

- **Emalahleni
Municipality Annual
Report**

2011/2012

Vision

“A municipality that delivers appropriate, sustainable and affordable services towards socio economic for the development of its Community.”

Mission

“Emalahleni Municipality promotes quality and excellent services that are valued by its customers through effective partnerships and active community participation as it plans for the future.”

Emalahleni Annual Report 2011/2012

15 January 2012

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Section 67(1)(a)(iv) states that audited financial statements for the financial year must be reported on, Financial statements to be displayed within the municipal/municipal entity Annual Report include:

- Summary of operating results presented by the CFO, including
 - Operating revenue
 - Operating expenditure
 - Operating results per service
 - Capital expenditure and financing
 - External loads, investments and cash
- Statement of financial position
- Statement of financial performance
- Statement of changes in net assets
- Cash-flow statement
- Accounting policies
- Notes to financial statements

- **Mayor's Foreword and Executive Summary**

CHAPTER ONE



Mayor's Foreword

It gives me great pleasure to be able to present to you Emalahleni Municipality's Annual report for the period 2011- 2012.

Emalahleni Municipality has made every effort during this period to focus on Department PLG's 5-year strategic agenda for Local Government, which have been addressed through Local Government key performance areas which are as follows;

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

A detail of how we have achieved our targets in each of these performance areas has been detailed in performance report presented as part of this report.

KEY POLICY DEVELOPMENTS

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

The main items identified by the strategic planning exercise may be summarized as follows:

- Improved service delivery;
- Impoverished communities;
- Co-operative governance;
- Land availability for economic development;
- Land availability for establishing tip-sites;
- Obtaining a "clean audit";
- Effective Performance Management;
- Effective delegation and related procedure manuals;
- Risk management;
- Service delivery backlogs;
- Improved maintenance programmes;
- Local economic development facilitation;
- Financial sustainability;
- Minimizing electricity losses;
- Enhancing tourism initiatives; and
- Improved public participation.

A lot of strides has been made has led to major service delivery improvements.

KEY SERVICE DELIVERY IMPROVEMENTS

A number of successes and challenges have presented themselves throughout 2011/2012. While these issues will be examined more thoroughly within the main body of this report, they are summarized as follows:

Key Successes

- Expanded public works projects;
- Appointment of 170 workers to establish baseline data regarding essential services backlogs;
- MIG project implementation;
- Land Audit in progress ;
- Completion and implementation of the Rural Spatial Development Framework;
- Planned project implementation on service delivery initiatives;
- Implementation of the Public Participation Strategy;
- Land Care Management Project implementation;
- Progress on Special Projects;
- Women Cooperatives Day;
- Website launch and effective functioning;
- Youth Development (Emalahleni Field Band);
- Risk Management assessments and planned implementation;
- Training and development of staff; and
- Re-establishment and effective functioning of the Audit Committee.

Key Challenges

- Ageing infrastructure;
- Capacity constraints and limitations;
- Lack of baseline data;
- Poor reporting;
- Financial reporting;
- Implementation of risk management initiatives;
- Management of Service Providers;
- Financial constraints;
- Tourism;
- SMME project implementation;
- LED expertise;

- LED strategy; and
- Town Planning functions.

PUBLIC PARTICIPATION

Council is highly committed to the promotion of local democracy through the extensive involvement of communities in its planned and decision-making processes.

In this regard the municipality organizes and arranges for opportunities for consultative engagement throughout the financial year. Efforts include:

- Representative Forum meetings;
- Legothla's;
- Exco Outreaches;
- Ward Committee meetings;
- Meetings with Traditional Leaders;
- Meetings with Business Community;
- Community Development Worker Projects and the like.

FUTURE ACTIONS

While recognizing the enormous challenges facing Emalahleni Municipality on so many levels, it is prudent to highlight the service delivery and operational/capital focus areas moving forward.

Areas requiring focus are identified as follows:

- The development and implementation of a Staff Retention Strategy in order to address both the shortage of scarce skills and the need to attract and retain the correct caliber of staff;
- Tighter controls and monitoring of the Budget;
- Staff to be trained and monitored on the application of effective performance management;
-

AGREEMENTS/PARTNERSHIPS

- Emalahleni Municipality has a twinning agreement with the City of Dordrecht in the Netherlands; and
- The internal audit system acts with the proviso detailed within the contract for the Northern Cluster with Chris Hani District Municipality. As such a shared audit function exists that benefits the Sakhisizwe, Emalahleni and Lukhanji Municipalities.

CONCLUSION

As the Honourable Mayor and as the political head of this municipality I find myself reflecting on this past year with infinite pride. While we do appreciate that there is so much still to be done, (especially when reflecting on the Integrated Development Plan and related objectives), we do have to acknowledge the progress made over this past year. Many improvements have been made on the service delivery and administrative front.

As political leadership we stand before you proudly and affirm our commitment to ensuring that women are capacitated and groomed for leadership positions and are used effectively in all aspects of our community. Our central theme during Women's Month was to work together to enhance women's opportunities towards economic empowerment and this was supported extensively by all government departments and related agencies.

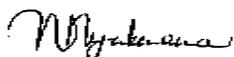
Through the municipal web page, Emalahleni Council undertook to engage in many tourism and heritage marketing exercises and thereby ensure development and growth within this area. Additionally it was pledged that this website would be effectively utilised to communicate both internally and externally regarding Council activities and would be used as a platform to benefit all. In this way we believe that we are bringing the municipality to the people.

Overall, we acknowledge that we do face challenges of a financial nature and in terms of ageing/old/poor infrastructure. As a result, while improvements in service delivery have taken place, these have also been limited. These issues are to be addressed over time.

Perhaps the performance of Emalahleni's Field Bank at the Wanderers Cricket Stadium during the National Music Championships best sums up our focus. They performed a song entitled "Dance in the Darkness till the Sunrise". This represents a message of hope, as in "dancing" we need "energy and courage". While "darkness" is associated with "fear", it is acknowledged that "through the struggle, the sun will be born and hope with conquer".

Not only did this showcase "youth development" but it projects a philosophy that is to guide and shape the municipality moving forward.

I would like to take this opportunity to thank the Speaker and Council members for their support over the last year and to the Municipal Manager and his entire staff.



N NYUKWANA
HONORABLE MAYOR

Municipal Manager's Foreword

It is with great pleasure and pride that I present to you the Annual Report for Emalahleni Municipality for the 2011/2012 period.

With a newly elected Council, we have experienced a year that distinguished itself with challenges and more importantly with achievements as we have risen above these challenges.

Service Delivery remains one of our most critical targets and we have focused much of our efforts on ensuring that our services and the manner in which these are conducted are improved at every level. This has to a large extent been achieved under exceptionally difficult circumstances.

In respect of service delivery we acknowledge that we continue to face enormous challenges that relate to absent or ageing infrastructure and poor financial resources. In most instances, external funding has been made available to facilitate improvements in service delivery and the departments within Emalahleni were used as facilitators in order to achieve progress.

