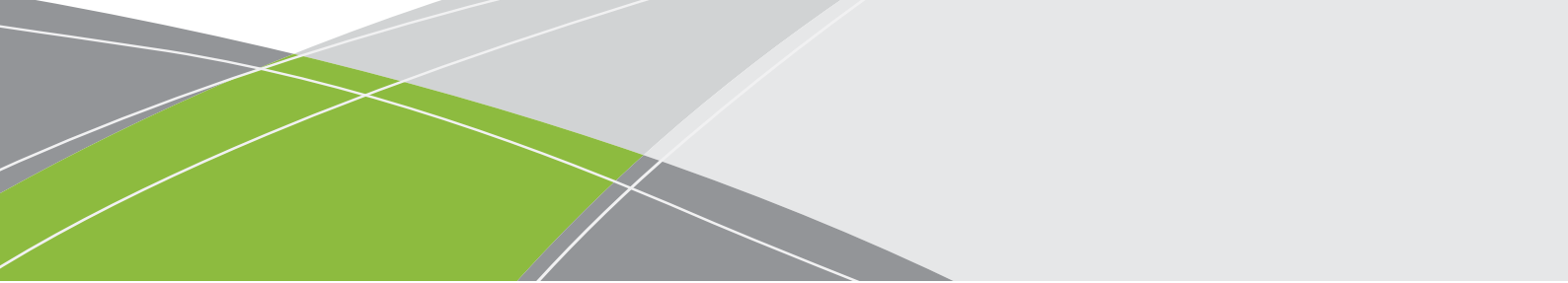




**NGAKA MODIRI MOLEMA
DISTRICT MUNICIPALITY**

ANNUAL REPORT 2011-2012





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FOREWORD BY THE EXECUTIVE MAYOR



Fellow compatriots, citizens of Ngaka Modiri Molema, this year mark the centenary of the land act of 1913. This act was a tool of the apartheid government to transfer land from its actual owners to the minority of in the country.

This municipality is extremely rural and we are confronted by poverty, unemployment and high level of illiteracy. Our people need skills and education to be employed and for the economy to grow and boost revenue of our District.

The District municipality is the water service authority and also directed by the constitution of the republic to deliver sanitation to our people amongst other functions. These two functions have serious backlogs; the national government has prioritised this District as one of the focal point for delivery of water, sanitation and electricity.

That on its own will be work towards achieving our commitments to the millennium goals as a country.

The Ngaka Modiri Molema District Municipality has created tools to tackle on all above challenges. As Leaders in Integrated Municipal Governance we have set out primary objectives and they are as follows; district transport, spatial development, rural development and economic development.

The main focus will be in rolling out major infrastructure projects to ensure we achieve our objectives with speed. The District has

corrective measures in place to ensure our finances are in order and we move towards achieving clean audit by 2014.

Our primary objectives will continue to be based on the key cabinet priorities, the local economic development being at the centre of these objectives. As indicated above, to achieve these primary objectives we are bound to strengthen skills development and partnering with all relevant seta's and the department of labour in particular. The focus must be in deep rural areas as our people are not in possession of higher education qualifications.

The national government has prioritised rural development, this must be an opportunity for all our relevant departments to seize this opportunity and claim a stake from the national job creation fund for the benefit of our rural areas. Business sector must be encouraged through our growth and economic development department to also seize this opportunity to create more jobs and contribute to national target.

We have realised that we have many achievements but we are not disposing them for public knowledge, branding must continue to be a central pillar but more to that we have to strengthen our public and stakeholder relations. Educating our people on their role in terms of the constitution of the republic is a key tool that will help us to ensure our people contribute to this ANC led government. We will and must always put people first as they mandated the ANC to lead them in 2011 local government elections with overwhelming majority.

The year we are reviewing has been a year of progress for service delivery, despite the backlog we are still experiencing. We have managed to staff the institution at all levels with relevant skills and we hope we will achieve our targets and achieve our top layer service delivery implementation plan as adopted. We must further thank the trade union leadership for their contribution in employer-employee relations. We hope and believe they will continue to be progressive stakeholders with no fear or favour.

Let me take this opportunity to applaud all chairpersons of portfolio committees and departmental executive managers who guided the ship thus far. Further thank the accounting officer and all staff members of Ngaka Modiri Molema district municipality for their efforts to drive us this far.

We hope they will accelerate their commitment and dedication in serving our people.

A handwritten signature in black ink, appearing to read 'P A Saku', written over a horizontal dashed line.

P A SAKU
EXECUTIVE MAYOR

FOREWORD BY THE MUNICIPAL MANAGER

It gives me great pleasure to present the Ngaka Modiri Molema District Municipality's Annual Report for the 2011/2012 financial year.

The year was not without challenges but we managed to make it a very productive year.

As entrenched in the Constitution of the country we need to ensure that we meet the needs of people in the district and provide a better life for all. As the water authority, we need to ensure that we provide the basic service to all communities in the district, this we need to do irrespective of the dynamics in each area.

Water shortages or lack of infrastructure should not be seen as excuses but rather challenges that we need to address. Continuous improvement and innovative methods should be used to address the challenges and shortcomings. Once again we managed to improve our water quality with the blue drop score for the municipality with 0.5% to 41% in this current financial year. This achievement should motivate us to achieve more with fewer resources.

Our goal to obtain a clean audit before 2014, remains and concerted efforts, structured plans and programmes will be rolled out to ensure we achieve the target set.

The development of internal capacity is the corner stone to the effective administration that is geared for service delivery and accountability.

We have thoroughly engaged in public participation and were able to get an understanding of basic necessities of our communities. Our IDP consultative sessions will continue and we will keep on listening to the communities to ensure we understand and appreciate their needs.

Our main functions are the provisioning of water and sanitation, municipal roads, health, fire and emergency, disaster management in the district. We managed to perform all the functions with the resources available and will continue to do so in cost effective and efficient manner.

I record my appreciation to the Executive Mayor, MAYCO, Council, Management and staff in general, because as a team we managed to record the achievements for the Ngaka Modiri Molema District Municipality.



M. E. MOJAKI
MUNICIPAL MANAGER

1.3 ANALYSIS OF CURRENT REALITIES

Ngaka Modiri Molema District Municipality is one of the four District Municipalities of the North West Province of South Africa. The other three are Bojanala Platinum; Dr Ruth Mompati and Dr Kenneth Kaunda Districts. The District is home to Mafikeng, the capital of the Province. The principal towns include Mafikeng-Mmabatho; Zeerust and Lichtenburg. It consists of five (5) Local Municipalities namely Mafikeng, Ratlou, Ramotshere Moiloa, Ditsobotla and Tswaing. The geographical area of the District is 31039km².

The total size of Ngaka Modiri Molema District Municipality's population is estimated at 788 976, this is based on STATSSA, 2007 Community Survey which also estimate that there are approximately 183 401 households within the District. The table below illustrates the population of NMMDM per local municipality. Mafikeng Local Municipality has the highest number of people within the District, whereas Tswaing Local Municipality has the lowest

LOCAL MUNICIPALITY POPULATION		NO OF HOUSE HOLDS	RACE			
			BLACK	COLOURED	INDIAN OR ASIAN	WHITE
Mafikeng	290 229	68 698	280 499	4 525	2 374	2 828
Ratlou	98 102	23 591	96 363	941	173	625
Tswaing	81 004	22 201	76 786	185	270	3763
Ditsobotla	200 150	38 608	183 503	4 568	848	11 232
Ramotshere Moiloa	129 301	30 302	123 387	279	1095	4 540
TOTAL	789 784	183 401	760 538	10 498	4 760	22 988

Table 1: Population size and Distribution (Source: STATSSA, 2007 COMMUNITY SURVEY)

1.3.1 POPULATION

According to Statistics South Africa, the total population of NMMDM in 2001 was 762 999. However figures from the General Households Survey conducted in 2007 reveals an increase in the total population of the District to 798 784

As table 2 below indicates, that 93.2% of the total population is made up of black/Africans, compared to coloureds people who make up to 3.6% of the overall population, Whites and Asian constitutes just 0.4 and 2.5% respectively of the entire population of the District

POPULATION GROUP	POPULATION	PERCENTAGE
African/ Blacks	760 538	95.2 %
Coloureds	10 498	1.3%
Whites	22 988	2.9%
Asians	4 760	0.6%
TOTAL	798 784	100%

Table 2: Population Distribution by Race

1.4 MUNICIPAL CONTEXT

Ngaka Modiri Molema District Municipality is Located on the North Western part of the North West Province. The District Municipality covers an area of 31039 Km²; the District Municipality has a total of 2,788,844 hectares (26% of the Total number of hectares in the North West Province).



Figure 1: Map of Ngaka Modiri Molema District Municipality

1.5 HOUSEHOLD INFRASTRUCTURE

Household infrastructure is a key indicator of the level of development in a municipal area as it indicates access to level of services such as water, sanitation, electricity, roads and refuse removal. This section provides an overview of the status of household infrastructure by presenting data for the year 2000 and 2010, as provided by Global Insight Regional Explorer. The data indicates progress made throughout the District in the provision of services such as water, sanitation, electricity and refuse removal.

1.5.1 WATER

Ngaka Modiri Molema District Municipality is situated in the semi-arid area of the central plateau in South Africa and as a result water scarcity is a common and pressing problem. Municipalities have however been able to provide water to communities as depicted in figure 2 below.

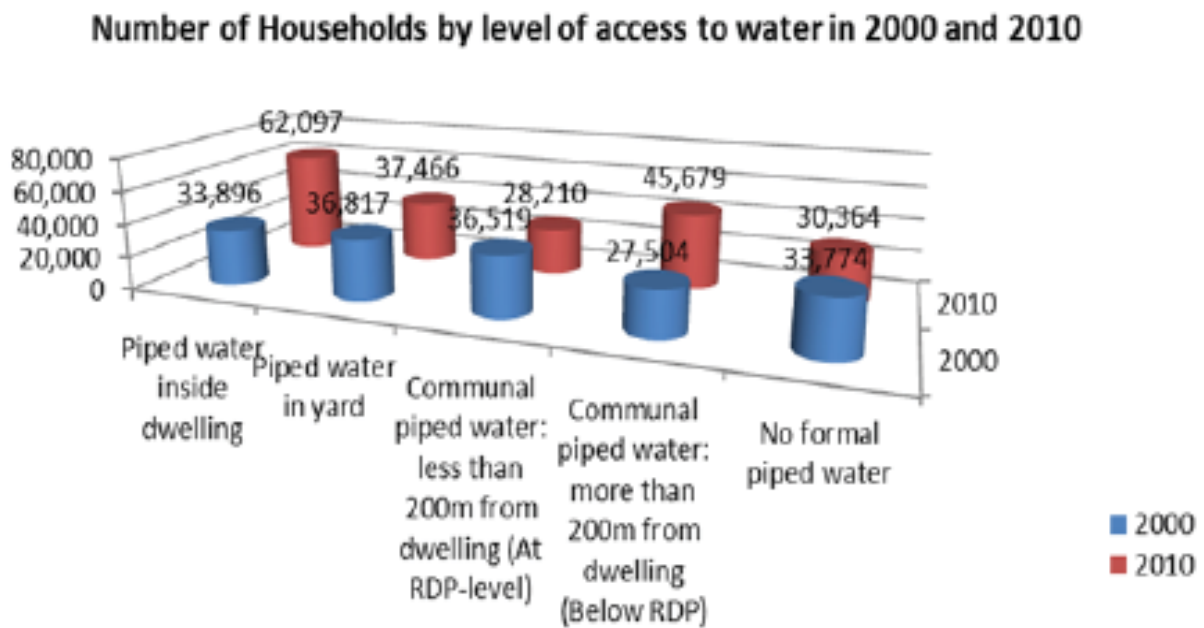


Figure 2: Households by level of access to water in 2000 and 2010

Figure 2 above indicates the number of households by level of access to water in 2000 and 2010.

According to the graph above, in 2010, 62097 households had piped water inside the dwelling or yard; 28210 households used communal piped water while 30364 households had no formal piped water.

There was growth in the number of households with access to piped water in dwelling or yard by 33.3%, 25.1% growth on number of Households with access to Communal Piped water in the radius less than 200m from communities and a decline of 3.4% in the number of households with access to communal piped water in the radius more than 200m from communities, a decline of 9.9% on households with no formal piped water in the Ngaka Modiri Molema District Municipality between the year 2000 and 2010.

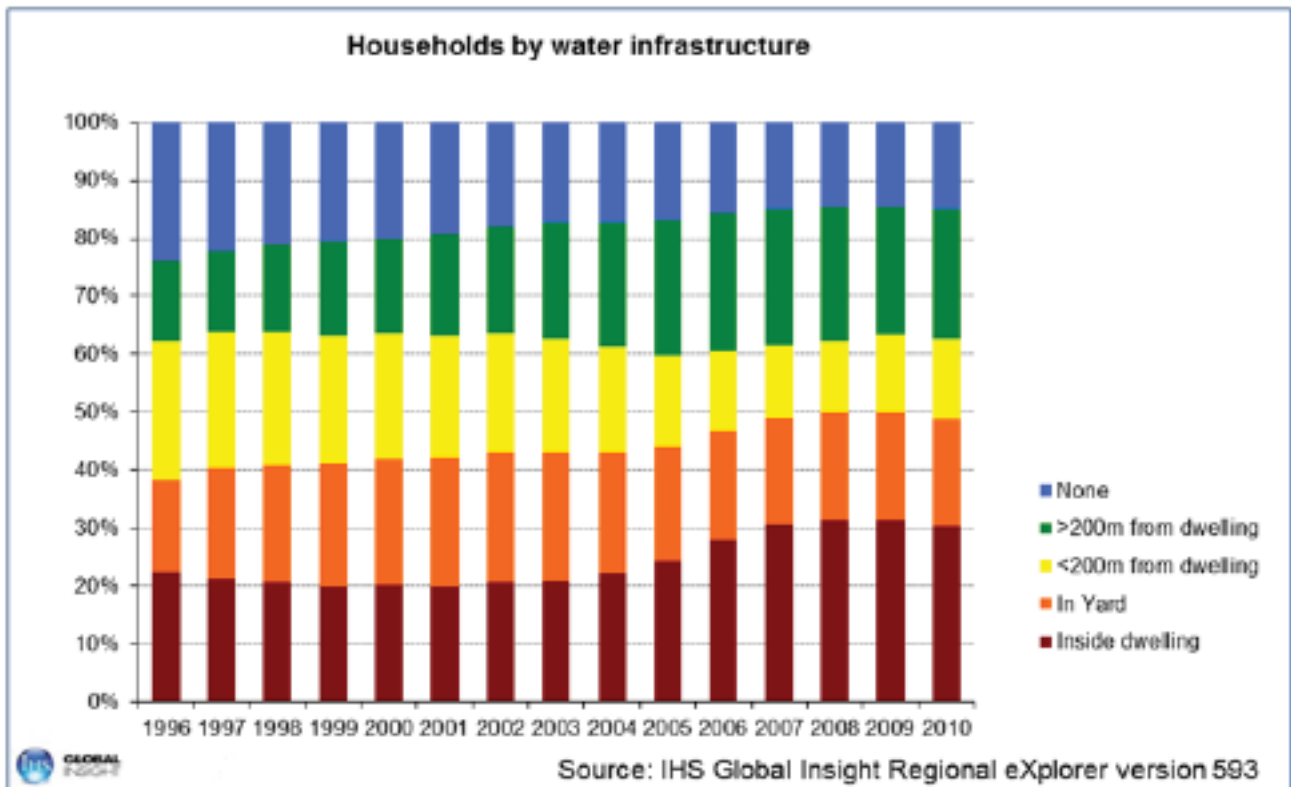


Figure 3: Access to water by level of service

Between 1996 and 2010, in the Ngaka Modiri Molema District Municipality, the number of Households with access to water infrastructure inside dwelling grew by 0, 8% (from 22 – 30%). The number of households with access water infrastructure in the Yard grew from almost 38% to 49% (11%).

Households with access to water infrastructure within the radius of 200m from the dwelling was standing at 62%, the percentage was reduced from 24 to 14% (10%). Households with access to water infrastructure in the radius more than 200m from the dwelling grew from 75% to 85% (10%) and Households with no access to water infrastructure was reduced from 22 to 15%.

1.5.2 SANITATION

Figure 4 below depicts the number of households with access to level and types of sanitation between 2000 and 2010.

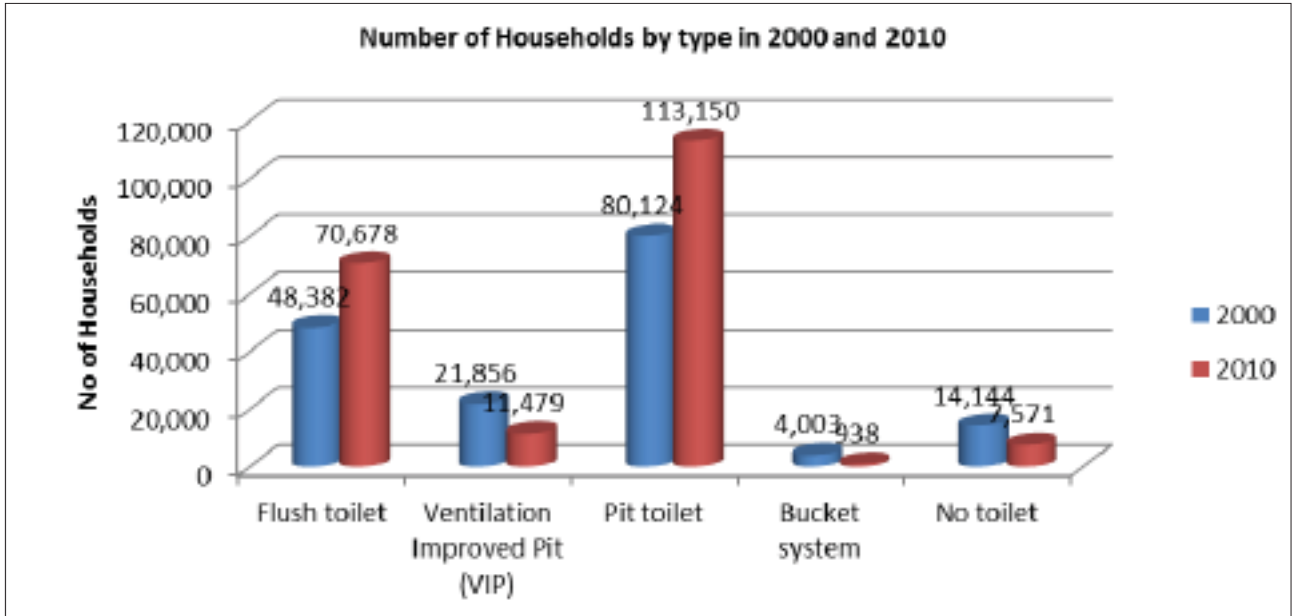


FIGURE 4: NUMBER OF HOUSEHOLDS WITH ACCESS TO SANITATION BY TYPE (SOURCE: GLOBAL INSIGHT)

Figure 4 indicates that the number of toilets has increased by 22298. This is attributed to the decline by 10377 on the VIP toilets and increase of additional 33026 Pit toilets.

The increase in the number of Flush and Pit toilets can be directly attributed to the decrease in the Bucket system by 3065 and Households with no toilet by 6573 in the District Municipality between the years 2000 and 2010.

1.5.3 ELECTRICITY

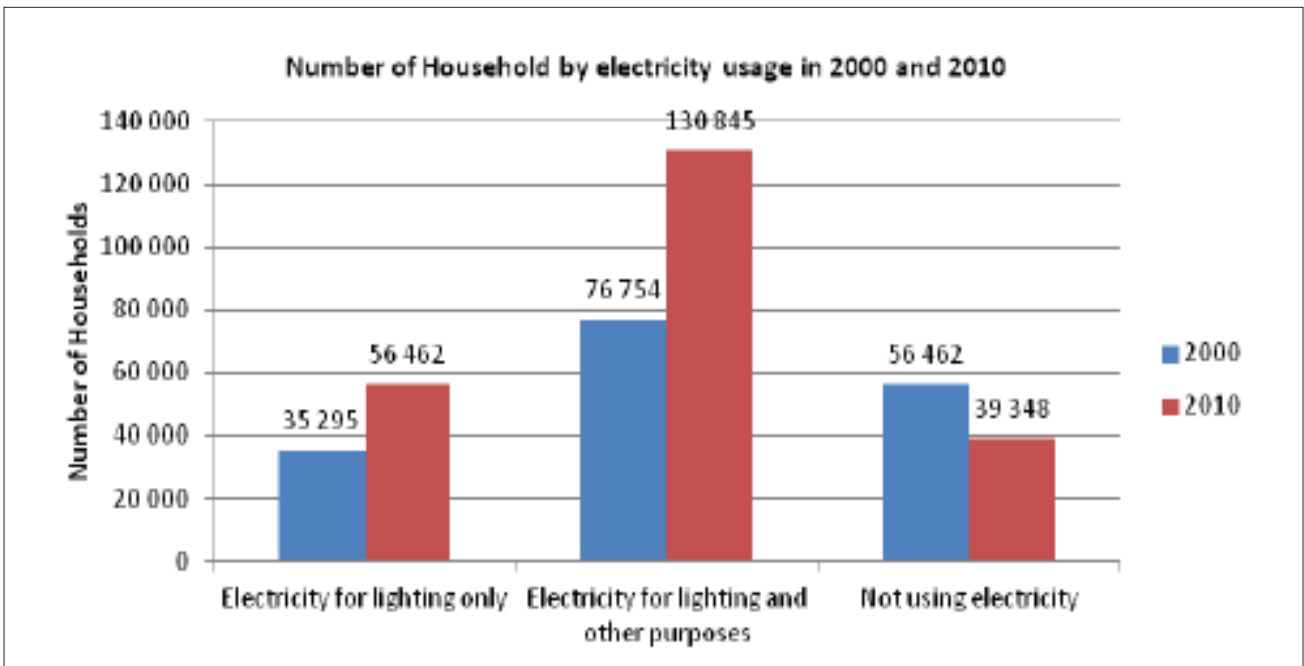


Figure 5: Number of Households with Access to level of electricity (Source: Global Insight)

The number of households with access to electricity for lighting only has increased by 21167; by 54091 for households with access to electricity for lighting and other purposes and a decline of 17114 on households not using electricity as a result of the increase households with access to Electricity in the Ngaka Modiri Molema District Municipality between the year 2000 and 2010.

Overall, there has been a decrease of 43% on households with no electricity; an increase of 35% on households with access to electrical connection for lighting and other purpose; and an increase of 10% on households with access to electricity for lighting only in the Ngaka Modiri Molema District Municipality between the year 1996 and 2010.

1.5.4 REFUSE REMOVAL

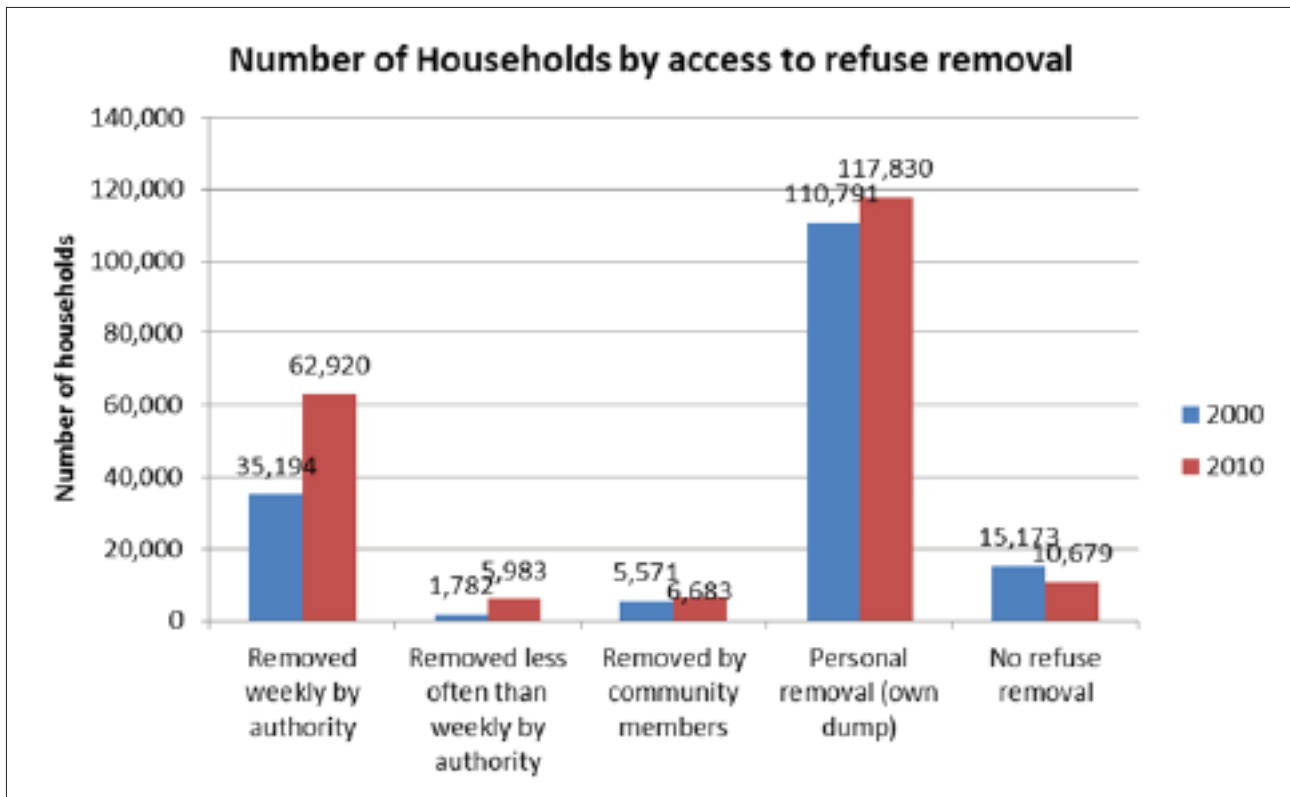


Figure 6: number of households with access to refuse removal - 2000 & 2010 (Source Global Insight)

Figure 6 indicates that there has been an increase of 27726 on Households with access to weekly refuse removal by the Local Authority. The number of Households with access to refuse removal by the Local Authority less often than a week has increased by 4201, while the number of where Refuse removal is done by Community members has increased by 1112.

There is an increase in the number of households that creates their own dumping by 7039 and a decrease by 4494 on the number of Households with no access to refuse removal in the Ngaka Modiri Molema District Municipality between the year 2000 and 2010.

1.5.6 HOUSING

Ngaka Modiri Molema had a total of 203 816 dwellings of different types in 2010, from 168 510 in 2000 as depicted in table 3 below.

YEAR	VERY FORMAL	FORMAL	INFORMAL	TRADITIONAL	OTHER DWELLING TYPE	TOTAL
2000	16,472	127,355	13,033	7,507	4,143	168,510
2010	33,324	138,039	28,400	3,768	285	203,816
Difference	16,852	10,648	15,367	3,739	3,858	35,306

Table 1: Number of houses by dwelling type 2000 and 2010 (Source: Global Insight 2010)

There are still serious housing backlogs in the District Municipality as depicted in figure 7 below. The increase in the backlog in housing provision can be directly attributed to the growth in the population and the migration of people from the rural areas in the district to the semi-urban areas. The district has also seen a number of farm workers moving from the farms to the surrounding townships and villages.

