the difference of R2 484 416 noted between the payroll system and financial statements. There were no satisfactory alternative procedures I could perform to obtain reasonable assurance that the amount for personnel expenditure is correctly stated. Consequently, I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the occurrence, completeness and accuracy of the personnel cost of R316 720 845 (2011: R302 415 552) disclosed in note 16 to the financial statements. I was unable to quantify the misstatement to the population.

#### **Distribution losses**

28. I could not obtain sufficient and appropriate audit evidence to confirm the value, occurrence, completeness and accuracy of the distribution losses of 12 369 485kl as disclosed in note 42 to the financial statements. Consequently I was unable to determine whether any adjustment relating to these losses in the financial statements was necessary.

#### **Water service expenditure**

29. The district municipality in its capacity as principal has entered into an agency agreement with its four local municipalities for the provision of water and sewerage services as agents. There was no system of control over water expenditure on which I could rely on for the purpose of my audit, and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all water service expenditure was properly recorded. The municipality does not prepare accurate reconciliation for water service expenditure incurred.

Consequently, I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the occurrence, completeness and accuracy of water service expenditure recognised at R66 393 045 (2011: R695 972), as disclosed in note 15 to the financial statements. I was unable to quantify the misstatement to the population.

#### **Contingent liabilities**

30. As disclosed in note 31 to the financial statements are contingent liabilities amounting to R9 098 632. No satisfactory procedures could be performed to obtain reasonable assurance that the recorded contingent liabilities are complete. Consequently, I was unable to obtain sufficient appropriate evidence to confirm the completeness of the contingent liabilities disclosed in note 31 to the financial statements.

## Cash flow statement

31. Presentation of a cash flow statement, summarising the municipality's operating, investing and financing activities, is required by the Standard of Generally Recognised Accounting Practice, GRAP 2, *Cash flow statements*. Included in the cash flow statement are the following amounts which could not be substantiated to the amounts disclosed in the statements of financial position and performance:

### *Receipts*

- An amount of R23 287 902 (2011: R77 687 333) disclosed as "Receipts from Sale of goods and services"
- An amount of R17 517 720 in 2011 disclosed as "Receipts from Interest income"

### *Payments*

- An amount of R326 675 365 (2011: R213 537 864) disclosed as "Payments – employee cost"
- An amount of R283 637 618 (2011: R175 764 163) disclosed as "Payments - suppliers"
- An amount of R70 460 474 (2011: R455 892 646) disclosed as "Payments – other payments".
- An amount of R63 549 442 (2011: R13 459 000) disclosed as "Payments – Other cash item".

### *Investing activities*

- An amount of R274 620 088 (2011: R321 495 480) disclosed as "Purchases of property, plant and equipment".
- An amount of R10 480 176 (2011: R217 972 254) disclosed as "non-cash adjustments on asset opening balances".

### *Financing activities*

- An amount of R268 675 (2011: R803 851) disclosed as "Movement in short term portion of lease liability".
- An amount of R4 405 580 (2011: R4 750 709) disclosed as "Finance lease payments".

### *Note 19 – Cash generated from operations*

- An amount of R139 031 854 (2011: R254 205 746) disclosed as "Non-cash adjustments to property, plant and equipment".
  - An amount of R321 584 291 (2011: R30 265 509) disclosed as "Changes in working capital – consumer debtors".
  - An amount of R288 922 771 in 2011 disclosed as "Trade and other Payables".
32. An amount of R8 593 417 relating to the remuneration of councillors has not been included in the payments to employees. The municipality's records did not permit the application of alternative audit procedures. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the accuracy, presentation and completeness of the amounts included in the cash flow statement.

## Presentation and disclosure of financial statements

33. Standard of Generally Recognised Accounting Practice GRAP 1, *Presentation of Financial Statements*, paragraph .19 (b) and (c) requires that financial statements should provide information, including accounting policies, presented in a manner which is relevant, reliable, comparable and

understandable. In addition, additional disclosures should be made when compliance with the specific requirements in Standards of GRAP are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. The following non-compliances with regard to GRAP 1 were identified which were inadequate for the fair presentation of the financial statements:

- IFRS 7 disclosures with regard to financial risk management were not disclosed.
- Reasons for variances with regard to budget information as required by Standards of GRAP 1 were not disclosed and the figures disclosed in the note do not reconcile to the statement of financial performance.
- Various non-compliances with regard to disclosure notes to the financial statements in terms of Standards of GRAP 1 requirements.

#### **Disclaimer of opinion**

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

#### **Emphasis of matter**

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

#### **Financial sustainability**

36. As disclosed in note 12 to the financial statements, the municipality has obligations amounting to R111 829 143, however the municipality did not have sufficient cash on hand at year-end (R5 101 017) to cover all its obligations.

#### **Additional matter**

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

#### **Unaudited supplementary schedules**

38. The supplementary information set out on pages x to x does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereof.

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

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

#### **Predetermined objectives**

40. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages X to X of the annual report.
41. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of



information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information* (FMPPI)

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

#### **Usefulness of information**

##### **Presentation**

##### **Measures taken to improve performance not disclosed**

42. Improvement measures in the annual performance report for a total of 100% of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

##### **Consistency**

##### **Reported indicators were not consistent or not complete when compared with planned indicators.**

43. The Municipal Systems Act (MSA), section 41(c) requires that the actual achievements against all planned indicators and targets must be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 25% of all planned objectives and 57% of all reported targets were not consistent or not complete when compared with planned targets specified in the integrated development plan for the year under review. This was due to a lack of review of and monitoring over the completeness of reporting documents by management.

##### **Measurability**

##### **Performance indicators not well defined**

44. The National Treasury FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 67% of the indicators relevant to the technical and community service departments were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that that management was aware of the requirements of the FMPPI but did not have adequate staff in the IDP unit during the year to enable application of the principles.

##### **Performance targets are not specific**

45. The National Treasury FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 89% of the targets relevant to the technical and community service departments were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

##### **Performance targets are not measurable**

46. The National Treasury FMPPI requires that performance targets be measurable. The required performance could not be measured for a total of 89% of the targets relevant to the technical and community service departments. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles

## Reliability of information

### Accuracy

47. The National Treasury FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 70% of the actual reported performance for the Technical services department and 37% for the Community services department relevant to objectives were not accurate when compared to source information. This was due to a lack of standard operating procedures for the recording of actual achievements by senior management.

### Completeness

48. The National Treasury FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. Source information for 70% of the actual reported performance, for the Technical services department and 37% of the actual reported performance for the Community services department selected objectives, was not completely recorded. This was due to an improper document management system with regard to actual performance achievements.
49. The National Treasury FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the completeness of the actual reported performance relevant to 70% of Technical services department and 37% Community services department. This was due to limitations placed on the scope of my work by the absence of information systems and the institution's records not permitting the application of alternative audit procedures.

## Compliance with laws and regulations

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

### Strategic planning and performance management

51. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.
52. The municipality did not set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan as required by section 41 of the MSA.
53. The municipality did not set measurable performance targets with regard to each development priority and objective as required by section 41 of the MSA.

### Annual financial statements, performance and annual report

54. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors were not adequately corrected, which resulted in the financial statements receiving a disclaimer of opinion.
55. The annual performance report for the year under review does not include a comparison with the previous financial year and measures taken to improve performance, as required by section 46(1)(c) of the MSA.

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

56. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) and (c).
57. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
58. Contracts and quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act 2000 (Act No. 5 of 2000)(PPPFA) and its regulations.
59. Contracts were extended and modified without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
60. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.
61. Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
62. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
63. Awards were made to providers who are persons in the service of the municipality in contravention of SCM regulations 44. Furthermore the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).
64. Awards were made to providers who are persons in service of other state institutions or whose directors, principal shareholders are persons in service of other state institutions, in contravention of SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).
65. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as supporting documentation were not provided on some awards made.

#### **Expenditure management**

66. The accounting officer did not take all reasonable steps to ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement as required by section 65(2)(e) of the MFMA.
67. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors, accounted for payments made, as required by section 65(2)(b) of the MFMA.
68. The accounting officer did not take reasonable steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.

#### **Revenue management**

69. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of the MFMA
70. An adequate management, accounting and information system was not in place which recognised revenue when it was earned, accounted for debtors, accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA

71. Revenue received was not always reconciled on a weekly basis, as required by section 64(2)(h) of the MFMA.
72. The accounting officer did not immediately inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days, as required by section 64(3) of the MFMA.
73. The accounting officer did not ensure that the municipality has effective revenue collection systems consistent with section 95 of the MSA and the municipality's credit control and debt collection policy; and that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed, as required by section 64(2) of the MFMA.

#### **Asset management**

74. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounts for the assets of the municipality as required by section 63(2)(a) of the MFMA.

#### **Human Resource Management**

75. The competencies of financial and supply chain management officials were not assessed promptly in order to identify and address gaps in competency levels as required by the Municipal Regulations on Minimum Competency Levels regulation 13.
76. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Regulations on Minimum Competency Levels regulation 14(2)(a).
77. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the Regulations on Minimum Competency Levels regulation 14(2)(b)

#### **Audit Committee**

78. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
79. The audit committee did not advise the council on matters relating to compliance with the MFMA and DoRA, as required by section 166(2)(a)(vii) of the MFMA.
80. The performance audit committee did not submit at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(iii).

#### **INTERNAL CONTROL**

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

#### **Leadership**

82. Management does not always appropriately provide the required supervision and review over operations to ensure that the municipality complies with all laws and regulations and appoint the necessary skilled staff members. Action plans were developed, however, they it was not fully

implemented, resulting in recurring findings on asset management and the recognition of water related transactions.

#### **Financial and performance management**

83. A lack of technical knowledge with regard to the implementation of new accounting standards and legislation in most of the directorates in the municipality.
84. These have an effect on personnel to adequately perform their functions, such as regular confirmation, existence and reconciliation of assets and water related transactions and implementing accounting guidelines and standards together with adherence to the requirements of laws and regulations resulted in the opinion received on the submitted financial statements and reported performance against predetermined objectives.
85. There is no monitoring of, and controls within the performance management process to ensure valid, accurate and complete performance results.
86. The performance management system is not operated and managed from planning up to the stages of performance review and reporting.
87. The performance management system, processes, procedures and controls are not implemented as designed and described.
88. Standard operating procedures for performance information are not comprehensively documented.

#### **Governance**

89. Management ineffectiveness in implementing recommendations from internal and external audit did not enable the audit committee to promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations

*Auditor-General*

Polokwane

30 November 2012



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

AUDIT ACTION PLAN 2011/2012

Page No: on Managem	Audit Finding	Management response	Departme nt	Actions to be implemen ted	Responsibl e Person	Action Date	Progress
<b>ACCUMULATED SURPLUS</b>							
40	COMAF 93: Accumulated surplus - Differences noted between the GL & the AFS	I am in agreement with the audit finding, the overall, the opening retained income will be adjusted to reflect the prior year errors on the 2011 Note and note 36 respectively	Finance		Manager  Assets		
174	COMAF 91: Accumulated surplus inappropriately disclosed in the AFS	No management response received	Finance		Manager  SCM		
<b>FINANCE LAIBILITY LEASE</b>							
122	COMAF 89: Finance Lease obligation - Misstatement of finance cost on the financial statements	Management agrees with the audit and the correction will be included as part of audit adjustment	Finance		Manager  Expenditu re		
<b>CASH AND CASH EQUIVALENT</b>							
123	COMAF 29 - Cash & Cash Equivalents: Bank reconciliations not prepared, reviewed and approved on a timely basis	Management agrees with the finding, the relevant Accountant will verify the monthly reconciliation and report to the Chief Financial Officer on or before the 7th working day of each.	Finance		Manager  Expenditu re		

41	COMAF 28 - Cash & cash equivalents: Stale cheques not reversed	Management agrees with the audit finding as the stale cheques were actually reversed on the System but not cleared on the Bank Reconciliation Statements. A list of uncleared cheques was obtained and stale cheques were identified and they have been reversed	Finance		Manager  Expenditu re		
42	COMAF 30 - Cash & Cash equivalents: Unexplained reconciling items on the bank reconciliation statement	A journal entry has been proposed to correct the misstatements	Finance		Manager  Expenditu re		
124	COMAF 29 - Cash and cash equivalents: No returned cheque register	Management agrees with the finding, the relevant Accountant will verify the monthly reconciliation and report to the Chief Financial Officer on or before the 7th working day of each	Finance		Manager  Expenditu re		
<b>COMMITMENTS</b>							
43	COMAF 3 - Commitments: Difference between the listing and supporting documentation .	Please note that we agree that the list was not correct and subsequently we updated the list and the payment voucher will not show you the accumulative figure but the Jobs on the system	Finance		Manager  Expenditu re		

		will show the actual amount paid to date					
44	COMAF 64: Commitments -Misstatement of of commitment balances	Management agrees with the audit finding and the accounting policy for commitment was not included as the commitment is a disclosure requirement not class of transaction or Account Balance	Finance		GM: Technical		
124	COMAF 64: Commitments - No accounting policy disclosed for commitments	Management agrees with the audit finding and the accounting policy for commitment was not included as the commitment is a disclosure requirement not class of transaction or Account Balance	Finance		CFO		
46	COMAF 64: Project register not complete	Management has noted the audit finding however upon inspecting the project register it was discovered that the projects were actually included in the listing	Technical		GM: Technical		
<b>CONTINGENT LIABILITIES</b>							
47	COMAF 80: Contingencies - Unavailability of information	Management submitted the signed lawyer's letters to the auditors on 14 November 2012	Municipal Manager		Manager Legal		
<b>EMPLOYEE COST</b>							
125	COMAF 13 – Employee costs: Sick leave taken not approved and captured	Auditor's recommendations are noted and accepted. Controls measures will be put into place to that to ensure that leave forms are completed	Corporate		GM: Corporate		



	on time	and approved by sectional head in time before being sent to corporate services for finalization. The adhoc audit will be requested from internal audit to ensure that the possibility of the event reoccurring in the next audit in minimized					
	COMAF 14 - Employee costs: The Municipality does not have the specific policy with regard to study leave		Corporate		GM: Corporate		
129	COMAF 15 - Employee costs: The leave gratuities were not paid out on terminations which is contrary to the provisions of Basic Conditions of Employment Act	Management agrees with the audit finding. The error was due to lack of follow up when the terminations were processed. The municipality will design exit form which will ensure that all the debts of the municipality are collected before the termination from the system is finalized furthermore adhoc audit will be requested from Internal audit to ensure that the reoccurrence of the identified problems are minimized	Corporate		GM: Corporate		
126	COMAF 16 - Employee costs: Leave approved after the leave was	Management agrees with the audit finding and controls will be implemented to ensure that leave is approved	Corporate		GM: Corporate		

	taken by employees	for all employees before leave is taken. A circular will be issued to all employees to emphasize the above matter. Adhoc audit will be performed to ensure minimum occurrence of the problems identified					
127	COMAF 33 - Employee costs: Weaknesses in the appointment process	<p>a.) Management agrees with the audit finding partly as we are currently drafting the appointment contract as for the selected employees and all other employees who don't have the employment contracts</p> <p>b.) Auditor's finding has been noted and the supporting document detailing the process followed has been submitted to the auditors for verification.</p> <p>c.) It must be noted that the advert for the position of Human resources Manager was advertised and the supporting documents were provided to the auditors for verification</p>	Corporate		GM: Corporate		
130	COMAF 84: Employee costs - Monthly overtime exceeding 30% of the basic salary of employees	Management agrees with the finding. Controls will be implemented to ensure that this does not continue	Corporate		GM: Corporate		
48	COMAF 48 - Employee costs: Unexplained	No management response received	Corporate		Manager Expenditure		

	differences between the payroll report and Trial Balance																	
145	COMAF 79: Employee costs - Leave days taken are less than the minimum days required as per the Basic Conditions of Employment Act	No management response received	Corporate		GM: Corporate													
182	COMAF 53 - Employee costs & Expenses: Inaccuracy of journal posted	Management disagree with the finding and the journal proposed however the following journal will be processed	Corporate		Manager Budget													
		<table border="1"> <thead> <tr> <th>Account no.</th> <th>Account description</th> <th>Dt</th> <th>Cr</th> </tr> </thead> <tbody> <tr> <td>040/010/0002</td> <td>Salaries and Wages</td> <td>988 539</td> <td></td> </tr> <tr> <td>040/020/0703</td> <td>Transfer to Local</td> <td></td> <td>988 539</td> </tr> </tbody> </table>	Account no.	Account description	Dt	Cr	040/010/0002	Salaries and Wages	988 539		040/020/0703	Transfer to Local		988 539				
Account no.	Account description	Dt	Cr															
040/010/0002	Salaries and Wages	988 539																
040/020/0703	Transfer to Local		988 539															
184	COMAF 101: HR Management non-compliance	No management response received	Corporate		GM: Corporate													