Success has been achieved within the areas of electricity, stormwater, roads, sanitation, housing, fleet management, town planning and waste management services. Community related services were performed within the areas of halls, sportsfields and cemeteries. These have been achieved to the degree that funding was available. By way of example it is acknowledged that additional land for cemeteries is required to be procured and so too funding for fencing and our solid waste site.

Every effort has been made to reduce backlogs and to ensure that indigents were registered accurately on the Indigent Register and Database. This remains an ongoing challenge although workers have been appointed specifically to develop accurate baseline data.

Following the Auditor General's Report and recognizing the limitations and issues raised, an Audit Action Plan was developed in order to focus on remedying the issues raised over time. Recognizing the many limitations, every effort was made to engage in a Risk Assessment Plan and to attempt to establish required internal controls. This was achieved to a degree and improvements will be ongoing over time. The role of MPAC must also be acknowledged.

Financial Management continues to remain a challenge and this is not improved by the high levels of unemployment and high levels of poverty, which results in an extremely small revenue base and low payment rate which is underlined by the fact that debt recovery is only reflected as 15%.

Continued efforts are required to be made to further develop the necessary financial management controls and infrastructure that are required in order to facilitate sound financial management and controls. Our focus during the year under review has been on compliance and credible data sources for reporting purposes, coupled with the implementation of processes and procedures within financial management.

Tourism remains an area of untapped potential. Areas that were identified as having the potential for tourism development are identified as:

- Tourism Brochures were developed for marketing purposes (ELM)
- The ongoing facilitation of the construction of Queen Nonesi Cultural village in ward 6 (Gqebenya)
- Aquasport linked to existing dams (Xonxa and Lubisi);
- Cultural tourism linked to Liberation And Cultural Route;
- Craft produce; and
- Dordrecht Museum.

It is noted that various tourist attractions have become more visible within the area and these include the Dordrecht Festival and the Lady Frere Annual Cultural Games.

Overall, sustainable economic development remains a challenge due to lack of trained and appropriate human resources and experience within this area. The Elitheni Coal Mine Project has been a major development which will impact on the economy of the municipality and the first blast marked the start of this exciting project.

Efforts to facilitate growth and development through SMME's has resulted in the training of SMME's and cooperatives through the SEDA and the EC Development Cooperation.

Institutionally, it has been acknowledged that there is a need for the development of the institutions infrastructure and manpower. Accordingly efforts to manage and implement the PMS Framework, to develop and implement the organisational structure, engage in institutional reporting and to ensure that policies and procedures are managed at every level is required. It is acknowledged that improvements have been made in the development of the IDP and ensuring alignment to this in respect of the SDBIP and Budget. Notwithstanding improvements in the manner in which performance targets are drafted this will always remain an area requiring focus and improvement. One of the greatest challenges relates to the accuracy and availability of reporting information.

Moving forward, it is accepted and understood that as the administrative head, it is my responsibility to ensure that every effort is made to achieve the required levels of administrative functioning and support and to ensure that appropriate controls and systems are put into place at every level to ensure that this occurs in the manner required.

It is our goal as administrators to ensure that we go from strength to strength in our quest to instill a culture of performance management within the organisation.

May I take this opportunity to thank our political leadership (our Honorable Mayor, Speaker and Councillors) and our administrative and management staff for all their hard work, commitment and support over the last year.

We look forward to a successful 2012/2013.

ADVOCATE O.S. NGQELE
ACTING MUNICIPAL MANAGER

NOTE: The MEC appointed an Acting Municipal Manager (Advocate O.S. Ngqele) after the previous Municipal Manager's contract (of Mr. Kwepile) reached its conclusion.

Executive Summary

Emalahleni Municipality's Annual Report for 2011/2012 is developed not only as a matter of compliance, but in order to detail and comprehensively summarize the overall financial and administrative health of the organization, together with the successes and challenges experienced.

At all times and as per Chapter 5 of the Municipal Systems Act, Act 32 of 2000, reference will be made to the Integrated Development Plan and effectively the municipal 5-year strategic plan that emanates from this (and its annual review).

With the establishment of the new Council came the establishment of the new 5-year Integrated Development Plan for Emalahleni Local Municipality. This plan was developed to span the period 2011-2016 and was developed after a high degree of public participation, ensuring that it remained an accurate representation of the needs of the community.

Taking Budget considerations into account for the current financial year, the annual strategic objectives were developed and this in turn gave rise to the development of the Service Delivery and Budget Implementation Plans (SDBIP's). These operational plans were developed as required for each department and every effort made to ensure that there was alignment between the IDP, Budget and SDBIP's.

Although it is noted that there were difficulties experienced with the manner in which the targets contained within the SDBIP's were written during 2010/2011 (poorly worded and not always objective or measurable), this has to a large extent been resolved.

This summary is intended to provide an executive summary of the issues covered within all parts of the report.

Chapter 1: Mayor's Foreword and Executive Summary

This introductory segment introduces both the political and administrative heads of the organisation. Further to this, it provides detail on the geographical context within which Emalahleni resides. Issues covered include: population data, gender, income issues and demographical challenges.

It is clear that with high levels of unemployment and poverty, the resulting rate base (greatly reduced) will impact negatively on the organization's ability to increase its revenue source. Additionally it is noted that the younger and more educated members of society tend to leave this economic area which exacerbates these challenges further.

Chapter 2: Governance

Component A: Governance Structure

This component details the administrative and political governance aspects of the organisation. The structure of Council and committees is discussed and so too the administrative changes that were brought about with the election of the new Council in May 2011. From a governance perspective it is noted that Emalahleni Local Municipality is functioning effectively. All the governance structures are found to be in place and are detailed.

Discussion centers on the organizational infrastructure and the manner in which the organization will utilize its infrastructure and resources in order to meet the community needs, as reflected within the IDP objectives.

It must be noted that the organogram currently depicted relates to the organogram that was developed and used prior to the 2011-2016 IDP. It was anticipated that changes to this organogram would be required to accommodate the changed IDP. It was also acknowledged that this structure would be influenced by the analysis and evaluation of the institutions organizational requirements that were being analyzed with DPLG and SALGA. Within this period this process has been delayed by lack of feedback from DPLG and SALGA.

The implementation of the Employee Performance Management System takes place only at the level of the 57 Managers. Performance assessment of these 57 managers did not occur as per the strategy and framework and this is a matter to be addressed moving forward. The final performance assessment has not yet occurred for the 2010/2011 period although this was required to occur annually, after the audit analysis and final approval of the Annual Report. This will now also apply to the 2011/2012 period. Any performance bonuses applicable may only be awarded after the auditing and final approval of the Annual Report. Both period assessments are planned to be undertaken shortly.

The planned “phased in” approach to performance management could not be implemented due to funding and capacity constraints and will be reassessed in the new financial year.

At the institutional level, performance reporting was conducted in terms of compliance reporting e.g. s71, s72, s46, SDBIP quarterly reports and the like. While reporting was not always timeously achieved (as per s71 reporting and financial reconciliation reporting), improvements in reporting have been noted.

Statistics were also provided in terms of employees, their benefits and training and development initiatives.

Component B: Intergovernmental Relations

IGR continues in spite of many challenges. IGR cluster meetings were held although adequate attendance from all departments from within the IGR Forum remains a challenge. Additional efforts are being made through the Premier's Office to encourage support and attendance. Meeting dates are circulated and meetings held as required.