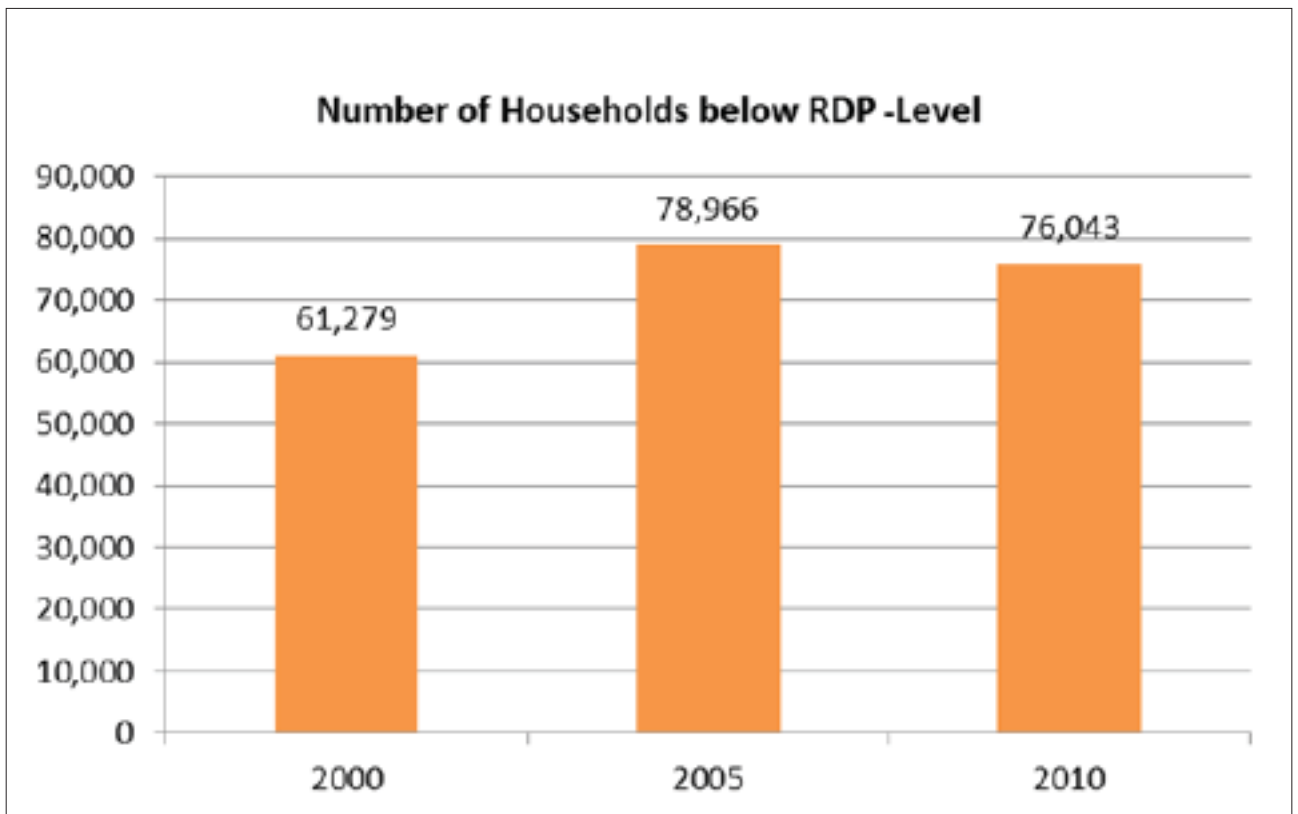


Figure 7: Number of households below RDP Level (Source: Global Insight)

Between 2000 and 2010, the number of Households with access to formal dwelling increased by 27500. The District experienced a 15000 increase in the number of households with access to informal dwelling, a decrease in the number of households with access to Traditional dwelling by 3739 and a decrease 3858 in the number of households of other type of dwelling in the Ngaka Modiri Molema District Municipality.

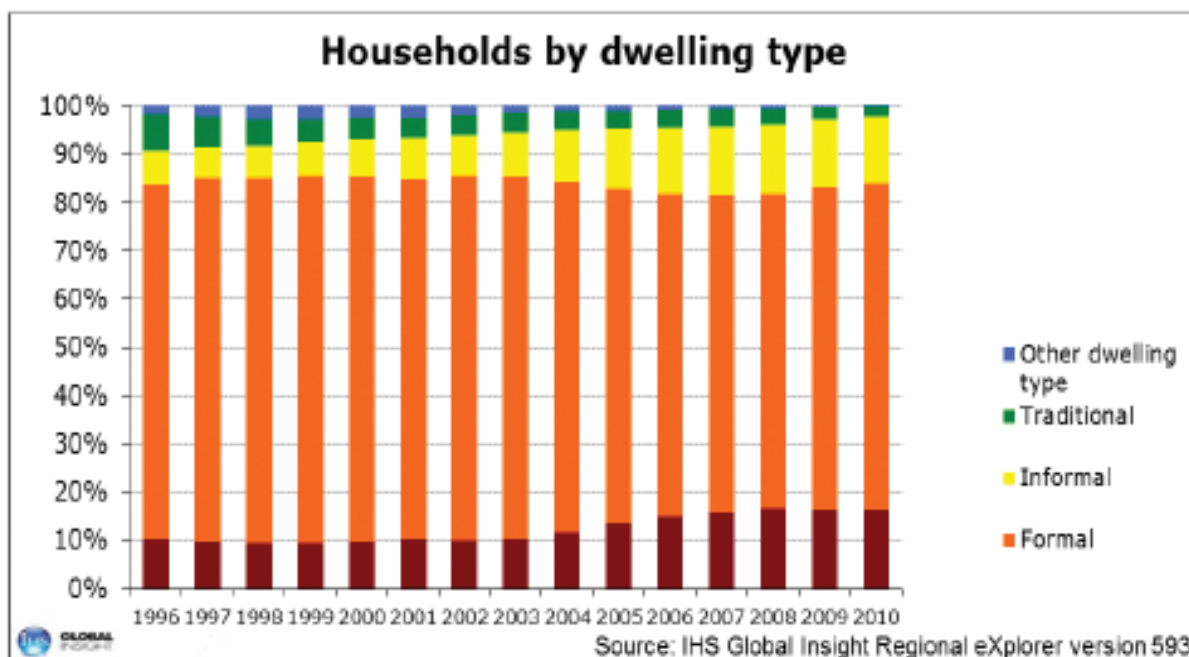


Figure 81: Number of household by dwelling type (Source: Global Insight)

There has been a decrease in the number of Households with access to other types of Dwelling. The number of households with access to informal Dwelling increased by 08%, the number of households with access Traditional dwelling decrease by 06%, and increase in the households with access to formal dwelling in the Ngaka Modiri Molema between the years 1996 and 2010.

1.5.7 SOCIO – ECONOMIC PROFILE

NMMDM as reflected elsewhere in this document is a mainly rural and agricultural area with a dotting of a few secondary cities of Mahikeng-Mmabatho, Lichtenburg and Zeerust. Therefore it is rational to expect that the economic output depth will not be very extensive. Further, the type of industrial and economic activities prevailing in the district will be adding a very small portion to the overall provincial output as measured in GGVA's.

The figure below depicts the sector contribution to the gross and the employment figures.

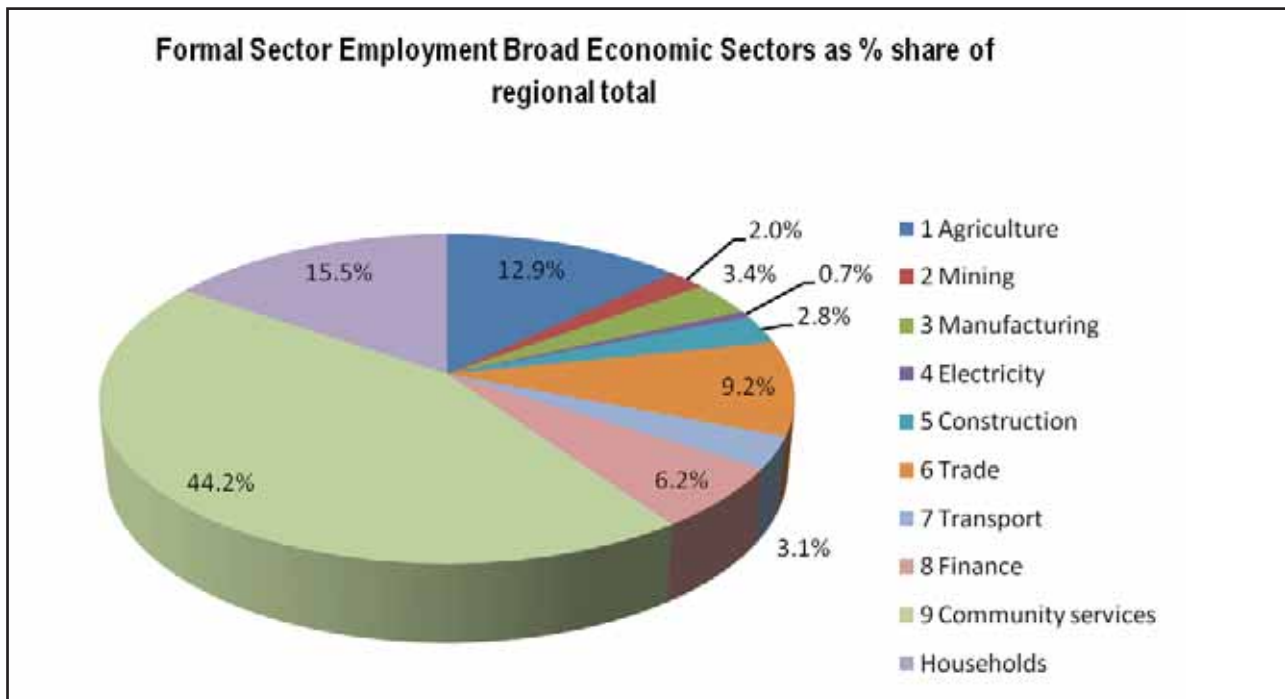


Figure 9: Formal Sector Employment (Source: Global Insight)

As can be seen from figure 9 above, the service industry is the main employer in the District with about 44% contribution to the economic sector. Key economic drivers such as manufacturing and agriculture contribute 3.4% and 12.9% respectively.

As indicated above, the large majority of the population of the District is composed of what is called the Economic Active Population with 121 064 males and 105 593 females.

Figure 10 below depicts the unemployment rate in the district municipality for the period 1996 to 2010.

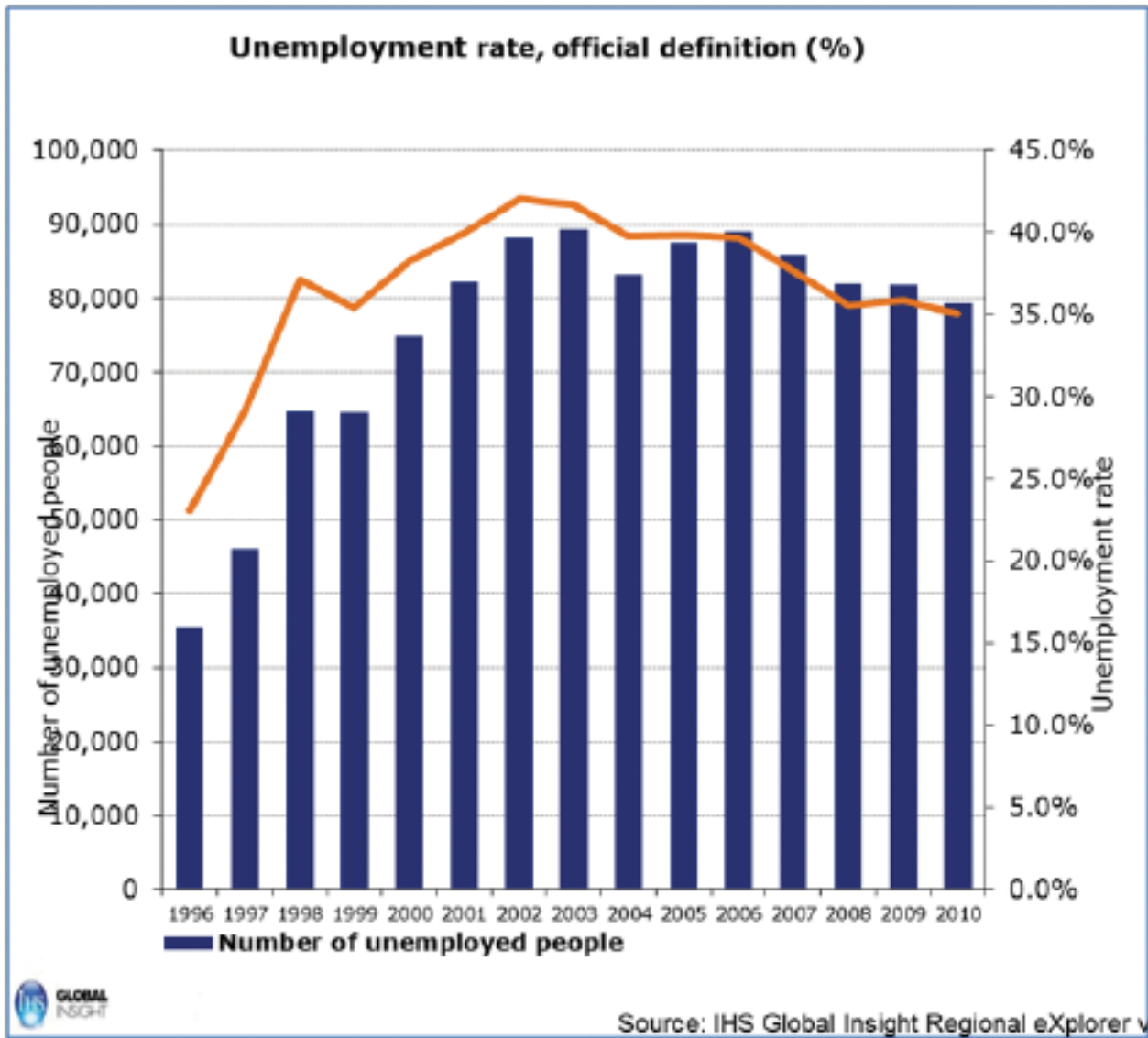


Figure 102: Unemployment Rate in 2010 (Source: Global Insight)

The unemployment rate in the District is hovering above the national rate of 25%, to about 35%.

According to figure 10 above, there were about 80 000 unemployed people in the District municipality in 2010.

The high rate of unemployment is linked to the figures depicted in table 4 below.

INCOME CATEGORY	NUMBER OF HOUSEHOLDS
0-2400	461
2400-6000	182
6000-12000	22 579
12000-18000	26 709
18000-30000	32 857
30000-42000	28 987
42000-54000	19 098
54000-72000	15 860
72000-96000	13 284
96000-132000	11 521
132000-192000	10 704
192000-360000	13 085
360000-600000	5 498
600000-1200000	2 388
1200000-2400000	521
240000+	82
Table 4: Households Income (Source: Global Insight)	

Table 4 above indicates that 23 222 households had an income of ranging between R0'00.00 – R12 000; 88 553 households ranged between R12 000 – R42 000, 48 242 Households earned between R42 000 – R96 000, those earning between R96 000 – R360 000 were 35 310, households with an income of between R360 000 –R2 400 000 was standing at 8 407 and 82 households had an income of R2 400 000 in the Ngaka Modiri Molema District Municipality in 2010.



1.6 KEY DEVELOPMENT CHALLENGES OF THE NMMDM

It is well known that previous exclusionary planning tendencies have impacted negatively on the social, economic and individual character of the sub-region. The statistics above also show that access to municipal services has increased since the advent of developmental government in 2000.

The following conclusions can be made with regard to development challenges in Ngaka Modiri Molema District Municipality:

- The area is generally highly underserviced in terms of both social and economic infrastructure;
- The area is very large in respect to the settlements across various municipalities;
- The dispersed settlement patterns have a bearing on the costs (both of erecting the infrastructure, operating and maintain it);
- The affordability levels given the poverty and human development challenges latent in the area makes viability of municipalities to establish, operate and maintain infrastructure a daunting prospect;
- The most economically productive and skilled individuals are drawn away from the district;
- The structure of the economy requires a serious overhaul through targeted and accelerated interventions, and
- Diversification while maintaining the triple bottom-line principle is critical.

1.7 VISION, MISISON, CORE VALUES AND PRIORITIES



PRIORITIES

1. Provision of water and sanitation
2. Improve road infrastructure
3. Local Economic Development & Job Creation
4. Environmental Health Management
5. Promiote integration of services
6. Promote intergovernmental coordination and relations
7. Support local municipalities

CHAPTER 2

PERFORMANCE HIGHLIGHTS

CHAPTER 2

2. PERFORMANCE HIGHLIGHTS

- Number of households electrified during the financial year = 0
- Number of new houses provided with water during the financial year = 0
- Number of houses built in the municipality during the financial year = 0

2.1.1 MUNICIPAL COUNCIL

The Municipal Council of Ngaka Modiri Molema is composed of 41 Councillors and 05 Traditional leaders (Dikgosi). Councillors are constituted as follows:

NUMBER OF DIRECTLY ELECTED COUNCILLORS	NUMBER OF COUNCILLORS SECONDED FROM LOCAL MUNICIPALITIES	TOTAL NUMBER
16	25	41

2.1.2 SECONDED COUNCILLORS

LOCAL MUNICIPALITY	NUMBER OF COUNCILLORS SECONDED TO THE DISTRICT
Mafikeng Local Municipality	08
Ramotshere Moiloa	07
Ditsobotla Local Municipality	03
Tswaing Local Municipality	04
Ratlou Local Municipality	03

2.1.3 COUNCIL MEETINGS

COUNCIL MEETINGS	NUMBER OF MEETINGS
Full Council	04
Special Council	07

2.1.4 COUNCIL COMMITTEES

The Municipal Council had the following Council Committees:

- Rules Committee
- Remuneration Committee
- Appeals Committee
- Oversight Committee (MPAC) appointed each year in terms of section 129 of MFMA, to oversee the annual report.
- Audit Committee

2.1.5 FUNCTIONALITY OF COUNCIL COMMITTEES

COUNCIL COMMITTEE	STATUS	NUMBER OF MEETINGS
1. Rules Committee	Functional	03
2. Remuneration Committee	Not functional	N/A
3. Appeals Committee	Not functional	N/A
4. Audit Committee	Functional	2

2.1.6 PORTFOLIO COMMITTEES

COMMITTEE	CHAired BY	NUMBER OF MEETINGS
1. Financial Management Support	Cllr M. Monnana	6
2. Special Projects	Cllr M. Ramotlatsi	11
3. Economic Development	Cllr S. Letlakane	6
4. Corporate Resource Support	Cllr V. Dila	5
5. Public Health & Safety	Cllr K. Mojaki	5
6. Infrastructure Development Maintenance	Cllr P. Mokotong	5
7. Development Planning	Cllr P. Mokoto	3
8. Project Management Unit	Cllr M. Sedia	7

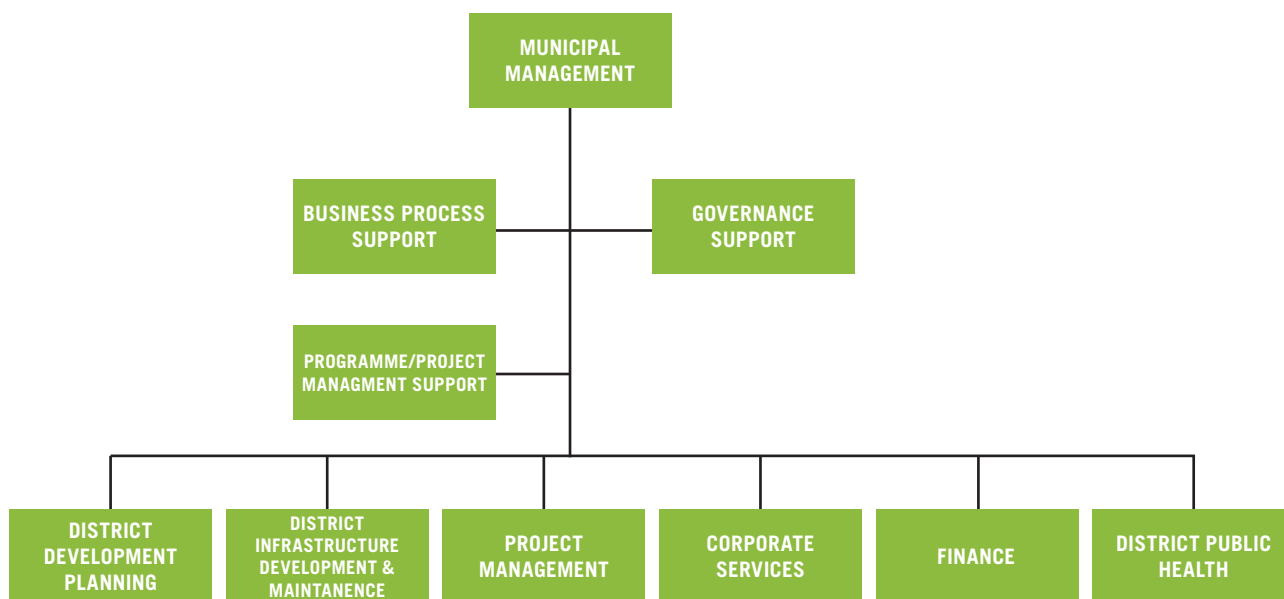
CHAPTER 3

HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT

CHAPTER 3

HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT

3.1 TOP MANAGEMENT STRUCTURE



JOB TITLE	NUMBER	ANNUAL SALARY
Senior Managers	8	R 8 838 200
Managers	25	R 9 624 025
TOTAL	33	R 18 462 225

MANAGERS	CONTRACT START DATE	PERIOD
Municipal Manager	01-October -2011	30 September 2016
Senior Manager Corporate Resource	01 March 2012	28 February 2017
Chief Financial Officer	01 December 2011	30 November 2016
Senior Manager: Growth & Economic Development	01 March-2012	28 February 2017
Internal Audit Executive	01 February 2012	31 January 2017
Senior Manager Technical Services	01 December 2011	30 November 2016
Senior Manager Business Support	04 July 2011	
Senior Manager Office of the Executive Mayor	01 October 2011	30 September 2016

3.2 WORKFORCE PROFILE IN FIRST THREE LEVELS OF MANAGEMENT IN TERMS OF GENDER, RACE AND DISABILITY

3.2.1 GENDER ANALYSIS

TOTAL NUMBER AT MANAGEMENT LEVEL	MALE	FEMALE
34	25	9
Percentage	74%	26%

3.2.2 RACE ANALYSIS AT MANAGEMENT

TOTAL AT MANAGEMENT LEVEL	AFRICAN	COLOURED	INDIANS	WHITE
34	32	1	0	0
Percentage	97%	3%	0%	0%

3.2.3 DISABILITY ANALYSIS AT MANAGEMENT

TOTAL	ABLE PERSONS	PERSONS WITH DISABILITY
34	34	0
Percentage	100%	0%

3.3 VACANCY RATE

During this period the Municipality succeeded in filling critical positions i.e. the position of the Municipal Manager and seven (7) Senior Managers reporting directly to him. The filling of positions of Senior Managers Growth and Economic Development, District Public health and safety and of Planning and Development came into being as a result of the outcome of Strategic goals held in Parys.

The latter was later faced out. Though the approval of the Organizational structure remained challenge the municipality managed to appoint twelve (12) managers who report directly to the Senior Managers.

DEPARTMENT	VACANT	FILLED	TOTAL
Corporate Services	7 (excluding general workers)	63	69
Finance	35	26	63
Executive Mayor	0	10	10
Business Process	2	12	14
Speaker	0	9	9
Whip	0	2	2
Technical Services	34	54	88
GED	13	24	37
Public Health	357	155	512
Audit	4	15	19
PMU	1	7	8

3.4 TURN-OVER RATE

Fourteen (14) employees were terminated. Of the fourteen, six (6) resigned, four (4) were dismissed, Three (3) pass on and one's` five year contract came to an end.

3.5 MANAGING MUNICIPAL WORKFORCE

3.5.1 INJURIES

Thirteen (13) cases of injury on duty have been reported since July 2011 to June 2012; four (4) female and nine (9) male. Only two cases were major and seven employees were involved in different occasion's three in one accident and four in another. The two accidents happened on 12 September 2011 and on 26 April 2012.

On the 26 April 2012, three employees were involved in an accident and suffered minor injuries. They were all hospitalized and one of them remained in hospital for more than two days. These cases were all reported and registered with the department of Labour.

All other six cases were also reported and registered with the department and had registered progress.

3.5.2 HIV & AIDS

No records as none of our Employees has come forth and disclosed their status. The institution appointed a professional service provider ICAS which is offering Employees Assistant Program me that enable employees access twenty four hour. Their being outside the vicinity of the institution enable employees to open up as the confidentiality is guaranteed.

3.5.3 HR POLICIES & PLANS

The following policies were incorporated into manual as indicated hereunder

REVIEWED POLICIES

- Recruitment, Selection, Appointment, Promotion, Demotion and Transfer
- Employee Remuneration
- Allowances
- Subsistence and Travelling
- Working Hours
- Leave
- Occupational Health, Employee Wellness and Workplace Safety
- Smoking in the Workplace
- HIV/AIDS and other Life-threatening disease
- Training and Development
- Use of NMMDM Equipment and Vehicle usage and damage to vehicle

NEW POLICIES AS THEY APPEAR ON THE MANUAL

- Labour Relations
- Employee Benefit Scheme
- Legal Aid to Employees and Cession of Action
- Private Work
- Career Opportunities, Succession Planning and Rapid progression
- Normative Framework of Human Resource Management

DRAFT POLICIES

- Credit control and Debt collection
- Water Services

3.5.4 EMPLOYEE PERFORMANCE REWARDS

No Performance rewards paid for the financial year.

3.6 CAPACITATING MUNICIPAL WORKFORCE

The Municipality initiated a project to have all their designated staff, Finance Officials and other staff with financial control responsibilities to be assessed according to the requirement of National Treasury regulation to establish gaps with the view to take a decision on how best it can ensure compliance by 31 December 2012. Staff members' level of competence in respect of higher education qualifications, Previous work experience and Financial and Supply Chain competence against each Unit Standard, as outlined in the regulations

The assessment reveals that of the twenty four staff members in Finance only 14 are compliant in terms of higher education qualifications. The processes are underway to implement the recommendations of the assessments.

3.6.1 SKILLS DEVELOPMENT

The Work Skills' plan for the period under review was compiled and submitted to Local Government Seta (LGSETA). Effort were made to align the needs to the institutional Objectives that are one of the IDP. The extents to which the need will address the skill gap are confirmed by the Manager in respective Departments by signing of the skills needs forms.

Among training listed below the Municipality send eight (8) trainee fire fighters for training on fire fighter 1 & 2 that enable them to progress to the position of Fire Fire-fighters.

TRAINING OFFERED	NUMBER ATTENDED
Fire prevention	18
Fire Service Officer	12
Fire investigation	3
Fire fighter 1&2	8
Hazmat Operations	4
Municipal governance &Management	12
First Aid Training	20
CPMD	2
Comp N & S	1
Business Admin Programme	11
Professional Report writing	47
Office Administration	4
Information technology management	1
Office Management	1
Training Microsoft & Linux Administrator	1
National Certificate in Administration	5
Public Administration and Communication	1
Advance High Driving Performance	2
SDF Training	3
Perfect presentation skills	9
Certificate in internal Auditing	1
Project Management	5
Advance Emotional Intelligence Leadership master class	3

R 4 000 000 was budgeted for training, and R2 914 432.38 was spent at the end of the financial year . Number of Employees trained in terms of Work Skills Plan annual target was 183 and the target was exceeded with 226 employees trained.

CHAPTER 4

BASIC SERVICE DELIVERY

CHAPTER 4

BASIC SERVICE DELIVERY

4.1 DEPARTMENTAL PURPOSE

The purpose of Infrastructure Development and Maintenance is to render services to communities of Ngaka Modiri Molema District Municipality. The Department consists of the following Units:

Water Services Unit

Transportation Engineering Unit

4.2 FUNCTIONS OF THE DEPARTMENT

4.2.1 WATER SERVICES

In terms of the Powers and Functions conferred by the Municipal Structures Act and endorsed by the Government Gazette Number 24228 dated 3rd January 2003 and the requirements of the Water Services Act, the Ngaka Modiri Molema District Municipality is responsible for ensuring that Constitutional rights to basic Water Services (Water Supply and Sanitation Services) are realized within its Municipal Jurisdiction.

In terms of the Water Services Act and the Strategic Framework for Water Services (September 2003), Ngaka Modiri Molema District Municipality as a Water Services Authority has the following primary responsibilities:

- Local Water Services Institutional Arrangements
- Section 78 Assessment
- Service Level Agreements with Water Services Providers
- Ensuring Access to Water Services.
- Construction of Water Supply Facilities
- Construction of Sanitation Facilities
- Refurbishment of Water and Sanitation Infrastructure
- Water Services Planning
- Water Services Development Planning
- Water Services Master Planning
- Feasibility Studies, Technical Assessment and Approval of Designs
- Water Services Local Regulation
- Development of Water Services By-Laws and Policies
- Enforcing Water Services By-Laws and Policies

- Regulating local water services provision
- Water Services Provision
- Drinking Water Quality Management
- Water Resources Management (Surface and Ground Water Source)
- Operation and Maintenance of Water Supply Schemes
- Operation and Maintenance of Waste Water Treatment Works
- Customer Care

4.2.1.1 TRANSPORTATION ENGINEERING

The Transportation Engineering section falls under the Infrastructure Development and Maintenance department. This section is responsible for the establishment, regulation and control of roads that link local municipalities within the district (i.e. Municipal roads that form an integral part of a road transport system for the area of the district municipality as a whole).

Furthermore it is a legislative requirement that the district municipality must support and capacitate its local municipalities. It is along this legislative intent; that the Transportation Engineering section is striving for a fully functional road network within the area of the district municipality as a whole.

This section is also responsible for the Municipal Public Transport, which entails regulation of all municipal public transport and development of the Public Transport Plans (i.e. Current Public Transport Records, Operating License Strategy, Rationalization Plan, Public Transport Plan and Integrated Transport Plan).

Strategic Objectives of the Infrastructure Development and Maintenance Department is to ensure the following:-

- Sound District physical infrastructure
- Infrastructure planning (water, electricity, sanitation, roads, solid waste disposal sites, public works)
- Infrastructure development and maintenance.