PROCUREMENT AND CONTRACT MANAGEMENT							
133	COMAF 2: Procurement - Inconsistencies in application of the 90/10 point system	This was an error in the allocation of points	Finance		Manager SCM		
50	COMAF 70: Procurement – Correct number of quotations not obtained	<p>Lexis Nexis- Books</p> <p>The supply chain management policy allows for use of one written when appointing a service provider for a transaction value between R 1 000.00 and R 5 000.00. Management disagree with the finding.</p> <p>HTE construction.</p> <p>This procurement was made in terms of civil works in small scheme tender (VDM/TECH/25/08/2010/01). Disagreeing with the finding</p> <p>Juta &amp; Co LTD</p> <p>Memorandum to utilize two quotations was approved by the municipal manager.</p> <p>However management agrees that this matter was not reported to council and in the notes to the annual financial statement.</p>	Finance		Manager SCM		

		<p>Cristal Garments</p> <p>Recommendation's accepted  HTE construction this procurement was made in terms of civil works in small scheme tender (VDM/TECH/25/08/2010/01). Procurement documentation was submitted to the auditor. We disagree with the finding. Tender inspected by the A.G</p> <p>Juta &amp; Co  The deviation not to advertise for 7 days was approved by the Accounting officer. Find attached copies. Management disagree with the finding. Deviation approval inspected by the AG.</p> <p>Cristal Garments</p> <p>Recommendation accepted</p>						
52	COMAF 66: Procurement - Procurement transactions above R30 000 not advertised	HTE construction this procurement was made in terms of civil works in small scheme tender (VDM/TECH/25/08/2010/01). Procurement documentation was submitted to the auditor. We disagree with the finding. Tender inspected by the A.G	Finance		Manager SCM			

		<p>Juta &amp; Co The deviation not to advertise for 7 days was approved by the Accounting officer. Find attached copies. Management disagree with the finding. Deviation approval inspected by the AG.</p> <p>Cristal Garments</p> <p>Recommendation accepted</p>				
53	COMAF 67: Procurement - No tax clearance certificates available for inspection	<p>HTE Construction has been appointed as a Term contractor for civil works in small scheme. Their tax matter was in order at the time of appointment. See the attached Tax clearance certificate. Management is therefore not agreeing with the finding. Verified by the AG</p> <p>Juta &amp; Co LTD Recommendation accepted. Kharidzha Communications has been appointed as a Term contractor for Provision of Quarterly newsletter. Their tax matter was in order at the time of appointment. See the attached Tax clearance certificate. Management is therefore not agreeing with the finding.</p>	Finance		Manager SCM	

		<p>Christal Garmets. Recommendation accepted</p> <p>Muthumuni Corporate Gift has been appointed on a 7 day notice tender. See the attached Tax clearance certificate. Management is therefore not agreeing with the findings</p>					
54	COMAF 74: Procurement - Non submission of declaration of interest	Recommendation accepted	Finance		Manager SCM		
134	COMAF 69: Procurement - Late approval by Bid specification committee	Recommendation accepted. However, management always ensures that Bid documents or specification are available to the public for sale after the specification had been approved by both the committee member's and the accounting officer	Finance		Manager SCM		
56	COMAF 66: Procurement - Failure to advertise for minimum number of days	Management basically agrees	Finance		Manager SCM		
135	COMAF 65 - Procurement: Non	Recommendation accepted. Management to apply for registration	Finance		Manager SCM		

	publication of the bid results	within 21 days from the date on which a contractor's offer to perform a construction works is accepted					
136	COMAF 67: Procurement - Non submission of audited financial statements by service providers	Do not agree with the finding, all these bidders are Close Corporations which are not required to prepare financial statements. The only one that is not a CC is Same Water (Pty) Ltd and the recommendation is accepted for this service provider.	Finance		Manager SCM		
53	COMAF 67: Procurement - Non submission of tax clearance certificate	HTE Construction has been appointed as a Term contractor for civil works in small scheme. Their tax matter was in order at the time of appointment. See the attached Tax clearance certificate. Management is therefore not agreeing with the finding. Verified by the AG	Finance		Manager SCM		
137	COMAF 75: Procurement - Contracts not signed by the Accounting officer	The old contract document as prescribed by Treasury did not have provision for the Municipal Manager to sign. Treasury has since provided a space for the accounting officer to sign on the new forms. The finding is however acknowledged	Finance		Manager Legal		
138	COMAF 65: Procurement - Contracts not registered with the CIDB	Recommendation accepted. Management to apply for registration within 21 days from the date on which a contractor's offer to perform a construction works is accepted.	Finance		Manager SCM		



182	COMAF 90: Procurement - Tenderer not achieving minimum functionality not disqualified	Recommendation accepted	Finance		Manager SCM		
138	COMAF 68: Procurement - Incorrect allocation of B- BBEE points	This was a human error on the committee members when they were evaluating. However this didn't disadvantage the second because their scores were differing by 45 points.	Finance		Manager SCM		
57	COMAF 71: Procurement - Unsolicited Bids with no valid reasons	The accounting officer had found the above mentioned reasons to be sound at the time of procuring and the deviations was subsequently condoned by council	Finance		Manager SCM		
58	COMAF 90: Procurement - Information not provided for audit	Management did not respond to the audit finding	Finance		Manager SCM		
59	COMAF 83: Procurement: Unapproved Variations on projects and misstatements of commitments	No response received from management.	Finance		GM: Technical		
61	Procurement: Flight Specials procurement documentation		Finance		Manager Expenditu re		
62	COMAF 47 - Payables:	The amount will be regarded as the	Finance/Tec		Manager		

	Unspent grants overstated	unauthorised expenditure and will be disclosed in the notes the Annual Financial statements	hncial		Budget		
54	COMAF 74: Procurement - Declaration of interest not provided – Employee	Recommendation accepted	Finance		Manager SCM		
120	COMAF 66: Procurement: Tenders not advertised on the CIDB website	Agree with the finding	Finance		Manager SCM		
<b>FRUITLESS AND WASTEFULL EXPENDITURE</b>							
	COMAF 23 - Fruitless and wasteful expenditure		Finance		Manager Expenditure		
65	COMAF 1 - Contingent liabilities: internal memo detailing litigation claim not sent to the relevant departments.	The difference between the acknowledge amount and the debtors listing is due to the amount that has been subsequently paid over by the debtor.	Municipal Manager		Manager Legal		
66	COMAF 77: Fruitless and wasteful expenditure – Late payment of PAYE, UIF and SDL	No management response received	Finance		Manager Expenditure		
<b>FIXED ASSETS</b>							

	COMAF 21 - PPE: Assets recorded in the fixed asset register not physically verifiable	Management do not agree with the audit findings, as it was a typing error; see the spreadsheet attached for the whole population	Finance		Manager Assets		
69	COMAF 21 - PPE: Impaired assets not adjusted for in the books	Management do not agree with the audit findings, as it was a typing error; see the spreadsheet attached for the whole population	Finance		Manager Assets		
71	COMAF 21 - PPE: Assets not recorded in the Fixed asset register	Agreed with the audit findings, we have verified and corrected the entire population on the errors detected; see the spreadsheet for workings attached	Finance		Manager Assets		
69	COMAF 21 - PPE: Assets recorded in the fixed asset register not physically verifiable	Management do not agree with the audit findings, as it was a typing error; see the spreadsheet attached for the whole population	Finance		Manager Assets		
140	COMAF 76: PPE – Assets not adequately insured	I am in agreement with the audit finding, it was later rectified subsequent after year end	Finance		Manager Assets		
74	COMAF 76: PPE - Prior period errors not corrected in terms of GRAP 3 - Assets	I am in agreement with the audit finding, it is because the system does not allow us to make an adjustment an adjustment on the prior period. It only allows for the adjustment to be made against the retained earnings on the previous year adjustment. We will	Finance		Manager Assets		

		adjust the hard copy financials to correct that					
184	Useful life for the Investment property not disclosed in the financial statements		Finance		Manager Assets		
75	COMAF 96: No formal evidence was provided in respect of Impairment of assets	I am in agreement with the audit finding we have conducted impairment testing on all our assets, the only thing that we haven't kept is the documents illustrating all the factors	Finance		Manager Assets		
	Linked to COMAF 64: No reconciliation is performed between Project register and financial statement( WIP)		Finance		Manager Assets		
139	COMAF 45 - PPE: Asset register to financial statements comparison	I am in agreement with the audit finding see the attached error report to be adjusted on the time of adjustment	Finance		Manager Assets		
141	COMAF 57: PPE - Monthly reconciliation between GL and asset register not performed	Management agrees with the audit finding however it must emphasized that the reconciliation between the assets register were done quarterly and it be done monthly to comply with the recommendations of the auditors.	Finance		Manager Assets		

142	Intangible assets that have been fully depreciated still on the Asset register		Finance		Manager Assets		
<b>INVENTORY</b>							
	COMAF 9 – Resolved - Inventory: Valuation of water inventory is incorrect		Finance		Manager SCM		
143	COMAF 42 - Inventory: Supporting documentation for inventory purchases not provided	Auditors finding has been noted and the required information has been submitted to the auditors for verification	Finance		Manager Expenditure		
144	COMAF 85: Inventory - Inventory note does not cast	Management agrees with the audit findings and the Inventory disclosure will be updated to ensure fair presentation	Finance		Manager SCM		
<b>INVESTMENT</b>							
145	COMAF 31 - Investments: Investment register not independently reviewed by a senior official	Agree, there was an error when we were updating the investment register instead of updating by an amount of R10 000 000.00 it was updated an amount of R15 000 000.00. Correction has been made on the investment register. Investment register will be reviewed in future for control purposes	Finance		Manager Income		

EXPENDITURE							
146	COMAF 25 - Expenditure: Operating lease expenditure incorrectly classified	Auditor's findings and recommendations have been noted and accepted. The correction has been included in the scheduled of corrected misstatement identified.	Finance		Manager Assets		
147	COMAF 55 - Non-Submission of information	No management response has been received.	Finance		Manager Expenditure		
75	COMAF 46 - Revenue: Differences in bad debts recovered	Management agrees with the audit findings and the error has been included in the schedule of know misstatement and will be corrected as and when we correct the receivable balances furthermore the description will be corrected to Provision for Bad debts reversal	Finance		Manager Income		
148	COMAF 56 - Expenditure: South African Post Office Ltd contract for premises not renewed on time	Please note that SAPO has approved our rental agreement.	Finance		GM: Corporate		
149	COMAF 54 - Expenditure: Information not provided for grants expenditure	No management response was received	Finance		Manager Expenditure		
PAYABLES							

78	COMAF 24 - Suppliers not paid within 30 days	Management agrees with the audit finding and the invoice box register has been implemented as control to ensure that all the invoices that are received and tracked in terms of the period between received and processed in order to reduce late payment and possible interest charges by suppliers	Finance		Manager Expenditure		
79	COMAF 17 - Payables - Retentions with debit balances	Management did not respond to the audit finding	Finance		Manager Expenditure		
151	COMAF 19 - Payables: Non-compliance to S37(1)(c) of the MFMA – Payments to other municipalities	Management agrees with the audit finding and we are currently discussing the settlement process during the District CFO forum that is taking place on regular basis. The agreement has been reached between the Local Municipalities and the District municipalities and the timelines have been set for payment of the outstanding claims	Finance		Manager Expenditure		
79	COMAF 19 - Payables: Non-compliance with section 65(2)(e) of the MFMA – Payments of creditors within 30 days	Management agrees with the audit findings and subsequently all the invoices that are received by municipality are recorded and distributed to the department for authorization before finance approve	Finance		Manager Expenditure		

		payment. This process will enable us to track the period it takes to process information					
80	COMAF 39 - Payables: Unrecorded liabilities	Management agrees with the audit finding. We will implement controls going forward to ensure that all invoices not paid are accrued for at year end	Finance		Manager Expenditure		
80	COMAF 38 - Payables: Information not provided to support payments made		Finance		Manager Expenditure		
81	COMAF 40 - Payables: Unexplained differences between retention balances and supporting documents	Management agrees with the audit finding, it must be emphasised that the error were due to the payment certificates not reflecting the correct amount that was supposed to be withheld	Finance		Manager Expenditure		
84	COMAF 40 - Payables: Limitation in scope over retentions	Management did not respond to the audit finding	Finance		Manager Expenditure		
151	COMAF 41 - Payables – Creditor balances not reconciled to the supplier statements	Management agrees with the audit findings and it must be noted that the reconciliations of supply statements are been finalized not only for the sampled but for all the creditors of the municipality	Finance		Manager Expenditure		