Twinning arrangements have continued successfully between Emalahleni Local Municipality and Dordrecht Municipality (located in the Netherlands). This interaction and commitment (which has developed from a signed Memorandum of Understanding), has resulted in cross visits between these two municipalities and the exchange of experience.

Component C: Public Accountability and Participation

Public Participation Strategies have been documented and it is noted overall that these are well applied and the municipality has been recognized in this regard by SALGA. Overall, the Public Participation Strategy is applied and every effort has been made to ensure that participative Local Government is achieved.

The IDP Process Plan has detailed all required public participation initiatives in order to ensure that these sessions are held and that public participation initiatives are maximized.

Efforts to align the SDBIP and Budget to the IDP have occurred as required in order to ensure that the strategic direction of the organization remains focused.

Component D: Corporate Governance

A number of governance issues are addressed and these include:

- **Risk Management**

Risk Management /Assessments are undertaken. Greater controls needed to be applied to ensure effective implementation. To date it is acknowledged that notwithstanding the progress made, risk is not managed effectively and this is an issue that needs to be formally prioritized moving forward. Fraud prevention is addressed through the National Fraud Prevention Plan but is not taken any further than this and the need for commitment to and implementation of the plan and policy is critical.

- **Anti-corruption and fraud**

Anti-corruption and fraud strategies are in place and applied although it is recognized that controls need to be tightened ongoing as a matter of course. In an effort to manage risk and

fraud prevention, strategies and implementation plans for risk have been developed. The municipal/presidential hotline is used to report on fraudulent issues and issues that are raised are dealt with regularly and efficiently.

- **Supply Chain Management**

Supply Chain Management practices and policies are improving continuously and all aspects of the Supply Chain Management Framework are strictly applied. All required aspects of Demand and Acquisition Management are incorporated, a Preferred Suppliers' Database is maintained and utilized, the Bid Committee operates effectively and all aspects of Supply Chain Management are implemented where at all possible. Issues requiring attention are formally addressed.

- **By-Laws**

No By-laws were reviewed. However policies and procedures were updated. Implementation remains a challenge and these are required to be workshopped.

- **Websites**

The website has progressed and has moved from an "under construction status" to a functional one, although additional work is required in order to ensure that it is optimally functional.

- **Public Satisfaction on Municipal Services**

High levels of interaction ensure regular feedback and so too customer satisfaction surveys.

- **All Municipal Oversight Committees**

While certain difficulties were experienced during 2010/2011 with Audit Committee functioning, these issues have been resolved during the current financial year. A Legal and Compliance Manager has been appointed to handle all areas of litigation and to ensure compliance with all legislated prescripts.

- **Staff capacitation and training**

The capacity of staff has been enhanced through the application of the WSP and management of labour. Notwithstanding it is acknowledged that much more is required to be done in order to enhance capacity in so many areas.

Component E: Functional Structures of all Departments

Each Department was duly examined and a functional analysis provided of roles and responsibilities of each department within this organization. Successes and challenges have

also been discussed to provide insight into the year's achievements and the manner in which challenges will be dealt with.

Chapter 3: Service Delivery Reporting (Performance Reporting Part 1)

This chapter details the performance achieved and challenges experienced within the areas of service delivery specifically. The key issues are highlighted as follows:

- Efforts to “fast-track” all rural electrifications have been reasonably successful and during 2010/2011 streetlights were installed in Indwe. Reporting in respect of this and the maintenance of street lighting continued into 2011/2012 and beyond.

During 2010/2011 electricity losses were estimated at 45%. This figure could not accurately be determined during 2011/2012 and this is an issue that clearly requires focus.

As information regarding baseline data and statistics continues to be a challenge, 170 workers have been appointed to work within the communities in order to establish the level of backlogs in all essential service areas.

Due to the lack of data, backlogs are currently treated through a blanket approach and all indigents receive free basic electricity. Through the appointment of the community workers, it is the intention to resolve issues relating to the Indigent Register.

- As the Water Services Authority, Emalahleni Municipality was required to supply water and sanitation services to both rural and urban areas.

Although a number of projects were undertaken during 2010/2011 and 2011/2012 to improve water service delivery, no performance reporting to validate progress was available to support the notion that implementation of these was successfully achieved. Backlogs in water continued to be focused within the rural areas.

As with water, Emalahleni Municipality was appointed by Chris Hani District Municipality to provide sanitation services to the area. It is noted that these services differ quite dramatically and while waterborne systems are provided within Dordrecht, Lady Frere and Indwe, pit latrine systems are used within the villages.

Again it is noticed that reporting remains a challenge. Overall challenges regarding progress towards infrastructure development relate to funding constraints and final approval from DEA (in respect of upgrading the Dordrecht sewer ponds). It is further noted that VIP toilets are filling up and this situation has not been able to be remedied due to the lack of available funding.

With effect from 1 July 2012, a new agreement was entered into with the District Municipality whereby the municipality acts as a water services provider for the delivery of Water and

Sewerage functions with risks and rewards being transferred to the municipality. Prior to that date the municipality acted as an agent for the District Municipality. Currently the rendering of these services continues uninterrupted, notwithstanding the extensive challenges that have faced the water-related targets and back logs.

- In respect of roads and stormwater functions, it is noted that Emalahleni Municipality is required to take responsibility for the construction, maintenance and upgrading of the local roads and stormwater infrastructure.

During this period, special consideration was given to the main road linking Cala to Lady Frere and the new access roads (as per listed projects). The Department of Roads and Transport has undertaken to support route maintenance (construction of R4 mil for access roads and R12 mil for maintenance).

Budgetary constraints remain an ongoing challenge and in an effort to ensure progress it is recommended that funding for both gravel and access roads be combined and funded as one and that every effort be made to secure additional funding.

While all backlog targets were achieved it is noted that the percentage of planned new road infrastructure projects was under-achieved.

- In respect of waste management it is noted that two sites were identified (Dordrecht and Indwe) to be converted into collection points and a legal landfill site is being established in Lady Frere (following the appointment of the service provider). While the application for the licence has been approved, this awaits final approval.

Additionally, funding constraints have led to the MIG projects being planned for 2012/2013 regarding landfill sites and transfer stations.

Ongoing challenges regarding refuse removal relate to staff shortages and Chris Hani District Municipality has provided assistance by providing casual employees. Notwithstanding, refuse collection has been well achieved although no statistics are available.

- The Management of the Pounds remains an ongoing activity. Attempts to identify land and construct pounds resulted in a pound undergoing construction in Dordrecht. This has not yet been fully achieved and the roof of the structure is still required to be constructed.
- Cemetery functions remain an ongoing challenge due to financial resource limitations. New land was required to be identified and pegged within Lady Frere and Indwe. Additionally and due to financial constraints, fencing of cemeteries could not be completed as planned due to

budget constraints. This also affected the implementation of the cemetery maintenance programme.

During 2011/2012, while cemetery services were provided and reported on regularly, no progress was made regarding the fencing issue or the acquisition of suitable land.