4.3 PERFORMANCE HIGHLIGHTS

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	KEY ACTIVITIES	PERFORMANCE HIGHLIGHTS
Water Services Institutional Arrangements	Implementation of Section 78 (1) Outcome	<p>Develop Project Charter for WSP</p> <p>Develop a WSP Model for Water Services Provision</p>	<p>Council Adopted the Section 78 (1) report on December 2011. A professional service provider has been appointed to provide technical support during the implementation phase of the Section 78 outcome/ recommendations. The project charter has been approved and the technical task team and project steering committee comprising of all relevant stakeholders has been established.</p>
	Transfer of Operating Subsidy to Botshelo Water	<p>Appraise and Approve WSP Business Plans</p> <p>Approve Water Tariffs</p> <p>Monitoring and Evaluation of WSP Functions in accordance with the WSP Business</p> <p>Plan Payment of Operating Subsidy</p>	<p>Botshelo Water has failed to submit the Water Services Provider Business Plan for the 2011/2012 Financial Year. As a result it was impossible to undertake oversight on the operations of Botshelo Water in the absence of the approved Business Plans. The budgeted operating subsidy was however transferred to Botshelo Water in our endeavor to avoid unnecessary water supply interruptions. The performance of Botshelo Water was not satisfactory since the District spent most of the time intervening in areas assigned to Botshelo Water. The expenditure incurred does not form part of the R 17.5 Million transferred to Botshelo Water</p>
Water Services Planning	WC/WDM Assessment	<p>Water Audit and Water Balance</p> <p>Determination of Non-Revenue Water</p> <p>Active Leakage Control</p> <p>Zoning of Water Supply Schemes</p>	<p>The District undertaken water conservation and water demand management investigation for Mafikeng urban area, Itsoseng and Delareyville during the 2011/2012 Financial Year.</p> <p>All the feasible leakages were repaired and malfunctioning bulk meters were replaced.</p> <p>This was in line with the recommendations of the WC/WDM report.</p>
	Water Master Plan (NMMDM Bulk Feasibility Study)	<p>Identification of alternative bulk water source for water supply schemes encountering water supply shortages</p>	<p>The Desktop study was finalized during the 2011/2012 Financial Year.</p> <p>Most of water supply sources did not have information with respect to management recommendation for water abstraction.</p> <p>The pumping tests for bore yield will be executed in the 2012/13 Financial Year as part of validating existing supply.</p>

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	KEY ACTIVITIES	PERFORMANCE HIGHLIGHTS
Water Services Planning	Geo-hydrological Investigation for Ratlou LM (Setlagole Village)	Desktop Survey Hydrosensus Borehole Drilling and Pumping Tests Testing water quality Determination of production borehole management recommendations	The ground water investigation for Setlagole village has been completed. The total number of boreholes drilled in Setlagole is 13. The water supply from these boreholes will not be sufficient to meet the demand there is a need to explore other alternative water source for Setlagole. The alternative water source will be addressed by the feasibility study for Regional Bulk Water Supply for NMMDM
Ensuring Access to Water and Sanitation Facilities	Number of yard connections Mafikeng peri-urban	Registration of new consumers Locating existing bulk lines Trench Excavation Pipe laying and Backfilling Installation of consumer meter and standpipe	The total number of yard connections installed within Mafikeng Peri – Urban is 657.
	No of consumers receiving free basic water	Subsidization of Free Basic Water through service level targeting (Rural Water Supply Schemes) Operation and Maintenance Payment of pump operators Payment electricity bills Supply and delivery of diesel	The District is rendering Free Basic Water to all consumers receiving water from rural water supply schemes. It is estimated that 100% of all our consumers with access to a basic level of water supply facilities in rural areas receive Free Basic Water.
	Number of household served with sanitation facilities at Groot Marico	Identification of Beneficiaries. Social Facilitation Construction of Dry on plot Sanitation Facilities Project Handing Over	The District is currently construction dry on plot sanitation facilities for Groot Marico Informal Settlements. The total number of beneficiaries is 600 households. Due to available approved budget only 200 dry on plot sanitation facilities were constructed as at 30 June 2011. The project will be completed in the 2012/13 Financial Year, and funding has been made available from the equitable share.
Ensuring Access to Water and Sanitation Facilities	Number of household served with sanitation facilities at Tswaing Informal	Identification of Beneficiaries. Social Facilitation Construction of Dry on plot Sanitation Facilities Project Handing Over	This project has been delayed due to the fact that most informal settlements will be served through the housing programme implemented by the Department of Human Settlements. The funding has been re- allocated for rural sanitation in the 2012/13 Financial Year.

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	KEY ACTIVITIES	PERFORMANCE HIGHLIGHTS
Drinking Water Quality Management	Blue Drop Assessment Report	Development of Water Safety Plans Lab Test Results	The Municipality participated in Blue Drop Assessment for the 2011/12 Financial Year. All the regulatory tools were developed internally; this includes the asset register, drinking water safety plans, drinking water sampling programme and submission of drinking water quality tests results from accredited laboratory. The Blue Score for the District has improved from 0.5% to 41 % in the 2011/2012 Financial Year. We envisage improving the blue drop score to 65 % in the 2012/13 Financial Year.
Ground Water Management	Number of water samples tested	Sampling of water at the following points: Water Source (Surface and Ground Water Source) Sampling of Water at Water Purification works Sampling of Water at Waste Water Treatment Works Sampling of Water at Storage Reservoirs Sampling of Water at point of Use	During the reporting period the following number of samples were tested, and analyzed in order to ensure that the water supplied to our consumers conforms to SANS 241 Drinking Water Quality Specifications. <ul style="list-style-type: none"> • 165 Water Samples at the source • 280 Water Samples at Storage Reservoirs • 300 Water Samples at Point of Use • 96 Water Samples at Water Purification Works • 75 Water Samples at Waste Water Treatment Works
	Number of boreholes Monitored	Monitoring ground water levels Measuring abstraction rates	The total number of boreholes monitored for both abstraction rate and water levels is 456 across the District
	Number of boreholes maintained	Borehole equipping which includes replacement of pumps and motors. Electrical Work General repairs and maintenance.	The total number of boreholes repaired during 2011/12 F.Y across the District is 150, split as follows <ul style="list-style-type: none"> • Mafikeng LM = 50 • Ramotshere M LM = 45 • Ditsobotla LM = 2 • Ratlou LM = 38 • Tswaing LM = 15
	Number of Lister Engines sent for major repairs and maintenance	General repairs and maintenance of existing lister engines	The total number of lister engines maintained during 2011/12 F.Y across the District is 115, split as follows <ul style="list-style-type: none"> • Mafikeng LM = 35 • Ramotshere M LM = 25 • Ditsobotla LM = 12 • Ratlou LM = 18 • Tswaing LM = 28

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	KEY ACTIVITIES	PERFORMANCE HIGHLIGHTS
Ground Water Management	Number of new lister engines supplied across the District	Distribution of lister engines for new or upgraded water supply schemes	<p>The total number of lister engines distributed during 2011/12 F.Y across the District is 63, split as follows</p> <ul style="list-style-type: none"> • Mafikeng LM = 19 • Ramotshere M LM = 27 • Ditsobotla LM = 1 • Tswaing LM = 3 • Ratlou LM = 13
Operation and Maintenance of Water Supply Schemes	Number of new boreholes drilled across the District	<p>Bore-hole Sitting</p> <p>Borehole Drilling</p> <p>Pumping test and Quality Testing</p> <p>Borehole Equipping</p>	<p>Mafikeng LM = 2</p> <p>Ramotshere M LM = 11</p> <p>Ratlou LM = 27</p>
	Number of Water Supply Schemes upgraded to meet the demand	Extension of bulk lines to new settlements Reticulation of new settlements	<p>The total number of water supply schemes extended/upgraded during the 2011/12 Financial Year is as follows</p> <p>Mafikeng–03</p> <ul style="list-style-type: none"> • Mantja, Signalhill, Ottoshoop <p>Ramotshere – 03</p> <ul style="list-style-type: none"> • Dinokana (Mmamoswaana section), Willowpark, N4 Crossing – for Welbedacht & Ntsweleku (5km pipeline and 4 boreholes) <p>Tswaing - 01</p> <ul style="list-style-type: none"> • Geysdorp
	Number of burst pipes repaired/fixd	<p>Exposing burst pipes</p> <p>Repairs and maintenance of burst pipes and leakages</p>	<p>The total number of burst pipes and leakages attended to during the 2011/2012 Financial Year is as indicated below:</p> <ul style="list-style-type: none"> • Mafikeng - 231 • Ramotshere - 36 • Ditsobotla - 03 • Tswaing - 11
	Number of sanitation facilities emptied/desludged	Desludging of sanitation facilities e.g. septic tanks, dry on plot sanitation facilities and conservancy tanks	The total number of septic tanks, dry on plot sanitation facilities and conservancy tanks desludged during the reporting period is 720 mainly within Mafikeng Local Municipality
	Number of water related consumer queries resolved	<p>Fixing and replacement malfunctioning communal standpipes</p> <p>Fixing and replacement of yard connection meters</p> <p>Issuing consumer tokens for pre-paid water meters</p>	The total number of water related consumer queries addressed during the 2011/2012 Financial Year is 1 784 across the District.

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	KEY ACTIVITIES	PERFORMANCE HIGHLIGHTS
Operation and Maintenance of Water Supply Schemes	Number of waste treatment works operated	<p>Operation of existing Waste water Treatment Works</p> <p>Repairs and Maintenance of Mechanical Works of Waste Water Treatment works</p> <p>Registration of Waste Water Treatment Works</p> <p>Training of Process controllers and plant operators</p>	<p>The following Waste Water Treatment works were operated during the 2011/2012 financial Year:</p> <p>Mafikeng LM = 2 Ramotshere Moilwa LM = 2 Ditsobotla LM = 2 Tswaing LM = 4</p>
Water supply assurance to villages without access to water supply facilities or currently experiencing bulk water shortages (Drought Relief and Tankering Services)	Number of Villages served	<p>Supply and Delivery of water storage tanks to villages without access to water supply facilities</p> <p>Construction of abstraction points for water tankering</p> <p>Monitoring water tankers</p> <p>Augment bulk water supply as part of assurance of supply</p>	<p>The District Municipality is currently tankering water to all the areas that forms part of water supply backlogs within our area of operation. Currently the municipality has distributed 733 x 10 KI to all villages without access to a basic level of water supply facilities. The total estimated population benefiting from tinkering services is estimated at 160 000. The number of water tankers assigned for tinkering services is 26, with 78 villages across the District benefiting from this service. Tankering service will be phased out gradually as more communities are served with infrastructure through the MIG and DBSA bridging finance.</p>
Water supply assurance to villages without access to water supply facilities or currently experiencing bulk water shortages (Drought Relief and Tankering Services)	Number of tankering services offered to the community	Tankering Services	<p>The communities receiving water through this programme are as indicated below:</p> <p>Mafikeng – 31 villages with 233 tanks Ramotshere – 20 villages with 281 tanks Ditsobotla – 11 villages with 71 tanks Tswaing – 3 villages with 28 tanks Ratlou – 13 villages with 120 tanks</p>
Transportation Engineering	Total length of internal roads constructed	Construction of internal gravel roads in Mafikeng Peri Urban	<p>Peri – Urban is 62.4 Km. The roads were constructed within the following communities:</p> <p>Lonely Park = 14 Km Majemantsho = 25 Km Lomanyaneng = 8 Km Lekubu = 5 Km Vergenoeg = 6.4 Km Moshawane: 4 Km</p>
	% completion of Modimola Road Upgrade	<p>Surveying</p> <p>Geotechnical Investigation</p> <p>Preliminary Design and Detailed Design</p> <p>Construction</p>	<p>The gravel road linking Mocoseng Village and Modimola is currently being upgraded to surfaced road. The total length of road to be upgraded is 14.5 Km. The project was at 75% completion by the 30 June 2012. Storm Water culverts were 100% completed by the end of the reporting period.</p>

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	KEY ACTIVITIES	PERFORMANCE HIGHLIGHTS
Transportation Engineering	Development of Roads Asset Management System	Digitization of road center-lines towards production of thematic maps Traffic Survey Review of GIS datasets & existing PMS reports Visual pavement condition surveys conducted and TRH22 Analysis conducted Classification of roads as per RIFSA on GIS	Digitization of road center-lines towards production of thematic maps : 80 % complete Traffic Survey Review of GIS datasets & existing PMS reports: 10 % complete Visual pavement condition surveys conducted: 80% complete Classification of roads: 40% complete The overall progress for development of roads asset management system is 50%

4.4 PMU STRATEGIC THRUST

The NMMDM strategic perspective with regard to Goal: 3 “Ensure sound district physical infrastructure” and “Infrastructure development” has reference to the Project Management Unit. It is under this mandate that the PMU performs its functions. Thus the Unit could be said to be strategically located within the ambit of the key value drivers for infrastructure service delivery in the district municipality.

The District Municipality’s targeted objectives are then translated into annual targets for PMU core operations, which are premised on the following measures:

- Implement 95% of planned infrastructure development projects targeted under IDP process.
- Submit business case for resourcing projects in all cited cases, to ensure 100% grant utilisation
- Apply project management regime at 100% on all project schedules
- Ensure risk mitigation plan is at 85% corrective action plans implemented, to lessen audit findings in projects under PMU implementation.
- Lead and coordinate the comprehensive infrastructure development planning, to complement Local Economic Development of the District areas and enhance the quality of life of the most indigent residents by applying RDP standards at design of service delivery projects.

As part of continuous improvement of PMU mission, the following standards will always define the Unit's core function, as opposed to other departments:

- To achieve 100% of annual budget expenditure on Grants for capital projects, by end June 2012
- Maximise poverty alleviation through job creation during project implementation, per Local Municipality per design
- Improve standards of living of beneficiaries through the implementation of sanitation, roads & water projects on IDP targeted areas
- Embrace integrated planning as a sound basis for project identification throughout implementation of PMU projects at Local Municipality level
- Skills transfer to targeted communities during implementation of infrastructure projects by PMU

STRENGTHS

- Knowledge of NMMDM IDP priorities and support plans
- Knowledge of District infrastructure development and maintenance cycles
- PMU project spent patterns
- Effective response to emergency service delivery projects
- Knowledge of Grant administration/ policies/ Legislative framework that governs PMU projects
- Project Management capability of present PMU structure

WEAKNESSES

- Lack of integrated district spatial development plan to feed on LM sustainable development priorities
- Lack of development / Inadequate baseline information on Technical Skills produced through infrastructure projects.
- Lack of Integrated planning for Project Identification and development
- Comprehensive stakeholder communication plan not effective

OPPORTUNITIES

- Access to Funding Sources and alternative sources
- Prospects to activate Public Private Partnerships (PPP) to enhance community infrastructure delivery
- Influence policy regarding appropriate implementation of PMU projects in rural municipalities, where counter-funding approach is not conducive
- Accelerate job creation and skills development of rural communities (women, youth, and people with disabilities)
- Development of rural areas through new infrastructure creation (Public Assets)
- Introduction of new technologies as part of sustainable development (Boreholes and sanitation projects)

THREATS

- In-adequate funding for IDP Listed projects by Funders
- Time lag by DWA technical approval committee and flawed funding recommendations
- Lack of integration with Local Municipalities
- Lack of Communication and Integration by Provincial Structures
- Delayed ESKOM electricity connections to projects
- Lack of community statistical information
- Project close-out reports and project handover to stakeholders
- Vandalism of infrastructure
- Political disquiet

4.4.1 THE KEY CRITICAL SUCCESS FACTORS

The following factors have been essential for PMU operational success in its mission during FY 2011/12, they range as follows:

- Access to funding sources to activate IDP projects
- Adequate allocation of funds to project budgets, to minimise the risk associated with shortfall or massive variation orders.
- Managed synergy in the implementation of projects by internal support services and external entities (i.e. NMMDM Finance Dept.; Eskom; DWA)
- Developed electronic system of NMMDM PMU master list database on planned and implemented projects
- Implementation of the new matrix structure for PMU operations
- Improved quality reporting to all stakeholders, improved turnaround on time sensitive communiqués by grant institutions.
- Implementation of Stakeholder Communication plan, leading to the establishment of the Technical Forum that enhance communication and alignment on planned works, to reverse the ills associated with costly duplication; non-adaptation of interventions by the District Municipality.

4.4.2 PROJECT PROGRESS OVERVIEW FY 2011/12

The unit has thus far implemented the 2011/2012 plan in line with the SDBIP and IDP targets. There were 27 Project designs completed, and thus projects were moved from the design stage to the construction stage. There were 15 Projects on construction which were completed and have been or are in the process of being handed over to Technical / Maintenance Departments of Local Municipalities. Projects on retention stage have been inspected and eleven retention fees were paid-out.

4.4.3 PROJECTS OPERATIONS PROGRESS

The matrix below indicates the overall progress by project stage at a specific period (Quarter) of the implementation year 2010/11.

Stages	Q1	Q2	Q3	Q4
Projects in Design	41	37	30	29
Projects in Construction	16	20	27	27
Projects Completed	2	2	7	15
Projects on Retention	11	7	2	1

4.4.4 OPERATIONS – MINI ACHIEVEMENTS


The PMU is performing well within the prescripts of the SDBIP and IDP compacts. There have been noticeable mini-achievements on project stage completion, indicative of progress made during the current financial year. Structured Grant reporting and regular steering committee meetings with some of the funders were held, in particular MIG; DBSA; PIG and ACIP together with sector Departments (DWA; Department of Human Settlements).

Customisation of reporting procedures and project management regime in coordinating Service Providers input for coordination purposes has been codified for ease of accounting and monitoring productivity of outputs.

4.4.5 RISK MITIGATION ACTIVITIES

The Unit has been faced with numerous challenges, attributed to the following intervening factors, amongst others, which threatened the service delivery operations:

- **Eskom connections has been slow in some instances almost absent, leading to projects not closing and handover being postponed due to no electrical connection on site.**



The NMMDM Management has approached Eskom Management and informs them of the urgency and sensitivity of the matter. Timelines have been reached on some projects. Power Generators have been sourced in for some projects to allow for closure and service delivery to commence for communities. However the budgets and availability of funds has been the determining aspect in this risk containment measure.

- **Delays in DWA approvals of Technical Reports; EIA and project documentations.**

The NMMDM Management has met with the Approval Committee to discuss methods of fast tracking the approval processes and targeted timelines, in line with management plans.


- **Project Budgets, projects experienced shortfall in cash flow due to the method of allocation applied by DWA.**

The whole counter funding approach as applied by DWA was tabled to Policy Directorate and The Department of Cooperative Governance and Traditional Affairs, to illustrate and reflect on why it is not conducive to apply it in the rural NMMDM, by management. A meeting between the grant administrators and policy makers to resolve the issue with a sustainable solution to project budgets is pending.

4.5 STATUS OF NMMDM DISASTER MANAGEMENT CENTRE.

The interim Disaster Risk Management Centre was established in 2007 with only two (2) junior officials on board. However around April and August of 2008, the Head of the Centre and the Coordinator were also appointed, meaning that the Centre has only four officials on its structure.

The existing organizational structure and the structural buildings that the Disaster Risk Management functions are conducted at they do not comfort compliance as stipulated in the Act (Act No: 57 of 2002) and the National Disaster Management Framework in particular.



Nevertheless, the Centre has currently managed to review its organizational structure and submitted it to the council for approval and adoption. Attached please find the copy of the proposed organizational structure. The Centre has also managed to renovate the portable camps at which administration and operations are conducted in order to create enough office space.

With the new approved organizational structure at hand and if it is filled appropriately and in time, I believe all challenges with regard to shortage of manpower to assist in addressing the KPA's as entailed in the National Disaster Management Framework shall be overcome. Furthermore, engagements are underway to occupy an existing building in Mafikeng Fire Station that will serve as the satellite Centre for both Mafikeng Local Municipality and the District Municipality.

Also the Fire Departments that are within the local municipalities have been identified as the Disaster Risk Management focal/nodal points for the district. This was due to inadequate human and capital resources and as a result of inadequate institutional arrangements for the implementation of disaster risk management including the structures for coordinating disaster risk management planning and operations to engage stakeholder participation in disaster risk management at local level.

That means that the disaster risk management planning and operations in the local municipalities within the district are conducted at a district level and it becomes difficult to integrate and coordinate each and every disaster risk planning, prevention and mitigation, response and recovery, rehabilitation and reconstruction efforts of all the local municipalities in the District IDP.

However the Centre has on its proposed organizational structure caters for the positions that will assist in addressing those nodal/focal points, in order to realize the implementation of the Disaster Management Act (Act No: 57 of 2002) and National Disaster Management Framework of 2005 respectively in the District and its five (5) local Municipalities.

4.5.1 STATUS OF IGR STRUCTURES.


NMMDM Disaster Management Advisory Forum was established in September of 2009. Critical members who serve in the forum were also identified and appointed. The technical task teams comprising the relevant role players and stakeholders from relevant sectors and disciplines were also established. However there are challenges that were experienced to keep the forum optimal and operational. Some of them are due to inconsistent or poor stakeholder participation, and some sector departments they send representation of junior rank whereby they cannot even take decisions on behalf of their sector departments.

An arrangement was made by the Provincial Disaster Management Centre in order to assist the District Disaster Management Centre in the revival or resuscitation of the District Advisory Forum.

The participation from other sector departments, NGO's and other relevant role players, meaning our own District internal departments was not impressive at all. The NMMDM Disaster Management Centre is now intending to come up with a new strategy whereby the non-participating stake holders will be engaged on one by one basis in order to conscientize them on their roles and responsibilities in Disaster Risk Management and also to encourage them to realize the idea behind the Disaster Risk Management Act(Act No: 57 of 2002) and National Disaster Management Framework, Provincial Disaster Management Framework and the District Disaster Management Framework as well.

In as far as the District Interdepartmental Committee is concern; terms of reference to establish the District Interdepartmental Committee have already being developed and submitted to portfolio committee of the council for adoption.

Other important structures like Ward and Street Committees in Disaster Risk Management will be established soon as the District Advisory Forum, District Interdepartmental Committee and Local Disaster Risk Management Committees in local municipalities are formally constituted and operate effectively in accordance with predetermined terms of reference.



Mechanism for the recruitment, training and participation of volunteers/cadets in Disaster Risk Management have been developed and funded by the Provincial Department of Local Government and Traditional Affairs, and the District Municipality is in the process of implementing it.

4.5.2 STATUS OF THE DISASTER MANAGEMENT CAPACITY IN THE NMMDM DISASTER MANAGEMENT CENTRE


It has being emphasized in the second bulletin of this report that the centre has only four (4) personnel on its structure. And the centre is expected to coordinate and facilitate all disaster related planning, prevention and mitigation, response and recovery measures within the District.

By looking at the nature of work and/or at the virtue of workload envisaged in Disaster Management Act (Act No: 57 of 2002) and the National Disaster Management Framework of 2005, the way the District Disaster Management Centre and the organizational structure are structured currently, the way our IGR structures are operating in terms of stake holder participation and the level of capacity building amongst district stake holders in Disaster Risk Management, it could not be appropriate to proclaim the capacity of NMMDM Disaster Management Centre as the best one while it is clear that the building structures and manpower it had, challenges in stake holders participation and challenges in the level capacity building in Disaster Risk Management amongst stake holders are still experienced by the centre.

4.5.3 STATUS OF DISASTER MANAGEMENT PLANS

In 2009, NMMDM Disaster Management Centre had developed a Disaster Risk Management Policy Framework and Level One (1) plan attached to it was the contingency plans of the prevailing hazards in five local municipalities and they are still living documents of the Council. However plans are underway to develop Disaster Risk Management Level Two (2) for the whole District.

Remember during the financial year 2010/11 the Department of Local Government and Traditional Affairs had made available an amount of R1m for the development of Disaster Management Level Two (2) Plan.



But due to the political instability that was experienced since 2009 till the end of Municipal Elections of 2011 by the Municipality and none functioning of the specification and adjudication committee of the Municipality, the centre was unable to spend on the allocated grant and it is still standing in the Municipal coffers.


However plans are under way to secure the services of the best service provider who will assist in the development of such plan. Some other plans that include Preparedness Plans and Contingency Plans for selected events like Elections and Festive Holidays are developed as when required to do so and are submitted to the relevant authorities in time (i.e. Provincial Disaster Management Centre).

4.5.4 STATUS OF READINESS TO DEAL WITH A DISASTER INCLUDING FINANCIAL CAPABILITIES

NMMDM Disaster Management Centre has managed to respond to humanitarian disaster calls that were brought to its attention for the financial 2011/12, even though there were challenges the centre has experienced along the way and it includes infrastructural disasters like damages to schools, agricultural appliances and business places. Like I said in the bulletin above about the inconsistent or poor participation of the stakeholders to the meetings of the District Advisory Forums, and that it is also very difficult to bring them all under one umbrella especially during planning sessions and responding time to disasters.

The status of readiness in the NMMDM Disaster Management Centre might be questionable to some, but the history has shown that the centre or the municipality has the capacity of dealing with disaster incidents at hand especially those which are humanitarian/livelihood related e.g. provision of the alternative accommodation during and/or after a disaster strikes.

This provision is solely done on the basis that we cannot get rid of relevant departments like the Department of Human Settlement during planning and responding time to the disasters and I believe they are the relevant department to assist in this regard, because roles and responsibilities of different role players and stake holders have been defined through Advisory Forum meetings.



The head of the centre is also participating in the Mayoral Committee of the Council and through that platform I think this language of approaching Disaster Risk Management in an integrated and coordinated manner by relevant role players and stake holders shall be more emphasized at that level. In terms of support services like Fire Services, EMRS, SAPS and Traffic, these services can be activated 24/7 and the centre is proud of doing business with these institutions.

4.5.5 STATUS AND RESULTS OF DISASTER ASSESSMENTS UNDERTAKEN (I.E. WHAT ARE THE IDENTIFIED RISKS IN YOUR AREA OF JURISDICTION, ETC.)


A scientific assessment was conducted in 2009 during the development of Disaster Risk Management Level One (1) plan. A risk profile for the whole district was also developed during that period. Prevalent hazards like floods, storm and drought, veld and structural fires, epidemics and animal disease, road transportation accidents and the newest one” service delivery protest are also captured in the risk profile.

Furthermore, another ordinary community based disaster risk assessment which was not in consistent with the national requirement and system specification was conducted In Matsatseng (Slurry) and Maruping (Ottoshoop) in Mahikeng Local Municipality on the 28th October 2011. The results of the assessment indicated that the communities of the above said villages are living under a high rate of poverty.

The centre thereof, in partnership with the Provincial Disaster Management Centre had conducted an awareness campaign at Bonitas Garden in Mahikeng on the 04th November 2011 to conscientize the communities on how to protect themselves against the effects of poverty. The communities of Matsatseng and Maruping were also educated on the hazards that are prevalent on their areas and how to handle and protect themselves against them.

The local municipality of Mahikeng and other entities with responsibilities for reducing and managing disaster risks specific to their functional areas were also encouraged to establish and document clear mechanisms for rapid accessing and updating of relevant hazard and vulnerability information and for rapidly making this information available to the district disaster management centre.

The honourable speaker of the NMMDM was also given an opportunity to address the community members



on issues related to Disaster Risk Reduction in his area of jurisdiction and I strongly believe that capacity building and skills transfer was realized by those who were present at that gathering. Out of an amount of R400'000.00 which was allocated as a conditional grant for the financial year 2011/12 by Provincial Department of Local Government and Traditional Affairs for the awareness campaigns, an amount of R326,815.00 was committed for the above mentioned purpose.

4.5.6 DESCRIPTION AND DATES OF DISASTERS AND DISASTER RELATED INCIDENTS THAT OCCURRED BETWEEN 01 JULY 2011 AND 30 JUNE 2012.

Attached please find a stats copy of disaster related incidents which reflects the classification, magnitude and severity of these disasters or incidents, the effect on the community and infrastructure as well as cost of damages etc.


4.5.7 DESCRIPTION OF PROJECTS, PUBLIC AWARENESS PROGRAMMES AND HOW COMMUNITIES WERE INVOLVED.

For the financial year 2011/12, the Provincial Department of Local Government and Traditional Affairs had made funds available for the following projects in Disaster Risk Management:

- Feasibility Study and Business Plan for Disaster Management Centre (R600 000).
- Risk Reduction and Awareness programmes (R200 000).
- Provincial ISDR (R200 000).
- Skills Development Programmes (100 000).
- Disaster Management Cadets Project (R600 000).

However the NMMDM Disaster Management Centre has managed to commit funds for Disaster Risk Reduction and Awareness Programs and Provincial ISDR as well as Skill Development Programs. Other funding like Feasibility Study and BP for Disaster Management Centre and Disaster Management Cadets Projects are still not yet spent.

The grant Feasibility Study and BP for Disaster Management Centre was deviated to the Refurbishment of the Disaster Management Centre and permission was granted with some strings attached by the



Provincial Disaster Management Centre, and it is also not yet spent by the centre and still standing with Municipal coffers. The grant Disaster Management Cadets is also not spent however measures to take the project off the ground are now realized.

Projects in relation to awareness campaigns were conducted as indicated in a bulletin seven (7) above and proper consultation with the communities was insured.

4.5.8 BEST PRACTICE/ACHIEVEMENTS/SUCCESSSES.

In its endeavour to promote integrated and coordinated approach to Disaster Risk Management in the District. The NMMDM Disaster Management Centre had managed conduct several Advisory Forum Meetings with the intention of outlining the roles and responsibilities of the sector departments and other relevant stake holders in the field of Disaster Risk Management. However, it seems that the efforts of the centre in trying to bring all stakeholders under one (1) umbrella were not realized.