152	COMAF 43 - Payables – Unexplained difference between payable balances and supporting documentation	Management agrees with the audit finding and the difference in the listing and the invoice amount was due to the Vat amounts that were not accrued at year end. A list of all accruals has been obtained and the Vat amount will be capitalized to the accrual amount at year end	Finance		Manager Expenditure		
184	COMAF 97: Payables – Disclosure	No management response has been received.	Finance		Manager Expenditure		
<b>PREDETERMINED OBJECTIVES</b>							
154	COMAF 10 - PMS: Late approval of the mid-year budget and performance assessments by mayor	The Mid-year performance report was compiled and submitted before the cut-off date as legislated. However, the Council sitting was scheduled for 27/01/2012 which was two days after the cut-off date hence it was approved on 27 January 2012 instead of 25 January 2012	Municipal Manager		Manager PMS		
154	COMAF 10 - PMS: Non-compliance with sec53(1)(c) of the MFMA Budget processes and related	Management agrees with the finding	Municipal Manager		Manager PMS		

	matters						
155	COMAF 10 - PMS: IDP 2011/2012 adoption public notice not given within 14days after approval thereof	The delay in the signing of the SDBIP has been caused by the late appointment of the Executive Mayor after the 2011 Local Government Elections. (Please refer to paragraph 4 of the attached approval memo of the SDBIP)	Municipal Manager		Manager PMS		
156	COMAF 10 - PMS: Non-compliance with sec 18 of the Local Government Budget and reporting regulation	Management agrees with the finding	Municipal Manager		Manager PMS		
157	COMAF 52 - PMS: Reports for workshop/ training held not documented	We agree with the recommendations, but not on the issue of reviewing the reports, signing the reports after implementation of an activity is correct. Reviewing can be done during SDBIP quarterly review meetings	Municipal Manager		Manager PMS		
160	COMAF 52 PMS: Reliable evidence of the actual performance (reported on the quarterly reports) not provided	We agree with the recommendation, we have already started with proper recording of the outcomes, also agreed that monthly reports will be signed together with the reports of every activity	Municipal Manager		Manager PMS		
162	COMAF 52 - PMS: GM: Community services did	We agree with the recommendations that reports must be signed to indicate that it has	Community		GM: Communi ty		

	not review reports submitted by sub-division managers	been done					
164	COMAF 62: PMS - Technical services: weakness noted with regards to reporting of performance targets	No management response received	Technical		GM: Technical		
85	COMAF 95: PMS - Misstatement of reported targets in the annual performance report	No management response has been received.	Municipal Manager		Manager PMS		
87	COMAF 94: PMS: Limitation - no support for the information reported	No response was received from management	Municipal Manager		Manager PMS		
165	COMAF 63: PMS: KPI's and the targets not well defined and not "SMART"	I agree with the finding. The reason that some projects in the SDBIP were not reported on is that they were mostly projects under retention and we only put them in the SDBIP to monitor them during their retention period and after that we felt that it was no longer necessary to report on them	Municipal Manager		Manager PMS		

91	COMAF 63: PMS - Inconsistencies between KPI's per IDP and/or SDBIP and annual performance report	I agree with the finding. There were some instances in the report where a "number" was used as a target and when reporting, a "percentage" was used instead of consistently use the "number" and vice versa. This will be taken into consideration in future SDBIPS and Annual Performance Reports	Municipal Manager		Manager  PMS		
166	COMAF 62: PMS - No standard operating procedures	I disagree with the finding: The PMS of Vhembe District Municipality is guided by the Performance Management Framework approved by council. This framework contains all the standard operating procedures for implementing our PMS. The fact that there was insufficient information available to ensure that the reported targets were achieved (e.g. missing attendance registers for workshops or missing signatures on the reports of monthly meetings) does not imply that the PMS of Vhembe District Municipality does not have a standard operating procedure	Municipal Manager		Manager  PMS		
90	COMAF 63: PMS - Planned KPI's not well- defined	I disagree with the finding. Programme performance can be measured either through Input, Process, Output or Outcome	Municipal Manager		Manager  PMS		

		indicators. In process indicator, different stages or milestones of a project can be used as targets to measure performance of that particular project. In this case, comparison of the targeted percentage completed and the actual percentage completed in a project can be used to measure its performance					
93	COMAF 63: PMS: Inconsistencies between the planned targets and the reported targets	I agree with the finding. There were some instances in the report where a "number" was used as a target and when reporting, a "percentage" was used instead of consistently use the "number" and vice versa. This will be taken into consideration in future SDBIPS and Annual Performance Reports	Municipal Manager		Manager PMS		
94	COMAF 63: PMS - Key performance targets not "Measurable"	I disagree with the finding. Programme performance can be measured either through Input, Process, Output or Outcome indicators. In process indicator, different stages or milestones of a project can be used as targets to measure performance of that particular project. In this case, comparison of the targeted percentage completed and the actual percentage completed	Municipal Manager		Manager PMS		

		in a project can be used to measure its performance					
96	COMAF 63: PMS - Measures to improve performance not presented on the annual performance report	I agree with the finding. In the organizational Scorecard Section of the report, there is a column for "Reasons for not meeting the target" which we hoped it will also capture the "Measures to improve performance". Unfortunately it didn't. In future, steps will be taken that a column is specifically dedicated to "Measures to improve performance".	Municipal Manager		Manager PMS		
<b>PROVISIONS</b>							
99	COMAF 51 - Leave Provision: Unexplained differences between the balances confirmed by local municipalities and the amounts per financial statements	No response received from management	Finance		Manager Income		
100	COMAF 32 - Unexplained differences between the opening leave days report and the amount per prior year financial	No management response has been received	Corporate		GM: Corporate		

	statements.						
186	COMAF 51 - Provision: Long service awards not accounted for in terms of GRAP 25	An actuarial valuation has been performed for the provision of long service awards. An adjusting journal will be processed in the financial statements	Corporate		CFO		
166	COMAF 51 - Provisions: Misstatement of the leave provision balance	No response received from management	Corporate		GM: Corporate		
<b>RECEIVABLES</b>							
101	COMAF 7 - Consumer Debtors: Provision for doubtful debts for consumer debtors not correctly determined	Management agrees with the audit finding. The journal correcting the provision for non-collection of Consumer Debtors has been prepared. The corrections will be included in the schedule of proposed audit adjustments. The financial statements as well as the trial balance will be adjusted once approval is granted	Finance		Manager Income		

102	COMAF 7 - Other receivables: Non collection of receivable balances and no provision made for receivables from local municipality	Management agrees with the audit finding. The journal processing the provision for non-collection of water debtors has been prepared. The corrections will be included in the schedule of proposed audit adjustments. The financial statements as well as the trial balance will be adjusted once approval is granted.	Finance		Manager Income		
103	COMAF 7 - Other receivables: Misstatements in opening balances (water receivables) not corrected	Management agrees with the audit finding. The debtor's listings as well as the age analysis have been obtained from the local municipalities and prior period adjustment will be made. The corrections will be included in the schedule of proposed audit adjustments. The financial statements as well as the trial balance will be adjusted once approval is granted	Finance		Manager Income		
104	COMAF 8 - Other Receivables: Unavailability of supporting documentation for receivable balances	No response has been received from management	Finance		Manager Income		
105	COMAF 37 - Other receivables, Consumer Debtors,	Management agrees with the finding	Finance		Manager Income		



	Trade and other payables Consumer debtors, water receivables and water creditors						
107	COMAF 18 - Consumer debtors and water receivables: Age analysis and supporting documentation not provided	No management response received	Finance		Manager Income		
109	COMAF 36 - Prior period errors not corrected in terms of GRAP 3 – Water related receivables, consumer debtors, water creditors	Management agrees with the audit findings and it must be noted subsequent to the ASC Meeting the age analysis have been obtained from the Local Municipalities that support the confirmed the opening balance and the differences between what has been disclosed in the opening balance and the confirmed supported figure will be restated using the accumulated surplus account. Furthermore the adjustment in the opening balance will be shown as prior period in the financial statements for the year under review. The correction will be included in the	Finance		Manager Income		

		schedule of corrected misstatements					
116	COMAF 1 - Staff debtors: Staff debtor reconciliation not signed and differences between staff debtor reconciliation and acknowledgment	The difference between the acknowledge amount and the debtors listing is due to the amount that has been subsequently paid over by the debtor	Finance		Manager Income		
<b>REVENUE</b>							
187	COMAF 1 - Revenue : Year-end Grant reconciliation not reviewed by the CFO	The auditors' comments are noted however it must be emphasized that the master reconciliation that was used to prepare the Annual Financial Statements has been prepared, reviewed and approved by the properly delegated officials to ensure completeness and accuracy of information. The reconciliation has been presented to auditors	Finance		Manager Income		

		as part of audit file					
	COMAF 59 - Revenue & Receivables – Disclosures incomplete		Finance		Manager Income		
117	COMAF 60: Revenue - Non-compliance with S64(2)(h) – Weekly reconciliation of revenue collected by an agent	Management agree with the audit finding as the District is not currently performing the function on weekly basis as we heavily rely on the local to provide information.	Finance		Manager Income		
110	COMAF 87: Water services related misstatements	Management agrees with the audit findings and processes will be followed to ensure that the revenue received from local municipalities is accurate and complete	Finance		Manager Income		
169	COMAF 88: Revenue - Non-Compliance to S64(3)	Management agrees with the audit findings and processes will be put in place to ensure that all the due amounts to the municipality are reported to National Treasury	Finance		Manager Income		
171	COMAF 61: Grant expenditure - Information not provided - Conditional Grant	Agree with the findings. Attached are the outstanding documents	Finance		Manager Expenditure		

	Expenditure						
<b>VALUE ADDED TAX (VAT)</b>							
112	COMAF 22 - VAT: VAT claimed on non – compliant invoices	Management agrees with the audit findings and the communications has been issued to the suppliers indicating the requirement of the valid tax invoice. In future the invoices that don't meet the minimum requirements will not be processed for payment	Finance		Manager Expenditure		
113	COMAF 26 - VAT & expenditure: Incorrect Input Value added tax (VAT) amount claimed	No management response received	Finance		Manager Expenditure		
121	COMAF 27 - VAT: Input Vat claimed on zero rated supplies	Management has noted the audit finding however it must be noted that the VAT was not charged on the petro charges but only on Excess kilometres and rental services.	Finance		Manager Expenditure		
18	COMAF 82: VAT - Incomplete disclosures for Value Added Tax (VAT)	Management agrees with the audit findings and the disclosures will be made in the final AFS	Finance		Manager Expenditure		
115	COMAF 82: VAT - Overstated input vat	Management agrees with the audit finding adjustment will be made in the subsequent	Finance		Manager Expenditure		

	(VAT)	year					
113	COMAF 92: VAT input/output incorrectly claimed	No management response received	Finance		Manager Expenditure		
<b>COMPLIANCE</b>							
169	COMAF 4 - Final Annual report for 2010/2011 not published on the internet	Management agrees with the audit findings and the websites has been properly updated since	Corporate		GM: Corporate Manager PMS		
170	COMAF 5 – Currently No Risk Officer to monitor the Risk assessment process	Management the audit finding and the interviews for the position have already been conducted by institution	Municipal Manager		Manager Internal Audit		
118	COMAF 99 – Cash flow statement	No management response received	Finance		CFO		
	COMAF 97 – Compliance – Audit Committee	No management response received	Municipal Manager		Manager Office of the MM		

**VHEMBE DISTRICT MUNICIPALITY**

**DRAFT ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

The audit committee is pleased to present its report for the financial year ended 30 June 2012

**INTRODUCTION**

The audit committee, as an independent advisory committee appointed by the Council, has been established in terms of section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section

79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference.

#### **AUDIT COMMITTEE MEMBERS AND ATTENDANCE.**

Audit Committee contracts came to an end as at 31 December 2011, which was served by the following members: Dzuguda N.A (Chairperson), Mbewu B, Mahonga M and Siala N. Request for a new Audit Committee was done and the following applicants were considered, Mbewu B (Chairperson), Gololo M.N, Dzuguda N.A and Nemugumoni M.O. their contracts is for 3 years starting 1 January 2012 – 31 December 2014.

During the current year five (5) meetings were held and members attended as provided on the table below:

Name of member	Attended	Apologies	Total
Mbewu B (Chairperson)	5	Nil	5
Gololo M.N	2	Nil	2
Nemugumoni M.O	2	Nil	2
Dzuguda N.A	4	1	4

#### **Terms of reference**

The audit committee reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The audit committee also reports that it has complied with its responsibilities arising from section 166 of the Municipal Management finance Act, the king report on the best practices on Corporate Governance for South Africa and other applicable legislative requirements.

#### **Area of focus**

##### **Audit Committee performed the following:**

- Audit Committee Charter - The Audit Committee had provided input in the Audit Committee Charter and it was ready for submission for approval during the council meeting which was held in March 2012.
- Internal Audit Charter – Charter was approved and recommended to council for noting
- Internal Audit plan – Review of the internal Audit activities and approval of a three year internal audit plan

- Exit committee report – the committee also prepared an exit report for the previous audit committee which included inter alia, all resolutions taken by the previous committee
- Interim Financial Statements – members made inputs to the interim financial statements since they noted that they were below acceptable quality
- Internal Audit reports – Audit Committee discussed reports in detail and recommended to management to develop a findings register of all findings raised by internal audit
- Risk Management policy and Strategy 2012/2013, Risk Management Committee Charter 2012/2013 – Audit Committee made inputs on the above mentioned documents and resolved that after incorporation of the inputs, the documents be submitted to Council for approval.
- Draft Annual performance report – Audit Committee noted that Annual performance report was not compliant with s 46 of the Local Government: Municipal Systems Act as it did not reflect the following:

Performance of service providers

Comparison of the current year performance with target set for and performance in the previous financial year – s46(1)(b)

The meeting also noted that annual performance report was not prepared using the template issued by National treasury

- Risk Assessment report – Audit Committee advised management that the problems that surround the governance and control processes are arising because Risk management processes and structure are not functional. This has been said many times that Management should expedite the appointment of Risk Officer/Manager as the resources available from Internal Audit are not enough not to mention the fact that Internal Auditors performing Risk Management functions impair highly on their independency.
- Fraud and corruption Hotline – Audit Committee is happy to pronounce that a service provider has been appointed to manage the Hotline

**Audit Committee resolved the following:**

- That Performance Management reports be audited by internal audit before being submitted to Audit Committee and performance evaluation panel.
- **Risk management Strategy and Risk Management Charter** – That internal Audit finalize input on the documents, circulate them to members and submit final document to council.
- **Audit Action plan** – Finance should use the template used by other department as previously recommended and make distinction between findings impacting on audit opinion, compliance findings and other findings

- **2011/2012 AFS preparation plan** – the plan should be revised to accommodate review by internal audit and appointment of service provider to prepare/review AFS should be expedited. Management to liaise with COGHSTA on any assistance the Municipality need
- **Performance Management Policy and Framework** – Audit Committee resolved that they should be provided with the framework after it has been reviewed but before it goes to council so that Audit Committee can make inputs
- **Risk Management Implementation plan** – Audit Committee advised management to develop and finalise Risk Management Implementation plan.
- Liaison with management regarding:
  - Finalization of the Annual Report for 2010/2011 financial year
  - SDBIP and performance agreements for 2012/2013
  - Strategic Risk Register 2012/2013
  - Liaison with internal Audit and Risk Management functions

#### **THE EFFECTIVENESS OF INTERNAL CONTROL.**

In line with the Municipal Finance Management Act and the King 111 Report on corporate Governance requirements, Internal Audit provides the Audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process as well as the identification of corrective actions and suggested enhancements to the controls and process.