- Not all the public open spaces have been fenced or are effectively maintained. This was due primarily to budget constraints. A park was planned to be established in Lady Frere and existing parks were planned to be revived in 2010/2011, however budget constraints have prevented progress and these are now scheduled for 2012/2013.
- Some Progress in respect of libraries was achieved and aside from the original 3 functional libraries, additional libraries were planned to be built in Wards 4 and 2. This target was over-achieved in that a modular library was constructed in Ward 2 but in terms of library in Ward 4 there is still no Library. An additional Library is planned for Ward 10.
- A Land Audit was conducted during 2011/2012, although the Land Management policies and procedures have not yet been conducted.
- It is acknowledged that Town Planning is functional despite capacity constraints. Accordingly, building plans are approved by the Technical Services Department and Town Planning records are captured and processed at a very basic level.

Quarterly reports are submitted; basic information regarding approvals, subdivisions and transfers is available; and detail regarding land surveyed is captured on the SDF. All Housing project information is obtained from the Department of Human Settlements and is used to report on.

- Emalahleni is not an accredited Housing Provider but merely facilitates the process of housing provision (through the provision of administrative support).

Notwithstanding, housing shortages and backlogs remain and housing stock and rentals remain in a state of disrepair. Housing rectification inventories have now been developed in order to facilitate these challenges.

Details regarding re-zonings, subdivisions, removal of restrictions and township establishments have not yet been provided.

- Together with the Department of Rural Development and Land Reform, the development of the Rural Spatial Development Framework was successfully implemented as planned.
- During this time it was highlighted that the LED Strategy was not well aligned to the Spatial Development Framework and the subsequent alignment of the LED Plan to the PDGS has resolved these concerns to a great degree.

- Regular reporting on LED Projects is currently undertaken but these are challenging due to the difficulties experienced in being able to report accurately on expenditure.
- Many of the LED projects run during the year were carry-over projects or projects that spanned a number of years.
- Projects in respect of agriculture and Rural Development continue to be a challenge and progress between 2010/2011 and 2011/2012 was not significant although some success was achieved.
- The Sorghum Plantation Project achieved success in that during 2010/2011 progress was noted and the Sorghum Mill was established and harvesting started. During 2011/2012 the lack of reporting on progress makes it difficult to assess progress overall.
- Agro-Processing: Ibuyambo Milling Ward 5 resulted in 11 people being employed on a permanent basis, while six were employed temporarily.
- Progress has been impeded in respect of the dairy processing plant. Emalahleni Municipality is required to facilitate and monitor progress within this area and to establish relations with the co-operative as the driver of the project. While certain progress has been made, land issues are required to be resolved prior to this project moving forward. Accordingly, an agreement between Tina Sinaka and the Department of Agriculture in order to resolve land issues is required prior to any real progress being made.
- Livestock branding has been conducted within both periods and success was achieved during 2010/2011. During 2011/2012 148 cattle were branded in Wards 04, 13 and 14.
- Projects to construct sale pens (in an effort to improve stock related infrastructure and to facilitate stock auctions) have extended over both periods and successful implementation of targets occurred during 2010/2011. The funding challenge has impeded progress during 2011/2012 although meetings have been held with Ward 9 community members in order to determine where these structures are to be constructed. Funding constraints and a lack of reporting on milestone achievements remain a huge factor and impede progress.
- The Land Care Management Project was well achieved for both periods (based on funding availability).
- Progress has been made with the Qhunkqu Farm Development Project although the efforts to provide support with this have proved to be a challenge.

- Efforts were required to revitalize the Ngqana Dipping Tank project as this had not begun during 2010/2011. The IPED Manager has reported that the work relating to the construction of the dipping tanks has been allocated to the Department of Public Works by the Department of Agriculture.
- Progress within identified SMME projects has been slow. The intention had been to capacitate identified SMME's through the provision of appropriate training. During 2010/2011 this project (as run by CHDM) resulted in owners of B & B's and caterers being trained and capacitated. During 2011/2012 this target was adjusted to reflect the training of 10 business operators/co-operatives. It is further noted that 63 SMME's have been assisted with the compilation of business proposals and have submitted these to Elitheni Coal (Pty) Ltd. This was a joint venture concluded and conducted by ELM, Business Forum and SEDA.
- Tourism remains a challenge and funding and capacity have had the most impact on progress within this area. In an effort to achieve progress, service providers were required to be sourced to develop marketing brochures. A service provider was appointed during 2010/2011, terms of reference established and a draft brochure developed. During 2011/2012 this brochure was approved by Council and made available for marketing purposes. Funding and capacity remain a challenge. Notwithstanding it is noted that on 26 September Emalaheni Municipalities website was launched. This is guaranteed to assist with the promotion of tourism and communication (internal and external). Additionally, efforts were made to facilitate the construction of Queen Nonezi Cultural Village in Ward 6 (Gqeberya).
- Involvement in efforts to reduce crime (championed by CHDM) are still underway although efforts have been extremely slow. During 2010/2011 no meetings in this regard were attended, while during 2011/2012 at least two meetings were attended with the view to facilitating conditions where tourism can be enhanced through reduced crime levels;
- An ongoing challenge remains the issue of service providers and ensuring that internal structures and processes are created in order to facilitate service provider reports – thereby facilitating the management of service providers. Although highlighted, no real progress has been achieved in either period; and
- The appointment of a service provider to report to communities on job creation projects has not occurred. Project reports indicating project progress, expenditure on project implementation and the provision of consolidated reports has just not occurred and must be available ongoing to validate progress.

Chapter 4: Organisational Development Reporting (Performance Reporting Part 11)

Component A: Introduction to the Municipal Workforce

This deals with an introduction to the municipal workforce. Discussion centers around the organogram, staff establishment figures, employment equity issues and the like.

Component B: Managing the Workforce in terms of reporting and functional structures

Functional reporting structure is provided.

Component C: Capacitation of the Workforce

Capacitating workforce, WSP and staff training statistics are provided.

Component D: Managing municipal workforce expenditure

Controls in respect of reporting and expenditure management are provided.

Chapter 5: Financial Performance

This chapter focuses on all of the financial management related data and reporting required for compliance purposes, not to mention the extensive challenges faced. Emphasis is on compliance reporting.

A number of issues are highlighted:

- Extremely high levels of unemployment are experienced which result in an extremely small revenue base. Additionally the debtors' collection rate for 30 June 2012 is 15% which is extremely low and will impede the ability of the municipality to increase the revenue base and the cash flow situation.
- As in the previous period, efforts were underway to verify and update the consumer database and the Indigent Register. In this manner efforts would be underway to facilitate revenue enhancement and debt collection.
- While progress has been made it has been acknowledged that improvement is required in all efforts to prevent /minimize fruitless and wasteful expenditure, irregular expenditure, discrepancies with data and the like.
- Supply Chain Management processes are functional and committees have been established to adjudicate and award tenders. While this has been achieved it is also acknowledged that greater controls are required.
- Greater control mechanisms are required to be undertaken throughout. While Audit and Risk Management initiatives have been undertaken, it is noted that the Risk Implementation Plans and compliance reporting are to receive greater emphasis.
- Following the difficulties experienced in respect of the functioning of the Audit Committee during 2010/2011, it is noted that this committee was re-established and met regularly as required in order to fulfil all required functions. This committee was required to report regularly and to assess financial reporting in order to facilitate adherence to the MFMA and strict fiscal control.