This was due to inconsistent or poor stakeholder participation which normally defeats the ends of justice and the centre alone cannot make it happened. Nevertheless, regardless of the challenges indicated in respect to stakeholder participation, the centre is proudly to pronounce its success/achievements/best practice as follows:

- The centre is proudly to pronounce that the storm water drainage systems are structured in line with infrastructural developments in our district, and that alone is the achievements that the district can claim in relation to Disaster Risk Reduction.
- The centre has also managed to change its response mechanism (e.g. the centre is no longer utilizing the services of the external service providers to respond to disaster incidents but it is now hands on and that alone has cut the costs of the Municipality).
- It has also managed in partnership with USAID (North-West University) to transfer the skill to certain percentage of the officials, ward committee members and councillors in the field of Disaster Risk Management.
- And it has managed to conduct a successful awareness campaign as stipulated in bulletin seven (7) above.

4.5.9 PROBLEMS EXPERIENCED AND CONCERNS, ETC.

Like I indicated that stakeholder participation is the back bone of any business including Disaster Risk Management function. There is nowhere in the world where it is possible to take matters forward effectively and efficiently without the involvement of relevant role players and stakeholders. The following elements present a serious problems and concerns:-

- Inconsistent or poor stakeholder participation to our District Advisory Forum meetings.
- Non-existence of the important committee like District Disaster Risk Management Interdepartmental Committee, Local Disaster Risk Management Coordinating Structures.
- Lack of District Disaster Risk Management Centre as per legislative requirements.
- Insufficient funding for proactive and reactive Disaster Risk Management.
- Slow or non-implementation of funded projects within specified period.
- Reactive mode of response by the centre or municipality

4.6 MUNICIPAL HEALTH SERVICES

4.6.1 OVERVIEW

Schedule 4, Part B of the Constitution determines Municipal Health Services as Local government matter and section 84 (1) of the Municipal Structures Act, 117 of 1998 delegates powers and functions of the District and Metropolitan municipalities to provide Municipal Health Services. The National Health Act, 61 of 2003, defines Municipal Health Services as inclusive of the following:

- Water quality monitoring
- Food control
- Waste management
- Health surveillance of premises
- Surveillance and control of communicable diseases excluding immunization
- Vector control
- Environmental pollution control
- Disposal of the dead and
- Chemical safety

Excluding Malaria control, Port Health Services and Hazardous Substances control.

4.6.1 CHALLENGES

- Outstanding transfer of services, personnel rendering the services and assets connected to the provision of the services from Mahikeng Local Municipality to the District Municipality.
- The challenge mentioned above presents administrative and legal challenges in the provision of services.
- Severe shortage of human resource (personnel) for the rendering of services, the approved personnel structure that is in line with the World Health Organization (WHO) norms of 1 Environmental Health Practitioner per 10 000 population and National norm of 1:15 000 is less than 30% filled.
- Lack of office space.
- Inadequate service delivery coverage of all areas in the area of jurisdiction of the District due to inadequate staffing.

4.6.2 SERVICE DELIVERY ACHIEVEMENTS

- Transfer of services from Local Municipalities to the District Municipality was completed during the period of reporting.
- 304 members of the community were reached by health& hygiene education.
- 309 formal & informal food handling premises were inspected and found to be compliant i.e. have Certificate of Acceptability.
- 118 water samples from Water& Non Water services Authorities were found to be compliant with SANS 241.
- 23 Funeral Undertaker premises were inspected and found to be compliant with regulations, i.e. have Certificate of Competence.

4.7 EMERGENCY SERVICES

4.7.1 PREAMBLE:

Ngaka Modiri Molema District Municipality (NMMDM) is the authority in terms of provision Fire Fighting within its area of jurisdiction except Mafikeng Local Municipality area. This is informed by Schedule 4 Part B of the Constitution, Act 108 of 1996. And simplified further by the prevailing Provincial Gazette No: 6648 dated 17 June 2009. Thus NMMDM has been fully managing Ratlou (Setlagole Fire Station), Ramotshere-Moiloa (Lehurutshe Fire Station) and western part of Ditsobotla (Itsoseng Fire Station) Local Municipalities in line with Fire Brigade Services Act 99 of 1987 and other relevant legislations.

4.7.2 ACHIEVEMENTS:

- The Unit managed to transfer Tswaing and Ditsobotla Fire & Rescue Services with effect from 01 March 2012 into NMMDM administration. Thus Tswaing satellite stations have been confined to one 24/7 Fire Station at Delareyville as a start due limited resources. Then Ditsobotla operations continued 24/7 as before.
- Municipality managed to acquire piece of land from Barolong BooRra-Tlou Tribal Authority in Setlagole for the construction of fully fledged Fire Station.
- Municipality managed to secure a stand from Ditsobotla Local Municipality in Itsoseng for the construction of a fully-fledged Fire Station.

4.7.3 CHALLENGES:

- Inadequate budget.
- Equipment
- Human resource
- Incomplete tender process

4.7.4 RECOMMENDATIONS:

- Increase of Fire Service budget from equitable shares.
- Provincial grants support should continue annually and municipality also to account.
- MIG be utilized to construct Fire Stations in prominent areas.
- Appointment of staff on critical posts in line with approved structure.
- Tender processes be speed-up and eventually potential service providers be appointed.

4.8 LOCAL ECONOMIC DEVELOPMENT

4.8.1 DEPARTMENT: GROWTH & ECONOMIC DEVELOPMENT

Department enables the Municipality to develop policies, design programme, and implement project aimed at improving the socio-economic conditions of the district. Due to the rural nature of the district, the Department extends to also include a critical element of rural development aimed at finding ways to improve the lives of rural people. In order to ensure that there is proper planning and monitoring of economic and rural development projects, the departments will also have a unit responsible for research and monitoring.

4.8.2 CHALLENGES

- The Department: Planning & Development (where LED used to reside) had been without an HOD since 2007, this posed challenges to the unit in executing most of critical strategic objectives.
- The Unit had a limited budget, to fund LED projects.
- Capacity within the unit was also a challenge and the LED Manager was also suspended for more than 6 months.
- Programs were not aligned to the IDP

The Organisational Strategic Planning session held in August 2012 brought to birth the Department: Growth & Economic Development where activities of economic development were separated from Planning & Development. This was also to allow the Planning & Development department to focus on pure planning and alignment of programmes and projects to the IDP.

4.8.3 REMEDIAL ACTION TO THE ABOVE CHALLENGES

- The municipality has appointed Senior Manager for Growth & Economic Development since March 2012
- The Department of Economic Development & Tourism seconded an official to assist the municipality since August 2011.
- The Rural Development unit has been established to promote integrated rural development and social upliftment and person in a level of Manager was appointed since November 2011.
- EPWP Coordinator appointed to facilitated the program within the district effectively from February 2012.

ACHIEVEMENTS OF THE DEPARTMENT

PROJECT	OBJECTIVE	STATUS
Development of Growth & Economic Development Strategy (DGDS)	The District Growth & Development Strategy is outdated; however, the activity did not have a vote on the approved budget the assumption was that it will be covered from LED Funds.	The activity is carried out in the 2012/2013 Financial Year and be aligned to the current economic policies.
Introduction of Organic Farming (Eco-Garden project in Tswaing and Ratlou LMs)	The project is piloted in two local municipalities, i.e. Tswaing (Ottosdal) and Ratlou (Kraaipan) Local Municipalities	<ul style="list-style-type: none"> • 33 beneficiaries per local municipality (total 66) have been identified and trained. • Sites are fenced; equipments and protective clothing procured and handed to beneficiaries. • 22 tunnels erected for each project • Registration of Co-operatives is done for Ottosdal, awaiting certificates for Kraaipan
Bio-Fuel study	To maintain existing or new agricultural projects and ensure sustainability	<ul style="list-style-type: none"> • Conducted a study on status of Bio-Fuel within the district, the findings were presented to the Growth & Economic Development Portfolio Committee for decision.
CDW	Support and Facilitation of CDW at District level	<ul style="list-style-type: none"> • MOU signed with Department of Local Government & Traditional Affairs Official assigned has relocated to NMMDM
Exposure of SMME's to other Markets creating business opportunities		<ul style="list-style-type: none"> • Two SMMEs participated at the Tourism Indaba and were assisted with transport and accommodation.
Heritage Walk		<ul style="list-style-type: none"> • 36 people participated at the Heritage Walk • They were assisted with transport to the Walk • Municipality sponsored the Heritage Walk with 100 T-shirts and 100 Squeeze bottles

PROJECT	OBJECTIVE	STATUS
Tourism Associations		<ul style="list-style-type: none"> Assisted Mahikeng Tourism Association with partitioning and painting of office space at the Museum Sponsored Ramotshere Moiloa Tourism Association during their launch
NW Provincial Tourism Awards		<ul style="list-style-type: none"> Participated at the First Provincial Tourism Awards and sponsored SMMEs with Transport to the event. 5 Tourism product owners received awards
Capacity Building through training programmes	To develop entrepreneurial capacity, ensuring legislative compliance whilst creating an enabling local environment that stimulates economic growth and participation	<ul style="list-style-type: none"> 44 SMMEs trained on Basic Entrepreneurship in Tswaing and Ratlou Local Municipalities
EPWP		<ul style="list-style-type: none"> EPWP Coordinator appointed and 4 Contract workers to assist with capturing and reporting of EPWP beneficiaries. 60 beneficiaries appointed for the cleaning of Kanon Kopjie Heritage site and Pothole patching in and around Mahikeng area. 55 beneficiaries identified on Environment and Culture sector for cleaning in Tswaing and induction conducted, however processes overlapped to following financial year for implementation.
LED Stakeholder engagement		<ul style="list-style-type: none"> LED Forum formalised and operational.

CHAPTER 5

ANNUAL PERFORMANCE REPORT: 01 JULY 2011 TO 30 JUNE 2012

CHAPTER 5

ANNUAL PERFORMANCE REPORT 1 JULY 2011 TO 30 JUNE 2012

1. INTRODUCTION

Performance Management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality. Therefore, performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The Municipal System Act (MSA), 32 of 2000, requires municipalities to establish a performance management system. Further, the Municipal System Act and the Municipal Finance Management Act (MFMA); 56 of 2003, requires the Integrated Development Plan (IDP) to be aligned to municipal budget and to be monitored for the performance of the budget against the IDP through the Service Delivery and Budget Implementation Plan (SDBIP)

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 stated that "A municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of different role players". Performance Management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation and as well as external service providers.

2. LEGISLATIVE REQUIREMENTS

In terms of Section 46 (1)(a) of the Municipal System Act a municipality must prepare for each financial year a performance report reflecting the municipality and any service provider's performance during the financial year, including comparison with targets of performance of the previous financial year.

3. STRATEGIC PERFORMANCE

This report highlight the strategic performance in terms of the Municipality's Top Layer Service Delivery and Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Area, performance on National Key Performance Indicators prescribed in terms of section 43 of the Municipal System Act, 2000 and overall performance. Details regarding achievements and challenges will be included in the Annual Report of the Municipality that will be tabled by the Executive Mayor on the 31st of January 2013.

4. THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The SDBIP is a plan that covertly IDP and budget into measurable criteria on how the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibilities to Senior Managers to deliver services in terms of the IDP and Budget. The MFMA circular prescribed that the IDP and Budget must be aligned, the budget must address strategic priorities and the SDBIP should indicate what the municipality is going to do during the next 12 months.



Senior Managers report on the results of the Key Performance Indicators by documenting the following information:

- The actual performance in terms of the set targets.
- The calculations of the actual performance reported. (If %)
- The reasons if the target was not achieved.
- Actions to improve performance against the set targets, if the target was not achieved.

Most importantly Senior Managers are expected to maintain a portfolio of evidence to support actual performance.

5. MONITORING OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

Municipal performance is measured as follows:

- Senior Managers review their performance monthly and quarterly report their performance in terms of the SDBIP to the Municipal Manager
- Quarterly Reports are audited by the Internal Audit
- Audited quarterly reports are submitted to the Performance Audit Committee and then to Council.
- Mid- Year Assessment and submission of the mid-year report to the Executive Mayor in terms of Section 72(1) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.
- This report provides a high level overview; the financial performance will be reported in more detail in the Annual Report as well as in the Annual Financial Statements.

MUNICIPAL TRANSFORMATIONS AND ORGANISATIONAL DEVELOPMENT										
Implement a differentiated approach to municipal financing, planning and support										
Administrative and financial capability										
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
KPA No. 1	Output 1	2010/11 Work Skills Plan	Work Skills Plan Revised	Submit WSP to LGSETA on 29 June 2012	(R 4 000 000)	(R 2 914 432.38)	None	None	Council Resolution	
OUTCOME 9	Output 6	2010/11 WSP	183	226		R 2 405 075.12 (please specify which vote was used for the above YTD expenditure)	Approval of none identified trainings by Managers. Delay in submission of attendance registers	Strict adherence to the approved training needs	Reports from training providers, certificates and Report from Skills Development Office.	
		2010/2011 Internship	Implementation of National Treasury and SAICA	Six Treasury Interns were recruited and all absorbed. Four SAICA Interns were deployed at our Municipality and the Programme was completed.			Lack of corporation from Finance Dept. in terms of submission of reports	Improve internal communication	Progress Report	
	Number of training Committee meetings held	2	4	1			Non attendance of members especially Councilors	Strict application of Councilors Code of Conduct and Council Rules	Minutes of the meeting	
	Application SETA for Learnership funding	2	Approved application	Not achieved	(R 462 043.46)	None	No response from SETA	SETA was engaged to fast track response	Application Letters sent to SETA	
Achieve positive employee climate	Number of employees referred for medical surveillance		165	149	(R 700 000)	(R 598 953.74)	None availability of employees who were referred.	To be referred in the new financial year.	Reports	
	Number of employees trained in terms of OHS		24 to be trained On First Aid 88 members of SHE Team to be trained	19 trained on First Aid 53 Attended raining			2 Failed and the other 5 did not attend None attendance of nominated employees	To be trained in the new financial year To be trained in the new financial year	Reports and attendance registers	

MUNICIPAL TRANSFORMATIONS AND ORGANISATIONAL DEVELOPMENT									
Implement a differentiated approach to municipal financing, planning and support									
Administrative and financial capability									
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
KPA No. 1 OUTCOME 9	Output 1	Implement a differentiated approach to municipal financing, planning and support							
	Output 6	Administrative and financial capability							
	Develop 1st Standard and Procedure Document		1st Aid Standard & Procedure document Developed	1st Aid Standard & Procedure document developed 1st Aid Boxes Procured	Operational	Operational	None	None	1st Aid Standard & Procedure document
	Number of OHS meetings held		4	3	Operational	Operational	Meeting failed due to non attendance of members	Issue schedule of meeting for all diarise the proposed dates	Minutes of the meeting
Achieve positive employee climate	Implementation of the Employees Wellness Programme	BRM Report	Conduct wellness programme for employees	2 employees were referred	(R 539 705)	(R 497 113.70)	None	None	Report
	Number of LLF meetings held	Collective Agreements, 2010/2011 LLF Meetings & Outstanding Grievances	4	3	Operational	Operational	Non availability of members.	Strict adherence to the approved annual schedule by members of the LLF	Minutes of the meeting and the adopted schedule of meetings
Organisational Development	Review the Organisational Structure	2010/2011 Approved Organogram	Finalise amendment of structure and identify Critical posts.	Draft Structure submitted to Council	(R 1 200 000)	(R 1 183 436.16)	Structure not yet adopted by Council	Council to adopt the structure	Council resolution and item
	Number of critical position filled	2011/12 Strategic Outcome	8 Funded Critical Posts	6 Positions filled MMCFO Audit Executive Economic Technical Service Corporate Support	(R 243 440)	(R 2 030.82)	The Planning and Development post was incorporated into Growth & Economic Development Two positions for Project Management and District Public Health and Safety are awaiting approval from Council	Council to finalize appointment	Interview reports and item submitted to Council for approval

MUNICIPAL TRANSFORMATIONS AND ORGANISATIONAL DEVELOPMENT									
Implement a differentiated approach to municipal financing, planning and support									
Administrative and financial capability									
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
Promote accountable, efficient and transparent administration	Number of new HR policies developed	None	Retention Strategy	Retention Strategy finalized	Operational	Operational	Policy Manual not yet adopted by Council	Council to adopt Policy Manual	Draft HRM Policy Manual and item submitted to Council
Promote accountable, efficient and transparent administration	Number of HR policies Reviewed	Adopted Council Policies and practices	HR policies	Draft HRM Policy Manual	Operational	Operational	Policy Manual not yet adopted by Council	Council to adopt Policy Manual	Draft HRM Policy Manual and item submitted to Council
	Number of By-laws Developed	Draft By Laws	9	9 By-laws published for public comments	Operational	Operational	Decision by Corporate Service Portfolio Committee to restart the process of publication and workshops	The By-laws will be approved in 2012/2013	Newspaper advert and drafts By Laws
	Number of Ordinary Council meetings Supported	4	4	8 council meetings held	Operational	Operational	There were 4 additional special meetings held	None	Council Minutes
	Number of portfolio Committee meetings supported	Unknown	88	53 portfolio meetings held	Operational	Operational	Non availability of members.	Strict adherence to the approved annual schedule by members of the portfolio meetings	Minutes of the meeting and the adopted schedule of meetings
	Ensure Safeguarding Of Council Records	Records Management Policy	Reviewed Records Management Policy for approval of File Plan	Not achieved File Plan was adopted by Council	Operational	Operational	No issues raised to inform review of the policy	To be reviewed in 2012/13 financial year	Council resolution and council minutes
Promote accountable, efficient and transparent administration	Building and Maintenance	Unknown	As and when	All maintenance requests were attended to	(R4M)				

MUNICIPAL TRANSFORMATIONS AND ORGANISATIONAL DEVELOPMENT									
Implement a differentiated approach to municipal financing, planning and support									
Administrative and financial capability									
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
KPA No. 1	Output 1	Target Achieved	None	Expenditure documents	(R 1 000 000)	Toyota R3 207 342.00 Isuzu R5 013 716.00 (R8 884 222.83)	Not all departments were catered for.	To procure other fleet in the new financial year.	Delivery note and Proof of Registration and ownership agreements
	Output 6	Transport Policy & Available Fleet	Procurement of Municipal Fleet	13 Toyota and 22 Isuzu Vehicles were procured	(R 1.2M)	(R 1 072 575.76)	Delay on submission of incidents / accidents reports	Ensure adherence to policy.	Policy document. Successful registration of claims.
Promote accountable, efficient and transparent administration	Insurance General	Insured Council Assets	To ensure Comprehensive cover of council Assets	All council assets are fully insured. All claims received were registered	(R5M)	(R4 363 958 .81)	7 outstanding litigations: pending either in Court or at the pre-trial stage	None	Settlement agreements, Awards
	Number of Labour, Criminal & litigation reports submitted to council	2010/11 Case management register	100% attendance	Labour matters: 6 disputes (Labour Court/ SALGBC)01 settled out of Court02 settled at arbitration stages 03 were successfully defendedDisciplinary Hearings: 1615 litigations:13 Litigations(against)02 litigations (in favour)	Operational	Operational	None	None	Copies of SLA
Employment Equity Plan	Compliance with legislation	2010/11 SLAs & MOUs available	Number of Requests Received	16 SLAs & 8 MOUs Developed	(R130 000)	(R103 935.64)	None	None	acknowledgement letter from Dept of Labour
COORDINATION OF SUPPORT: OFFICE OF THE MUNICIPAL MANAGER	Submission of the Employment Equity Plan to the Department of Labour	2010 Employment Equity Plan	EEP submitted to Dept of Labour	EEP submitted January 2012					
Strategic Planning	Develop operational strategy	New	1	Operational strategy developed	R1.5m	R 1 673 915 .06	None	None	Operational Strategy
			1	Resource plan finalised			None	None	Resource Plan

MUNICIPAL TRANSFORMATIONS AND ORGANISATIONAL DEVELOPMENT										
Implement a differentiated approach to municipal financing, planning and support										
Administrative and financial capability										
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
	Output 1	New	1	Risk assessment done by IA			None	None	Risk Assessment report	
	Output 6	New	1	Formats introduced for management of flow of info from MM			None	None	Information format	
Strategic Planning	Develop 5 year strategic plan	New	5 Year Strategic Document	Strategic Document approved			None	None	Council Resolution	
				Marketing of new vision, mission statements and strategic goals (Yellow Friday's, fun day, booklets, banners, flyers, memo covers)					Booklets, flyers and banners	
INTEGRATED DEVELOPMENT PLAN AND PERFORMANCE MANAGEMENT SYSTEM										
Provide Municipal Planning and Performance Management	District IDP/PMS/ Budget Process plan approved by Council	2010/11 District IDP/PMS/ Budget Process plan	Approved District IDP/PMS Budget Process Plan	District Process plan and framework approved by Council in August	Operational	Operational	None	None	Council Resolution	
	Documentation of the 3rd generation 5 year IDP	IDP Review 2011/12	5 Year IDP to be approved by Council in May 2012	Council Approved the 5 Year IDP on the 31st of May 2012	(R 4.3M)	(R 3 989 633.73)	None	None	Council Resolution	
	Support to the 2 category B Municipalities with their IDP	Previous year IDP's	Approved IDP for Ratlou and Tswaing Municipalities	Only Tswaing was assisted and their IDP was approved on the 31st May 2012			None	None	Municipal resolutions	

MUNICIPAL TRANSFORMATIONS AND ORGANISATIONAL DEVELOPMENT									
Implement a differentiated approach to municipal financing, planning and support									
Administrative and financial capability									
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
	2010/11 PMS Framework Reviewed	2009/10 PMS Framework	PMS Framework approved by Council	Council approved the PMS Framework	Operational	Operational	None	None	Council Resolution
	Signed Performance Agreements	2010/11 Performance Agreements	Signed Performance Agreements for the Municipal Manager and Section 56 Managers	Performance Agreements signed on the 9th of September 2011	Operational	Operational	The PMS Unit was not functional, hence the PA were not signed in time	Appoint the Manager PMS to ensure the system is functional	Signed PA
	Number of Quarterly Performance Reports approved by Council	4	4	2	Operational	Operational	Senior Managers positions were vacant for a long time, hence reports not submitted to Council	Appoint the Manager PMS	Council Resolutions
Provide Municipal Planning and Performance Management	2012/2013 Mid Term performance Review	2011/12 Mid Term Performance Review	Approved Mid Term Performance Review	Council approved the Mid Term Performance Review	Operational	Operational	The report will be improved during the submission of Annual Performance Reports	None	Council Resolution
	2011/12 Annual Report adopted by Council	2010/11 Annual Report	Approved Annual Report	Incomplete annual report submitted to Council	Operational	Operational	Awaiting the AG's Report	Submit letter to AG regarding outstanding reports	Council resolution
	Number of 2011/12 MPAC Report submitted	2010/11 Oversight Report	Approval of the MPAC Report by Council	Not achieved	Operational	Operational	Awaiting the AG's Report	Submit letter to AG regarding outstanding reports	
INFORMATION TECHNOLOGY									
Improve Technology Efficiency	Develop ICT document management strategy	No document management system	Approved ICT document management system	Service Provider appointed to develop the plan	(R1.6M)	(R 1 503 968.28)	Delay in the roll out to users	None	Letter of Appointment of SP
	Establish IT Help Desk	No IT Help Desk	IT Help Desk Established	IT Help Desk operational					Letter of Appointment of SP

MUNICIPAL TRANSFORMATIONS AND ORGANISATIONAL DEVELOPMENT									
Implement a differentiated approach to municipal financing, planning and support									
Administrative and financial capability									
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
	Procure IT Equipments		Laptops Desktop Printers	55 Laptops 35 Desktops 20 Printers	(R 1.9M)	(R 1 671 945.68)	None	None	
	Turnaround time to address IT related queries	24hrs	24hrs	Head Office less than 3hrs Regional Offices outside Matikeng 48hrs within Matikeng 24 hrs	Operational	Operational	None	None	Form filled by officials

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT									
Improving access to basic services									
Actions supportive of the human settlement outcome									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
WATER									
Provision of adequate Water	Development of Viable Water Services Provision Model developed	Draft assessment	Viable water service provision model developed	Water service provision model approved by Council on the 8th December 2011	R0.35m	R125 210.97	Target achieved	None	Minutes of the Mayoral Committee and Council
	New Water Service Development plan	2009-10 WSDP	Water Service Development pal approved by Council	Strategies has been Formulated and Projects Identified, Information included in the 2012/16 IDP	R2.5m	(R 2 499 045.47)	Target achieved	None	IDP 2012/16
	WC/WDM Investigation Report	New	Approved WC/WDM Report for Matikeng Urban, Itsoeng and Tswaing by 30 June 2012	Final Report approved	R1.5m	(R 1 431 086.44)	Target achieved	None	WC/WDM Report
Provision of adequate Water	Number of household provided with water	600	600	657 at Matikeng peri-urban	R3 850 000	R4 623 0365.53	Exceeded the target	None	Report
	Number of villages supplied with water through tinkering due to non-availability of water supply infrastructure	66 Villages	66 villages	77 Villages supplied with water (729 x 10 Kl Water Storage Tanks)	R28 000 000	R34 034 288.37	Exceeded the target	None	Log sheet approved by MM (Confirmation letter by relevant Councilors
	Development drinking Water Sampling Programme	New	Approved Sampling Programme by 30 June 2012	DWQM Sampling Programme approved by Council	R 300 00	R 300.00	Target	None	Sampling programme and council resolution
	Water quality assessments conducted (Blue Drop Assessment)	2010/11 Assessment Report	30% Score Assessment for Green Drop Assessment	41 % Blue Drop Performance			Exceeded the target	None	Blue Drop results
	WWTW Infrastructure Operations and Maintenance (Green Drop Assessment)	2010/11 Assessment Report	30% Score Assessment for Green Drop Assessment	Data Collation in Progress , assessments due September 2012	R20M	(R19 773 229.13)	None	None	Data Sheets and final results
Provision of adequate water	Development Water Safety Plan	New	Approved Water Safety Plan by 30 June 2012	3 Draft Water Safety Plans developed	R50 000	0	Target achieved	None	Copies of safety plans submitted to DWA

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Outcome 9										
Output 2										
Improving access to basic services										
Actions supportive of the human settlement outcome										
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
	Number of water samples at the reservoir	New	240 water samples	280 water samples, testing and analysis	Operational	Operational	Exceeded the target	None	Lab report	
	Number of water samples at the source	New	120	165	Operational	Operational	Exceeded the target	None		
Number of water samples at point of use	New	240 water samples	300 water samples at point of use	Operational	Operational	Exceeded the target	None	DWQM Report to DWA		
	Number of water samples at Waste Water Treatment Works	New	96	96	Operational	Operational	Target achieved	None	Sample report	
	Number of water samples at Water Purification works	New	75	75	Operational	Operational	Target achieved	None	Sample report	
	Number of Updated e-QWMS report	None	12	12 e-QWMS report	Operational	Operational	Target achieved	None	Updated e-QWMS	
Provision of adequate Water	% of water related queries resolved within 48hrs (constant)	None	85% of all water related consumer queries resolved within 48 hrs	99% of all water related consumer queries resolved within 48 hrs	Operational	Operational	Exceeded the target	None	Operation and Maintenance Reports and Spot Checks	
	% of malfunctioning pumps addressed within 48hrs (constant)	None	95% of malfunctioning pumps repaired/ replaced within 48hrs	95% of all burst pipes reported resolved within 48 hrs	Operational	Operational	Target achieved	None	Operation and Maintenance Reports and Spot Checks	
	% of lister engines breakdowns resolved within 48hrs (Constant)	None	85% of all lister engines breakdowns resolved within 48hrs	100% of all lister engines breakdowns addressed	Operational	Operational	Exceeded the target	None	Maintenance report	
	Number of lister engines sent for major repairs and maintenance	None	105	105 Lister engines repaired and maintained and 63 new engines distributed	Operational	Operational	Target achieved	None	Operation and Maintenance Reports and Spot Checks	
	Number of boreholes maintained (breakdown) within 24hrs	None	108	108	Operational	Operational	Target achieved	None	Operation and Maintenance Reports and Spot Checks	

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Improving access to basic services										
Actions supportive of the human settlement outcome										
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
	% of consumer tokens issued against requested within 24hrs	None	95% of consumer tokens requested issued within 24 hrs	100% consumer tokens issued	Operational	Operational	Target achieved	None	Operation and Maintenance Reports and Spot Checks	
	Number of water supply schemes undergoing refurbishment	Assessment Report	6 Water Supply Schemes by June 2012	Not achieved	Operational	Operational	Refurbishment to be done next financial year	SCM to expedite evaluation process	None	
Provision of adequate water	Geo-hydrological Report for Ratiou Bulk Water Supply Scheme of NMMDM	Terms of reference	Approved Geo-Hydrological Report by 30 June 2012	Geo-Hydrological report finalised	R1.3m	R1 290 145.00	Target achieved	None	Geo-hydrological Report	
	Feasibility Report for Regional Bulk Water Supply Scheme of NMMDM	WSDP Report 2009/2010	Approved Feasibility report	Feasibility report completed	Operational	Operational	None	None	Feasibility report	
SANITATION										
Provision of adequate Sanitation	Number of household served with sanitation facilities at Tswaing Informal Settlements	Design Report	200	Not achieved	(R3M)	(R395 000.000)	Target not achieved	Fast track project execution		
	Number of Household served with sanitation facilities at Groot Marico	Design Report	600	Due to available approved budget only 200 dry on plot sanitation facilities were constructed as at 30 June 2012	R2.5m	(R1 917 210.00)	Limited budget	The project will be completed in the 2012/13 Financial Year, and funding has been made available from the equitable share	Appointment letter	
Provision of adequate Sanitation	Number of plant operators trained	None	30	30	Operational	Operational	Target achieved	None	Operations and maintenance report	
	Development of Coligny Night Soil Ponds	Design report	Coligny Night Soil ponds developed	Coligny Night Soil ponds developed	Operational	Operational	Target achieved	None	Final Report	
Provision of adequate Sanitation	Number of WWTW refurbished	Assessment report	4 WWTW	Not achieved	Operational	Operational	Target not achieved	SCM to expedite evaluation process	Progress report	
ROADS										