During the year under review, several deficiencies in the system of internal controls and/or deviations were reported by the internal auditors and the Auditor General of South Africa, in certain instances, the matters reported previously have not been fully and satisfactorily addressed.

The Audit committee reports that risk management was not effective during the year. The annual risk assessment was conducted but the Risk Management Committee was not operational and therefore management was not reporting to the Audit committee on risk management.

#### **PERFORMANCE MANAGEMENT.**

The Audit committee reports that, performance management systems for all section 57 managers were implemented as required by legislation.

#### **EVALUATION OF FINANCIAL STATEMENTS**

The Audit committee has:

- Audit Committee reviewed the financial statements and noted that the financial statements were in a poor state, audit committee has been highlighting significant issues that even resulted in qualification in the previous year. Those issues have not been resolved in time when AFS were



submitted to AGSA. Improvements were made hence the revised AFS were not submitted back to Audit Committee to ensure changes were made

- Audit Committee also noted that Finance Department had not verified figures relating to water transactions.
- It was resolved that the revised version of the AFS which was tabled at the meeting would be emailed to the members in the afternoon of the 23<sup>rd</sup> August and members would provide input by Saturday, 25<sup>th</sup> August 2012. **Note that this resolution was subsequently not implemented as the AFS were finalised and submitted to AG's office without subsequent inputs from the Audit Committee**
- Audit committee concurs and accepts the Auditor General of South Africa's conclusions on the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor General of South Africa.

#### **APPRECIATION**

The Audit committee wishes to thank the Accounting Officer of Vhembe District Municipality and the Municipal Officials for the cordial manner in which this year's Audit was conducted, together with the enthusiasm shown by the management to address the issues identified. However, the Audit committee will continue to engage the Auditor General of South Africa with a view of getting their co-operation for improved governance and realisation of the Municipal 's vision of getting a clean audit opinion by 2014.

On behalf of Vhembe District Municipality Audit committee

\_\_\_\_\_  
Gololo M.N

\_\_\_\_\_  
Date

**Chairperson of the Audit committee.**

**ORGANISATIONAL PERFORMANCE SCORECARD**

**ORGANISATIONAL PERFORMANCE SCORE CARD: 2011/2012**



**VHEMBE DISTRICT MUNICIPALITY**

TECHNICAL SERVICES DEPARTMENT  
SDBIP REPORT

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
<b>Basic Service Delivery: Water Supply</b>	<b>Deliver 122 640 000 litres of water per year and connection of 4243 households yard connections and 3754 households to RDP standard</b>	Litres of water delivered and number of households connected				
<b>Water Projects</b>						
		Capital Water Infrastructure Project	Phiphidi Ndongola Water Reticulation Phase 1	Monitoring	Monitoring	None
			Rammuda Pump Station: Bulk line to Mavhode Phase 3	Monitoring	Monitoring	None
			Mavhambe Water Supply	Monitoring	Monitoring	None
			Masisi Sandwell Point B	Monitoring	98% complete	Vandalism of boreholes, Engineer's performance is poor. Drilling firm did not submit borehole details to engineer to finalise designs for pump station in time

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Nandoni to Malamulele Phase 2 (Reservoir and Pumpstation)	Monitoring	80% complete	Delay in procurement of pumps due to delay in approval of Variation order. VO memorandum submitted on 20 February 2012 approval given on 3 April 2012
			Dzindi-Lwamondo RL2,RL3,RL4 & RL6 Connections	Monitoring	Monitoring	None
			Mphego Water Supply	Monitoring	75 % complete	Poor contractor performance. Late start on reservoir construction, Project stopped for a week due to non-availability of safety officer
			Tshidzivhe Local Ground Reticulation	Monitoring	98% complete	One borehole still awaiting Eskom connection and one borehole to be equipped with diesel engine
			Luphephe,N wandedi RWS: Bulk Infrastructure Phase 2 Reservoir	Monitoring	Monitoring	None
			Damani RWS: Upgrading of Water Treatment Works	Monitoring	46% Complete	Slow progress on site due to the Contractor's financial problems and lack of skilled staff

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Tshishivhe, Mulodi and Mangaya Water Reticulation Phase 1	Monitoring	Monitoring	None
			Mukumbani, Tshila, Tshivhu, Raba, Ngwe, Mavho, Gond e&Lunu Phase 2	Monitoring	Monitoring	None
			Sinthumule, Kutama, LMB & Makhado Contract C	Monitoring	8% complete	Contract terminated and another contactor appointed in October 2011. Materials still to be delivered.
			Sinthumule\ Kutama DWAF (B7)	Monitoring	89% complete	Delay in pipe delivery. Poor performance of engineer. An additional 500m of pipe work outstanding
			Sinthumule\ Kutama bulk water supply B8	Monitoring	94% complete	Delay in pipe delivery for four months at the beginning of construction period.
			Tshungani II, Nwiini, Maholoni, Bileni Equipment & Elec Borehole	Monitoring	50% complete	ESKOM connection outstanding
			Mutale ROUTE S:Tshamaber e (Phase 3C and 3D) Contract 4	Monitoring	Monitoring	None
			Mutale ROUTE S:Tshamaber e (Phase 3C and 3D) Contract 1	Monitoring	Monitoring	None

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Mutale ROUTE S:Tshamaber e (Phase 3C and 3D) Contract 2	Monitoring	Monitoring	None
			Mhinga/Lambani Bulk Water Supply	Monitoring	Monitoring	None
			Mutale ROUTE S:Tshamaber e (Phase 3C and 3D) Contract 3	Monitoring	Monitoring	None
			Mhinga Sewege ponds Phase II	Monitoring	Monitoring	None
			Rambuda Pumpstation: Bulk line to Mavhode Phase 1B	Monitoring	85% complete	Poor contractor performance
			Rambuda Pumpstation: Bulk line to Mavhode Phase 1	Monitoring	100% complete	Project not functional due to other sections of project still at construction
			Damani RWS NN20B Bulk line to Thenzheni Mianzwi Phase 4	Monitoring	98% complete	Engineer did not include the Muhuyu area for finalization by term contractor, hence the reticulation in the area is leaking heavily. Work being done by internal O & M staff.
			Tshitale RWS:Mulima Likhade,Pfan anani Water Supply Contract A	Monitoring	95% complete	Water source is not adequate
			Rehabilitation of Makuya RWS	Monitoring	97% Complete	Delays in the equipping of drilled boreholes

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Nzhelele Regional Water Mutshedzi Water Purification	Monitoring	Monitoring	None
			Sinthumule, Kutama, LMB & Makhado Contract 2A	Monitoring	97% complete	Electrical connection by Makhado Municipality has not been done due to non-availability of COC. Engineer failing to submit COC for pump station.
			Mafukani to Mabila Rising Main Phase 2	Monitoring	95 % complete	Poor performance of contractor and engineer. However work completed waiting for ESKOM connection
			Mashamba Bulk Water Supply	Monitoring	90% complete	ESKOM connection outstanding. One borehole dried and therefore resource not adequate
			Mutale Route S Phase 3B	Monitoring	98% complete	Contractor failing to get water for water tightness test for all reservoirs
			Mukumbani, Tshila, Tshivhu, Raba, Ngwe, Mavho, Gond e&lunu Water Phase 1	Monitoring	Monitoring	None

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Mukula Bulk Water supply project	Monitoring	79% Complete	Funds were not adequate, hence contractor advised to reduce construction pace
			Tshixwadza Water Reticulation Phase 2	Monitoring	Monitoring	None
			Mutale Route S Phase 3A	Monitoring	Monitoring	None
			Luphephe Nwanedi RWS: Bulk Infrastructure, Water Abstr: Folovho	Monitoring	Monitoring	None
			Luphephe, Nwanedi RWS: Bulk Infrastructure Phase 2	Monitoring	Monitoring	None
			Mavhode/Madatshitshi/Tsamulungu/Mafhohoni Water Supply	Designs and Documentation	Designs approved	None
			Tshikhudini Water Reticulation	50% complete	10% complete	Delay in procurement. Request for tender submitted in October 2011 and advert done in January 2012. Tender closed on 2 February 2012. Appointment made on 12 April 2012
			Xikundu RWS: Doubling Bulk Water Supply from NR3 to Van Rooyen	Monitoring	98% complete	Delayed by supply of connection fittings



Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Middle Letaba Command Reservoir	Monitoring	20% complete	Delay in procurement of contractor. Tender closed 30 September 2011 and appointment done 6 February 2012. Delayed supply of pipes
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 1	Monitoring	71% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 2	Monitoring	76% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 3	Monitoring	56% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 4	Monitoring	64% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 5	Monitoring	55% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 6	Monitoring	78% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 7	Monitoring	70% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 8	Monitoring	70% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Malamulele West RWS:Mudabula, Malonga, Siyandani & Mapuve WTW Leraner contractor 9	Monitoring	5% Complete	One learner contractor did not respond and eventually withdraw from the programme. Redistribution of the work to all learners in process

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Shayandima Ext 9,10 and 11 Phase A: Bulk Water supply	Monitoring	10% Complete	Delay in procurement. Tender closed on 15 July 2011 while appointment was done on 5 December 2011. Delay in delivery of pipes
			Shayandima Ext 9,10 and 11 Phase B: Reservoir	Monitoring	30% Complete	Delay in procurement. Tender closed on 15 July 2011 while appointment was done on 5 December 2011
			Phiphidi Shonisani Water Reticulation	Monitoring	87 % Complete	Delay in procurement. Tender closed on 12 August 2011 while appointment was done on 5 December 2011
			Xikundu/Mhinga Water Reticulation Phase 1A	Monitoring	Monitoring	None
			Xikundu/Mhinga Water Reticulation Phase 1B	Monitoring	Monitoring	None
			Xikundu/Mhinga Water Reticulation Phase 1C	Monitoring	Monitoring	None
			Thohoyandou Block A(Miluwani/Tshidaulu) Water reticulation: Learner contractor 1	Monitoring	30% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Thohoyandou Block A(Miluwani/ Tshidaulu) Water reticulation: Learner contractor 2	Monitoring	33% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Thohoyandou Block A(Miluwani/ Tshidaulu) Water reticulation: Learner contractor 2	Monitoring	36% Complete	Delay in finalization of procurement of Learner contractors as some of them were not being responsive
			Thohoyandou Block A(Miluwani/T shidaulu) Water supply : 10ML reservoir	Monitoring	12% Complete	Delay in procurement. Tender closed on 29 July 2011 while appointment was done on 5 December 2011  Availability of land caused further delays
			Matsa, Mamvuka, Manyi Bulk Water Supply	Monitoring	36% complete	Delay in procurement. Tender closed on 29 July 2011 while appointment was done on 5 December 2011
			Luphephe Nwanedi: Abs tr Folovhodwe Phase 3 WTW Mechanical	Monitoring	0% complete	Delay in procurement. Project re-advertised and closed on 12 April 2012

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Tshishivhe, Mulodi and Mangaya Water Reticulation Phase 2	Monitoring	60% Complete	Delay in procurement. Tender closed on 12 August 2011 while appointment was done on 5 December 2011
			Madimbo(Matshakatini), Malale, Domboni Water Supply Phase 1	Monitoring	25% Complete	Delay in procurement. Tender closed on 16 September 2011 while appointment was done on 6 February 2012. Delivery of tank delayed
			Nandoni RWS: Construction of Bulk Pipe Line from R9a to Mphodi	Detail design & tender document	0% Complete	Delay in procurement. Tender closed on 7 October 2011. Appointment made on 23 March 2012.
			Nandoni RWS: Construction of Bulk Pipeline NN20B to Malavuwe	Detail design & tender document	0% Complete	Delay in procurement. Tender closed on 7 October 2011. Appointment made on 23 March 2012.
			Nandoni RWS: Construction of Bulk Pipeline to Mutshedzi WTW	Detail design & tender document	0% Complete	Delay in procurement. Tender closed on 7 October 2011. Appointment made on 23 March 2012.
			Nandoni RWS: Construction of Bulk Pipeline to Muraga via Mang	Detail design & tender document	0% Complete	Delay in procurement. Tender closed on 7 October 2011. Appointment made on 23 March 2012.