All aspects of financial management are covered and specifically within the following areas:

- Statement of Financial Performance
- Spending against Capital Budget
- Cash Flow Management and Investment

- Other Financial Matters

Chapter 6: Auditor General Findings

This chapter provides an overview of the Auditor General's Report of the previous financial year and will include:

- Detail on issues raised during the previous financial year; and
- Remedial action and preventative measures taken and proposed.

Appendices:

Appendix A:	Councillors, Committee Allocation and Council Attendance
Appendix B:	Committee and Council purpose
Appendix C:	Third Tier Administrative Structure
Appendix D:	Functions of Municipal Entity
Appendix E:	Ward Reporting
Appendix F:	Ward Information
Appendix G:	Recommendations of the Municipal Audit Committee
Appendix H:	Long Term Contracts and Public Private Partnership
Appendix I:	Municipal Entity /Service Provider Performance Schedule
Appendix J:	Disclosure of Financial Interest
Appendix K:	Revenue Collection Performance
Appendix K (i):	Revenue Collection Performance by Vote
Appendix K (ii):	Revenue Collection Performance by Source
Appendix L:	Conditional Grants Received: Excluding MIG
Appendix M:	Capital Expenditure – New & Upgrade/Renewal Programmes: Including MIG
Appendix M(i):	Capital Expenditure- New Assets Programme
Appendix M (ii):	Capital Expenditure – Upgrade/Renewal Programme
Appendix N:	Capital Programme by Project Current Year
Appendix O:	Capital Programme by project by Ward current year
Appendix P:	Service Connection Backlogs at Schools and Clinics
Appendix Q:	Service Backlogs experienced by the community where another sphere of Government is responsible for service provision
Appendix R :	Declaration of loans and Grants made by the Municipality
Appendix S:	Declaration of Returns not Made in due Time under MFMA s71
Appendix T:	National and Provincial Outcome for Local Government

Volume II: Annual Financial Statements

Section 67(1)(a)(iv) states that audited financial statements for the financial year must be reported on, Financial statements to be displayed within the municipal/municipal entity Annual Report include:

- Summary of operating results presented by the CFO, including
 - Operating revenue
 - Operating expenditure
 - Operating results per service
 - Capital expenditure and financing
 - External loads, investments and cash
- Statement of financial position
- Statement of financial performance
- Statement of changes in net assets
- Cash-flow statement
- Accounting policies
- Notes to financial statements

Conclusion

It is acknowledged that the information contained within this report has been provided by the various departments. Verification of data is an issue that has been raised throughout this report and the issue of baseline data (particularly within service delivery areas) remains a challenge and a concern. To this end reference must be made to the Auditor General's report, the Response to the Auditor General's Report, the Audit Action Plan and the MPAC Oversight Report. In this manner a clearer and more detailed understanding will be obtained regarding the verification of data and statistics and the manner in which these issues are to be addressed.

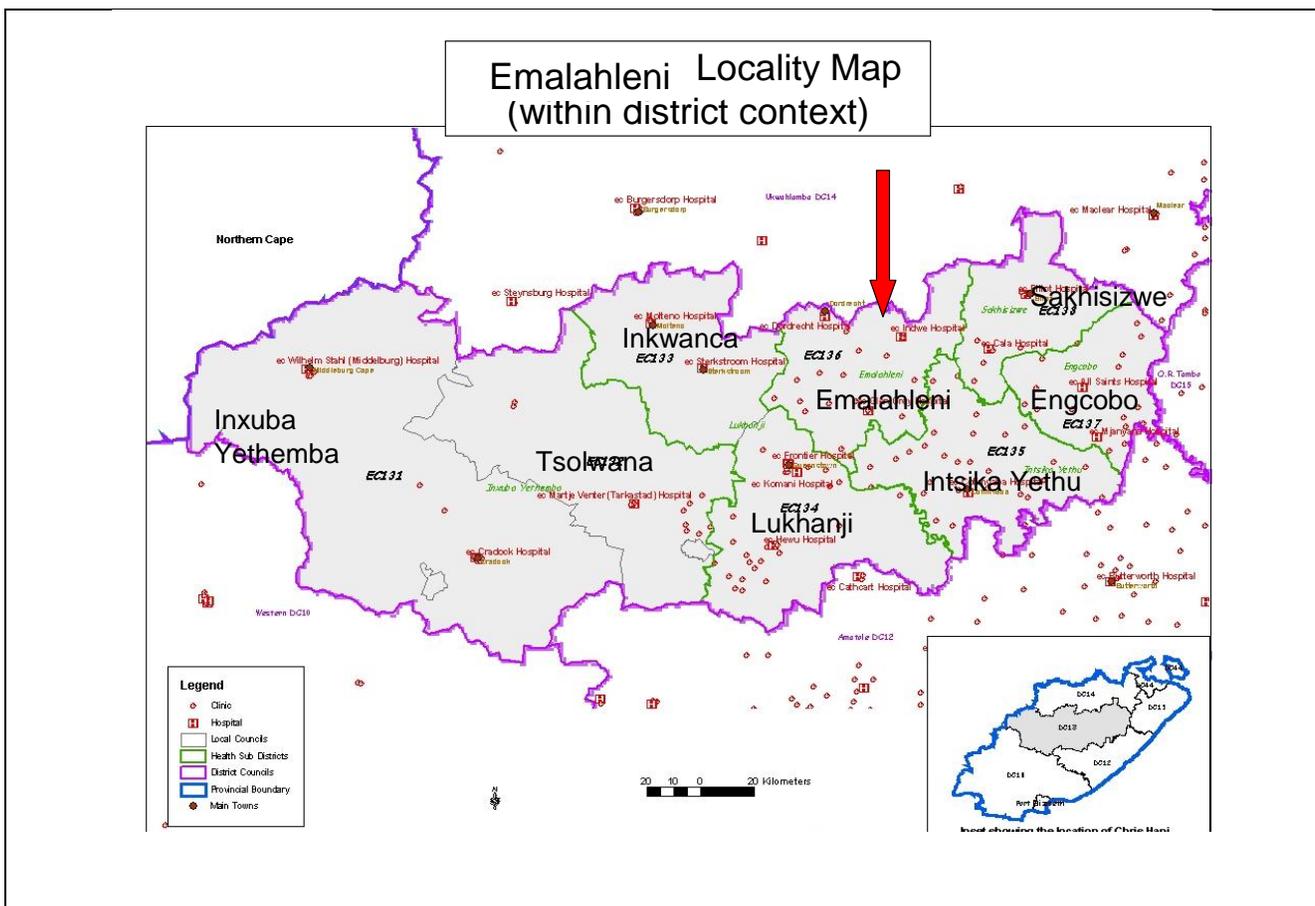
The need for systems, controls and reporting are issues that require extensive attention throughout the organization. Management at all levels is required to ensure that these systems are created and that the quality of reporting in all areas is improved. With strong systems of control and reporting, aside from the revenue challenges, great improvement in the operational efficiency of the organization will be possible.