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Improving access to basic services										
Actions supportive of the human settlement outcome										
Corporate Objectives	Key Performance Indicator	Output 2	Output 4	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
Construction and Maintenance of District Roads	Km of Roads maintained (Routine Maintenance)	692.6 km	692.6 km bladed by 30 June 2012	Not achieved The budget was spent on internal roads construction in Mafikeng, Ramotshere Moiboa and Ratlou LM	R7m	(R 9 672.084.39)	The maintenance programme was temporarily suspended to prioritize roads in Mafikeng peri-urban	Engage the municipality to increase their maintenance budget	None	
	Km of Roads re-gravelled (periodic maintenance)	20km	20 km re-gravelled by June 2012	5.9km						
	Km of new local roads constructed	0	0	562.5 km			Exceeded the target	None	None	
	Km of road construction at Modimola	Preliminary Design	7km	80% of construction completed	(R14 926 911)	(R 16 989 913.85)	Target achieved	None	Progress report	
TRANSPORTATION ENGINEERING										
Construction and Maintenance of District Roads	Number of storm water master plan developed	New	5 Approved Storm Water Master Plan by 30 June 2012	5 Approved Master Plan	(R0.00)	(-R144 675.47)	Target achieved	None	Council resolution	
PROJECT MANAGEMENT UNIT										
Ensure management of project within the District	Number of Project Managed	73 water and sanitation projects	Design Completed 31 Construction Completed 41 Retention Release 11	Design Completed 29 Construction Completed 19 Retention Release 11	R 295 889 850.00	R 220136 476.46	R 75 753 373.54 (Variance) Delayed transfer of funds by DBSA; misallocation on budget fund to projects associated with DBSA funding.	Facilitated	Financial Reports, DoRA Reports Grant Performance Reports.	
	Number of project meetings held	Zero based	9 performance meetings	8 PERT meetings	Operational	Operational	Monday start-up meetings were held instead PERT, Critical Path tactic.	Ramp up financials	Meeting Minutes	
Ensure management of projects within the District	Number of project reconciliation conducted	73 water and sanitation projects are reconciled with Gantt + Budgets	41 projects in construction 31 projects at design, underwent financial-PCM reconciliation	Design Completed 29 Construction Completed 19 Retention Release	R 295 889 850.00	R 220136 476.46	The total DBSA loan was reflected as income for FY2011/12, this did not materialise as income	Claimed expenditure (R42 552 546.97) for FY 2011/12 against the DBSA loan. The remaining balance (R110 147 453.03) was projected for FY 2012/13	PMU Financial Reconciliation, Technical Validation Report, Management Progress Report	

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT									
Improving access to basic services									
Actions supportive of the human settlement outcome									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
	Number of Project progress reports submitted	Zero based logic: PMU implementation plan	On-going : Construction-41 Designs -31 Retention -9	Design Completed 29 Construction Completed 19 Retention Release	Operational	Operational	None	None	PERT Action list Monthly Project progress Report
	Number of MIG Quarterly reports submitted	4 Quarterly MIG reports for 2011/12	4 Quarterly MIG reports	4 Quarterly MIG reports	Operational	Operational	None	None	4 Quarterly MIG reports
	Number of project handed over to beneficiaries	2010/11 Data not available	Targeted 13 projects to be handed over	15	Operational	Operational	None	None	Register of Handover projects
Ensure management of projects within the District	Number of PMU meetings held with Local	Ad-hoc	6 Annual bi-monthly meetings for all LM	3 meetings held at all 5 LM's	Operational	Operational	None	Establish Technical Forum sessions and intend to share deliberations with immediate Line-MM + Exec Mayors	Correspondence to all MM's and Technical Directorate on the outlined purpose of the forum and desired value.
	Performance of external service Providers	Pending on-going validation with SCM, BEE category of SP's	Zero based targeting:37 Consultants 19 Contractors	Consultants: R57 652 148,91 Contractor: R165 250 205,18	R222 902 354,09	R220 136 476,46	None	None	Annual statements
MUNICIPAL HEALTH									
Provide Municipal Health	Number of health awareness campaign conducted	New	5	5	(R50 000)	(R 1 218,00)	None	None	Attendance Register
	Number of health inspection conducted	244	400 premises monitored comply with R918 i.e have Certificate of Acceptability	305	Operational	Operational	None	Finalization of the MHS transfer to the District by Mahikeng & Ramotshere Moiloa & appointment of additional staff	Inspection reports
	Number of water samples analysed	600	600	74 samples analysed comply	R200 000	(R19 717,44)	The set target was ambitious	Set target that are achievable	Samples results

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Improving access to basic services										
Actions supportive of the human settlement outcome										
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
	Develop Integrated Waste Management Plan	No IWMP	Approved IWMP by Council	Bids were invited	R750 000		Process delayed by SCM process	Re-advertise in the new financial year	Advert	
	Number of funeral undertaker premises inspected	40	60 Funeral Undertakers inspected	20 inspections conducted and comply with Regulation 237	Operational	Operational	None	Finalisation of MHS transfer	Inspection reports	
DISASTER MANAGEMENT										
To ensure sufficient Disaster management capacity in the District	Number of disaster volunteer units established	New	4 Units to be established at Mahikeng, Ratiou, Ditsobotla & Tswaing by 30 June 2012	Not achieved	(R1.5M)	(R 3 456 759.54)	Advertisement for the cadets was done on the 07/ March and 22/ March of 2012. The memos for the formation of selection panel and appointment of cadets were forwarded to the Office Corporate Support Services.	Units will be functional on the 1st quarter of 2012/13	Copies of memos	
To ensure sufficient Disaster management capacity in the District	Number of disaster awareness campaign conducted	two (2) awareness campaign conducted	Ten (10) awareness campaigns conducted by the end of 2011/12.	Two (2) campaigns - Ramotshere Moiboa and Mahikeng Local Municipalities	R500 000	R327 000	None	None	Attendance register	
To ensure sufficient Disaster management capacity in the District	Development of Level 2 Disaster Management Plan	Disaster Management Level one (1) plan in place	Disaster Management Plan Level 2 Approved by Council	Not Achieved	(R100 000)	R100 000	Delay in the SCM process	Start the new process in the new financial year	None	
To ensure sufficient Disaster management capacity in the District	Improve disaster management communication network	No two way radio communication and relevant IT systems for DM.	Fully flashed and operational network communication system for disaster and emergency services by the end of 2011/12.	Not achieved	(R2M)	(R1 115 507.78)	None	IT Department is assisting by acquire two (2) way radio and communication systems to cover the entire district.	None	

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT									
Improving access to basic services									
Actions supportive of the human settlement outcome									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
	Establishment of Inter-Departmental Disaster Committee	New	Functional Interdepartmental Disaster Committee.	Not Achieved	Operational	Operational	None	Terms of reference are developed and submitted to council for adoption.	None
FIRE FIGHTING SERVICES									
Provide Fire Fighting Services	Procurement of fire engine and other equipments	Inadequate fire equipments and machinery	8 Fire Engines 5 Jaws of Life	0 Fire Engines 2 Jaws of Life	R13 655 000	R204 480	None	Procure the engine in the next financial year	Copy of expenditure documents
	Transfer of Fire Services from Local to District	Fire Fighting Services still within Locals Administrations	Ditsobotla & Tswaing Fire Services transferred to the DM	Both Services transferred on the 1st of March 2012	Operational	Operational	Target achieved	None	Minutes, draft MOU, Report to MM, Consent Forms
	Establishment of Zeerust Satellite Fire Station	New	Functional Zeerust Satellite Fire Station by June 2012	Not fully achieved Consultative meetings held with Ramotshere Moiboa LM	Operational	Operational	MOA not signed	Ensure that the MOA are signed in the new financial year	Minutes of meetings
	Launch of Tswaing FPA	New	Launched Tswaing FPA	Tswaing FPA launched on 22 June 2012	Operational	Operational	Target achieved	None	Approval certificate
	Relocate Itsoeng Fire Station	Operating from leased property	New Site Porta-Camp Purchased	Application for new site submitted to municipality SCM Process for Porta-Camp	R800 000		None	SCM Process to be expedited	Application Letter and Specification documents
KPA No. 3 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Prepare budget aligned to the IDP	Budget Process Plan	11/12 budget process	Budget process plan approved by Council on 30/08/2011	Budget process plan submitted by 31st August 2011	Operational budget	Operational budget	Strict compliance to the set timelines	Interim budget and IDP steering committee established	Budget process plan
	Number of budget steering committee meeting held	New	4 budget steering Committee meetings	3 budget steering committee meetings held	Operational budget	Operational budget	Budget Committee not formally appointed for the year	Interim budget and IDP steering committee established	Minutes of the meeting

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Outcome 9										
Output 2										
Output 4										
Key Performance Indicator										
Corporate Objectives	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence		
	Dora baseline figures in place	Draft budget tabled before 31 March 2012	Draft presented by the 31st 2012	Operational budget	Operational budget	None	None	Council Resolution		
	Stan to assist with information	Draft budget advertised immediately after approval	Advertised as prescribed	Operational budget	Operational budget	None	None	Proof of advertisement		
	Draft Budget tabled	Budget approved on 31 May 2012	Final budget approved by 31st May 2012	Operational budget	Operational budget	None	none	Council Resolution		
	Number of budget related policies reviewed and developed	5 policies reviewed and developed	Not achieved	Operational budget	Operational budget	Capacity challenges	Prioritised for the 12/13	12/13 technical SDBIP		
	Number of section 71 reports submitted to MAYCO	12 Section 71 Reports submitted to MAYCO on a monthly basis	12 Section 71 Reports submitted to MAYCO on a monthly basis	Operational budget	Operational budget	Limited capacity within the reporting unit	A capacity building programme has been developed	Council Resolution		
	Number of section 52 reports submitted	4 section 52 reports	Achieved	Operational budget	Operational budget	Limited capacity within the reporting unit	Ensure submission in the next financial year	Council Resolution Register		
	Section 72 report and adjustment budget	Section 72 report and adjustment budget by 31st January 2012	Section 72 report and adjustment budget by 31st January 2012	Operational budget	Operational budget	Limited capacity within the reporting unit	A capacity building programme has been developed	Council Resolution		
To ensure that the bank balance is accurate, valid and complete	10/11 Reports	12 monthly bank reconciliation performed	Achieved	Operational budget	Operational budget	Limited capacity within the income and expenditure unit	A capacity building programme has been developed	File in Registry		
To ensure timeous submission of financial statements	10/11 Reports	Annual Financial Statements submitted to Council on or before 31 August 2011	One set of Annual Financial statements submitted January 2012	Operational budget	Operational budget	Limited capacity within the income and expenditure unit	A capacity building programme has been developed	None		
To capacitate staff at finance with management skills and competencies	5 previous interns permanently absorbed by the Municipality	5 appointed by 30th June 2012	5 interns appointed	R 1, 250 000. Financial Management Grant	R 619 021.13	Lack of comprehensive plan to address grant conditions	To develop a plan for 2012/13	Appointment letters		

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT									
Improving access to basic services									
Actions supportive of the human settlement outcome									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
Preparation of VAT reconciliation	Number of VAT reconciliation and returns conducted	10/11 financial returns done	12 monthly VAT returns done	12 returns submitted	Operational budget	Operational budget	Invoices which do not comply with the minimum requirements	A standard checklist has been developed	VAT returns
	Number of SCM reports submitted to Council	New	4 Quarterly reports	1 consolidated reports submitted	Operational budget	Operational budget	Capacity problems within the SCM unit	A capacity building programme has been developed	Consolidated report
KPA No. 4 LOCAL ECONOMIC DEVELOPMENT									
To promote and enhance tourism in order to become a destination of a choice	Number of tourism association established and resuscitated		5	Ramotshere is operational Mafikeng resuscitated	Operational	Operational	None	Will not be able to establish at Tswaing, Ratlou because there is no tourism activities in those area	Minutes of the meetings and report of the launch
Promote LED	District Rural Development Strategy Developed	New	Approved Rural Development Strategy	Not achieved	R750 000	R 156 180.00	None	The strategy will developed in the next financial year	None
	Review of LED Strategies for the district	LED Strategy in place	Approve reviewed LED Strategy	Not achieved	R 0.00	R0.00	None	The strategy will be reviewed in the next financial year	None
	Number of LED Forums established		6	Mafikeng & Ramotshere functional	Operational	Operational	Due to lack of cooperation 3 municipalities not established	Engage municipalities	Minutes of the meeting and terms of reference
To maintain existing or new agricultural projects and ensure sustainability	Study on the production of bio-fuel	new	Research document on the production of bio fuel	Study finalised and submitted to MM and LED Portfolio Committee	R200 000	R190 000	None	None	Research document

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Improving access to basic services										
Actions supportive of the human settlement outcome										
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
To maintain existing or new agricultural projects and ensure sustainability	Number of organic farming	new	3	Consultation done with Ratlou and Tswaing LMs	R8m	R7 998 200.00	None	None	SLA & Appointment letter	
				Site cleared and fenced at Ratlou					Progress Report	
				Project Manager appointed and on site					List of beneficiaries	
				33 beneficiaries identified and trained (where)						
				Working equipment and protective clothing procured and handed over to beneficiaries					Working tools on site	
	Number of agriculture forum established		5	2 Agriculture Forum established	Operational	Operational	None	Establish other forums in the next financial year	Minutes of the meeting	
SMME Support	Number of SMME's capacitated		50	25 at Tswaing and 25 at Ratlou trained on Basic Entrepreneur Skill	Operational	Operational	Target achieved	None	Training reports	
Promote LED	Number of jobs created through EPWP		250	275	R750 000	R554 450	Target exceeded	None	Reports submitted to Department of Public Works	
Promote spatial planning	Establishment of E-GIS Shared Service Model		Approved E-GIS shared services Model	Not Achieved SCM process finalised	R300 000	0	None	The project will be finalized in the next financial year		
	Spatial Data Collection		Data sets, maps	Collection of the latest imagery, aerial photographs	Operational	Operational	Request sent to National Geospatial Information to update NIMDM data	None	Letters sent to National	

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT									
Improving access to basic services									
Actions supportive of the human settlement outcome									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
	Review the Spatial Development Framework	Spatial Development framework approved in 2005	Approved Spatial Development Framework	Dept of Rural Development & Land Reform appointed a Services Provider	R2m (Budget from Rural Development)	The Service Provider was paid directly by Department of Rural Development	The project is on the right track	None	Progress report
KPA No. 5 GOOD GOVERNANCE AND COMMUNITY PARTICIPATION									
COMMUNICATION									
Enhance communication	Number of branding and promotional material developed	New	8	6	R50 000	(R 192 000)	None	Ensure the target are achieved	Samples
	Number of official photos taken	New	16	14	Operational	Operational	None	Ensure the target are achieved	Copies
	Number of speeches written for the Mayor	New	16	8	Operational	Operational	None	Ensure the target are achieved	Copies
	Number of media release/liason	New	14	5	Operational	Operational	None	Ensure the target are achieved	Copies of statement
	Number of quarterly newsletter published	Number of newsletter for the previous year	4	1	R400 000	(R 381 356.00)	None	Ensure the target are achieved	Copy of newsletter
	Communication strategy developed	New	Approved communication strategy	Not achieved	R850 000	(R 348 600.00)	None	Develop the strategy in the next financial year	None
INTERNAL AUDIT									
To ensure internal business excellence within NMMDM	Number of SLA signed	Adopted 2004/2005 SLA's	5 Signed Service Level Agreements	Not Achieved			SLA not signed, because the municipalities were not satisfied with the service from the District	Engage the Municipalities to sign SLA	None
	Number of risk assessment reports	Adopted 2009/2010 Risk Assessment Reports	5 Risk Assessment Reports and Reports	4 Risk Assessment reports finalized (Tswaing, Ratlou, Ditsobotla & Ramotshere)	Operational	Operational	Risk Assessment for NMMDM is incomplete due to lack of corporation by Finance Department.	Engage the outstanding municipality	Attendance Registers, Risk Assessment Report and Risk Register Reports

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Improving access to basic services										
Actions supportive of the human settlement outcome										
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
	Number of internal audit plans developed	Approved 2011/2012 Audit Plan	5 Internal Audit Plans approved	4 Audit plan approved by the audit committee 20 Feb 2012 (Mafikeng, Tswaing, Ramotshere & Ditsobotla	Operational	Operational	None	Engage the outstanding municipality	Audit Plans & Council Resolution	
	Number of internal audit reports	Approved 2009/2010 Internal Audit Reports	15 Internal Audit Reports	13 Internal Audit Reports	Operational	Operational	None	None	Internal Audit reports & Council Resolution	
To ensure internal business excellence within NMMDM	Review Internal Audit Charter	Approved 2009/2010 Audit Charter	Reviewed Internal Audit Charter approved	Approved Internal Audit Charters in place Internal Auditing, Code of Ethics and the Standards set out in the Internal Audit Charter	Operational	Operational	Target achieved	None	Approved Internal Audit charter by the Audit committee	
	Number of Service Level Agreements signed with Audit Committee members	Approved 2007/2008 Contracts of Audit Committee	5 Signed Service Level							
Agreements.	Signed service level agreements	Operational	Operational	Target achieved	None	SLA's				
	Review Audit Committee Charter	Approved 2009/2010 Audit Committee Charter	Audit Committee Charter approved	Audit Committee charter reviewed	Operational	Operational	Achieve the target	None	Copy of the approved Audit Committee Charter	
	Number of audit committee meetings held	None	6 Audit Committee Meetings	3	Operational	Operational	The unit was not operational	Ensure the unit is functional in order to perform their function	Minutes of the meeting	
	Number MPAC meetings held	No AG's Reports for two financial years	4 MPAC meetings	1	Operational	Operational	AG's report for two financial years pending	Submit letter to AG regarding the reports	Minutes of the meeting	
OFFICE OF THE MAYOR										

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT									
Improving access to basic services									
Actions supportive of the human settlement outcome									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
Mobilise effective support for political leadership	Number of Mayoral Committee meetings held		11	7	Operational	Operational	None	None	Signed Minutes
	Number of portfolio committee meetings held		88	46	Operational	Operational	Items were not submitted and workshop arranged by the Provincial Dept clashed with the dates of the meetings	Ensure that the scheduled meetings take place	Signed Minutes
	Number of Mayoral Imbizos		5	Not achieved	(R1.5M)	(R 381 627.19)	Due to the tight scheduled of IDP Process the Imbizo were not conducted	Ensure that all scheduled Imbizo take place	None
	Number of consultative meetings with Religious Groups		3	2	Operational	Operational	Schedules meeting was postponed due to IDP Process	Ensure that the scheduled meetings take place	Minutes of the meeting
	Mandela Day commemoration		1	Held on the 18th of July 2011 Donated 2 VIP To a school	R250 000		None	None	Report
	Transversal programme		1 Youth Summit 1 Women Seminar	12-14 August Youth summit 24 August Women seminar	No indication of budget utilized		None	None	Reports and attendance register
	Number of HIV/AIDS awareness programme		1	International Aids day held at Ventersdorp organised by the Province	R200 000	(R 195 000.00)	None	none	Report
Mobilise effective support	Ngaka Modiri Molema memorial lecture		1	Held on 9 December 2011	(R3.5M)	R2 194 907.51	None	none	Video Clips
Mobilise effective support for political leadership	Number of Mayoral bursaries awarded		25	80 Marikeng 19 RM = 16 Ratlou = 15 Ditsobotla = 17 Tswaing = 13					Proof of payment

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
OUTCOME 9										
Output 2										
Improving access to basic services										
Actions supportive of the human settlement outcome										
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence	
	Establishment of Special Project Forum within 5 Municipalities	New	5	Not achieved	Operational	Operational	Arranged meetings failed	Interaction with Municipal Mayors to support the initiative	None	
	Number of Mayoral award held		1 for best performing students	Partially achieved only assisted with hiring of venue and other logistical arrangements	R300 000	(R 22 166.53)	None	None	Report	
OFFICE OF THE SPEAKER										
Deepen Democracy	Number of Council meetings held	4	4	5 Council 8 Special Council meeting	Operational	Operational	Target exceeded	None	Council register	
Deepen Democracy	Develop Council Calendar	New	1 Council Calendar developed	Council Calendar finalised	Operational	Operational	Target achieved	None	Copy of Calendar	
Capacity Building	Number of Councilors capacitated	40 Councilors 4 Traditional Leader	41 Councilors 6 Traditional Leaders	31 Councilors and 2 Traditional Leader trained on Basic Computer 11 MPAC members Trained	(R 200 000)	(R177 021.49)	None	Engage the Skill Development Facilitator and submit training needs	Training report	
Capacity Building	Number of ward committees trained	New	101	101 Ward Secretaries trained on Minutes taking 31 Ward Committee members trained on Project Management	Operational	Operational	Target achieved	None	Training Reports	
Community Participation	Number of Functional ward committees	89	101	101 Ward Committee are functional	(R 1.15M)	(R 778 032.60)	Target achieved	None	Establishment Reports	

KPA 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT									
Improving access to basic services									
Actions supportive of the human settlement outcome									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges/ Comments	Corrective measure	Evidence
	Number of public participation meetings held	None	10 meetings	5- Traditional Leaders 4- Religious leaders 1-Ward Committee members 1-School children			Target achieved	None	Attendance register
	Number of speaker forum held	New	4	3			None	None	Minutes of the meeting
Community Participation	Number of Anti Corruption meetings held	New	4	4	Operational	Operational	None	None	Attendance Register & Report
	Number of anti corruption campaign held	New	1	1	Operational	Operational	None	None	Attendance Register & Report
	Number of the IDP/ Budget/ PMS Representative Forum meetings held		10	14 meetings held	Operational	Operational	None	None	Minutes of the meetings

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Implement a differentiated approach to municipal financing, planning and support									
Administrative and financial capability									
Single window of coordination									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges	Corrective measure	Evidence
KPA No. 3	Output 1	11/12 budget process	Budget process plan approved by Council on 30/08/2011	Budget process plan submitted by 31 st August 2011	Operational budget	Operational budget	Strict compliance to the set timelines	Interim budget and IDP steering committee established	Budget process plan
OUTCOME 9	Output 6	New	4 budget steering Committee meetings	3 budget steering committee meetings held	Operational budget	Operational budget	Budget Committee not formally appointed for the year	Interim budget and IDP steering committee established	Minutes of the meeting
	Output 7	Dora baseline figures in place	Draft budget tabled before 31 March 2012	Draft presented by the 31 st 2012	Operational budget	Operational budget	None	None	Council Resolution
		Stan to assist with information	Draft budget advertised immediately after approval	Advertised as prescribed	Operational budget	Operational budget	None	None	Proof of advertisement
		Draft budget not approved by Council	Budget approved on 31 May 2012	Final budget approved by 31 st May 2012	Operational budget	Operational budget	None	none	Council Resolution
		5 policies reviewed and developed	Policies reviewed and developed	Not achieved	Operational budget	Operational budget	Capacity challenges	Prioritised for the 12/13	12/13 technical SDBIP
		10/11 Reports	12 Section 71 Reports submitted to MAYCO on a monthly basis	12 Section 71 Reports submitted to MAYCO on a monthly basis	Operational budget	Operational budget	Limited capacity within the reporting unit	A capacity building programme has been developed	Council Resolution
		10/11 Reports	4 section 52 reports	Achieved	Operational budget	Operational budget	Limited capacity within the reporting unit	Ensure submission in the next financial year	Council Resolution Register
		10/11 Reports	Section 72 report and adjustment budget by 31 st January 2012	Section 72 report and adjustment budget by 31 st January 2012	Operational budget	Operational budget	Limited capacity within the reporting unit	A capacity building programme has been developed	Council Resolution

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
Implement a differentiated approach to municipal financing, planning and support									
Administrative and financial capability									
Single window of coordination									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges	Corrective measure	Evidence
To ensure that the bank balance is accurate, valid and complete	Number of bank reconciliation conducted	10/11 Reports	12 monthly bank reconciliation performed	Achieved	Operational budget	Operational budget	Limited capacity within the income and expenditure unit	A capacity building programme has been developed	File in Registry
To ensure timely submission of financial statements	Submission of financial statements	10/11 Reports	Annual Financial Statements submitted to Council on or before 31 August 2011	One set of Annual Financial statements submitted January 2012	Operational budget	Operational budget	Limited capacity within the income and expenditure unit	A capacity building programme has been developed	None
To capacitate staff at finance with management skills and competencies	Number of financial interns on two year contract	5 previous interns permanently absorbed by the Municipality	5 appointed by 30 th June 2012	5 interns appointed	R 1, 250 000. Financial Management Grant	R 619 021.13	Lack of comprehensive plan to address grant conditions	To develop a plan for 2012/13	Appointment letters
Preparation of VAT reconciliation	Number of VAT reconciliation and returns conducted	10/11 financial returns done	12 monthly VAT returns done	12 returns submitted	Operational budget	Operational budget	Invoices which do not comply with the minimum requirements	A standard checklist has been developed	VAT returns
	Number of SCM reports submitted to Council	New	4 Quarterly reports	1 consolidated reports submitted	Operational budget	Operational budget	Capacity problems within the SCM unit	A capacity building programme has been developed	Consolidated report

LOCAL ECONOMIC DEVELOPMENT									
Output 1 Implement a differentiated approach to municipal financing, planning and support									
Output 6 Administrative and financial capability									
Output 7									
Single window of coordination									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges	Corrective measure	Evidence
To promote and enhance tourism in order to become a destination of a choice	Number of tourism association established and resuscitated		5	Ramotshere is operational Mafikeng resuscitated	Operational	Operational	None	Will not be able to establish at Tswaing, Ratlou because there is no tourism activities in those area	Minutes of the meetings and report of the launch
Promote LED	District Rural Development Strategy Developed	New	Approved Rural Development Strategy	Not achieved	R750 000	R 156 180.00	None	The strategy will be developed in the next financial year	None
	Review of LED Strategies for the district	LED Strategy in place	Approve reviewed LED Strategy	Not achieved	R 0.00	R0.00	None	The strategy will be reviewed in the next financial year	None
	Number of LED Forums established		6	Mafikeng & Ramotshere functional	Operational	Operational	Due to lack of cooperation 3 municipalities not established	Engage municipalities	Minutes of the meeting and terms of reference
To maintain existing or new agricultural projects and ensure sustainability	Study on the production of bio-fuel	new	Research document on the production of bio fuel	Study finalised and submitted to MM and LED Portfolio Committee	R200 000	R190 000	None	None	Research document
To maintain existing or new agricultural projects and ensure sustainability	Number of organic farming	new	3	Consultation done with Ratlou and Tswaing LMs	R8m	R7 998 200.00	None	None	SLA & Appointment letter Progress Report List of beneficiaries Working tools on site
				Site cleared and fenced at Ratlou					

LOCAL ECONOMIC DEVELOPMENT									
Output 1 Implement a differentiated approach to municipal financing, planning and support									
Output 6 Administrative and financial capability									
Output 7 Single window of coordination									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges	Corrective measure	Evidence
				Project Manager appointed and on site					
				33 beneficiaries identified and trained (where)					
				Working equipment and protective clothing procured and handed over to beneficiaries					
	Number of agriculture forum established		5	2 Agriculture Forum established	Operational	Operational	None	Establish other forums in the next financial year	Minutes of the meeting
SWME Support	Number of SMME's capacitated		50	25 at Iswaving and 25 at Ratlou trained on Basic Entrepreneur Skill	Operational	Operational	Target achieved	None	Training reports
Promote LED	Number of jobs created through EPWP		250	275	R750 000	R554 450	Target exceeded	None	Reports submitted to Department of Public Works
Promote spatial planning	Establishment of E-GIS Shared Service Model		Approved E-GIS shared services Model	Not Achieved SCM process finalised	R300 000	0	None	The project will be finalized in the next financial year	
	Spatial Data Collection		Data sets, maps	Collection of the latest imagery, aerial photographs	Operational	Operational	Request sent to National Geospatial Information to update NMMDM data	None	Letters sent to National
	Review the Spatial Development Framework	Spatial Development framework approved in 2005	Approved Spatial Development Framework	Dept of Rural Development & Land Reform appointed a Services Provider	R2m (Budget from Rural Development)	The Service Provider was paid directly by Department of Rural Development	The project is on the right track	None	Progress report