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Thohoyandou Unit C Ext Water Supply	Detail design & tender document	0% Complete	Engineer's contract terminated. Tender for procurement of consultant closed on 8 February 2012 . Appointment made on 30 May 2012
			Remedial Works Makhado Water Supply	Detail design & tender document	0% complete	Delay in procurement as Finance wanted project to be in the budget first before tendering. Engineer appointed on 23 March 2012
			Tshikuyu, Dovhu, Duluthulu, Bende Mutale & Masisi Water Supply	Monitoring	97% Complete	Water source not adequate
			Mutale Upgrading Purification works	Detail design & tender document	Design & Documentation	None
			Malamulele East Bulk Water and Transfer/Jerome Sub Regional Scheme	Detail design & tender document	Design & Documentation	None
			Tshiendeulu water supply and project phase 2	Detail design & tender document	90% complete	Poor performance by Engineer. Poor performance by contractor.
			Sinthumule/ Kutama : Valdezia to Mowkop bulk water supply project	Detail design & tender document	Design & Documentation	None

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Kurhuleni North Storage and Reticulation	Detail design & tender document	Design & Documentation	None
			Belemu, Mutanda II, Phiphidi, Ngwenani Ya Themeli & Mathule	Detail design & tender document	Technical report approved	Delay of Technical Report by DWA
			Mutale Prepaid Water Meters	Detail design & tender document	0% complete	Project needs design software for internal design process to be completed. Design software still to be provided
			Manenzhe Bale Water Supply	Detail design & tender document	0% complete.	Still to finalise design as ground water source investigations not complete.
			Tshagwa, Baimore, Tshiungani Water reticulation	Detail design & tender document	Technical report approved	Delay of Technical Report by DWA
			Refurbishment.	Monitoring	90 % complete	Delay in initializing procurement process due to lack of collective decision whether to use term contractor or go on conventional tendering.
			Masibambane Theme 3	Monitoring	0% Completion	Funds not adequate
			WSDP-Review	Final Draft approval	0% Completion	Delay in procurement
<b>RURAL SANITATION</b>						

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Household sanitation (Mutale)	Monitoring	92% complete	Insufficient capacity of service providers, Understaffing in the unit,
			Household sanitation (Thulamela)	Monitoring	46% complete	Insufficient capacity of service providers, Understaffing in the unit,
			Household sanitation (Makhado)	Monitoring	90% complete	Insufficient capacity of service providers, Understaffing in the unit,
<b>URBAN SANITATION</b>						
<b>BASIC SERVICE DELIVERY : SANITATION</b>	<b>To provide decent sanitation facilities to the Vhembe DM community</b>	Completed Capital Sanitation Infrastructure project	Thohoyanadu Business Area Sewerage	Monitoring	95% complete	Suspended supports still need to be constructed in order to complete the project. Engineer abandoned project
			Mhinga Sewerage Ponds Phase 2-Extension	Monitoring	Monitoring	None
			Musina Installation of Sewer Ext 6 & 7	Monitoring	Monitoring	None
			Musina Upgrading of Oxidation Ponds Phase 2	Monitoring	Monitoring	None
			Waste Water Treatment Works Management Plan	50% complete	45% complete	Delay in procurement as Finance wanted project to be in the budget first before tendering. Engineer appointed on 23 March 2012



Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Watervaal Waste Water Treatment Works Project:	Monitoring	45 % complete	Delay in procurement as Finance wanted project to be in the budget first before tendering. Delay in delivery of materials
			Upgrading of Makhado Sewerage Treatment Plant	50% complete	67% complete	None
			Thohoyandou Sewerage Works Ext Phase 2	Monitoring	74% complete	Delays on the pipes from Rare water.
<b>ROAD INFRASTRUCTURE</b>						
			Road Leading to Air force Base Phase 2	Monitoring	Monitoring	
<b>BASIC SERVICE DELIVERY : ROADS</b>	<b>To provide high quality road infrastructure</b>	Road Infrastructure Project	Rehabilitation of Shayandima Industrial Area streets	Monitoring	95% complete	Contractor abandoned site
		Road Infrastructure Project	Mphephu Resort Bridge	Monitoring	0%	Budget unavailable for implementation
		Road Infrastructure Project	Rehabilitation of Guyuni Khunguni Road	Monitoring	0%	Budget unavailable for implementation
		Road Infrastructure Project	Tshilapfene/ Mukumbani Road Phase 1	Monitoring	49% complete	Delay in procurement, tender closed on 29 July 2011 and appointment done on 6 <sup>th</sup> February 2012

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
		Road Infrastructure Project	Side Walk to Mbilwi	Monitoring	54% complete	Delay in procurement, tender closed on 16 September 2011 and appointment done on 6 <sup>th</sup> February 2012
		Road Infrastructure Project	Musina Internal Streets - Tsatsanani / Komasanapit si/ Komabanda streets	Monitoring	Monitoring	None
		Road Infrastructure Project	Musina Internal Streets - Samuel Langa street	Monitoring	98 % complete	the contractor was delayed by delivery of paving bricks
		Road Infrastructure Project	Musina Internal Streets - Kadango Street	Monitoring	Monitoring	None
		Road Infrastructure Project	Musina Internal Streets - Samuel langa street	Monitoring	Monitoring	None
		Road Infrastructure Project	Maintenance of Roads in the District	Monitoring	15% complete	Still to purchase additional materials
<b>LED PROJECTS</b>						
<b>BASIC SERVICE DELIVERY : LED PROJECTS</b>	<b>To provide high quality LED infrastructure</b>	LED Infrastructure project	Mapate Community Tourism: Construction	Monitoring	0% complete	
		LED Infrastructure project	Awelani Community Tourism: Construction	Monitoring	98% complete	Poor contractor performance
		LED Infrastructure project	Tshakhuma Communtiy Garden	Monitoring	50% complete	Engineer abandoned site and contract terminated. Procurement of another PSP

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
		LED Infrastructure project	Pfano Polish Manufacture: Construction	Monitoring	0 % complete:	Consultant appointed on 30 may 2012
		LED Infrastructure project	Lwamondo Achaar	Monitoring	0 % complete:	Consultant appointed on 30 may 2012
		LED Infrastructure project	Elim Taxi Rank	Monitoring	0 % complete:	Lack of land to develop the infrastructure
<b>COMMUNITY SERVICES PROJECTS</b>						
BASIC SERVICE DELIVERY:  COMMUNITY SERVICES PROJECTS	To provide high quality Community Services Infrastructure	Community services Infrastructure project	Single Quarters : Makhado Fire Station	Monitoring	Monitoring	
		Community services Infrastructure project	Fire Training Centre and Station at Vuwani Phase 2	80 % complete	75 % complete	Ground water hampering progress and ESKOM to still relocate power cables
		Community services Infrastructure project	Disaster Management Centre Phase 2	Monitoring	Monitoring	
		Community services Infrastructure project	Malamulele Fire Station Phase 2	Monitoring	68% Complete	Poor contractor performance
		Community services Infrastructure project	Fire House at Dzanani (Makhado)	Detail design & tender documents	Detail design & tender documents	

**CORPORATE SERVICES DEPARTMENT  
SDBIP REPORT**

<b>Vote</b>	<b>Objective</b>	<b>Unit of measurement/ Indicator</b>	<b>Project</b>	<b>Annual target</b>	<b>Actual progress from July 2011 to 30 June 2012</b>	<b>Reason for not meeting the target / Comment</b>
<b>Municipal Transformation And Organisational Development</b>	<b>To review organisational structure and fill vacant posts</b>	Number of posts to be filled	Adverts, short listing, interview and appointments	60	27 employees appointed.	20 positions are in the process of appointing.  Dispute between labour & management.
		Organisational structure in place by 1 July 2012	Circulations to department, consolidation of inputs and consultation & submission to council	1	1 organizational structure reviewed but not in place.	The organizational structure was not adopted by council still waiting to be adopted by council.
	<b>Development and reviewal of HR &amp; IT Policies, processes and procedures</b>	Number of policies to be developed and reviewed	Development and reviewal, consultation & approval of HR policies	23	23 policies developed but not adopted.	LLF meeting was not held.
<b>Municipal Transformation And Organisational Development</b>	<b>To implement EEP</b>	Number of vacancies filled by Designated group (coloured, Indians, whites)	Filling of vacancies	100% Designated group	27 employees appointed (17 black male & 10 black female & 1 disabled).	Other designated e.g. Coloured, Indians & whites) group not targeted.  Geographical location cannot attract those designated group (e.g Coloured, Indians & whites).
	<b>To train councillors and employees by 2012.</b>	Number of councillors and employees trained	Training of councillors and employees	1 500	6 Councillors and 184 employees.	Supply chain could not appoint training service providers in time.
	<b>To award bursary to qualified employees</b>	Number of employees awarded bursary	Awarding of bursary	Award bursaries	None	Management decided not to award bursaries.
	<b>To induct newly appointed employees</b>	Number of newly appointed employees	Conducting of induction	100%	100% new employees inducted.	Achieved.

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
		inducted				
	<b>To implement Batho Pele Principles</b>	Accessibility of services	Implementation Batho Pele	100%	The District Batho Pele did not take place.	There was communication breakdown between the Ward Councilor and Makhado municipality.
		Number of brochures, posters distributed and pasted	Distribution of brochures & posters	500	None	The District Batho Pele activities not held.
	<b>To comply with OHS Legislation</b>	Number of inspections to be conducted	Conduct OHS inspections at VDM building, fire stations, Satellite offices, workshops and store rooms	4	4 inspections conducted.	Achieved.
	<b>To conduct medical surveillance</b>	Number of medical surveillance sessions	Screening of VDM employees	2	2 medical screening sessions done.	Achieved.
	<b>To ensure visibility of safety signage</b>	Number of safety signage's	Placement of safety signage's	20	20 safety signage's placed on the main building (Head Office)	Achieved.
	<b>Capacity building and training</b>	Number of OHS Reps to be trained	Conduct training to Health and Safety Reps	Train 30 OHS Reps	30 OHS Reps trained.	Achieved.
	<b>To maximize sound labour relations</b>	Number of workshops conducted	Conduct workshops	4	None	No labour relation officer appointed.
		Case register	Case management	100%	None	No labour relation officer appointed.
	<b>Provision of Employee Wellness</b>	Number of cases reported	To render Employee Wellness	4 reports	4 reports submitted.	Achieved.

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			services			
	<b>To implement Workplace HIV/AIDS programme.</b>	Number of employees to be trained	Conduct training of Peer Education	20	25 employees trained on peer education on HIC / AIDS in the workplace.	Achieved.
	<b>To provide IT services</b>	Security system installed	Installation of security system	1	Security system not installed	Postponed by evaluation committee for the next financial.
	<b>To provide IT services</b>	Employee self service module installed	Payday Employee self service Module.	1	Employee self service module installed	Achieved.
		EDMS phase 2 installed	Acquisition of 2 high volume scanners	1	EDMS phase 2 not installed	The service provider not appointed.
		DR System erected	Establishment of 1 DR System	1	None	Implementation stage (90% completion)
		Security system installed	Installation of Telephone Cost cutting devices	1	Security system installed	Achieved.
		Number of computers leased	Lease of computers	30	20 computers leased.	Delay in appointment of new recruits Contract expired. .
		IT Service management system installed	Installation of IT Service system	1	IT Service management system installed	Achieved.
		Network and server room upgraded	Installation of network infrastructure upgrade	1	None	Still on tendering stage.
		Redeveloped website	Redevelopment of the website	1	None	Implementation stage (70% completion).
		Virtual Private Network System sites to be implemented	Installation of Virtual Private Network	1	Virtual Private Network System sites to be implemented	Achieved.
		Contract Management system installed	Installation of Contract Management system	1	None	Still on tendering stage.
	<b>Provision of security services to all</b>	Monthly reports on security	Provision of security	12 reports	12 reports submitted	Achieved.

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	<b>municipal properties.</b>	issues	services			
		Number of Guardrooms to be erected	Drafting of specification for 10 guard rooms	10 guard rooms	None	Still on tendering stage.
	<b>Provision of pool vehicles, control and maintenance thereof.</b>	Number of vehicles to be purchased	Drafting of specification for the acquisition of vehicle	4 vehicles	4 vehicles purchased	Achieved.
	<b>Land acquisition and provision of office space</b>	Number of progress reports on PPP projects	Submission of progress reports	4 reports	None	No meeting was held due to lack of title deed.
	<b>Provision of sound and recording system</b>	Number of specification	Submission of specifications	1	None	Still on tendering stage.
	<b>Provision of printing services</b>	Number of photocopier machines to be acquired	Acquisition and maintenance	1	1 photocopier acquired	Achieved.
	<b>To provide secretarial services to council and its committees</b>	Number of meetings to be held	Distribution of Adverts , invitations, agenda, minutes	5	6 meetings held	Special council for the inauguration of the executive mayor.
		Number of meetings held	Conduct mayoral committee meetings	12	6 meetings held.	Lack of agenda items.
		Number of meetings held	Conduct Senior Management Meetings	24	24 meetings held.	Achieved.
		Number of meetings held	Conduct portfolio committee meetings	12	6 meetings held.	Lack of agenda items.
<b>Municipal Transformation And Organisational</b>						

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
Development		Number of meetings held	Conduct LLF meetings	12	6 meetings held.	Lack of agenda items.

**COMMUNITY SERVICES DEPARTMENT  
SDBIP REPORT**

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
Disaster risk management	To conduct 4 community workshops and update risk profile of the District on annually basis in order to enhance effective planning on regular basis.	Number of workshops conducted	Conducting community workshops on risk identification	4	4	None
		Risk profile updated	Updating risk profile of the District	4	4	None
		Profiled Map	Application of GIS data	100%	100%	None
	Conduct 1 risk assessment per quarter in order to determine the magnitude of hazard	Number of risk assessment	Conducting Risk Assessment	4	6	None
	Conduct 8 workshops and 4 awareness campaign to build resilience annually	Risk reduction workshops conducted	Conduct risk reduction workshops	8	11	None
		Awareness campaigns conducted	Conduct risk reduction awareness campaigns	4	29	None
Disaster risk management	To activate emergency services	Emergency services	Activation of emergency	100%	100%	Activation of Emergency Services



Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	<b>operating procedures immediately after incidents or disaster to lessen the impact and severity</b>	activated	services			was 7 times
	<b>To provide immediate relief within 72 hours after an incident or disaster</b>	Hours taken to respond to incidents	Conduct needs assessments	100%	10	None
	<b>To hold meetings within 03 hours after preliminary assessment report.</b>	Established joint operation committee	Activation of Joint Operation Committee (JOC)	100%	10	None
	<b>To conduct 1 research per quarter in order to inform the development of risk reduction plans</b>	Number of researches	Conduct research on risks identified	4	6	None
	<b>To visit 2 schools per quarter in order to raise the level of knowledge in disaster management</b>	Number of visits	Conduct visits to schools	8	6	Department of Education circular on catch up Programme ( None disturbance of classes )

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
Fire and rescue services	Prompt response to various reported incidents such as fires ,rescue and special calls within 3 minutes after receiving calls	Occurrence book	100% of reported incidents	100%	100%	2166 incidents were reported
	To conduct 20 building inspection monthly in order to reduce fire hazard and building usage and effectively implement fire brigade services standard EG ( SANS 0400 and 087)	Number of inspections conducted	Conduct 240 fire safety building inspections	240	870	None
		Respond to submitted business plans within 2 days	Scrutinise building plans	100%	100%	224 building plans were scrutinised
		Number of trainings conducted	Conduct 255 community Groups for fire training	255	74	Communities not applying for training
		Number of workshops conducted	Conduct 2 FPA workshops	2	2	None
		Number of premises handling flammable liquids and gases	Flammable liquid registration	200	145	Existing filling stations and premises dealing with LPG ( Gas Cylinders ) are only 145
Health surveillance of premises	To inspect 4000 Food & 1600 Non food premises, 100 funeral parlours and conduct 01 workshop on parlour management by 2012	Reduction in food borne diseases	Food Premises inspection	4600	4641	None
		Reduction in usage of unsafe building within the district	Non food premises inspection	1600	2325	None
		Increased knowledge in	Conducting workshops on	5	5	None

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
		food safety within the community	(Funeral workshop)			
		Reduction in food borne diseases	Food condemnation	100%	132620	None
		Proper management of funeral undertakes	Registration of funeral parlours	100%	100%	Only 9 funeral parlours were registered
		Data base developed	Development of database for funeral parlours	100%	100%	23 Database developed
<b>Environmental &amp; natural resource management</b>	<b>To conduct 08 workshops, 40 cleaning-up campaigns, inspect 02 landfill sites and 03 transfer stations per months and monitor 26 refuse collection trucks everyday</b>	Increased knowledge in waste management within the communities and clean environment	Conduct workshops	8	12	None
		Clean environment	Conduct cleaning campaigns	40	47	None
		Clean and safety environment	Monitoring landfills and illegal dumping sites	100	1045	None
	<b>To conduct 05 health education workshops on chemical safety and inspect 01 hospital per week, 01 clinics and private practice once per months and monitor medical</b>	Increased accountability in health care management	Monitoring at health institutions	32	693	None
		Increased accountability in health care management	Monitoring of health Care risk waste	52	60	None