Geographical Context

Emalahleni Municipality was established during 2000. It is situated in the North Eastern sector of the Chris Hani District Municipality in the Eastern Cape Province and is comprised of 3 urban nodes:

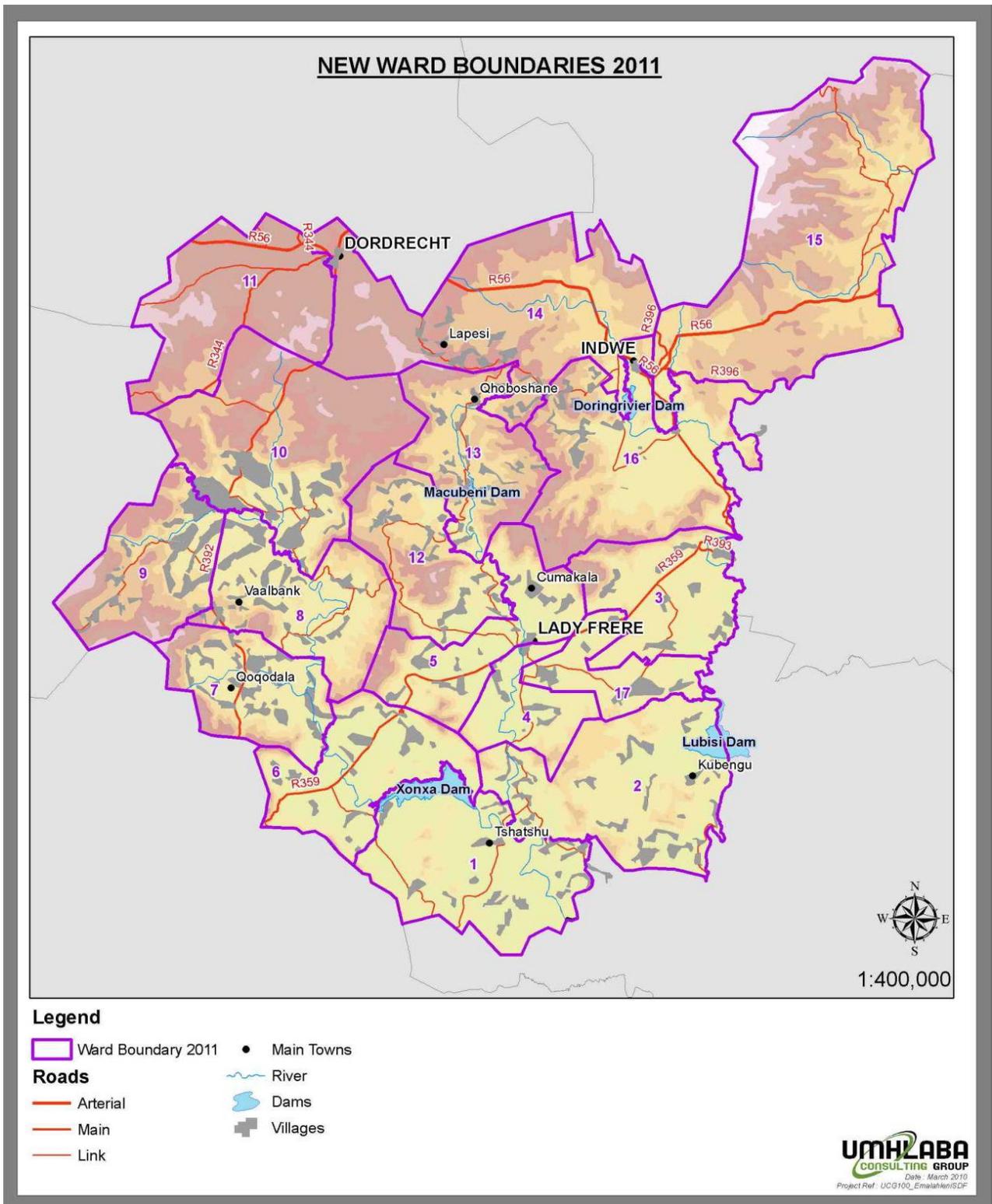
- Lady Frere
- Dordrecht
- Indwe

The Emalahleni local municipal area comprises an extensive rural component and these towns are surrounded by approximately 200 villages and agricultural holdings.



The Emalahleni Local Municipality is one of the eight (8) municipalities that constitute the Chris Hani District Municipality.

In order to place this in perspective, reference is made both to the map above and to the table below, which provides a comparison between Emalahleni Local Municipality and other local municipalities.



Population Distribution of Chris Hani District Municipality

Local municipality	Population	%
IntsikaYethu	194 240	23.97%
Lukanji	184 539	22.77%
Engcobo	148 403	18.32%
Emalahleni	115 932	14.31%
Inxuba Yethemba	60 295	7.44%
Sakhisizwe	54 029	6.67%
Tsolwana	32 515	4.01%
Inkwanca	20 245	2.50%

Population

According to recent statistics by the Municipal Demarcation Board (2005) and Global Insight (2005), the population of Emalahleni is estimated at 116 000 people and 26 000 households. This translates to an average household size of 4.46 people.

- The largest number of inhabitants may be found in Lady Frere. This is followed by Nonese, Lumakala and Mhlontlo.
- Lebitsa, Ekholohlo and Kwa-Ndungwna have smaller numbers of inhabitants.
- 79 of the 137 settlement areas have populations of less than 500 people each.
- 115 settlements have populations of less than 1 000 people.

Growth Trends

It appears that Emalahleni Local Municipality's population has exhibited a negative growth trend of around 7% over the past 10 years.

The population density of Emalahleni Local Municipality is approximately 37 people per kilometer squared. It is noted that the majority of the population is located within the southern sector of the municipal area, which is where most of the rural settlements are to be found.

Population densities within these settlement regions range from:

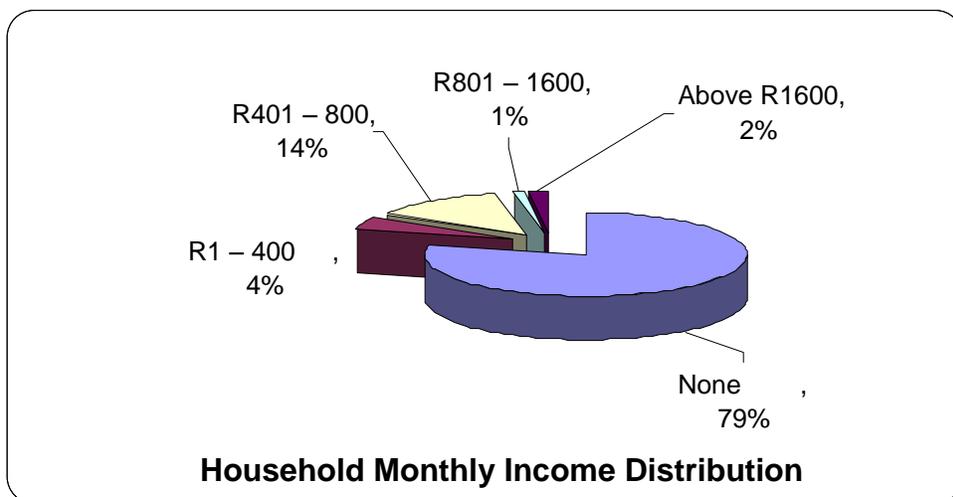
- 5 000 – 9 000 people per square kilometre (e.g. Tyoksville, Manyano, Mavuya and Sinakho)
- less than 20 people per square kilometre (e.g. Matyanlya, Glen Adelaide, Maqashu, Zwarwater and Buffelsoorns).