KPA No. 4	LOCAL ECONOMIC DEVELOPMENT									
OUTCOME 9	Output 1 Implement a differentiated approach to municipal financing, planning and support									
	Output 6 Administrative and financial capability									
	Output 7									
	Single window of coordination									
Corporate Objectives	Key Performance Indicator	Base line	Annual target	Actual performance	Allocated budget	YTD Expenditure	Challenges	Corrective measure	Evidence	

KPA No. 5	GOOD GOVERNANCE AND COMMUNITY PARTICIPATION								
OUTCOME 9	Implement a differentiated approach to municipal financing, planning and support								
	Implementation of the Community Work Programme								
	Deepen democracy through a refined Ward Committee model								
	Single window of coordination								
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/Comments	Corrective measure	Evidence

COMMUNICATION

Enhance communication	Number of branding and promotional material developed	New	8	6	R50 000	(R 192 000)	None	Ensure the target are achieved	Samples
	Number of official photos taken	New	16	14	Operational	Operational	None	Ensure the target are achieved	Copies
	Number of speeches written for the Mayor	New	16	8	Operational	Operational	None	Ensure the target are achieved	Copies
	Number of media release/liaison	New	14	5	Operational	Operational	None	Ensure the target are achieved	Copies of statement
	Number of quarterly news-letter published	Number of newsletter for the previous year	4	1	R400 000	(R 381 356,00)	None	Ensure the target are achieved	Copy of news letter
	Communication strategy developed	New	Approved communication strategy	Not achieved	R850 000	(R 348 600,00)	None	Develop the strategy in the next financial year	None

INTERNAL AUDIT

To ensure internal business excellence with- in NMMDM	Number of SLA signed	Adopted 2004/2005 SLA's	5 Signed Service Level Agreements	Not Achieved			SLA not signed, because the municipalities were not satisfied with the service from the District	Engage the Municipalities to sign SLA	None
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GOOD GOVERNANCE AND COMMUNITY PARTICIPATION									
Implement a differentiated approach to municipal financing, planning and support									
Implementation of the Community Work Programme									
Deepen democracy through a refined Ward Committee model									
Single window of coordination									
Corporate Objectives	key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/Comments	Corrective measure	Evidence
KPA No. 5	Output 1	Adopted 2009/2010 Risk Assessment Reports	5 Risk Assessment Reports	4 Risk Assessment reports finalized (Tswaing, Ratiou, Ditsobotla & Ramotshere)	Operational	Operational	Risk Assessment for NMMDM is incomplete due to lack of corporation by Finance Department.	Engage the outstanding municipality	Attendance Registers, Risk Assessment Report and Risk Register Reports
	Output 3	Approved 2011/2012 Audit Plan	5 Internal Audit Plans approved	4 Audit plan approved by the audit committee 20 Feb 2012 (Mafikeng, Tswaing, Ramotshere & Ditsobotla)	Operational	Operational	None	Engage the outstanding municipality	Audit Plans & Council Resolution
	Output 5	Approved 2009/2010 Internal Audit Reports	15 Internal Audit Reports	13 Internal Audit Reports	Operational	Operational	None	None	Internal Audit reports & Council Resolution
To ensure internal business excellence with- in NMMDM	Review Internal Audit Charter	Approved 2009/2010 Audit Charter	Reviewed Internal Audit Charter approved	Approved Internal Audit Charters in place Internal Auditing, Code of Ethics and the Standards set out in the Internal Audit Charter	Operational	Operational	Target achieved	None	Approved Internal Audit charter by the Audit committee

GOOD GOVERNANCE AND COMMUNITY PARTICIPATION									
Implement a differentiated approach to municipal financing, planning and support									
Implement the Community Work Programme									
Deepen democracy through a refined Ward Committee model									
Single window of coordination									
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/Comments	Corrective measure	Evidence
	Number of Service Level Agreements signed with Audit Committee members	Approved 2007/2008 Contracts of Audit Committee	5 Signed Service Level Agreements.	Signed service level agreements	Operational	Operational	Target achieved	None	SLA's
	Review Audit Committee Charter	Approved 2009/2010 Audit Charter	Audit Committee Charter approved	Audit Committee charter reviewed	Operational	Operational	Achieve the target	None	Copy of the approved Audit Committee Charter
	Number of audit committee meetings held	None	6 Audit Committee Meetings	3	Operational	Operational	The unit was not operational	Ensure the unit is functional in order to perform their function	Minutes of the meeting
	Number MPAC meetings held	No AG's Reports for two financial years	4 MPAC meetings	1	Operational	Operational	AG's report for two financial years pending	Submit letter to AG regarding the reports	Minutes of the meeting

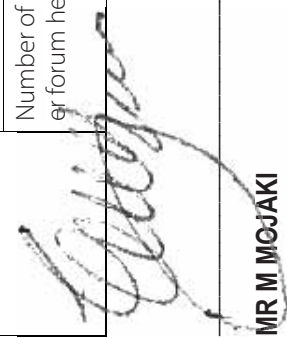
GOOD GOVERNANCE AND COMMUNITY PARTICIPATION										
KPA No. 5										
OUTCOME 9										
	Output 1	Implement a differentiated approach to municipal financing, planning and support								
	Output 3	Implementation of the Community Work Programme								
	Output 5	Deepen democracy through a refined Ward Committee model								
	Output 7	Single window of coordination								
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/Comments	Corrective measure	Evidence	
OFFICE OF THE MAYOR										
Mobilise effective support for political leadership	Number of Mayoral Committee meetings held		11	7	Operational	Operational	None	None	Signed Minutes	
	Number of portfolio committee meetings held		88	46	Operational	Operational	Items were not submitted and workshop arranged by the Provincial Dept clashed with the dates of the meetings	Ensure that the scheduled meetings take place	Signed Minutes	
	Number of Mayoral Imbizos		5	Not achieved	(R1.5M)	(R 381 627.19)	Due to the tight scheduled of IDP Process the Imbizo were not conducted	Ensure that all scheduled Imbizo take place	None	
	Number of consultative meetings with Religious Groups		3	2	Operational	Operational	Schedules meeting was postponed due to IDP Process	Ensure that the scheduled meetings take place	Minutes of the meeting	

GOOD GOVERNANCE AND COMMUNITY PARTICIPATION									
Implement a differentiated approach to municipal financing, planning and support									
Implementation of the Community Work Programme									
Deepen democracy through a refined Ward Committee model									
Single window of coordination									
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/Comments	Corrective measure	Evidence
	Mandela Day commemoration		1	Held on the 18 th of July 2011 Donated 2 VIP To a school	R250 000		None	None	Report
	Transversal programme		1 Youth Summit 1 Women Seminar	12-14 August Youth summit 24 August Women seminar	No indication of budget utilized		None	None	Reports and attendance register
	Number of HIV/AIDS awareness programme		1	International Aids day held at Ventersdorp organised by the Province	R200 000	(R 195 000.00)	None	none	Report
Mobilise effective support	Ngaka Modiri Molema memorial lecture		1	Held on 9 December 2011	(R3.5M)	R2 194 907.51	None	none	Video Clips

GOOD GOVERNANCE AND COMMUNITY PARTICIPATION									
OUTCOME 9									
Implement a differentiated approach to municipal financing, planning and support									
Output 1									
Implement the Community Work Programme									
Output 3									
Deepen democracy through a refined Ward Committee model									
Output 5									
Output 7									
Single window of coordination									
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/Comments	Corrective measure	Evidence
Mobilise effective support for political leadership	Number of Mayoral bursaries awarded		25	80 Mafikeng 19 RM = 16 Ratlou = 15 Ditsobotla = 17 Tswaing = 13					Proof of payment
	Establishment of Special Project Forum within 5 Municipalities	New	5	Not achieved	Operational	Operational	Arranged meetings failed	Interaction with Municipal Mayors to support the initiative	None
	Number of Mayoral award held		1 for best performing students	Partially achieved only assisted with hiring of venue and other logistical arrangements	R300 000	(R 22 166.53)	None	None	Report
OFFICE OF THE SPEAKER									

GOOD GOVERNANCE AND COMMUNITY PARTICIPATION										
KPA No. 5	Implement a differentiated approach to municipal financing, planning and support									
	Output 1	Implementation of the Community Work Programme								
	Output 3	Deepen democracy through a refined Ward Committee model								
	Output 5	Single window of coordination								
Output 7										
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/Comments	Corrective measure	Evidence	
Deepen Democracy	Number of Council meetings held	4	4	5 Council 8 Special Council meeting	Operational	Operational	Target exceeded	None	Council register	
Deepen Democracy	Develop Council Calendar	New	1 Council Calendar developed	Council Calendar finalised	Operational	Operational	Target achieved	None	Copy of Calendar	
Capacity Building	Number of Councilors capacitated	40 Councilors 4 Traditional Leader	41 Councilors 6 Traditional Leaders	31 Councilors and 2 Traditional Leader trained on Basic Computer 11 MPAC members Trained	(R 200 000)	(R177 021.49)	None	Engage the Skill Development Facilitator and submit training needs	Training report	
	Number of ward committees trained	New	101	101 Ward Secretaries trained on Minutes taking 31 Ward Committee members trained on Project Management	Operational	Operational	Target achieved	None	Training Reports	

KPA No. 5 GOOD GOVERNANCE AND COMMUNITY PARTICIPATION									
OUTCOME 9									
	Output 1	Implement a differentiated approach to municipal financing, planning and support							
	Output 3	Implementation of the Community Work Programme							
	Output 5	Deepen democracy through a refined Ward Committee model							
	Output 7	Single window of coordination							
Corporate Objectives	Key Performance Indicator	Baseline	Annual target	Actual performance	Allocated Budget	YTD Expenditure	Challenges/Comments	Corrective measure	Evidence
Community Participation	Number of Functional ward committees	89	101	101 Ward Committee are functional	(R 1.15M)	(R 778 032.60)	Target achieved	None	Establishment Reports
	Number of public participation meetings held	None	10 meetings	5- Traditional Leaders 4- Religious leaders 1-Ward Committee members 1-School children			Target achieved	None	Attendance register
	Number of speaker forum held	New	4	3			None	None	Minutes of the meeting



MR M MCJAKI

MUNICIPAL MANAGER

DATE: 31 AUGUST 2012

CHAPTER 6

AUDITOR GENERAL'S REPORT



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Ngaka Modiri Molema District Municipality, which comprise the statement of financial position as at 30 June 2012, the statements of financial performance, changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 108 to 146

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 the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 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, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. The district municipality is responsible for the powers and functions relating to water and sanitation services for the entire district and is the water service authority in terms of the Water Services Act of South Africa, 1998 (Act No. 108 of 1998). The district municipality has informal agreements with the local municipalities to perform these functions on its behalf, but I was unable to obtain signed updated service level agreements with the local municipalities in this regard. I could not determine the resulting understatement in infrastructure assets, service charges revenue, receivables from non exchange transactions or cost of provision of water and sanitation services as it was impracticable to do so and could not determine whether any adjustments to the financial statements were necessary.
5. The municipality did not have adequate systems in place to maintain records of resources held by the municipality in accordance with SA Standards of GRAP, GRAP 17, *Property, plant and equipment*. As stated in note 6 to the financial statements, all the risks and rewards for buildings, infrastructure and community assets had not been grouped in similar nature or function as required by GRAP 17. Contrary to the requirements of GRAP 17 the municipality did not review the residual values and useful lives of buildings, infrastructure and community assets at each reporting date. Infrastructure assets with a gross carrying amount of



R565 621 717 (2011: R293 815 404) are included in the financial statements at carrying amount whilst still being in use. Because of the nature of these assets, it was impracticable to confirm or verify by alternative means the correct value of these assets. Consequently I was unable to determine whether any adjustments were necessary to the amounts disclosed for buildings, infrastructure and community assets as disclosed in note 6 to the financial statements.

6. I was unable to obtain sufficient appropriate audit evidence to verify other assets of R52 388 181 (2011: R40 460 507) as disclosed in note 6 to the financial statements. The municipality did not have adequate systems in place to maintain records of its other assets. Furthermore, the municipality did not review the residual values and useful lives of assets at each reporting date in accordance with SA Standards of GRAP, GRAP 17, *Property, plant and equipment*. Included in other assets with a gross carrying amount of R52 388 181 (2011: R40 460 507) are assets with a carrying amount of R1 whilst still being in use. Because of the nature of these assets, it was impracticable to confirm or verify by alternative means the correct value of the assets. Consequently, I was unable to determine whether any adjustments were necessary to the amount disclosed for other assets.

Expenses

7. I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance of R46 100 279 (2010: R18 768 315), bulk purchases of R6 450 152 (2010: R1 884 408), contracted services of R25 955 560 (2010: R22 631 219), grants and subsidies paid of R55 441 819 (2010: R132 845 182) and general expenses of R160 153 688 (2010: R136 256 896) included in total expenses of R294 101 497 disclosed in the statement of financial performance. The municipality did not have adequate systems in place to maintain records of its expenses and I was unable to confirm the stated amounts by alternative means. Consequently I was unable to determine whether any further adjustments were necessary to the amounts disclosed for expenses.

Capital commitments

8. I was unable to obtain sufficient appropriate audit evidence for capital commitments of R243 962 392 included in the total capital commitments of R270 005 592 (2011: R142 640 685) as disclosed in note 26. The municipality did not have adequate systems in place to maintain records of its contractual obligations. Alternative procedures identified contractual obligations not recorded which resulted in capital commitments being understated by R17 260 373. Furthermore, I was unable to obtain sufficient appropriate audit evidence for the restatement of R21 378 517 made to rectify a prior year misstatement in the corresponding figure of capital commitments. Moreover, this adjustment was not included in the restatement of corresponding figures in note 32 to the financial statements. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the amount disclosed for capital commitments.

Employee costs

9. I was unable to obtain sufficient appropriate audit evidence for employee related costs of R117 981 595 (2011: R 90 434 050) disclosed in note 14. Furthermore, I was unable to obtain sufficient appropriate audit evidence for the adjustment of R5 334 969 in the corresponding figure of employee costs. This adjustment was not included in the restatement of corresponding figures in note 32 to the financial statements. I was unable to confirm the stated amount and the restatement by alternative means. Consequently I was unable to determine whether any further adjustments relating to the current or corresponding prior year amounts disclosed for employee related costs were necessary.



Cash and cash equivalents

10. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents of R109 849 194 (2011: R202 857 157) as disclosed in the statement of financial position and note 1 to the financial statements. I was unable to confirm reconciling items of R4 147 669 or verify the stated amount by alternative means. Consequently, I was unable to determine whether any adjustments relating to cash and cash equivalents in the financial statements were necessary.

Trade and other payables from exchange transactions

11. I was unable to obtain sufficient appropriate audit evidence for trade and other payables from exchange transaction of R43 082 073 included in the total of R98 827 466 (2011: R88 917 137) as disclosed in note 7 to the financial statements. Alternative procedures identified obligations not recorded which resulted in trade and other payables being understated by R17 340 615. Furthermore, the municipality did not have adequate systems in place to maintain records of leave, resulting in the staff leave accrual being overstated by R7 450 502. Consequently, I was unable to determine whether any further adjustments were necessary to the amount disclosed for trade and other payables from exchange transactions.
12. I was unable to obtain sufficient appropriate audit evidence for the net salaries clearing account balance of R5 714 388 included in the balance of trade and other payables from exchange transactions as disclosed in note 7 to the financial statements. The entity's records did not permit the application of alternative audit procedures regarding the net salaries clearing account. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and obligations pertaining to the net salaries clearing account balance.

Value added tax (VAT) receivable

13. I was unable to obtain sufficient appropriate audit evidence to verify the VAT receivable of R66 795 988 disclosed in the statement of financial position and note 5. The municipality did not have adequate systems in place to maintain records for VAT. I was unable to confirm the stated amount by alternative means. Furthermore, alternative procedures identified obligations not recorded which resulted in VAT receivables being understated by R5 476 102. Consequently, I was unable to determine whether any adjustments were necessary to the amount disclosed for VAT receivable.

Current provisions

14. I was unable to obtain sufficient appropriate audit evidence for provisions of R59 659 580 as disclosed in the statement of financial position. The municipality did not have adequate systems in place to maintain records of provisions. Furthermore, alternative procedures failed to confirm that the municipality had a legal or constructive obligation to raise the provision. Consequently I was unable to determine whether any further adjustments were necessary to the amount disclosed for provisions.
15. The municipality did not provide for employee bonuses that are in arrears as required by SA Standards of GRAP, GRAP 19, *Provisions, contingent liabilities and contingent assets*. The effect on the financial statements are that provisions are understated by R3 670 369 and the surplus for the period and accumulated surpluses are overstated by R3 670 369 respectively.

Unauthorised expenditure

16. I was unable to obtain sufficient appropriate audit evidence to verify unauthorised expenditure for the current year of R68 058 226 as disclosed in note 24.1 to the financial statements. I was unable to confirm the stated amount by alternative means, as the municipality did not have adequate systems in place to maintain records of payments made which exceeded the



approved budget. Furthermore, alternative procedures identified additional unauthorised expenditure of R74 357 565 not disclosed in the financial statements. Consequently I was unable to determine whether any adjustments relating to unauthorised expenditure in the financial statements were necessary.

Irregular expenditure

17. The municipality did not include particulars of irregular expenditure in the notes to the financial statements as required by section 125(2)(d)(i) of the MFMA. The municipality made payments in contravention of the supply chain management requirements which were not included in irregular expenditure, resulting in irregular expenditure being understated by R 271 806 313 (2011: R107 409 118).
18. I was unable to obtain sufficient appropriate audit evidence for the restatement of R41 845 125 in the corresponding figure of irregular expenditure of R107 409 118 as disclosed in note 32 to the financial statements. I was unable to confirm the restatement by alternative means. Consequently I was unable to determine whether any further adjustments to the irregular expenditure corresponding figure were necessary.

Contingent liability

19. I was unable to obtain sufficient appropriate audit evidence for contingent liabilities of R41 070 359 as disclosed in note 27. The municipality did not have adequate systems in place to maintain records of its legal correspondence. Furthermore, alternative procedures identified contingent liabilities recorded which resulted in contingent liabilities being overstated by R1 746 352. Consequently, I was unable to determine whether any further adjustments were necessary to the amount disclosed for contingent liabilities.

Other receivables from non-exchange transactions

20. I was unable to obtain sufficient appropriate audit evidence for other debtors of R6 022 128 (2011: R6 054 727), and I was unable to determine whether the municipality used objective evidence to calculate the provision for the impairment of other debtors of R5 727 996, as disclosed in note 2 to the financial statements. I was unable to verify or confirm by alternative means that other debtors and the provision for bad debts was calculated in terms of the requirements of the South African Statement of Generally Accepted Accounting Practice, IAS 39 (AC133), *Financial instruments recognition and measurements*. Consequently, I was unable to determine whether any adjustments relating to other debtors, the provision for bad debts and the debt impairment expense in the financial statements were necessary.

Depreciation and amortisation expense

21. The municipality did not depreciate property, plant and equipment in accordance with the requirements of SA Standards of GRAP, GRAP 17, *Property, plant and equipment*. Contrary to the municipality's accounting policy and GRAP 17, depreciation was calculated on the incorrect basis. The effects on the financial statements are that property, plant and equipment, surplus for the period and accumulated surplus are overstated by R2 067 058 for the current year respectively.

Operating leases

22. The municipality recognised expenses in the statement of financial performance that constitute lease payments, but did not disclose operating lease agreements in accordance with SA Standards of GRAP, GRAP 13, *Leases*. I have not determined the correct amount for these operating leases as it was impracticable to do so.

New standards of GRAP

23. The municipality did not disclose in the financial statements new Standards of GRAP that has



been issued but not yet effective, that was not applied, as required by SA Standards of GRAP, GRAP 3, *Accounting policies, changes in accounting estimates and errors*. This fact and the known or reasonably estimable information relevant to assessing the possible impact that application of the new standards will have on the municipality's financial statements in the period of initial application, was not disclosed in the financial statements.

Disclaimer of opinion

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

Emphasis of matters

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

Restatement of corresponding figures

26. As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 2012 in the financial statements of the Ngaka Modiri Molema District Municipality at, and for the year ended 30 June 2011.

Material underspending of the conditional grant

27. As disclosed in note 9 to the financial statements, the municipality has underspent the government grants to the amount of R3 988 955 for the current year and R 79 561 544 in respect of prior years. As a consequence, the municipality may not have achieved all of its objectives of providing basic services to the community.

Fruitless and wasteful expenditure

28. As disclosed in note 24.2 to the financial statements, fruitless and wasteful expenditure of R49 007 was incurred in the current year and fruitless and wasteful expenditure from prior years of R423 027 has not yet been dealt with in accordance with section 32 of the MFMA.

Additional matter

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

Unaudited supplementary schedules

30. The supplementary information set out on pages 148 to 156 does not form part of the financial statements and is presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

31. 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

32. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 59 to 95 of the annual report.
33. 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 annual



reporting principles and whether the reported performance is consistent with the planned development priorities. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information (FMPPI).

34. The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
35. The material findings are as follows:

Usefulness of information:

36. Section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires the disclosure of measures taken to improve performance in the annual performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided of 100% of all measures taken to improve performance as disclosed in the annual performance report. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity, accuracy and completeness of the measures taken to improve performance.
37. Section 41(c) of the MSA, requires that the annual performance integrated development plan and service delivery agreement should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 100% of the reported objectives, indicators, targets are not consistent with the objectives, indicators, targets as per the approved integrated development plan and service delivery agreement.
38. The National Treasury FMPPI requires that performance indicators be well defined and verifiable and targets be specific, measurable and time bound:
 - A total of 100% of the targets relevant to the Municipal Manager, Water and Sanitation and Local Economic Development Performance Information were not specific, measurable and time bound in clearly identifying the nature and the required level of performance.
 - A total of 100% of the targets relevant to the Municipal Manager, Water and Sanitation and Local Economic Development Performance Information were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.
 - A total of 100% of the targets relevant to the Municipal Manager, Water and Sanitation and Local Economic Development Performance Information were not verifiable in that valid processes and systems that produce the information on actual performance did not exist.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 and a lack of key controls in the relevant systems of collection, collation, verification and storage of actual performance information.

Reliability of information

39. The National Treasury FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. The municipality institutions could not provide sufficient appropriate evidence to support any of the selected development priorities relating to the Municipal Manager, Water and Sanitation or Local Economic Development Performance Information.



Compliance with laws and regulations

40. I performed procedures to obtain evidence that the municipality 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:

Strategy planning and performance management

41. The municipality did not give effect to its integrated development plan and, as required by section 36 of the MSA and Municipal planning and performance management regulation 6.
42. Contrary to the requirements of section 40 of the MSA, the municipality did not establish mechanisms to monitor and review its performance management system. 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;
 - set measurable performance targets with regard to each development priority and objective;
 - monitor performance, with regard to each of those development priorities and objectives and against the key performance indicators and targets set;
 - measure and review performance at least once per year, with regard to each of those development priorities and objectives and against the key performance indicators and targets set.

Budgets

43. Expenditure was incurred that was not budgeted for, in contravention of section 15 of the MFMA.
44. Quarterly reports were not submitted to the council on the financial state of affairs of the municipality within 30 days after the end of each quarter. This is contrary to the requirements of section 52(d) of the MFMA.
45. Contrary to the requirements of section 71(1) of the MFMA, sufficient appropriate audit evidence could not be obtained that monthly budget statements were submitted to the mayor and relevant provincial treasury.

Annual financial statements, performance and annual report

46. 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.
47. The annual performance report for the year under review does not include a comparison of the performance with set targets with the previous financial year, as required by section 46(1)(b) of the MSA.
48. The 2009/10 and 2010/11 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.

Audit committee

49. Contrary to the requirements of section 166(2)(b) of the MFMA, the audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA and DoRA.



Internal audit

50. Internal audit did not audit the results of performance measurements, as required by section 45(1)(a) of the MSA and Municipal Planning and Performance Management Regulation 14(1)(a).
51. The internal audit unit did not assess the functionality of the performance management system or whether the performance management system complied with the requirements of the MSA and the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by Municipal Planning and Performance Management Regulation 14(1)(b)(i), (ii) and (iii).
52. The internal audit unit did not audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the performance audit committee, as required by Municipal Planning and Performance Management Regulation 14(1)(c).

Procurement and contract management

53. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids as per the requirements of SCM regulation 19(a) and 36(1) or TR 16A.6.4 and PN 8 of 2007/08.
54. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).
55. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).
56. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
57. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
58. Awards were made to providers who are persons in the service of the municipality and whose directors are persons in service of the municipality in contravention of SCM regulations 44. Furthermore the providers failed to declare that they were in the service of the municipality, as required by SCM regulation 13(c)]
59. 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).
60. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act.
61. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations that were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive. The municipality did not have adequate systems in place to maintain records of its supply chain processes and contractual obligations.

Expenditure management

62. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.
63. The accounting officer did not take reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.



Revenue management

64. Interest was not charged on all arrears accounts as required by section 64(2)(g) of the MFMA.
65. A credit control and debt collection policy was not adopted, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.

Asset management

66. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) and 96(2)(a) of the MFMA.
67. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) and 96(2)(b) of the MFMA.

Liability management

68. A management, accounting and information system which adequately accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.
69. An effective system of internal control for liabilities including a liability register was not in place, as required by section 63(2)(c) of the MFMA.

HR Management

70. Sufficient appropriate audit evidence could not be obtained that appointments were made in posts of managers directly accountable to municipal manager that were advertised, as required by section 56(3) of MSA.
71. Several officials was appointed without having met the prescribed minimum competency levels and the continued employment in the position was not made subject to meeting such requirements by 1 January 2013, as required by section 54A(2)/56(1)(b) of the MSA and regulation 18(2) on Minimum Competency levels.
72. An approved staff establishment was not in place, as required by section 66(1)(a) of the MSA.
73. 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 reg14(2)(a).
74. The performance agreements of officials employed in the municipality did not have the minimum competencies, did not include the attainment of minimum competencies as a performance target, as required by Municipal Regulations on Minimum Competency Levels regulation 16(1) and (2).

Internal control

75. I considered internal control relevant to my audit of the financial statements, annual 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 opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report

Leadership

76. Management failed to appoint sufficient appropriately skilled staff in key positions within the finance unit and training and development initiatives failed to address the underlying deficiencies that caused the matters to be repeatedly reported on in the audit report. Policies and procedures did not adequately guide financial and performance activities and failed to address the shortcomings in internal controls that resulted in the compliance deviations that have been reported. Furthermore management's oversight was inadequate in preventing material misstatements in the financial statements.



Financial and performance management

77. Management failed to implement proper record keeping or effective controls to ensure that information in the financial statements and the report on predetermined objectives were reliable before submission for audit, or readily available for audit purposes. This was mainly due to the inability of management to address the prior year audit findings. Management failed to prepare regular, accurate and complete performance reports that were supported and evidenced by reliable information. Review and monitoring of compliance with applicable laws and regulations were not effectively performed. Management's failure to address the repetitive findings relating to supply chain management regulations is indicative of possible financial misconduct.

Governance

78. The audit committee did not adequately provide oversight over the effectiveness of the internal control environment, resulting in the internal control environment over financial and performance information and compliance with laws and regulations being ineffective.

OTHER REPORTS

Investigations

79. An investigation is being conducted by Enonce to probe the manner in which the municipality awards contracts to prospective suppliers and service providers. The investigation aims to establish whether the awards were granted in accordance with the supply chain management regulations. The investigation was still ongoing at the reporting date.