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	waste collection trucks once per week					
Environmental & natural resource management	To collect 84 water samples, plant 20 Moore pads in suspected sources (rivers) and 100% monitoring of air pollution sources.	Reduction in water pollution	Water sampling of all rivers and boreholes in the district	100	103	None
		Reduction in air pollution	Monitoring of air pollution sources	40	81	None
	To reduce HIV/AIDS infection in the district by 1.2% To fund 115 home base care and promote the health standards of the communities by 2014 (We only coordinate we don't fund)	Number of campaigns conducted	Awareness campaign on TB, STI's, SGBV, HIV and AIDS	8	9	None
		Number of workshops conducted	Workshops on TB, STI's, SGBV, HIV and AIDS	4	4	None
		Number of road show conducted	HIV and AIDS road show	4	4	None
		Number conditioners monitored	Monitoring of condotainers	40	41	None
		Number of condoms distributed	Condom distributed	8000	24360	None
		Number of people tested	Mobilization of people to test for HIV	1000	1098	None
		Number of meeting conducted	Coordinate meeting for DCH, DACTC and DAC	12	11	DHC couldn't meet in the first quarter because the chairperson

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
						of the DHC was not yet deployed by the Council
<b>Provision of education services</b>	<b>To conduct annual district skills audit, develop Skills development strategy, establish 36 ABET centers and train 120 educators in order to eradicate illiteracy by 2014</b>	Teaching learning strategy (ABET) developed	Development of skills development strategy	1	0	Lack of capacity within the Department
		Number of events	Skills Audit by conducting achievers awards for grade12 learners, educators, schools and ABET centers	1	0	Not done due to none availability of political component
<b>Social cohesion (Unity)</b>	<b>To stage 03 Tournaments, 01 Indigenous games festival and 01 cultural festival in order to preserve and promote Arts and Culture activities.</b>	Number of events held	Organize tournaments and events (sports)	3	3	None
		Number of festivals	Cultural festival	5	5	None
		Number of events	Indigenous games	1	1	None
		Frame in place by 2 <sup>nd</sup> quarter	Develop an implementation framework for monitoring overall sport participation in the district	1	1	None
		Number of events	Engage all four local municipalities and local federations in to participate in the event	1	1	None
	<b>To train 120 Coaches and Managers in line with</b>	Number of coaches and managers	Training of coaches and managers	90	102	None

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	<b>Sports Academy Systems , and hold 04 sport council meetings to monitor sport participation levels in the district.</b>	trained				
		Number of Meetings	Conduct sport council meetings	4	4	None
		Number of meetings	Conduct Arts and Culture Forum meetings	2	2	None
<b>Provision of safety and security</b>	<b>To conduct 4 Crime Prevention Awareness campaigns, 2 crime prevention workshops, Launch Women Against Abuse and Crime (WAAC), festive season and patrolling of town campaigns, formation of sector crime forum, street committees and strengthen rural safety committees in order to improve the safety and security of all community</b>	Crime campaigns conducted	Conduct crime prevention campaigns	4	4	None
		WAAC launched	Launching Women Against Abuse and Crime (WAAC),	1	1	None
		Established Forum	Establishment of district crime prevention Forum/community safety forum	1	1	None
		Crime prevention workshops held	Crime prevention workshops	2	2	None

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	members by 2014.					

DEVELOPMENT PLANNING DEPARTMENT

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment	
Growing the Economy	To Create 5100 temporary job opportunities in order to contribute to national target of 500 000	Number of jobs created	EPWP projects	5 100	10531 jobs created	None	
	To train 20 SMME in Agriculture and entrepreneurship	Number of People Trained	Capacity Building	20	Cooperative training is going to be executed on the first month of the first quarter of the new financial year	The delay was on the part of Finance Department in terms financing the logistics.	
	To develop 14 Contractors per annum	Number of New Contractors	Capacity Building	1	1	None	
	To conduct Business Competitions	Female Farmer	Promotions of Entrepreneurship	1	1	Competition was held during the first quarter.	Target achieved
		Youth Farmer		1	1	Youth Farmer Competition was successfully during 4 <sup>th</sup> quarter held	Target achieved
		Youth Tourism		1	1	Youth tourism Competition was successfully held during	Target achieved



Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
					4 <sup>th</sup> quarter	
		Youth Entrepreneur		1	1 Youth Entrepreneur Competition was successfully held during 4 <sup>th</sup> quarter	Target achieved
<b>Growing the Economy</b>	<b>To conduct summits</b>	Number of summits	Agricultural Summit	1	1 Agricultural summit was held during second quarter	Target achieved
		Number of summits	Enterprise summit	1	1 successful Cooperative Conference was held during the third quarter. financial year	Target achieved
	<b>To create 300 dissent jobs</b>	Number of Jobs	Community based projects	300 Jobs	251	None
<b>Regional Economic Development</b>	<b>To foster partnership with neighbouring countries</b>	Carnival and Expo Held	Marketing and promotion of Vhembe.	1	1	Target achieved
		Number of people and countries participating and attending				
	<b>To promote Vhembe and its products</b>	Participation in Local Shows	Makhado Show	1	1	Target achieved
	<b>To promote Vhembe and its products</b>		Musina Show	1	0	No invitation received
			Murula Festival	1	1	Target achieved

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Youth Exhibitions	1	0	No invitation received
		Participation in Exhibitions	Rand Show	1	1	Target achieved
		Number of Business Participants from Vhembe.	Durban Tourism Indaba	1	1	Target achieved
		Number of international Exhibitions	Visit to Zimbabwe	1	1	Target achieved
			Visit to Dubai	1	0	Expert requirements not met
Development planning	IDP Review	IDP Framework	Compile 1 IDP Framework	1	1	Target achieved
		IDP Process Plan	Compile 1 IDP Process Plan	1	1	Target achieved
		Meetings of the IDP Steering Committee	10 meetings	10	6	District municipality's Strategic planning session and MEC for roads and transport visits affected the dates scheduled for the meetings
	To ensure community participation, alignment and integration of the IDP	District Development Planning Forum	4 meetings	4	4	Target achieved
		IDP Representative Forum	4 meetings	4	3	Congestion and postponement of meeting
		IDP Consultative Meetings	4 meetings	4	4	Target achieved

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
		IDP Workshops and trainings	23 Workshops and trainings	23	8	Trainings and workshop were done as per request
	<b>To fully correct historical segregated unplanned spatial planning practices that led to the dysfunctional spatial pattern in the District Municipal area by June 2011</b>	Project aligned to SDF	Review Spatial Development Framework	1	1	Target achieved
		Number of meetings	Convening of District Land Development Forum meetings	4	3	Postponed
	<b>To ensure the implementation of Land Reform and Integrated Human settlement programme within the District</b>	Number of reports	Compile 4 Reports on Land Reform Programme	4	4 reports	Target achieved
<b>Land Use Management</b>	<b>Provide support to Local Municipalities on the implementation of Land Use Management Schemes</b>	Number of reports	Compile 4 Reports on the implementation of LUMS at Local Municipalities	4	4 reports	Target achieved
		Number of reports	Identification of sites for site demarcation	4 reports	4 reports	Target achieved

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			<p>Consultation with relevant stakeholders.</p> <p>Signing of community resolutions</p> <p>Appointment of service providers</p> <p>Monitor progress with service providers</p>			
Transport and Logistics management Integrated industrial development	To facilitate the development 01 Intermodal Infrastructure in order to provide safe, affordable, reliable, efficient and fully integrated transport operations and infrastructure by 2020	Reports produced	Development of Side walk paving Total Garage Sibasa, Rashwielo, Phaswana, Mbilwi H. School to Bergvlam Primary School	4 reports	Achieved	60 % of the project completion
		Number of meetings & reports	Strengthening and support of Transport Forum	4 reports	1	Target achieved
		Number of meetings & reports	Strengthening and support of Local Municipality Transport	16 meetings	16 meetings	Target achieved

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Forum			
		Number of meetings & reports	Strengthening and support of Taxi Council, Bus and Commuters Association	6 meetings	6 meetings	Target achieved
	<b>To conduct Road safety campaigns annually in order to provide safe, reliable, efficient and fully integrated transport operations by 2020</b>	Reports	Monitoring the development of the safety audits	1 report	1 report , Service provider has been appointed	Delay because of procurement process
		Report	Development of Freight strategy	1	1 report, Service provider has been appointed	Delay because of procurement process
		Number of campaigns	Promotion of Safety Campaigns	2	2 reports	Target achieved
		Number of events	Transport Month	1	1 report	Target achieved
		Number of events	Transport Indaba	1	1 report	Target achieved
<b>Geographic Information System</b>	<b>To create Shape file data and plot all new projects in the district in order to ensure the development and production of credible and reliable spatial information to assist planners to plan properly all the time.</b>	Number of shape files	Data collection (All new municipal projects)	100%	1x Mutale shp 1x Boreholes shp 1x Tourism shp 1x Thermal shp 1x reservoir shp 1x wards shp 1x led shp 1x mining shp 1x direction shp	None

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	<b>To ensure that the organization produces spatial information that is credible and reliable enough to assist the district and local municipalities to plan properly every time.</b>	Number of maps developed	Data capturing and updates(all municipal projects)	100%	27 maps	Target achieved
		Number of reports	Development and Management of maps supplied to clients	100%	16 customer survey reports	Target achieved
		Number of reports	GIS Forum	4	4	Target achieved
		Reviewed GIS policy document	GIS Policy reviewal	1	1	Target achieved
		Final document	GIS section manual	1	1	Target achieved

**FINANCE**  
**SDBIP REPORT**

<b>Vote</b>	<b>Objective</b>	<b>Unit of measurement / Indicator</b>	<b>Project</b>	<b>Annual target</b>	<b>Actual progress from July 2011 to 30 June 2012</b>	<b>Reason for not meeting the target / Comment</b>
<b>Budget and Treasury</b>	<b>To report monthly and annually on the Financial and budget performance</b>	Number of (MFMA)Section 71 report	Monthly budget statement.	12 reports	12	None
	<b>To respond to internal and external audit queries</b>	Number of days taken to respond to internal and external audit	Audit management	100% response (Within days)	100% response (Within days)	None
		1 Midyear budget reports	Mid- year budget report	1 report	1	None
	<b>Compilation and submission of 2010/11 GRAP Financial Statements</b>	Due date for submission of 2010/11 Financial Statement to AG by 31 August 2011	Compilation of 2010/2011 Financial Statements	Financial statements by 31 Aug 2011	Financial statements by 31 Aug 2011	None
	<b>Submission of 2012/13 Budget Process Plan</b>	Approved 2012/13 Budget Process Plan	Compilation of the 2012/13 Budget Process Plan	Budget Process Plan submitted by 31 Aug 2011	Budget Process Plan submitted by 31 Aug 2011	None
	<b>Compilation of the 2011/12 Budget Adjustment</b>	Approved 2011/12 Adjustment Budget	Compilation of the 2011/12 Budget Adjustment	1	1	None
		Approved budget	2012/13 Budget preparation and process	Budget preparation by 31 May 2012	Budget preparation by 31 May 2012	None
<b>Revenue Management</b>	<b>To ensure 100% billing and</b>	Monthly billing reports.	Collecting the information from the	100%	100%	None

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	collection of budgeted revenue		locals (Billing and collection) and distribution of the statement to the department.			
		Monthly reports on revenue collected	Updating of Grant register, ensuring that the funds received are captured on the financial system and report to the Accounting Officer and the Council	100%	100%	None
		Monthly collection reports	Reminder letter to local municipality and follow-up through telephone and e-mails and meetings	100%		None
		Monthly reports	Monthly report on cash and investments management (to be submitted with sect 71 report)	12 reports	12 reports	None
		Monthly billing reports	Collecting information from the locals (Billing and	100%	100%	None



Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			collection) and distribution of the statement to the department.			
<b>Expenditure Management</b>	<b>To ensure that payments are made within 30 days from the day of receiving valid tax invoice.</b>	Number of days taken to process outstanding invoices.	Processing of all outstanding invoices.	100%		None
	<b>Monthly reconciliation of Expenditure Control Account</b>	Number of monthly reconciliation statements	Preparation of Expenditure control account reconciliations.	12 monthly reconciliations	12 monthly reconciliations	None
<b>Asset Management</b>	<b>To ensure that all the municipality assets are recorded and reported.</b>	% recording of municipal assets in the asset register	Monthly updating of the Asset register	100%	100%	None
<b>Supply Chain Management</b>	<b>To ensure that procurement of goods and services is done following process which is fair, equitable, transparent, competitive and cost</b>	Number of days taken to process received departmental requests. (less than R 30 000.00)	Daily Processing of departmental request	100% (within 5 days)	100% (within 5 days)	None
		Number of days taken to evaluate, and award formal quotation from	Daily Processing of departmental request	100% (within 14 days)	100% (within 14 days)	None

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	effective manner.	closing date.				
		% of contract awarded to HDI	Procurement of goods and services	100% (within 90 days)	100% (within 90)	None
	To ensure that municipal inventory is recorded and accounted for	% recording of municipal inventory in the Inventory register	Monthly updating of the inventory register	100%	100%	None

### OPERATING EXPENDITURE

The overall operating expenditure for all the departments for 30 June 2012 is **R 639 829 978**, which is **117%** of the allocated operating budget of **R548, 784,628**. The expenditure includes non cash items which are depreciation and debt impairment amounting to R 90 925 650.

DEPARTMENT	BUDGET	OPERATING EXPENDITURE	% Expenditure
CORPORATE SERVICES	49,606,163.00	55,558,360.22	112%
OFFICE OF THE MM	12,068,268.00	10,542,396.11	87%
COUNCIL	10,539,590.00	9,674,522.09	92%
OFFICE OF THE MAYOR	15,841,860.00	14,218,499.29	90%
OFFICE OF THE SPEAKER	637,650.00	551,963.39	87%
OFFICE OF THE CHIEF WHIP	266,455.00	253,945.03	95%
FINANCE	30,195,573.00	34,332,962.69	114%
TECHNICAL SERVICES	13,468,276.00	112,133,843.40	833%
COMMUNITY SERVICES	62,847,070.00	69,978,985.04	111%
PLANNING	24,881,404.00	18,563,543.23	75%
WATER SERVICES	315,856,695.00	303,222,518.41	96%
ENVIRONMENTAL HEALTH SERVICES	12,695,324.00	10,798,439.46	85%
<b>TOTAL</b>	<b>548,904,328.00</b>	<b>639,829,978.36</b>	<b>117%</b>

**CAPITAL EXPENDITURE**

The overall capital expenditure for all departments as at 30 June 2012 is **R 418 564 307** is **79%** of the allocated capital budget of **R532, 623,049**.