Income & Income Distributions

Income distribution is reflected as follows:

- 79% of the population does not have access to a regular income (Municipal Demarcation Board (2005) and Global Insight (2005)).
 - 1% of the population receives a gross monthly income of between R800 and R1 600.
- 83% have income levels that are less than R800 per month and of these 79% are households that are recorded as not having any formal income at all.

This pie chart below details the monthly household incomes discussed and is based on the 2005 statistics provided by the Municipal Demarcation Board, citing the census 2001.



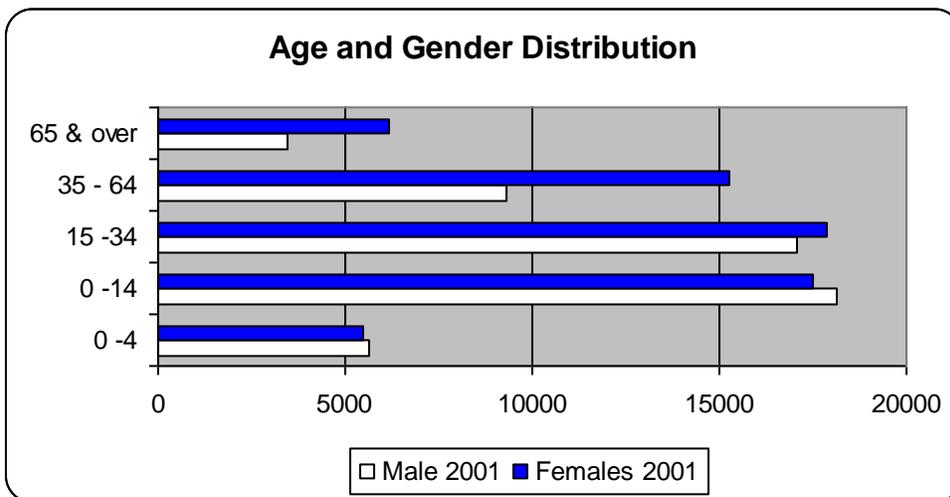
These statistics reflect that by far the greatest portion of the households within the municipality can be regarded as indigents (with either no income or incomes of less than R1 500 per month). These households are therefore reliant on state subsidies for housing or other services and are further dependent on state pensions and grants.

Reliance on approximately 2% of the household population to pay for services will impede on any and all service delivery strategies that rely on residential cross subsidization. Effectively the municipality will be required to cross subsidize consumption of services, and this may prolong efforts to reduce any existing backlogs.

Age and Gender Distribution

The table below reflects the 2001 Census statistics and provides an age-gender distribution analysis.

This situation reflects the high levels of poverty and unemployment that are experienced throughout the municipal area with its concomitant effect on revenue generation and service delivery.



The age groups of 0 to 4 and 5 to 14 years old show a slant towards males being in the majority. However this trend does not continue through into the economically active age groups and it is widely accepted that this is caused by the tendency of the majority of males to seek better schooling or employment opportunities in developed urban centres outside the municipal jurisdiction.

Females form the greater portion of the economically active population in the 15-64 year bracket. This directs the strategic planning of the municipality to focus on increasing involvement opportunities within local economic development and local initiatives for this group.

In support of the above trend it can further be seen that within the elderly population age group (65 years and older) women dominate by 5% as compared with 3% for males.

While women account for 13% of the age group 35-64 years, males only account for 8% of the population within the same age group. This impacts negatively on the local labour market and the potential workforce and needs to be taken into account as it deprives the local labour market of its potential workforce.

Efforts to encourage members of the economically active population and retired (but economically independent population) must be encouraged and built into the strategic objectives of the municipality for future growth and sustainability.

● GOVERNANCE

CHAPTER 2



COMPONENT A: GOVERNANCE STRUCTURES

POLITICAL GOVERNANCE STRUCTURE

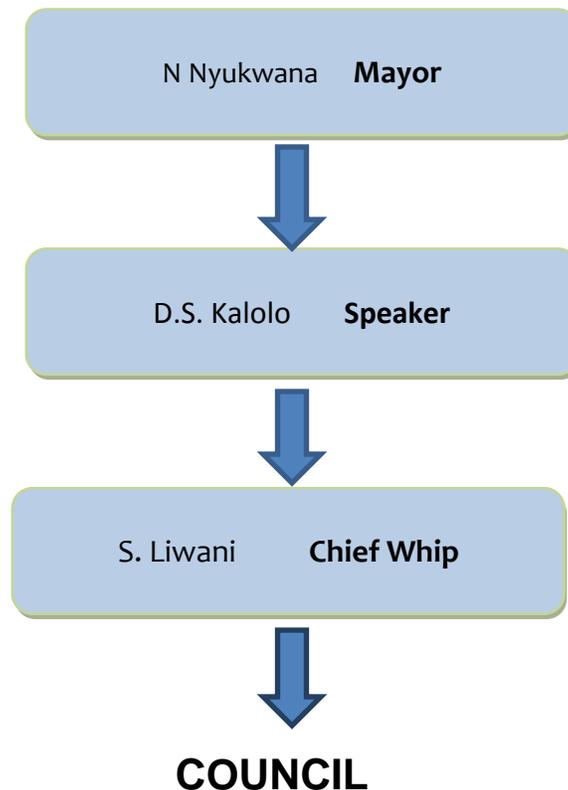
Overview of the Executive and the Council Functions and Achievements

Executive Committee, Council and Standing Committees

As per s9 (b) of the Municipal Structures Act, Act No. 117 of 1998, Emalahleni Municipality is a democratically elected Category B Municipality. It has a Collective Executive System of governance which incorporates a Ward Participatory System.

The manner in which this Council operates is reflected as follows:

COUNCIL STRUCTURE: 2011 – 2016



Political Structure

Municipal elections were conducted during 2011 and a new municipal Council was elected for the 2011-2016 period of office.

2011 – 2016 Council

34 Councillors	
Ward Councillors:	17 ANC
Proportional Representative Councillors:	
	13 ANC
	1 UDM
	1 COPE
	1 DA
	1 PAM

34 Councillors sworn into office in
May 2011

Establishment, Roles & Responsibilities:

- The Speaker and Executive were elected at the first sitting of Council;
- The Mayor represents the political head of the institution and was elected from the Executive Committee;
- The Chief Whip of Council was elected by Council as a representative from the majority party; and
- The role of the Speaker is to coordinate Council activities and meetings.

Executive Committee

The Executive Committee (EXCO) is provided with the mandate to recommend and to resolve Council matters. EXCO is chaired by the Mayor and is scheduled to meet monthly.