Auditor General

Rustenburg

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Chapter 7

ANNUAL FINANCIAL STATEMENTS

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1	109 849 194	202 857 157
Other receivables from non-exchange transactions	2	577 660	326 731
Inventories	3	7 544 562	6 184 463
Prepayments	4	1 476 279	1 476 279
VAT receivable	5	66 795 988	54 075 656
Non-current assets			
Property, plant and equipment	6	618 009 898	334 275 911
Correction of error (illustrative purposes only)			
Total assets		804 253 581	599 196 196
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	7	98 827 466	91 909 246
Current provisions	8	59 659 580	37 417 651
Bank overdraft	1	19 209 605	-
Current portion of unspent conditional grants and receipts	9	83 550 500	79 561 544
Total liabilities		261 247 151	208 888 441
Net assets		543 006 430	390 307 755
NET ASSETS			
Reserves		1 682 957	1 682 957
Accumulated surplus / (deficit)		541 323 472	388 624 798
Total net assets		543 006 429	390 307 755

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

	Note	2012 R	2011 R
REVENUE			
Rental of facilities and equipment	10	-	6 667
Interest earned - external investments	11	14 019 201	14 305 333
Government grants and subsidies	12	562 726 414	486 007 766
Other income	13	4 453 009	4 211 598
Total revenue		581 198 624	504 531 364
Expenses			
Employee related costs	14	117 981 595	90 434 050
Remuneration of councillors	15	9 865 023	8 363 533
Bad debts		-	4 668 338
Fines		-	445 229
Depreciation and amortisation expense	16	6 445 888	5 406 880
Repairs and maintenance		46 100 279	18 768 315
Bulk purchases	17	6 450 152	1 884 408
Contracted services	18	25 955 560	22 631 219
Grants and subsidies paid	19	55 441 819	132 845 182
General expenses	20	160 153 688	136 256 896
Total expenses		428 394 003	421 704 049
Gain / (loss) on sale of assets	21	(105 943)	-
Surplus / (deficit) for the period		152 698 678	82 827 315

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2012

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/ (Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2010		1 682 957	1 682 957	305 797 482	307 480 440
Restated balance	-	1 682 957	1 682 957	305 797 482	307 480 440
Surplus / (deficit) for the period	-	-	-	82 827 315	82 827 315
Balance at 30 June 2011	-	1 682 957	1 682 957	388 624 798	390 307 755
Restated balance	-	1 682 957	1 682 957	388 624 798	390 307 755
Surplus / (deficit) for the period	-	-	-	152 698 678	152 698 678
Balance at 30 June 2012	-	1 682 957	1 682 957	541 323 476	543 006 433

**NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
as at 30 June 2012**

	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		593 098 147	504 786 573
Taxation		-	-
Sales of goods and services		-	6 667
Grants		562 726 414	486 007 766
Interest received		14 019 201	14 305 335
Working Capital Movements		11 899 524	255 206
Other receipts		4 453 009	4 211 599
Payments		415 029 895	215 626 247
Employee costs		127 846 618	93 467 071
Suppliers		287 183 277	122 159 176
Interest paid			
Other payments			
Net cash flows from operating activities	22	178 068 252	289 160 326
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(291 358 082)	(150 179 325)
Proceeds from sale of fixed assets		1 072 262	-
Proceeds from sale of investments		-	-
Purchase of intangibles		-	-
Decrease/(Increase) in Loans and receivables		-	-
Net cash flows from investing activities		(290 285 820)	(150 179 325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from finance lease liability		-	-
Repayment of finance lease liability		-	-
Net cash flows from financing activities		-	-
Net increase / (decrease) in net cash and cash equivalents		(112 217 568)	138 981 001
Net cash and cash equivalents at beginning of period		202 857 157	63 876 156
Net cash and cash equivalents at end of period	23	90 639 589	202 857 157

**NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2012**

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8	Interest in Joint Ventures - issued August 2006
GRAP 18	Segment Reporting - issued March 2005
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24	Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 103	Heritage Assets - issued July 2008

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

INFRASTRUCTURE	
Roads and Paving	10-40

COMMUNITY	
Buildings	30
Recreational Facilities	30
Security	30
Halls	30
Libraries	30
Parks and gardens	30
Other assets	15-30

OTHER	
Buildings	30
Office equipment	5-7
Furniture and fittings	5-10
Emergency equipment	5
Computer equipment	5
Motor Vehicles	7-10

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

"Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential."

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property 30

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

6 INVENTORIES

6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the first-in, first-out method.

7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

7.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

7.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

8 UNAUTHORISED EXPENDITURE

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

9 IRREGULAR EXPENDITURE

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

10 FRUITLESS AND WASTEFUL EXPENDITURE

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

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12 LEASES

12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

12.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

13 REVENUE

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

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

13.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

15 RETIREMENT BENEFITS

Defined Contribution Plan


The municipality provides retirement benefits for its employees and councillors. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entailing them to the contributions.

16 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.



If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

17 GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

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

**NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012**

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		-	-
Cash at bank		109 849 194	202 857 157
Call deposits			
		109 849 194	202 857 157
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
First National Bank : Account Number 529 100 867 95			
Cash book balance at beginning of year		23 993 118	(99 039 382)
Cash book balance at end of year		(19 209 605)	23 993 118
Bank statement balance at beginning of year		37 314 401	17 765 008
Bank statement balance at end of year		8 295 077	37 314 401
PUBLIC SECTOR CHEQUE ACCOUNT			
FNB Bank Limited - Mafikeng Branch: Account Number 62327929735			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		6 806 477	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		6 806 484	-
CALL INVESTMENT ACCOUNTS			
Investec		-	5 719 240
Nedbank: Account no 7881001518			16 576 996
FNB 2: Account no 62046444741			29 924 330
ABSA 1: Account no 6064362745			92 252
ABSA 2: Account no 7064362660			700 550
ABSA 3: Account no 160432-2201-01		217 175	207 093
ABSA AIMS Account No.0027004		1 508 059	1 458 870
Momentum 2: Account no PP022502587		88 754 511	124 184 708
Momentum A/c PP0024505006		12 421 725	-
FNB A/c 62324619975		141 246	
Cash book balance at beginning of year		178 864 039	162 915 449
Cash book balance at end of year		103 042 717	178 864 039
Bank statement balance at beginning of year		178 864 039	162 915 449
Bank statement balance at end of year		103 042 717	178 864 039

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Cash on hand		-	-
Total cash and cash equivalents		109 849 194	202 857 157
Total bank overdraft		19 209 605	-
2 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Provision for doubtful debts		(5 727 996)	(5 727 996)
Rates and other taxes		-	-
Insurance Claims		283 527	-
Other debtors		-	-
Unauthorized expenditure (see Note 50.1)		-	-
Other debtors		6 022 128	6 054 727
Provision for doubtful debts		(5 727 996)	(5 727 996)
Total Other Debtors		577 660	326 731
2.1 Reconciliation of the doubtful debt provision			
Balance at beginning of the year		(5 727 996)	(1 059 658)
Contributions to provision			(5 515 358)
Doubtful debts written off against provision		-	-
Reversal of provision		-	847 020
Balance at end of year		(5 727 996)	(5 727 996)
3 INVENTORIES			
Opening balance of inventories:		6 184 463	4 653 453
Consumable stores - at cost		700 555	446 613
Maintenance materials - at cost		5 483 908	4 206 840
Water		-	-
Additions:		13 169 176	3 665 095
Consumable stores		2 142 724	735 322
Maintenance materials		11 026 452	2 929 773
Spare parts			
Other goods held for resale			-
Water		-	-

**NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

	Note	2012 R	2011 R
Issued (expensed):		11 467 407	2 134 086
Consumable stores		1 543 740	481 380
Maintenance materials		9 923 667	1 652 706
Spare parts		-	-
Other goods held for resale		-	-
Water		-	-
3 Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):		-	-
Consumable stores		-	-
Maintenance materials		-	-
Spare parts		-	-
Other goods held for resale		-	-
Water		-	-
Closing balance of inventories:		7 544 562	6 184 463
Consumable stores		1 468 058	700 555
Maintenance materials		6 076 504	5 483 908
Spare parts		-	-
Other goods held for resale		-	-
Water		-	-
4 PREPAYMENTS			
Prepaid expenses		1 476 279	1 476 279
A prepaid deposit was paid in prior year on movable assets, delivery will only take place after year-end			
5 VAT RECEIVABLE			
The fair value of trade and other payables approximates their carrying amounts.			
VAT receivable		66 795 988	54 075 656
		66 795 988	54 075 656
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

6 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
6.1 Reconciliation of Carrying Value								
as at 1 July 2011	-	2 122 481	274 744 786	16 948 137	-	40 460 507	-	334 275 911
Cost/Revaluation	-	2 122 481	274 744 786	16 948 137	-	51 063 431	-	344 878 835
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	-	-	-	-	(10 602 923)	-	(10 602 923)
Acquisitions	-	8 870 959	262 935 354	-	-	19 551 767	-	291 358 081
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	(6 445 888)	-	(6 445 888)
Carrying value of disposals	-	-	-	-	-	1 178 206	-	1 178 206
Cost/Revaluation	-	-	-	-	-	1 439 648	-	1 439 648
Accumulated depreciation and impairment losses	-	-	-	-	-	(261 442)	-	(261 442)
Impairment loss/ Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Reversal of prior period error	-	-	-	-	-	-	-	-
as at 30 June 2012	-	10 993 440	537 680 141	16 948 137	-	52 388 181	-	618 009 898
Cost/Revaluation	-	10 993 440	537 680 141	16 948 137	-	69 175 550	-	634 797 267
Accumulated depreciation and impairment losses	-	-	-	-	-	(16 787 369)	-	(16 787 369)

Refer to Appendix B for more detail on property, plant and equipment

**NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012**

6 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
6.1 Reconciliation of Carrying Value								
as at 1 July 2010	-	-	-	-	-	(8 072 574)	-	(8 072 574)
Cost/Revaluation	-	-	-	-	-	-	-	-
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	-	-	-	-	(8 072 574)	-	(8 072 574)
Acquisitions	-	-	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	(5 406 880)	-	(5 406 880)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/ Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2011	-	2 122 481	274 744 786	16 948 137	-	40 460 507	-	334 275 911
Cost/Revaluation	-	2 122 481	274 744 786	16 948 137	-	51 063 431	-	344 878 835
Accumulated depreciation and impairment losses	-	-	-	-	-	(10 602 923)	-	(10 602 923)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

	Note	2012 R	2011 R
6.2 PROPERTY, PLANT AND EQUIPMENT PLEDGED AS SECURITY			
Asset 1			
Terms and conditions			
Asset 2			
Terms and conditions			
6.3 Capitalised expenditure			
Asset 1			
Asset 2			
Asset 3			
		-	-
6.4 COMPENSATION RECEIVED FOR LOSSES ON PROPERTY, PLANT AND EQUIPMENT – INCLUDED IN operating surplus			
Vehicle -HJB416NW		139 935	
Vehicle -HKM426NW		648 800	
Vehicle-FTZ649NW		135 090	
Vehicle-HKM966NW		148 437	
		1 072 262	-
6.5 DETAILS OF VALUATION			
		-	-
6.6 OTHER INFORMATION			
Carrying value of idle property, plant and equipment			
Fully depreciated property, plant and equipment still in use			
Property, plant and equipment retired from active use, but not classified as held for sale			
Fair value of property, plant and equipment carried at cost			
		-	-
6.7 DETAILS OF PROPERTY			
Property X			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-
Property Y			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	37 845 124	66 990 734
Payments received in advance	410 614	-
Retentions	37 164 013	21 926 403
Staff leave accrual	9 272 427	2 992 109
Accrued interest	-	-
Other creditors	14 135 289	-
Total creditors	98 827 466	91 909 246

8 PROVISIONS

Performance bonus	-	2 200 578
Current portion of long-service provision (see note 25)	-	-
Provision for leave	-	-
Botshelo Water Provision	59 659 580	35 217 073
Total Provisions	59 659 580	37 417 651

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P.8-point plan. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly and against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of Council.

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist. No performance agreements were signed for the year under review therefore nil provision for performance bonus

The movement in current provisions are reconciled as follows: -

	Performance Bonus	Provision for leave
as at 1 July 2011	2 200 578	-
Contributions to provision	(2 200 578)	-
Expenditure incurred	-	-
as at 30 June 2012	-	-
as at 1 July 2010	2 200 578	-
Contributions to provision	-	-
Expenditure incurred	-	-
as at 30 June 2011	2 200 578	-

	Current portion Long-service	Botshelo Water
as at 1 July 2011	-	35 217 073
Transfer from non-current	-	
Contributions to provision	-	24 442 507
Expenditure incurred	-	-
as at 30 June 2012	-	59 659 580

as at 1 July 2010	-	-
Transfer from non-current	-	
Contributions to provision	-	35 217 073
Expenditure incurred	-	-
as at 30 June 2011	-	35 217 073

9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

9.1 Unspent Conditional Grants from other spheres of Government

MIG Grants	37 184 140	38 183 140
------------	------------	------------

9.2 Other Unspent Conditional Grants and Receipts

	46 366 359	41 378 404
Popo Molefe Hall	2 254 897	2 254 897
Municipal Systems Improvement Grant (IDP)	394 582	689 582
Water Services Operating Grant(DWAF)	875 900	875 900
SETA	(2)	476 731
Disaster Management Grant	5 235 449	154 998
IDT-Call Centre	12 210 526	12 210 526
DPLG/DBSA	23 300 232	23 300 232
Bucket Eradication/DPLG	1 415 538	1 415 538
Rural Transport	679 237	

Total Unspent Conditional Grants and Receipts

83 550 500	79 561 544
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Non-current unspent conditional grants and receipts

Current portion of unspent conditional grants and receipts

-	-
83 550 500	79 561 544

See Note 12 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

BORROWINGS

The Municipality entered into a bridging finance arrangement with the Development Bank of South Africa Limited in respect of the funding of North West Water and Sanitation Programme Phase 3. A summary of the terms of the loan is as follows:

1. Loan Amount	R152 700 000
2. Loan Period	Capital:-2 years or before 30 June 2012 (whichever occurs first)
3. Interest Rate	Base 2 year swap rate plus 1.30%

In terms of the loan agreement the Municipality will draw down on the based on disbursement requests submitted to DBSA. At 30 June 2012 disbursement requests amounting to R19,955,826 had been made to DBSA but payment thereof was still outstanding. The drawn down amount as at 30 June is NIL

10 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	-	-
Rental of equipment	-	6 667
Other rentals	-	-
Total rentals	-	6 667

11 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	14 019 201	14 305 333
Total interest	14 019 201	14 305 333

12 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	357 615 000	315 957 727
MIG Grant	167 463 000	114 626 565
Other Government Grants and Subsidies	37 648 414	55 423 474
Total Government Grant and Subsidies	562 726 414	486 007 766

12.1 Equitable Share

This grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.	357 615 000	315 957 727
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12.2 MIG Grant

Balance unspent at beginning of year	38 183 140	13 571 705
Current year receipts	167 463 000	139 238 000
Unspent Set Off against equitable shares	(999 000)	
Conditions met - transferred to revenue	(167 463 000)	(114 626 565)
Conditions still to be met - remain liabilities (see note 9)	37 184 140	38 183 140

This grant is utilised to fund capital projects in the community

12.3 Popo Molefe Hall

Balance unspent at beginning of year	2 254 897	2 254 897
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 10)	2 254 897	2 254 897

12.4 Finance Management Grant

Balance unspent at beginning of year	-	-
Current year receipts	1 250 000	1 000 000
Conditions met - transferred to revenue	(1 250 000)	(1 000 000)
Conditions still to be met - remain liabilities (see note 10)	-	-

12.5 Municipal Systems Improv. Grant (IDP)

Balance unspent at beginning of year	689 582	689 582
Current year receipts	1 000 000	1 000 000
Unspent Set Off against equitable shares	(295 000)	
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
Conditions still to be met - remain liabilities (see note 10)	394 582	689 582

This grant is utilised to fund the internship costs

12.6 Water (DWAF)

Balance unspent at beginning of year	875 900	-
Current year receipts	17 530 000	30 939 000
Conditions met - transferred to revenue	(17 530 000)	(30 063 100)
Conditions still to be met - remain liabilities (see note 10)	875 900	875 900

12.7 SETA

Balance unspent at beginning of year	476 732	397 316
Current year receipts	351 641	79 416
Conditions met - transferred to revenue	(828 373)	-
Conditions still to be met - remain liabilities (see note 10)	-	476 732

This fund is utilised to fund skills development costs

12.8 Disaster Management Grant

Balance unspent at beginning of year	154 998	154 998
Current year receipts	5 600 000	-
Conditions met - transferred to revenue	(519 549)	-
Conditions still to be met - remain liabilities (see note 10)	5 235 449	154 998

12.9 IDT-Call Centre	12 210 526	
Balance unspent at beginning of year		28 000 000
Current year receipts		(15 789 474)
Conditions met - transferred to revenue	12 210 526	12 210 526
Conditions still to be met - remain liabilities (see note 10)		
This grant is utilised to develop groundwater resources		
12.10 DPLG/DBSA		
Balance unspent at beginning of year	23 300 232	1 817 043
Current year receipts	-	21 483 189
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 10)	23 300 232	23 300 232
12.11 Bucket Eradication/DPLG		
Balance unspent at beginning of year	1 415 538	1 415 538
Current year receipts	12 000 000	-
Conditions met - transferred to revenue	(12 000 000)	-
Conditions still to be met - remain liabilities (see note 10)	1 415 538	1 415 538
12.12 Rural Transport		
Balance unspent at beginning of year	-	-
Current year receipts	1 688 000	-
Conditions met - transferred to revenue	(1 008 763)	-
Conditions still to be met - remain liabilities (see note 10)	679 237	-
This grant is utilised to fund capital and operational water expense projects		
12.12 DWAF-ACIP		
Balance unspent at beginning of year	-	-
Current year receipts	3 506 098	-
Conditions met - transferred to revenue	(3 506 098)	-
Conditions still to be met - remain liabilities (see note 10)	-	-
This grant is utilised to fund capital and operational water expense projects		
12.2 Changes in levels of government grants		

Based on the allocations set out in the Division of Revenue Act, (Act No.6 of 2011), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

13 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

13.1	Other income		
	Other income	4 453 009	4 211 598
	Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 24)	-	-
	Total Other Income	4 453 009	4 211 598
13.1	Public contributions and donations		
	Public contributions - Conditional		
	Public contributions - Unconditional	-	-
	Donations	-	-
	Total public contributions and donations	-	-
	Reconciliation of conditional contributions		
	Balance unspent at beginning of year		
	Current year receipts		
	Conditions met - transferred to revenue		
	Conditions still to be met - remain liabilities (see note 9)	-	-

14 EMPLOYEE RELATED COSTS

	Employee related costs - Salaries and Wages	71 529 388	54 853 076
	Employee related costs - Contributions for UIF, pensions and medical aids	18 658 933	14 816 761
	Travel, motor car, accommodation, subsistence and other allowances	2 854 951	2 686 244
	Housing benefits and allowances	174 429	170 323
	Overtime payments	3 766 119	5 461 977
	Performance and other bonuses	2 146 897	3 975 019
	Long-service awards	-	-
	Other employee related costs	18 850 877	8 470 648
	Employee Related Costs	117 981 595	90 434 050

	Remuneration of the Municipal Manager		
	Annual Remuneration	767 478	382 898
	Acting Allowance	262 602	
	Travel, motor car, accommodation, subsistence and other allowances	464 214	197 695
	Contributions to UIF, Medical and Pension Funds	221 298	47 168
	Total	1 715 592	627 761

Remuneration of the Chief Finance Officer

Annual Remuneration	469 643	427 633
Acting Allowance	195 965	
Travel, motor car, accommodation, subsistence and other allowances	23 193	234 617
Contributions to UIF, Medical and Pension Funds	148 335	45 565
Total	837 136	707 815

Remuneration of Individual Executive Directors

	Snr Manager Corporate Resource Support Services	Snr Manager Business Process Support	Snr Manager Technical Services
	R	R	R
2012			
Annual Remuneration	503 938	1 137 398	429 689
Acting Allowance	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	139 719	26 143	157 636
Contributions to UIF, Medical and Pension Funds	148 381	2 995	123 099
Total	792 038	1 166 536	710 424

Remuneration of Individual Executive Directors

	Audit Executive	Snr Manager Growth and Economic Development	Senior Manager Executive Mayor
	R	R	R
2012			
Annual Remuneration	387 124	260 000	424 679
Acting Allowance			
Travel, motor car, accommodation, subsistence and other allowances	97 500	28 784	195 650
Contributions to UIF, Medical and Pension Funds	76 473	77 698	133 896
Total	561 097	366 482	754 225

Remuneration of Individual Executive Directors

	Snr Manager PMU	Snr Manager Public Safety and Municipal Services
	R	R
2012		
Annual Remuneration	602 824	567 117
Acting Allowance	-	-
Travel, motor car, accommodation, subsistence and other allowances	51 715	155 023
Contributions to UIF, Medical and Pension Funds	47 693	168 878
Total	702 232	891 018

Remuneration of Individual Executive Directors

	Snr Manager Corporate Resource Support Services	Snr Manager Business Process Support	Snr Manager Technical Services
	R	R	R
2011			
Annual Remuneration	473 089	707 406	444 813
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	208 794	314 596	172 221
Contributions to UIF, Medical and Pension Funds	50 438	1 497	35 615
Total	732 321	1 023 499	652 649

Remuneration of Individual Executive Directors

	Audit Executive	Acting Snr Manager PMU	Senior Manager Executive Mayor
	R	R	R
2011			
Annual Remuneration	404 576	487 409	163 411
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	201 728	192 543	79 940
Contributions to UIF, Medical and Pension Funds	40 060	44 647	374
Total	646 364	724 600	243 725

Remuneration of Individual Executive Directors

	Snr Manager Public Safety and Municipal Services		
	R	R	R
2011			
Annual Remuneration	573 957	-	-
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	256 137	-	-
Contributions to UIF, Medical and Pension Funds	61 377	-	-
Total	891 471	-	-

15 REMUNERATION OF COUNCILLORS

Executive Mayor	811 470	558 823
Deputy Executive Mayor	-	-

Speaker	652 466	379 088
Executive Committee Members	4 652 700	3 375 364
Councillors	1 898 215	2 261 337
Councillors' pension and medical aid contributions	365 648	650 668
Councillors' allowances	1 484 524	1 138 253
Total Councillors' Remuneration	9 865 023	8 363 533

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties.

16 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	6 445 888	5 406 880
Intangible assets	-	-
Investment property carried at cost	-	-
Biological assets carried at cost	-	-
Total Depreciation and Amortisation	6 445 888	5 406 880

17 BULK PURCHASES

Electricity	-	-
Water	6 450 152	1 884 408
Total Bulk Purchases	6 450 152	1 884 408

18 CONTRACTED SERVICES

Contracted services for:		
Asset Management	430 500	444 175
Drinking Water Quality Manag		205 224
Internet & Satelite Services	502 507	240 301
Laundry Service		-
Master Plan - Roads		6 832 261
Master Plan Development - St		3 305 976
Master Plan - Disaster	427 577	-
Master Plan Development - Se		223 632
Security Services	3 970 081	2 553 754
Waste Water Treatment Works	19 753 681	8 825 896
Water services development plan review	1 216 485	
	25 955 560	22 631 219

19 GRANTS AND SUBSIDIES PAID

Grants to local Municipalities	11 495 714	38 025 845
Botshelo Water - Operating S	38 762 877	69 088 356
Municipal Health & Fire Serv	5 183 228	25 730 981
	55 441 819	132 845 182

20 GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	1 678 282	1 345 287
Accommodation	1 882 777	1 513 281
Audit fees	2 913 261	2 854 087
Bank charges	789 694	1 380 419
Bursaries	1 819 864	493 165
Quick wins	-	20 177 446
Cadastral Surveys	-	426 426
Computer Software And Progra	1 178 861	191 816
Consulting fees	11 574 870	3 997 607
Cutlery	19 618	15 284
Conferences & Seminars	569 423	2 126 559
Detergents	-	-
Disaster Management Assistan	-	2 165 912
Financial management grant	-	-
Fuel and oil	4 097 121	2 343 884
Insurance	988 385	866 355
Legal expenses	10 770 079	5 909 844
Drought Relief Tankering	31 534 731	32 968 732
Protective Clothing	2 150 196	584 151
IDP Review	5 034 300	987 858
Membership fees	1 026 856	633 432
Electricity	750 477	448 167
Performance Management Syste	-	600 000
Printing and stationery	788 166	961 231
Public Participation Program	2 381 191	1 000 931
Rental of buildings	358 280	521 747
Rental of office equipment	-	-
Licencing Vehicles	156 953	179 570
Other rentals	-	-
Operating Water Grant	-	2 534 370
Led Support Fund	6 618 242	3 217 664
Skills development levies	36 095	389 602
Sports Arts and Culture	357 996	190 207
Special Projects	2 709 574	3 007 929

Telephone cost	3 615 225	3 036 652
Training	1 998 348	1 052 516
Refreshments	540 077	933 460
Travel and subsistence	-	-
Skills Development Levy	-	-
Water Services (Fbw)	-	16 133 690
Rates And Taxes	684 128	271 359
Other	61 130 618	20 796 257

160 153 688	136 256 896
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21 GAIN / (LOSS) ON SALE OF ASSETS

Property, plant and equipment	(105 943)	-
Intangible assets	-	-
Investment property	-	-
Biological assets	-	-
Other financial assets	-	-
Total Gain / (Loss) on Sale of Assets	(105 943)	-

22 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	152 698 678	82 827 315
Adjustment for:-		
Depreciation and amortisation	6 445 888	5 406 880
(Gain) / loss on sale of assets	105 943	-
Contribution to provisions - non-current		
Contribution to provisions - current	22 241 929	2 336 468
Finance costs	-	-
Fair value adjustments	-	-
Impairment loss / (reversal of impairment loss)	-	-

Other non-cash item

Operating surplus before working capital changes:	181 492 438	90 570 663
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(Increase)/decrease in inventories	(1 360 100)	(1 531 009)
(Increase)/decrease in trade receivables		
(Increase)/decrease in other receivables	(250 929)	1 737 370
(Increase)/decrease in VAT receivable	(12 720 333)	(10 671 152)
Increase/(decrease) in conditional grants and receipts	3 988 955	59 260 465
Increase/(decrease) in trade payables	6 918 220	71 623 052
Increase/(decrease) in consumer deposits		
Increase/(decrease) in VAT prepayments		42 953 862
Other asset		35 217 073
Other liability		
Cash generated by/(utilised in) operations	178 068 252	289 160 325

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	109 849 194	178 864 039
Short term investments	-	-
Bank overdrafts	(19 209 605)	23 993 118
Net cash and cash equivalents (net of bank overdrafts)	90 639 589	202 857 157

24 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

24.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	77 587 883	580 969
Unauthorised expenditure current year	68 058 226	77 006 914
Approved by Council or condoned		
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	145 646 109	77 587 883

24.2 Irregular, Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	124 237 329	16 405 184
Fruitless and wasteful expenditure current year	49 007	423 027
Condoned or written off by Council		
Irregular expenditure-transactions where SCM not adhered to	59 088 957	107 409 118
To be recovered – contingent asset (see note 55)		
Fruitless and wasteful expenditure awaiting condonement	183 375 293	124 237 329

25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

25.1 Contributions to organised local government

Opening balance		
Council subscriptions	1 000 000	
Amount paid - current	(1 000 000)	
Amount paid - previous years		
Balance unpaid (included in payables)	-	-

25.2 Audit fees

Opening balance		
Current year audit fee	2 913 261	2 644 074
Amount paid - current year	(1 185 003)	(2 644 074)
Amount paid - previous years		
Balance unpaid (included in payables)	1 728 258	-

25.3 VAT

VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

25.4 PAYE and UIF

Opening balance		
Current year payroll deductions	18 791 112	14 072 813
Amount paid - current year	(16 791 316)	(14 072 813)
Amount paid - previous years		
Balance unpaid (included in payables)	1 999 796	-

The balance represents PAYE and UIF deducted from the June 2012 payroll. These amounts were paid during July 2012.

25.5 Pension and Medical Aid Deductions

Opening balance		
Current year payroll deductions and Council Contributions	28 184 146	15 273 740
Amount paid - current year	(25 397 029)	(15 273 740)
Amount paid - previous years		
Balance unpaid (included in payables)	2 787 117	-

The balance represents pension and medical aid contributions deducted from employees in the June 2012 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2012.

25.6 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No non-compliance with Chapter 11 of the MFMA

26 CAPITAL COMMITMENTS

26.1 Commitments in respect of capital expenditure

- Approved and contracted for

	218 206 319	117 816 703
Infrastructure	218 206 319	117 816 703
Community	-	-
Heritage	-	-
Other	-	-

- Approved but not yet contracted for

	51 799 272	24 823 982
Infrastructure	51 799 272	24 823 982
Community	-	-
Heritage	-	-
Other	-	-

Total

	270 005 592	142 640 685
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This expenditure will be financed from:

- External Loans	32 110 576	-
- Government Grants	154 144 719	86 190 324
- Own resources	88 302 802	56 450 360
- District Council Grants		
	274 558 097	142 640 684

27 CONTINGENT LIABILITY

27.1 Mvula Trust Vs the Municipality

	1 900 000	1 900 000
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Mvula Trust instituted a claim against the Municipality amounting to R821 702 during July 2008 in respect of services they alleged to have rendered for Phase 2 of the School Sanitation Project. Subsequent to that the Municipality filed a counter claim in the amount of R1 500 000 in that the services were in fact not rendered by the plaintiff. During March 2012 Mvula Trust withdrew their claim against the municipality and offered the municipality an amount of R50 000 in full and final settlement of its claim. The municipality has since refused to accept the settlement offer and decided to pursue the matter further.

27.2 Monarch Security Vs the Municipality

	4 451 001	4 451 001
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The applicant was appointed to provide security service to the Municipality. The applicant's services were terminated on the 3 February 2009. Monarch Security instituted claims against the Municipality amounting to R4 451 007 for breach of contract which they anticipated to end in December 2010. The matter is still pending.

27.3 J Y GUTTA Vs the Municipality

2 235 379

2 235 379

The Ngaka Modiri Molema District Municipality has been cited as the second respondent in the matter between JY Gutta and Mafikeng Local Municipality. The plaintiff claim is for damages caused by fire to his house during the cleaning campaign alleged to have been organised by the Mafikeng Local Municipality. The plaintiff's claim is in the amount of R2 235 379. The municipality appointed attorneys to defend the matter.

27.4 Portia Semenya Vs the Municipality

5 000 000

5 000 000

Plaintiff has instituted proceedings against the municipality for defamation in the amount of R5 000 000. The municipality has appointed attorneys to defend the matter. The matter is currently on the pleading stage.

27.5 Gwabeni Vs the Municipality

2 021 184

-

Themba Gwabeni the former Executive Mayor of the Ngaka Modiri Molema District Municipality instituted legal proceedings against the municipality for payment of his legal fees incurred during his criminal trial. Charges against him were provisionally withdrawn by the Court in order to allow further investigation to take its course. The municipality has appointed attorneys to defend the matter.