<b>DEPARTMENT</b>	<b>CAPITAL BUDGET</b>	<b>ACTUAL EXPENDITURE</b>	<b>%SPENT CAPITAL</b>
CORPORATE SERVICES	12,068,228.00	4,698,819.48	39%
OFFICE OF THE MM	267,533.00	241,745.55	90%
OFFICE OF THE MAYOR	250,000.00	100,236.59	40%
FINANCE	100,000.00	34,789.43	35%
TECHNICAL SERVICES	427,822,669.00	335,325,564.91	78%
COMMUNITY SERVICES	28,509,619.00	33,672,789.82	118%
PLANNING	17,530,000.00	10,892,402.52	62%
WATER SERVICES	37,175,000.00	29,029,537.58	78%
ENVIRONMENTAL HEALTH SERVICES	8,900,000.00	4,568,415.50	51%
<b>TOTAL</b>	<b>532,623,049.00</b>	<b>418,564,301.37</b>	<b>79%</b>

OFFICE OF THE EXECUTIVE MAYOR  
SDBIP REPORT

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
Communication & public participation	To strengthen communication between the community and District Municipality	Report of an article advertised once in six months	Two articles to be published on the national journals	2	2	Achieved
		Two copies of advert per quarter	Production of eight adverts done on both media.	8	8	Achieved
		One brochure produced per quarter.	Four brochures to be produced annually	4	4	Achieved
		Quarterly advert placed on the trailer	Quarterly marketing on the mobile trailers placed in the local municipality	4	4	Achieved
		Promotional material procured by end of second quarter	Purchasing of marketing material	1	1	Achieved
		Quarterly advert on the screen	Quarterly advertisement of municipal events on the big screens around Thohoyandou	4	4	Achieved
		<b>Producing news letters</b>	Quarterly newsletter report	Four newsletter produce annually	4	3

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progresses from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
						Mayor
<b>Communication &amp; public participation</b>	<b>Conducting DCF</b>	Quarterly DCF meetings	Coordination of communication within the District	4	3	Not Achieved due to non availability of the Stakeholders / Departments
	<b>Conduct research</b>	Quarterly research report produced.	Accessing in order to improve government performance in service delivery.	4	4	Achieved
	<b>Engage on public participation</b>	quarterly pre – Imbizo research reports	Conducting four quarterly Public Participation Research	4	4	Achieved
		One quarterly Public Participation event	Conducting four quarterly Public Participation Event	4	4	Achieved
		One SODA report	To convene the State of the District Address	1	-	Postponed to July
	<b>Conduct District event</b>	One annual event report	Holding one event.	1	1	Achieved
	<b>Conduct Media Conference</b>	One annually media conferences report	Holding one media conferences annually	1	1	Achieved
	<b>Conduct Media Indaba</b>	One report annually	Holding one media Indaba annually	1	1	Achieved

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progresses from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	<b>Conduct Communication Conferences</b>	One annually communication conference report	Holding one annual Communication Conference	1	0	Target not met due to budgetary constraints
<b>Communication &amp; public participation</b>	<b>Conduct Local Intersect oral Committee (LISSC) meetings</b>	Three bi-annually reports/ minutes of LISSC meetings	Holding six LISSC meeting annually	6	2	Target not met due to unavailability of other stakeholders / Departments
	<b>Service Awareness Campaign (Information Day)</b>	Bi-annual campaigns report	Conducting two bi-annual campaigns	2	2	Achieved
<b>Special Programmes</b>	<b>To fully coordinate special programmes focus groups through implementing and empowering programme of action, and restore moral regeneration into focused information in the district</b>	Number of reports	Conduct awareness campaign, capacity building workshop, Seminar, Men's Dialogue Indaba, Campaigns for Prayer prior to learner's exams.	4	4	Achieved
	<b>Improve quality of life for persons with disability</b>	Number of reports	Coordinating Economic Empowerment Summit, NO abuse Campaign to Persons with Disabilities, Celebrate of	4	4	Achieved

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progresses from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			International Day, Information Road show.			
<b>Special Programmes</b>	<b>To mainstream youth programmes and do capacity building</b>	Number of reports	Coordinating Go back to school campaign, Information Day, Young Sawid, Economic Empowerment Summit, HIV awareness campaign, Memorial Lectures, Youth Parliament, Youth Day Celebration,	8	8	Achieved
	<b>To mainstream children approach in governance processes</b>	Number of reports	Coordinating Children Sports Day, Music Festival, Cultural Day, and Children's Parliament.	4	4	Achieved
	<b>To implement programmes for women and man in the district by addressing gender balances</b>	Number of reports	Coordinating Women's parliament, 16 Days of Activism Campaign, Celebrating Women's Day, Gender Based Violence Workshop, Rural Women	5	5	Achieved

Vote	Objective	Unit of measurement / Indicator	Project	Annual target	Actual progresses from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
			Economic Empowerment Seminar			
	<b>To coordinate and facilitate capacity building programmes for senior citizen in the district</b>	Number of reports	Coordinating Mandela Day, Older Persons Rights Campaign, Older Persons Month Celebration, Educational Special Tour, Pay point Visit Campaign, Big walk.	6	6	Achieved
	<b>To provide financial support to potential disadvantaged learners in scases skills areas for the district economic growth</b>	Number of candidates awarded	Awarding of bursary to the needy learners	1	1	Achieved



OFFICE OF THE MUNICIPAL MANAGER  
SDBIP REPORT

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
PMS	To Cascade and implement Employee PMS to all levels by 30 June 2012	Number of workshops conducted	Conduct PMS workshops to employees	4	5	Target achieved
		Number of employees who signed performance agreements	Facilitate signing of performance agreements for all levels including sec 57 Managers	1300	1300	Target achieved
	To monitor the municipality's performance and quarterly basis	Quarterly organisational performance reports	Conduct quarterly SDBIP Review Meetings	4	4	Target achieved
		Number of reports produced	Compile quarterly performance reports	4	4	Target achieved
	To compile a credible 2011/2012 SDBIP, Mid-year and annual Reports	Credible SDBIP in place by 1 <sup>st</sup> July 2011	Compile 2011/2012 SDBIP	1	1	Target achieved
		Reviewed SDBIP in place by 31 <sup>st</sup> Jan 2012	Review the SDBIP	1	1	Target achieved
		Mid Year report compiled and submitted to all relevant structures by 31 Jan 2012	Compile Mid-year report	1	1	Target achieved
		Annual report compiled and submitted to all relevant	Compile 2010/2011 Annual Report	1	1	Target achieved

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
		structures				
<b>Monitoring and Evaluation</b>	<b>To monitor and evaluate compliance to service standards on quarterly basis, and conduct quarterly project visits.</b>	Reviewed service standards	Review service standards	4 Reports	2	The unit was not manned for 1 quarter
		Report on Monitoring and Evaluation Forum issues	Facilitate District Wide Monitoring and Evaluation Forum and escalate issues to IGR Forum	4 reports	3	
		Number of project visits conducted	Conduct project visits	40	20	
	<b>To implement the 5yrs Local Government Agenda at all times</b>	Number of reports compiled	Compile quarterly reports	4	4	None
<b>Good governance &amp; community Participation</b>	<b>To conduct 04 Mayors forum, 04 Municipal Managers' forum and 04 Cluster meetings annually in order to ensure full participation of all sphere and tiers of government in the IGR meetings.</b>	Number of meetings facilitated	Facilitate quarterly District Technical IGR meetings	4	5	Target achieved and exceeded. One special meeting was held
		Number of meetings facilitated	Facilitate quarterly Mayors IGR meetings	4	4	Target achieved
		Number of meetings facilitated	Conduct cluster meetings	4	4	Target achieved
<b>Internal Audit</b>	<b>To provide independent, objective Assurance</b>	Reviewed Strategic Audit Plan and annual Audit	Review Strategic Audit Plan and develop	1	1	Target Achieved

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	<b>and Consulting Services designed to add value and improve, controls, Risk Management and Governance process, and Vhembe District Municipality's (VDM) entire operations.</b>	Plan,	annual Audit Plan,			
		Reviewed Audit Methodology.	Implement the Audit Methodology and Professional Practice Framework Standards in our functions.	1	1	Target Achieved
		Reviewed Internal Audit Charter.	Review Internal Audit Charter.	1	1	Target Achieved
		4 internal audit reports.	Executing of annual Audit plan by auditing the all departments of the District and produce an internal Audit report to be presented to the Audit Committee.	4	4	Target Achieved
		Minutes of the Audit Committee meetings.	Coordinate and organized the Audit Committee meetings	4	4	Target Achieved
		Active membership of the staff with the IIASA database. / Confirmation of the internal audit staff	Renewal of IIASA Membership of all the internal audit staff members.	3	6	Target Achieved,

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
		membership.				
	<b>To provide support and enhance internal audit services within the district and its local municipalities</b>	Minutes of the District Forum Meetings.	Organize and Conduct District Internal Audit Forum meetings.	4	2	Target not achieved, meetings were postponed due to commitments from the local municipalities.
<b>Audit Committee</b>	<b>To provide an oversight role with regard to the activities of the municipality, mainly with controls, risk management and governance processes.</b>	Quarterly Audit Committee Reports.	Conduct Quarterly Audit Committee meetings and produce audit committee report for the council.	4	4	Target Achieved.
		Annual Audit Committee report.	Compile annual Audit Committee report to be included in the annual report of the municipality.	1	1	Target Achieved.
<b>Legal Services</b>	<b>To review municipal legal officer's forum and make sure that the municipality promulgates all the relevant by-laws needed for proper governance in the district and that municipality complies with the entire</b>	Signed off legal contracts by the Legal Advisor as a reviewer / conformation letter by the Legal Advisor as an indication of being reviewed.	Review of all the municipal legal contracts and also manage existing contract to avoid non-compliance.	100%	100%	None
		Gazetted By-Laws	Submit and monitor all By-Laws of the district to ensure that	100%	100%	None

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	statutory mandate given to it.		are Gazetted by the relevant Departments in time.			
		Resolved legal disputes	Attend and respond to all legal disputes to the municipality timeously	100%	100%	None
		Formal correspondence legal Advice and Opinion	To give advice and opinion on all legal matters to both the Administration and political components.	100%	100%	None
		Reviewed terms of reference	Review municipal terms of references of legal office's district forums	1	1	None
		Number of fora conducted	Conduct and coordinate the legal office's legal forum.	4	0	The post was filled during the 2 <sup>nd</sup> quarter. Fora to be established in the next financial year.
Risk management	To provide an effective and efficient process to manage risk and ensure that the process is emended in all operational process of	Risk management committee.	Establish Risk Management committee	1	1	Target Achieved
		Terms of reference.	Develop terms of reference for risk Committee	1	1	Target Achieved
		Reviewed Risk management	Reviewed Risk Management	1	1	Target Achieved

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
	the Vhembe District.	Strategy.	Strategy in accordance with risk framework			
		Awareness campaigns.	Conduct awareness campaigns	4	2	Target not achieved, due to lack of capacity (Human resource) in the risk management unit, but never the less, we manage to conduct two awareness campaigns during annual risk assessment and induction of new employees.
		Updated risk register.	Update and manage risk register and produced an updated risk register	4	1	Risk register update was conducted during the fourth quarter in conjunction with the operational risk assessment.
		Risk register for 2012/2013	Conduct annual risk assessment for 2012/2013 financial year.	1	1	Target Achieved
		Risk committee quarterly reports.	Compile quarterly reports.	4	0	The Risk committee members were unable

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
						to meet pending the training that was to be provided. Furthermore the Chairperson of the committee was appointed to be the chairperson of Audit committee, and also two member of the committee are no longer the employees of the municipality.
<b>Corruption and Fraud</b>	<b>To review and implement an efficient and effective Anti-Fraud and Corruption Strategy within the district.</b>	Anti-Corruption Strategy	Develop Anti-Corruption Strategy	1	1	Target Achieved
		Awareness campaigns on fraud and other irregularities	Awareness campaigns on fraud and other irregularities	4	1	Target not achieved, due to lack of capacity (Human resource) in the risk management unit, but never the less, one campaign was conducted during risk assessment, however, and

Vote	Objective	Unit of measurement/ Indicator	Project	Annual target	Actual progress from July 2011 to 30 June 2012	Reason for not meeting the target / Comment
						more awareness will be conducted after the appointment of the Fraud Hotline service provider.
		Whistle Blowing Policy	Develop Whistle Blowing Policy	1	1	Target Achieved
		Development of the Fraud Hotline	Development of Fraud Hotline	1	1	Target achieved



# APPENDICES

Appendix A



**LIST OF COUNCILLORS: VHEMBE DISTRICT MUNICIPALITY**

NO	NAMES	MUNICIPALITY	PARTY	CONTACT NO.
1	BILA T.J.	THULAMELA	ANC	072 081 8994
2	BULALA H.	THULAMELA	ANC	082 680 5857
3	BVUMBI P.E	VDM	ANC	076 664 7210
4	CHAUKE F.T	VDM	ANC	084 851 1000
5	DALI T.S	VDM	ANC	083 513 4560
6	DAVHANA J.	THULAMELA	ANC	073 292 8728
7	DENGE L.	THULAMELA	ANC	083 456 4427
8	FUNGHENI M.C	THULAMELA	ANC	072 537 4190
9	HOORZUK J	VDM	ANC	076 183 6562
10	HLONGWANE F.B	MAKHADO	ACDP	083 378 8599
11	KENEALY ANNETTE	MAKHADO	DA	083 663 3280
12	KHARIDZHA D.R	MAKHADO	ANC	082 888 4623
13	LIGEGE T.S	VDM	PAC	082 083 1963
14	MAGADA. S.	THULAMELA	ANC	079 787 0660
15	MAHASELA M.C	VDM	ANC	083 457 1735
16	MAHANI M.G	MAKHADO	ANC	082 394 9174
17	MAHLADISA S.V.	MAKHADO	ANC	076 410 6481
18	MAKHOMISANE S.E	VDM	ANC	082 218 5279
19	MAKHUBELA R.T	MAKHADO	ANC	079 499 5333
20	MALADA D.M	VDM	ANC	082 879 5958
21	MALADA P.	THULAMELA	ANC	084 406 7697
22	MALANGE R.	MAKHADO	ANC	071 674 7287
23	MALIMA M.E.	MAKHADO	COPE	071 674 8359
24	MAMEDZI M.	VDM	ANC	082 417 4354
25	MANYUHA M.L.	VDM	ANC	076 967 2684
26	MARIBA M.J.	MUTALE	DA	082 740 5188
27	MATIBE T.B.	VDM	ANC	078 201 8709
28	MATHALISE L.M.	MAKHADO	ANC	072 363 8495
29	MATHAVHA H.F.	MAKHADO	ANC	082 408 7332
30	MATHOMA M.P.	MAKHADO	ANC	083 987 1685
31	MATHUKHA N.R.	VDM	ANC	072 473 5148
32	MBOYI M.D.	MAKHADO	ANC	079 514 9745
33	MDAKA F.P.	VDM	ANC	082 222 4507
34	MPHAPHULI C.	THULAMELA	ANC	084 453 2375
35	MOSELANKOE E.	VDM	ANC	082 716 5021
36	MUDITAMBI L.J.	VDM	ANC	072 774 2865
37	MUEDI E.T.	THULAMELA	ANC	076 050 5092

38	MUKHANINGA M.R.	THULAMELA	PAC	082 700 8484
39	MULAUDZI V.E.	VDM	D.A	072 299 3213
40	MULAUDZI R.L.	VDM	ANC	076 772 1696
41	MULOVHEDZI M.D.	MAKHADO	ANC	082 484 8192
42	MUNYAI N.S	MAKHADO	ANC	076 685 9964
43	MTILENI V.	THULAMELA	ANC	083 878 5996
44	NEMARANZHE N.	THULAMELA	ANC	076 558 7405
45	NETSHISAULU A.G.	MUTALE	ANC	082 714 5478
46	NETSHISAULU M.O.	VDM	ANC	076 416 2477
47	NKANYANE R.G.	MAKHADO	ANC	079 497 2402
48	RALUSWINGA T.J.	MUTALE	ANC	078 316 7421
49	RAMBUWANI R.L.	VDM	ANC	082 680 4606
50	RAMOYADA E.M.	MUSINA	ANC	071 925 3236
51	TEMBA M.P	VDM	ANC	073 313 7253
52	THANYANI R.	THULAMELA	ANC	082 062 5056
53	THARAGA M.D.	THULAMELA	ANC	072 107 8981
54	THARAGA M.I.	VDM	ANC	072 469 5935
55	TSHIBVUMO G.	VDM	COPE	078 672 6229
56	TSHIKOVHI A.	THULAMELA	DA	082 710 5165
57	TSHIVHASE R.	THULAMELA	ANC	072 139 0566
58	TSHIVHASE A.E.	THULAMELA	COPE	071 281 3395

**TRADITIONAL LEADERS**

59	HOSI BUNGENI M.S.	VDM		079 194 4921
60	HOSI CHAUKE S.E.	VDM		082 678 7573
61	HOSI CHAUKE R.L.	VDM		083 664 8019
62	KHOSI MANENZHE T.E.	VDM		072 508 2787
63	KHOSI MASHAMBA N.T.L.	VDM		082 748 1752
64	HOSI MHINGA S.C.	VDM		078 409 4463
65	KHOSI MPHAPHULI P.M.	VDM		076 344 2110
66	KHOSI MPHAPHULI N.A.	VDM		072 969 1222
67	KHOSI MULEMA S.A.	VDM		082 3154 282
68	KHOSI NETSIANDA M.W.	VDM		073 946 0815
69	KHOKSI NETHENGWE N.S.	VDM		082 589 6279

**PERFORMANCE OF SERVICE PROVIDERS : 2011 / 2012 FINANCIAL YEAR**

<b>NO</b>	<b>Service provider</b>	<b>Project Name</b>	<b>Type of project</b>	<b>Performance target (2011/2012)</b>	<b>Actual performance achieved by end of the financial year</b>	<b>Action taken to address poor performance</b>
1	Riverside Chuene	Mavhambe Water Supply	Water	monitoring	Monitoring	-
2	Masheleni Trading and projects	Middle Letaba Command Reservior	Water	Monitoring	20% complete	No action on contractor as contractor appointment was delayed
3	Muravha Building and Construction cc	Matsa,Mamvuka, Manyii Bulk Water Supply	Water	Monitoring	36% complete	No action on contractor as contractor appointment was delayed
4	Rubicon Civils	Nzhelele Regional Water Mutshedzi Water Purification	Water	Monitoring	Monitoring	-
5	Malo Contractors	Tshiendeulu water supply and project phase 2	Water	Detailed design & tender document	90% complete	-
8	Immorial Building	Sinthumule\Kutama DWAF (B7)	Water	Monitoring	87% complete	No action on contractor as delay was caused delay of supply of pipes
9	David Diva	Sinthumule Kutama Bulk Water Supply Contract B8	Water	Monitoring	94% complete	No action on contractor as delay was caused delay of supply of pipes

10	Shatsane systems	Sinthumule, Kutama, LMB & Makhado Contract C	Water	Monitoring	8% complete	No action on contractor as cession payments were delayed
11	Toygee Trading 5cc	Single Quarters : Makhado Fire Station	Building	Monitoring	Monitoring	
	Splish Splash	Fire Training Centre and Station at Vuwani Phase 2	Building	80% complete	75% complete	Letter written to engineer to request recovery by contractor
13	Denrob Business Enterprise	Rambuda Pump Station: Bulk line to Mavhode Phase 3	Water	Monitoring	Monitoring	-
14	T Julius Construction	Luphephe, Nwane di RWS: Bulk Infrastructure Phase 2	Water	Monitoring	Monitoring	-
15	LEZMIN CC	Tshixwadza Water Reticulation Phase 2	Water	Monitoring	Monitoring	-
16	Talifhani Construction	Mafukani to Mabila Rising Main Phase 2	Water	Monitoring	95% complete	Contract terminated
17	MPPJ Developers	Luphephe, Nwane di RWS: Bulk Infrastructure Phase 2 Reservoir	Water	Monitoring	Monitoring	-
18	Nani Distribution	Awelani Community Tourism Phase 3B	Building	Monitoring	98% complete	Contract terminated
19	Miss Ideginous	Thohoyandou Block A (Miluwani/Tshid aulu) Water reticulation: Learner	Water	Monitoring	30% complete	No action as there was delay in the appointment of

		contractor 1				learner contractors
20	Lutherson Civil construction	Thohoyandou Block A(Miluwani/Tshid aulu) Water reticulation: Learner contractor 2	Water	Monitoring	33% complete	No action as there was delay in the appointment of learner contractors
21	Netshifhefhe general dealer	Thohoyandou Block A(Miluwani/Tshid aulu) Water reticulation: Learner contractor 3	Water	Monitoring	36% complete	No action as there was delay in the appointment of learner contractors
22	Eyethu Translodge and Plant hire	Thohoyandou Block A(Miluwani/Tshid aulu) Water supply : 10ML reservoir	Water	Monitoring	12% complete	No action as project comment was delayed by land availability
23	Solidarity JV	Mphego Water Supply	Water	Monitoring	75% complete	Penalties applied
24	MPPJ	Tshikhudini Water Reticulation	Water	50% complete	10% complete	No action as there was delay in the appointment of contractor
25	Lezimen 3521 cc	Nandoni to Malamulele Phase 2 (Reservoir and Pumpstation)	Water	Monitoring	80% complete	Penalties to be applied
26	Mkhacane Enterprises	Tshiungani II,Nwiini,Maholoni ,Bileni Equipment & Elec Boreho	Water	Monitoring	50% complete	No action as there was delay by ESKOM
27	GOROGANG PLANT HIRE	Tshishivhe, Mulodi and Mangaya Water Reticulation Phase 2	Water	Monitoring	60% complete	Project delayed by supply of materials and rain

28	Nani Distribution	Awelani Community Tourism Phase 3B	Building			Contract terminated
29	Netshikameloni Business Enterprises	Rambuda Pumpstation: Bulk line to Mavhode Phase 1B	Water	Monitoring	85% complete	Penalties to apply on retention money
30	Tshimax	Rambuda Pumpstation: Bulk line to Mavhode Phase 1	Water	Monitoring	100% complete	Penalties to apply on retention money
31	MUNAKA GENERAL ENTERPRISE (terminated)	Rehabilitation of Makuya RWS	Water	Monitoring	97% complete	Contractor terminated due to poor performance
32	Immorial Building Construction	Tshikuyu, Dovhu, Dulutulu, Bennde Mutale & Masisi Water Supply	Water	Monitoring	97% complete	No action, Drying up of borehole delayed completion.
33	T&C CIVILS	Masisi Sandwell Point B	Water	Monitoring	98% complete	No action, Vandalism of boreholes affected the project completion
34	Nduvho Construction	Musina Upgrading of Oxidation Ponds Phase 2	Sewer	Monitoring	Monitoring	-
35	Rym construction	Madimbo (Matshakatini), Malale, Domboni Water Supply Phase 1	Water	Monitoring	Monitoring	-
36	Monala General Trading	Musina Installation of Sewer Ext 6 & 7	Sewer	Monitoring	Monitoring	-
37	KWCRS	Upgrading of Makhado	Sewer	50%	67% complete	-

		Sewerage Treatment Plant-Mechanical		complete		
38	Belta Services	Thohoyandou Sewerage Works Ext Phase 2	Sewer	Monitoring	74% complete	No action, project delayed by material supply
39	P TRADING	Malamulele West RWS:Mudabula, Malonga,Siyanda ni & Mapuve WTW Learner contractor 1	Water	Monitoring	71% complete	No action as there was delay in the appointment of learner contractors
40	Li Narini Construction	Malamulele West RWS:Mudabula, Malonga,Siyanda ni & Mapuve WTW Leraner contractor 2	Water	Monitoring	76% complete	No action as there was delay in the appointment of learner contractors
41	Magwidi Funzani General Trading	Malamulele West RWS:Mudabula, Malonga,Siyanda ni & Mapuve WTW Leraner contractor 3	Water	Monitoring	56% complete	No action as there was delay in the appointment of learner contractors
42	Tswera Trading	Malamulele West RWS:Mudabula, Malonga,Siyanda ni & Mapuve WTW Leraner contractor 4	Water	Monitoring	64% complete	No action as there was delay in the appointment of learner contractors
43	Madi Water Piping	Malamulele West RWS:Mudabula, Malonga,Siyanda ni & Mapuve WTW Leraner contractor 5	Water	Monitoring	55% complete	No action as there was delay in the appointment of learner contractors
44	Ralephata Business, Cydrick's, P trading, Li Narini and Magwidi	Malamulele West RWS:Mudabula, Malonga,Siyanda ni & Mapuve WTW Leraner contractor 6	Water	Monitoring	78% complete	No action as there was delay in the appointment of learner



						contractors
45	Tswera Trading	Malamulele West RWS:Mudabula, Malonga,Siyanda ni & Mapuve WTW Leraner contractor 8	Water	Monitoring	78% complete	No action as there was delay in the appointment of learner contractors
46	Madi Water Piping	Malamulele West RWS:Mudabula, Malonga,Siyanda ni & Mapuve WTW Leraner contractor 9	Water	Monitoring	5% complete	No action as there was delay in the appointment of learner contractors
47	Malo construction	Damani RWS:Upgrading of Water Treatment Works	Water	Monitoring	46% complete	No action, project delayed by community disputes
48	Humbulani Trading Enterprise	Phiphidi Ndongola Water Reticulation Phase 1	Water	Monitoring	Monitoring	-
49	Powercube	Mutale ROUTE S:Tshamabere (Phase 3C and 3D) Contract 4	Water	Monitoring	Monitoring	-
50	Moschem	Mutale ROUTE S:Tshamabere (Phase 3C and 3D) Contract 1	Water	Monitoring	Monitoring	-
51	MTTP	Mhinga/Lambani Bulk Water Supply	Water	Monitoring	Monitoring	-
52	T&C Civils	Mutale ROUTE S:Tshamabere (Phase 3C and 3D) Contract 3	Water	Monitoring	Monitoring	-
53	Dolly Construction	Mutale Route S Phase 3A	Water	Monitoring	Monitoring	-
54	FGN Construction	Mutale Route S Phase 3B	Water	Monitoring	98% complete	Penalties applied
56	Blue Dot Construction	Mutale ROUTE S:Tshamabere	Water	Monitoring	Monitoring	

		(Phase 3C and 3D) Contract 5				
57	Splish Splash Construction	Tshidzivhe Local Ground Reticulation	Water	Monitoring	90% complete	No action, project delayed by ESKOM
58	Immorial Building/Tshim a Construction	Mukumbani, Tshila, Tshivhu, Raba, Ngwe, Mavho, Gonde & lunu Water Phase 1	Water	Monitoring	Monitoring	-
59	Humbulani Trading Enterprise	Mukula Bulk Water supply project	Water	Monitoring	79% complete	No action, there was additional work and some work stopped because of community problems that need attention
60	Denrob business enterprise	Thohoyanadou Business Area Sewerage	Sewer	Monitoring	95% complete	-
61	Denrob Business Enterprises	Mukumbani, Tshila, Tshivhu, Raba, Ngwe, Mavho, Gonde & lunu Water Phase 2	Water	Monitoring	Monitoring	-
62	Lawmark Consulting	Mukula Bulk Water supply project	Water			-
63	Lezmien 3521 cc	Disaster Management Centre Phase 2	Building	Monitoring	Monitoring	-
64	HTE Construction	Dzindi-Lwamondo RL2, RL3, RL4 & RL6 Connections	Water	Monitoring	Monitoring	-
65	TLM ENGINEERING	Phiphidi Shonisani Water Reticulation	Water	Monitoring	87% complete	No action as additional work was requested by the

						community
66	Rym Construction Enterprise	Xikundu/Mhinga Water Reticulation Phase 1A	Water	Monitoring	Monitoring	-
67	Moswobi Building Construction & Property Developers	Xikundu/Mhinga Water Reticulation Phase 1B	Water	Monitoring	Monitoring	-
68	Monala General Trading	Xikundu/Mhinga Water Reticulation Phase 1C	Water	Monitoring	Monitoring	-
69	Eternity Star Investment	Thohoyandou Unit C Ext Water Supply	Water	Detailed design & tender document.	0% complete	No action, Project delayed by land problems
70	Eternity Star Investment	Mhinga Sewege ponds Phase II	Sewer	Monitoring	Monitoring	-
71	Mkhachani	Tshilapfene/Mukumbani Road Phase 1	Roads	30% complete	60% complete	-
72	Mafikizolo construction	Rehabilitation of Shayandima Industrial Area	Roads	Monitoring	0% complete	Contract terminated
73	H.T.E	Sidewalk from Sibasa Total Garage to Mbilwi High school Phaswana, Ralus wielo and Bergvlam	Roads	Monitoring	54% complete	No action, project delayed in appointing contractor
74	Tshidambo, Chililo, Ndihone & The great one Civil	Upgrading of streets in Nancefield	Roads	Monitoring	Monitoring	-
75	Ratakuwa	Household sanitation	Sanitation	Monitoring	70% complete	600 units withdrawn