27.6 Mapitsi Civil Works Vs the Municipality

583 722

-

Mapitsi Civil Works was contracted to erect VIP toilets at Bodibe Village. There was a dispute with regards to payments for work done, but the municipality insists to have honoured the payments for the work done. The Municipality alleges Mapitsi Civil Works further demanded payments for work not done including payments for a retention fees even though the project remains incomplete. The Municipality is in negotiations with the plaintiff's attorneys and is considering a counter claim against the contractor.

27.7 Iwyze Valuables Insurance (obo Keebine)

125 038

-

Iwyze Valuables Insurance acting on behalf of O Keebine are demanding payment R125 038 for damages caused by alleged municipality's striking workers to O Keebine's motor vehicle during or about the 3rd December 2011. The matter is still under investigation.

27.8 M. Santo Vs the Municipality

5 731

-

The claimant issued a letter of demand against the municipality for damages amounting to R5 731 caused on his motor vehicle by an exposed manhole on 1st Street Industrial Site Mafikeng. The claim is under investigation.

27.9 Balemi Civils Vs Municipality

2 867 984

-

Ngaka Modiri Molema District Municipality has been cited as the second respondent in the matter between Ditsobotla Local Municipality and Balemi Civils for a breach of contract in the construction of roads in Boikhutso Ext 2. The municipality has appointed attorneys to defend the matter.

27.10 Microzone CC vs the Municipality

871 850

-

The municipality terminated the contract between it and microzone on the recommendation of the consulting engineers for failure to carry out its duties in terms of the General Conditions of Contract for Works of civil Engineering Construction 1990 Clause 58.1. On termination of the contract, the Consulting Engineers Termination Account reflects an amount of R1 583 401 which is owed to the municipality Microzone for damages. The municipality has appointed attorneys to deal with the matter.

27.11 Swathi Civils Vs the Municipality

1 263 657 -

The plaintiff has issued summons against the municipality for non payment of work done in the Dinokana Ward 11 Roads and Storm Water Project. The total payment claimed is R1 263 657 and the municipality has appointed attorneys to defend the matter.

27.12 Paul Rabotapi Vs the Municipality

15 553 -

The claimant issued a letter of demand against the municipality for damages amounting to R15 553 caused on his motor vehicle as a result of a pothole on 1st Street Industrial Site Mafikeng. The claim is under investigation.

27.13 JJG Construction PTY (LTD) &Khethayo Construction Vs the Municipality

3 542 447 -

JJG Construction Pty (Ltd) & Khethwayo JV issued letter of demand against the municipality for non payment of work done at the Itsoseng Bulk Water Supply project. The claimed amount is R3 542 447 and the municipality is in negotiations with contractor to resolve the impasse.

27.14 Virtual Consulting Engineers Vs the Municipality

2 772 159.21 -

The dispute emanates from the termination of contract between Virtual Consulting Engineers and the municipality with regards to Operation and Maintenance of Waste Water Treatment Plants within Tswaing and Ditsobotla Local Municipalities. The municipality terminated the contract as a consequence of resolution (Resolution 94/2001) on the 8th December 2011 after having considered changing service delivery model for the operation and maintenance of Waste Water Treatment Works in specific areas to adopt an alternative cost effective internal mechanism. Plaintiff is demanding payment of R2 772 159 for work completed to date of termination of agreement.

27.2 Botshelo Water Claim

39 915 524 -

Botshelo Water submitted a claim for R 39 915 524 in respect of bulk water supply to Distobotla Local Municipality, Ngaka Modiri Molema (Eastern) and Motswedi areas. The Municipality is disputing the claim on the basis that for that Botshelo Water is supposed to recover the amount directly from the consumers and not the Water Authority.

28 RELATED PARTIES

MEMBERS OF KEY MANAGEMENT

Municipal Manager	Mr M Mojaki	Appointed 01 October 2012
Chief Financial Officer	Mr MW Molokele	Appointed 01 December 2011
Senior Manager : Business Process Support	Mr. S Williams	Appointed 01 December 2011
Senior Manager Corporate Resource Support	Mr L Mahole	Appointed 01 March 2012
Senior Manager: Technical Services	Mr P Nthutang	Appointed 01 December 2011
Acting Senior Manager: PMU	Mr S.B Sehole	Appointed 07 August 2012

Senior Manager: Mayor's office	Mr Ramoabi	Appointed 01 October 2012
Audit Executive	Mrs D.I Mongwaketsi	Appointed 01 February 2012
Senior Manager: Growth and Economic Development	Mr. T Mbekeni	Appointed 01 March 2012
Executive Manager:Corporate Services	Mr C Malefo	Terminated 31 October 2011
Senior Manager:PMU	Mr C Maliambe	Terminated 31 August 2011
Senior Manager: Community Services	Ms K S Mbali	Terminated 31 March 2012

Other related party relationships

Compensation to councillors and other key management (refer to note 33 & 34)

Related party balances

Loan accounts - Owing (to) by related parties

Related party transactions

Interest paid to (received from) related parties

29 EVENTS AFTER THE REPORTING DATE

Non-adjusting events

- The following contracts were entered into after reporting date but before annual financial statements were authorised for issue:

Mafikeng Truck Tyre and Alignment Centre -performance based contract	-
K.C Chemicals performance based contract	-
Enonce Forensic Audit	861 000
Harley Wheel and Tyre Conti Partners-performance based	
	861 000

- Appointment of Members of Key Management

The following appointments were made after 30 June 2012

Senior Manager: District and Public Health and Safety Services	Mr.M A Matswamere	Appointed 07 August 2012
Senior Manager: PMU	Mr S.B Sehole	Appointed 07 August 2012

- Botshelo Water Claim

The municipality paid an amount of R10m to provide temporary relief to Botshelo Water whilst awaiting finalisation of ongoing engagements relating to the claim

30 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

The useful lives and residual values of property, plant, and equipment

In accordance with GRAP 17.61 the municipality implemented an accounting policy to ensure that the residual value and the useful life of assets are reviewed at least at each reporting date

The carrying value of assets at year end, subject to the annual review is R 618 009 898

Provision for doubtful debts

Management has an accounting policy in place to provide for the bad debts.

The policy requires individual assessment of long outstanding debtors

The carrying value of the provision for bad debt 2012: R 5 727 996

31 RISK MANAGEMENT

31.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The municipality does not render any services to the community and therefore the credit risk exposure is assessed as low.

Other receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Current Accounts and Call Accounts	90 639 588	202 857 157
Trade and other receivables	577 660	326 731

31.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

31.3 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits
- Development Bank of South Africa loan

32 RESTATEMENT OF COMPARATIVE INFORMATION

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the full compliance of GRAP Standards. Details of which are as follows:

Cash and cash equivalents and Other receivables

Interest on the investment account amounting to R255 206 was debited to other receivables in prior year instead of the call investments account

Property Plant and Equipment

During the year the municipality recognised the acquisition of generators acquired in 2008/2009 financial year. Depreciation is effective the acquisition date. The cost and accumulated depreciation of Property, Plant and Equipment was restated and reclassified to align Audited Financial Statements to Fixed Asset Register. The comparative statements for the 2012 year have been restated to recognise the generators cost and accumulated depreciation.

Other payables and Provisions

During the year a claim was received from Botshelo Water amounting to R6 733 810 for unpaid invoices relating to bulk water supply for Ngaka Modiri Molema Eastern. Part of the Botshelo Water claim amounting to 1 884 408 relates to prior year invoices whilst the balance of R4 849 402 relates to the year under review. The prior year amount was not accrued for in 2010/11

A further claim was received from Botshelo Water amounting to R59 659 580 for unpaid invoices relating to operations and maintenance subsidy. The Municipality is disputing the claim. Part of the operations and maintenance subsidy claim amounting to R35, 217, 073 relates to prior year invoices. A full provision has been made for the Botshelo Water Claim

Irregular Expenditure

The Municipality investigated all amounts that had been raised as irregular expenditure on the basis that appointment letters were not submitted for audit. A review of irregular expenditure was conducted subsequent to the audit and appointment letters for expenditure amounting to R41 845 125 which could not be located at the time of the audit are now in file.

The effects of the changes are detailed below:

Property Plant and Equipment

Balance previously reported	333 814 711
Other assets Cost adjustment	743 000
Accumulated depreciation 2008/2009 and 2009/2010	-165 903
Depreciation 2010/2011-recognised assets	-123 832
Depreciation 2010/2011-alignment of fixed asset register to Audited financial statements	2 557
Other assets cost 2010/2011-alignment of fixed asset register to Audited financial statements	5 378
Restated balance	334 275 911

Accumulated Surplus

Balance previously reported	425 161 064
Accumulated depreciation 2008/2009 and 2009/2010	(165 903)
Provision Botshelo Water	(35 217 073)
Botshelo Water Accrual	(1 884 408)
Provision for Bad Debts adjustment 2010/2011	847 020
Other cost adjustment : Fixed asset register 2010/2011	5 378
Depreciation adjustment : Other assets 2010/2011	2 557
Depreciation other assets adjustment:2010/2011	(123 833)
	388 624 801

Cash and cash equivalents

Balance previously reported	202 601 952
Reclassified to investments	255 206
Restated balance	202 857 158

Other receivables

Balance previously reported	581 937
Other assets Cost adjustment	(847 020)
Provision for Bad Debts adjustment 2010/2011	847 020
Reclassified to investments	(255 206)
Restated balance	326 731

Current provisions

Balance previously reported	2 200 578
Botshelo Water Provision	35 217 073

Restated balance

37 417 651

Irregular Expenditure

Prior year irregular expenditure previously reported	149 254 243
Adjustment- appointment letters now in file	(41 845 125.34)
Irregular expenditure-2010/11	107 409 117



NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
APPENDIX A

SCHEDULE OF EXTERNAL LOANS
as at 30 June 2012

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2011	Received during the period	Redeemed / written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
Stock Loan @ x% 2								
Stock Loan @ x% 3								
Stock Loan @ x% 4								
Stock Loan @ x% 5								
Stock Loan @ x% 6								
Stock Loan @ x% 7								
Stock Loan @ x% 8								
Total long-term loans								
ANNUITY LOAN								
Sanlam @ x%								
GOVERNMENT LOANS								
- Other @ x%								
Total Government Loans								
TOTAL EXTERNAL LOANS								

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation		Accumulated Depreciation						Transfers		Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
Land	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	2 122 481	8 870 959	-	-	10 993 440	-	-	-	-	-	-	10 993 440
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-
Under construction	274 744 786	262 935 354	-	-	537 680 141	-	-	-	-	-	-	537 680 141
Community Assets	274 744 786	262 935 354	-	-	537 680 141	-	-	-	-	-	-	537 680 141

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation		Accumulated Depreciation						Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals			
	R	R	R	R	R	R	R	R	R	R	R
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-
Halls	16 948 137	-	-	-	16 948 137	-	-	-	-	-	16 948 137
Theatre	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-
	16 948 137	-	-	-	16 948 137	-	-	-	-	-	16 948 137
Heritage Assets											
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	293 815 404	2 71 806 313	-	-	565 621 717	-	-	-	-	-	565 621 717
Total brought forward	293 815 404	2 71 806 313	-	-	565 621 717	-	-	-	-	-	565 621 717
Other Assets											
Office Equipment	141 006	6 78 902	-	-	819 908	(302 121)	-	-	-	(422 976)	396 933

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation		Accumulated Depreciation						Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals			
	R	R	R	R	R	R	R	R	R	R	R
Furniture & Fittings	-	-	-	-	-	(6 445 888)	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	471 934	485 314	-	-	957 248	(169 441)	-	-	(224 849)	-	732 400
Motor vehicles	34 121 343	10 910 269	-	-	45 031 612	(7 633 188)	-	-	(11 525 631)	-	33 505 981
Fire engines	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	2 539 391	1 703 304	-	-	4 242 695	(439 386)	-	-	(783 924)	-	3 458 771
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-
Other Assets	13 789 756	4 334 331	-	-	18 124 086	(2 058 787)	-	-	(3 829 990)	-	14 294 096
Finance Lease Assets	51 063 431	18 112 119	-	-	69 175 550	(10 602 923)	(6 445 888)	-	(16 787 369)	-	52 388 181
Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
Total	344 878 835	289 918 433	-	-	634 797 267	(10 602 923)	(6 445 888)	-	(16 787 369)	-	618 009 898
Land	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation		Accumulated Depreciation					Transfers		Other movements	Carrying Value			
	Opening Balance	R	Additions	R	Disposals	R	Under Construction	R	Closing Balance			R	Impairment loss/Reversal of impairment loss	R
Landfill Sites														
Quarries														
Buildings									2 122 481					2 122 481
Infrastructure														
Drains														
Roads														
Sewerage Mains & Purification														
Electricity Mains														
Electricity Peak Load Equip														
Water Mains & Purification														
Reservoirs – Water														
Water Meters														
Storm Water														
Under construction									274 744 786					274 744 786
									274 744 786					274 744 786
Community Assets														
Parks & Gardens														
Libraries														

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation		Accumulated Depreciation						Transfers	Other movements	Carrying Value											
	Opening Balance	R	Additions	R	Disposals	R	Under Construction	R				Closing Balance	R	Opening Balance	R	Depreciation	R	Disposals	R	Impairment loss/Reversal of impairment loss	R	Closing Balance
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16 948 137	
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16 948 137
Heritage Assets																						
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	293 815 404
Total brought forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	293 815 404
Other Assets																						
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(161 115)
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5 406 880)

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation		Accumulated Depreciation						Transfers		Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	471 934	-	-	-	-	(169 441)	-	302 493
Motor vehicles	-	-	-	-	34 121 343	(7 633 188)	-	-	-	(7 633 188)	-	26 488 154
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	2 539 391	(439 386)	-	-	-	(439 386)	-	2 100 006
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	13 789 756	-	-	-	-	(2 058 787)	-	11 730 969
Finance Lease Assets	-	-	-	-	51 063 431	(8 072 574)	(5 406 880)	-	-	(10 602 923)	-	40 460 507
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	344 878 835	(8 072 574)	(5 406 880)	-	-	(10 602 923)	-	334 275 911

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
APPENDIX C
 SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
 as at 30 June 2012

	Cost / Revaluation				Accumulated Depreciation				Carrying value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Executive & Council	1 042 340	1 215 321			2 257 661	163 624	300 433		464 057	1 793 604
Finance & Admin	2 709 557	4 452 348		(1 439 648)	5 722 258	811 209	899 451	(261 442)	1 449 217	4 273 040
Planning & Development	164 047	443 770			607 817	831	87 607		88 438	519 379
Health	-				-	-	-		-	-
Community & Social Services	293 815 404	271 806 313			565 621 717				-	565 621 717
Public Safety	1 551 729	752 940			2 304 669	303 147	322 429		625 576	1 679 093
Sport & Recreation	-				-	-	-		-	-
Environmental Protection	-				-	-	-		-	-
Waste Management	-				-	-	-		-	-
Road Transport	34 059 545	7 428 308			41 487 853	7 060 246	3 282 188		10 342 434	31 145 419
Water	8 651 226	4 484 232			13 135 458	557 817	1 382 892		1 940 709	11 194 749
Electricity	-				-	-	-		-	-
Other	2 884 075	774 847			3 658 922	1 705 142	170 884		1 876 026	1 782 896
Total	344 877 922	291 358 080	-	(1 439 648)	634 796 355	10 602 014	6 445 884	(261 442)	16 786 456	618 009 899

Ngaka Modiri Molema District Municipality
APPENDIX D
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
For the Year Ended 30 June 2012

	Actual	Budget	Variance	Variance	Explanation of significant variances greater than 10% versus budget
	R	R	R	%	
REVENUE					
Rental of facilities and equipment	-	-	-	100%	
Interest earned - external investments	14 019 201	8 500 000	5 519 201	65%	
Government grants and subsidies	562 726 414	564 004 854	(1 278 440)	0%	N/A
Other income	4 453 009	4 831 438	(378 429)	-8%	
TOTAL REVENUE	581 198 624	577 336 292	3 862 332	1%	
EXPENDITURE					
Employee related costs	117 981 595	147 371 885	29 390 290	20%	N/A
Remuneration of councillors	9 865 023	12 981 461	3 116 438	24%	
Fines	-	-	-	100%	This is not budgeted for.
Bad debts	-	-	-	0%	n/a
Depreciation and amortisation expense	6 445 888	-	(6 445 888)	100%	Not budgeted for as required by GRAP
Grants and subsidies paid	55 441 819	34 530 000	(20 911 819)	-61%	Difference is due to received Grants not spent.
Repairs and maintenance	46 100 279	47 597 000	1 496 721	3%	
Contracted services	25 955 560	28 830 000	2 874 440	10%	This was underbudgeted for based on previous actuals
General Expenses	166 603 840	82 579 543	(84 024 297)	-102%	n/a
TOTAL EXPENDITURE	428 394 003	353 889 889	(74 504 114)	-21%	
Gain / (loss) on sale of assets	-105 943				
NET SURPLUS / (DEFICIT) FOR THE YEAR	152 698 678	223 446 403	(70 641 782)	13%	
Control Check					
AFS 2010 - revenue	581 198 623.94				
difference	-				
AFS 2010 - expenditure	428 394 003.06				
difference	-				
net surplus	152 698 678				
difference	-				

Chapter 8

ACTION PLAN

AUDIT ACTION PLAN – 2012/13

The annual regularity audit was finalised on the 30th November 2012. The report was issued on the same date. The Auditor-General raised significant matters that require the urgent attention of the Municipality and in order to respond to that, the Financial Management has developed this plan.

Component	Recommended Action / Control	Responsible Unit/s	Timeframe
Cash and Cash Equivalents	<ol style="list-style-type: none"> 1. Implement weekly and monthly reconciliations with supporting documentation (Bank Statements) (Registers for reconciling items). 2. Monthly reconciliation of investment call accounts to ensure interest earned is accurately accounted for. Statements filed and maintained. 3. Identify accounts to be utilized for PFMA compliance, e.g. Main Bank Account and Bank Account for unutilized capital receipts. 4. Register for all bank accounts and the purpose thereof. 5. Identify responsible persons for the reconciliations and management / authority thereof. 6. Cognizance should be taken of compliance matters as well as relevant submissions to provincial treasury and auditor general regarding bank accounts and balances. 	Income and Expenditure Management	By the 10 th of each month
Other Receivables - Provision	<ol style="list-style-type: none"> 1. Prepare and review the reconciliation for provisions to ensure the provision has been consistent with GRAP requirements and municipal policy guidelines. 2. Ensure the provision has been supported by adequate documentation. 	Income and Expenditure Unit	By the 10 th of each month
Other Receivables - Other Debtors	<ol style="list-style-type: none"> 1. Prepare and review monthly debtors reconciliation and debtors age analysis. 2. Update the debtors age analysis weekly and monthly for inclusion of new debtors and payments 3. from old debtors. 4. Interest should be charges on overdue debtors. 5. Preparation of monthly statements for debtors. 6. Formalize actions that need to take place for long outstanding debtors. 	Expenditure and Income Unit	By the 10 th of each month

Component	Recommended Action / Control	Responsible Unit/s	Timeframe
Inventory	<ol style="list-style-type: none"> 1. Prepare and review monthly inventory reconciliations and inventory listing. 2. Prepare, review and implement adequate monthly stock count procedures. 3. Implement a system to release account for inventory on the preferred basis, i.e. First in first out, last in first out or weighted average method. 4. The list of Inventory should include a column to account for the Net Realizable Value so as to ensure compliance to GRAP requirements. 5. Inventory should not be issued without updating the stock cards. Compare the stock cards to the listing to ensure the accuracy of the quantities recorded on the stock listing. 6. Ensure there are daily reconciliations for fuel, i.e. dip readings, issued fuel, received fuel. 	Inventory and Asset Management Unit Fleet management Unit District Infrastructure – Water Services Unit	Reconciliation and report to be performed and issued by the 10 th of each month
Pre- payments	<ol style="list-style-type: none"> 1. Inquire from the supplier on the progress of the delivery of the fire truck. 	Supply Chain Management Unit Asset Management Unit Fire and Emergency Unit	30 th March 2013 – End of the first quarter
Vat - Receivable	<ol style="list-style-type: none"> 1. Prepare and review monthly vat reconciliations. 2. Prepare and review VAT201 returns. 3. Ensure Compliance to the VAT Act. 4. Understanding how to account for VAT as the municipality is on the payment basis at SARS versus the accrual basis for the AFS in terms of GRAP. 	Income and Expenditure Unit	By the end of each month
Property Plant and Equipment - Other Assets	<ol style="list-style-type: none"> 1. Prepare and review monthly asset reconciliations and update asset register accordingly. 2. Perform regular asset counts. 3. Ensure every asset has a unique barcode 4. Ensure compliance to GRAP 17, e.g. assess residual values and lives of assets. 5. Ensure compliance to MFMA e.g. council approval for the disposal of assets. 6. Update the asset register and ledger for assets identified to be written - off. 7. Consider impairment of PPE where necessary. 	Asset Management Unit District Infrastructure Management Unit Project Management Unit Fleet management Unit	By the end of each month
Property Plant and Equipment - Buildings , Infrastructure, Community Assets	<ol style="list-style-type: none"> 1. Prepare an asset register for buildings, infrastructure and community assets. 2. Prepare and review monthly reconciliations and update the asset register accordingly. 3. Ensure compliance to GRAP 17, e.g. residual values and lives of assets. 4. Ensure compliance to MFMA, e.g. council approval for the disposal of assets. 5. Service Level Agreements with local municipalities. 6. Consider impairment of PPE where necessary. 	Asset Management Unit District Infrastructure Management Unit Project Management Unit Fleet management Unit	By the end of each month

Component	Recommended Action / Control	Responsible Unit/s	Timeframe
Trade and Other Payables - Trade Creditors	<ol style="list-style-type: none"> 1. Prepare and review monthly reconciliations and update creditors age analysis accordingly. 2. Ensure compliance to the MFMA, e.g. paid within 30 days. 3. Prepare a creditors listing file with supporting documentation. 4. Identify suppliers that have monthly payments due to them to account for accruals at year end. 	Supply Chain Management Unit	By the 10 th of each month
Trade and Other Payables - Retentions	<ol style="list-style-type: none"> 1. Prepare and review monthly reconciliations between the retention listing, commitment register and ledger account. 2. See also commitment register. 	Supply Chain Management Unit	By the 10 th of each month
Trade and Other Payables - Staff Leave Accrual	<ol style="list-style-type: none"> 1. Prepare and review monthly reconciliations for staff leave accrual and update the schedule accordingly 2. Review the calculation method for annual leave pay-outs. 3. Ensure compliance to the SALGA agreement, e.g. accumulation of more than 48 days leave not allowed. 4. Reconcile leave days to supporting documentation. 5. Ensure tax on leave pay-outs is accounted for. 	Human Resource Management Unit Salary expenditure Unit	By the 10 th of each month
Current Provisions	<ol style="list-style-type: none"> 1. Investigate provisions as part of overall liabilities and determine whether provisions should be raised in terms of GRAP. See also Trade and other payables. 	Income and Expenditure Unit	By the 10 th of each month
Bank Overdraft	See cash and cash equivalents.	Income and expenditure	10 th of each month
Current Portion of Unspent Conditional Grants and Receipts	<ol style="list-style-type: none"> 1. Prepare and review monthly reconciliations for each category of conditional grants and update the individual schedules accordingly. 2. Ensure the unutilized capital receipts are held in a separate bank account (See cash and cash equivalents) 	Income and expenditure Unit	By the 10 th of each month To open a new account by beginning of the 13/14 financial year
Government Grants and Subsidies	<ol style="list-style-type: none"> 1. Allocate Grants and subsidies pro rata, i.e. align grants and subsidies to the financial year of the municipality 2. Reconcile direct deposits to the bank reconciliations for Grants and subsidies received and ensure they are allocated accurately. 	Income and expenditure unit	By the 10 th of each month
Revenue , Interest earned and Other Income	<ol style="list-style-type: none"> 1. Prepare and review daily reconciliations to account for daily receipts and deposits. 2. Implement a daily filing system to account for daily receipts with adequate listings. 3. Monthly reconciliations performed on bank accounts to account for interest earned. 	Income and expenditure unit	By the 10 th of each month

Component	Recommended Action / Control	Responsible Unit/s	Timeframe
Employee Costs	<ol style="list-style-type: none"> 1. Reconcile the approved organogram with the payroll information and investigate any discrepancies. 2. Prepare a list of terminations to be updated regularly. Dates should be accurately captured and supported. 3. Prepare and review monthly reconciliations between VIP Payroll and Pastel for each line item related to employee costs. 4. Prepare and review monthly overtime claims and ensure they are adequately supported and authorized. 5. Implement controls over the usage of the payroll system, i.e. use of passwords, access controls etc. 6. Reconcile third party payments to employee costs reconciliation. 7. Review and implement compliance to MFMA, GRAP and SALGA agreement, e.g. long service bonus was not disclosed in the financial statements. 8. Prepare and implement a document management system to support overtime, salaries, leave, bonus, allowances, third party payments, appointments, terminations etc. , e.g. advertisement of posts could not be provided. 9. Investigate any fringe benefits provided to employees not taken into account and implement the required actions in terms of the VAT Act and GRAP requirements. 10. Prepare a list of casual workers with adequate support and authorization thereof. 	<p>Income and expenditure – Salary expenditure division</p> <p>Human Resource Management Unit</p>	<p>VIP vs PASTEL reconciliation – by the 10th of each month</p> <p>By the end of the third quarter – 31st March 2013</p>
Depreciation	<ol style="list-style-type: none"> 1. Ensure compliance to GRAP 17 2. Determine the method used to calculate depreciation and implement it consistently 3. Align the depreciation policy to the method utilized in calculating depreciation. 4. As stated above (PPE), prepare and review monthly reconciliations to ensure accuracy of the calculations. 5. Exclude assets written off and disposals for the year from the calculation except for the period where the assets were still in use. 6. Calculate pro rata depreciation for additions for the year. 	Asset Management Unit	By 31 st March 2013
Repairs and Maintenance	<ol style="list-style-type: none"> 1. Review each payment made for repairs and maintenance to ensure the payment had not been incorrectly expensed when it should have been capitalized. 2. Prepare weekly and monthly listings of items expensed to repairs and maintenance. 	<p>Asset Management Unit</p> <p>Income and expenditure unit</p>	By the 10 th of each month

Component	Recommended Action / Control	Responsible Unit/s	Timeframe
Finance Costs	1. Investigate the bank statements and confirmations from banking institutions to identify any finance costs that should have been disclosed.	Income and Expenditure Unit	By the 10 th of each month
Bulk Purchases	1. Prepare weekly and monthly listings of items expensed to bulk purchases. 2. Develop a document management system to support all items expensed to contracted services.	Income and Expenditure Unit	Weekly and by the 10 th of each month
Contracted Services	1. Prepare weekly and monthly listings of items expensed to contracted services. 2. Develop a document management system to provide adequate support to payments made.	Supply Chain Management Unit	Weekly and by the 10 th of each month
Grants and Subsidies Paid	1. Prepare weekly and monthly listings of items expensed to grants and subsidies paid. 2. Develop a document management system to provide adequate support to payments made.	Income and expenditure Unit	Weekly and by the 10 th of each month
General Expenses	1. Prepare weekly and monthly listings of items expensed to general expenses 2. Develop a document management system to provide adequate support to payments made.	Income and Expenditure Unit	Weekly and by the 10 th of each month Immediately
Operating Leases	1. Prepare weekly and monthly listings of items expensed to operating leases. 2. Develop a document management system to provide adequate support to payments made. 3. Straight line all payments made in terms of lease agreements and disclose the lease payments as required by GRAP 13.	Supply Chain Management Unit Corporate Service Administration Unit	Weekly and by the 10 th of each month Immediately
Reserves	1. Investigate the other reserves and implement the relevant actions that are required to disclose the reserves in terms of GRAP.		
Capital Commitments	1. Develop a document management system to provide adequate support to payments made above R 300 000 2. Prepare and review monthly reconciliations of payments made in terms of contracts entered into by the municipality 3. Update the commitment register with items identified on the monthly reconciliations. Items to be reconciled include, Expenditure, Retentions and Final Fee payments where applicable. 4. Prepare and review a list of variation orders to be included in the commitment register. 5. Cognizance should be taken of VAT and how it should be accounted for on the commitment register as well as for retentions on the ledger.	Income & Expenditure Unit Supply Chain Management Unit Project Management Unit District Infrastructure Unit	By the 15 th of each month

Component	Recommended Action / Control	Responsible Unit/s	Timeframe
Procurement	<ol style="list-style-type: none"> 1. Prepare a checklist of information to be filed and maintained for the various thresholds in terms of Supply Chain Regulations, MFMA and the Preferential Procurement Regulation 2001. 2. Train Supply Chain Management officials on the checklist and regulations mentioned above. 3. Assign responsibilities to individuals within SCM to provide explanations and accountability where deviations from the SCM Checklist and framework has been identified. 	Chief Financial Officer; Supply Chain Management Unit	By the 28 th February 2013
Audit on Performance information	<ol style="list-style-type: none"> 1. Inspect the all quarterly performance report and perform review in terms of Auditor General requirements and determine the usefulness of information and the reliability of information available. 	Internal Audit Unit	21 days after submission of the reports to Performance Management Unit



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