EXCO is provided with delegated authority from the Council and this is awarded in order to facilitate decision-making and action taken regarding municipal issues (recommendations/resolving municipal issues during the time in-between the quarterly Council meetings).

Note: The members of EXCO also serve as the Portfolio Heads of the portfolio Committees of Council.

Administrative responsibilities of Council

- Councillors are responsible for taking political decisions relating to service delivery and playing an oversight role in Council.
- Meetings of Council occur quarterly and Special Council meetings are convened when an urgent issue is required to be attended to/or an urgent decision needs to be taken.
- As per Chapter 3 of the Municipal Systems Act, (Act No. 32 of 2000), the executive and legislative authority of a municipality lies with the Council and the Council takes all the decisions of the municipality subject to s59.
- Executive Committee meetings convene monthly and are constituted as follows: the Mayor, Political Heads of Standing Committees, and the top management of the municipality.
- Standing Committees meet in order to discuss or recommend that certain actions are taken by the Executive Committee or Council. These committees are chaired by the Portfolio Councillors who form part of the Executive Committee members. The other members are Councillors, who are elected by political parties, traditional leaders and the administration.
- In this manner informed decision making is facilitated, as Councillors become more focussed and knowledgeable about strategic and Directorate-specific issues.

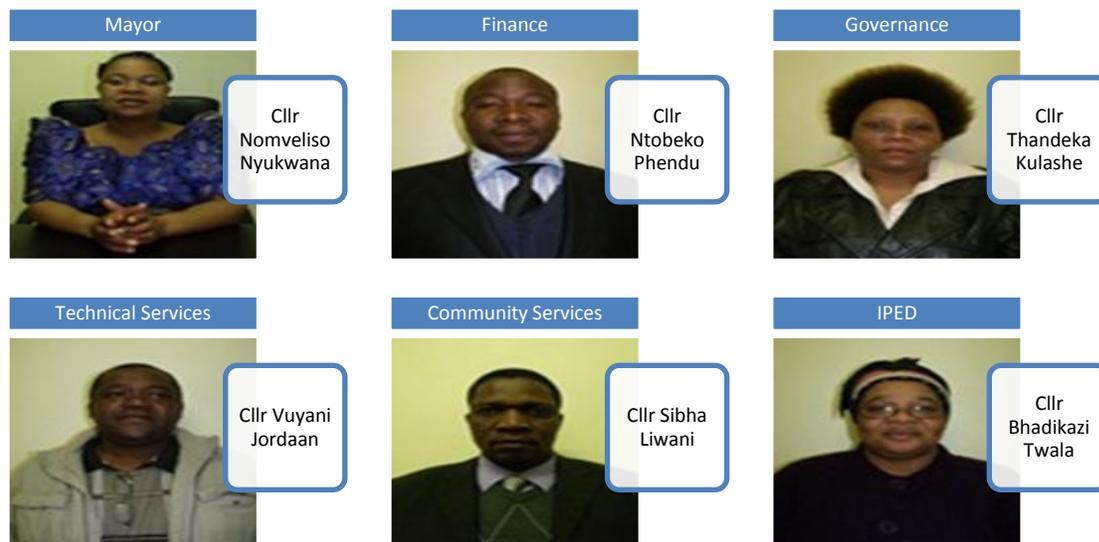
MEMBERS OF THE EMALAHLENI MUNICIPALITY

COUNCILLORS

Nyukwana, N.	Executive Mayor	ANC	Proportional
Kalolo, D.S.	Speaker	ANC	Proportional
Liwani, S.	Chief Whip	ANC	Proportional
Jordaan, V.	Councillor	ANC	Proportional
Koni, N.F.	Councillor	ANC	Ward
Mnyuko, S.	Councillor	ANC	Ward
Dlikilili, N.	Councillor	ANC	Proportional
Holana, N.	Councillor	ANC	Proportional
Mapete, P.	Councillor	ANC	Ward
Godla, M.	Councillor	ANC	Ward
Mooi, L.	Councillor	ANC	Ward
Lali, N.	Councillor	ANC	Proportional
Phendu, N.	Councillor	ANC	Proportional
Qashani, N.	Councillor	ANC	Ward
Twala, B.P.	Councillor	ANC	Proportional
Dudumashe, T.R.	Councillor	ANC	Ward
Ziduli, N.	Councillor	ANC	Ward
Teka, Z.H.	Councillor	ANC	Ward
Ndlela, T.R.	Councillor	ANC	Proportional
Peter, N.	Councillor	ANC	Ward
Kulashe, T.	Councillor	ANC	Proportional
Mani, M.	Councillor	ANC	Proportional
Dyonase, Z.	Councillor	ANC	Ward
Bobotyana, H.C.	Councillor	ANC	Ward
Kraqa, N.	Councillor	ANC	Ward
Mjezu, K.	Councillor	UDM	Proportional
Nkasela, K.	Councillor	ANC	Proportional
Greyling, P.	Councillor	DA	Proportional
Nobaza, P.	Councillor	ANC	Ward
Gwegwana, L.	Councillor	ANC	Ward
Komani, B.	Councillor	ANC	Ward
Papiso, Z.	Councillor	ANC	Ward
Mketsu, Z.	Councillor	COPE	Proportional
Kwatshana, T.	Councillor	PAM	Proportional

The composition of each of these Standing Committees is reflected below:

HONORABLE MAYOR AND STANDING COMMITTEE PORTFOLIO HEADS



Portfolio and Standing Committees of Council

Portfolio / Standing Committees of Council have been established in order to facilitate opportunities for Councillors' and officials to engage more directly regarding departmental issues of concern / interest. These deliberations and discussions would be facilitated by the functioning of 5 portfolio committees (who meet every second month) and through discussions that take place within Standing Committee meetings (held bi - monthly).

In this manner, the relevant Councillors' develop a greater understanding of departmental issues. When matters are referred for decision making (for policy and operational issues), these Councillors' are better prepared to make an informed decision (having obtained greater insight and understanding of operational challenges and issues within departments).

Apart from the Mayor and the Speaker, all Councillors' are required to serve on a Portfolio Standing Committee. After issues are discussed at these Standing Committee meetings, recommendations are submitted to EXCO and are thereafter reported to a full Council.

The existence of the Standing Committees is to provide opportunities for Councillors' and officials to engage in greater discussion or to obtain additional insight/information so that the Councillors' involved can provide insight and guidance at the level of the Executive Committee and ultimately to Council.

Each Standing Committee and its responsibilities are reflected as follows:

- **Finance Standing Committee**

- Provides guidance and oversight in the management of the municipal financial resources in order to ensure efficient, effective and economic functioning;
- As per the Municipal Finance Management Act, Act No 56 of 2003 and the National Treasury Regulations, the Finance Department is required to focus on effecting financial management and to provide implementation support to all departments ; and
- This Committee will facilitate functioning through the provision of oversight and appropriate decision making regarding policy and operational issues.

- **Governance and Administration Standing Committees (Corporate Services and Strategic Services Departments)**

- Provides guidance and oversight regarding the Human Resource and Administrative issues of the Municipality and Council;
- Provides administrative support to Council and political structures in the manner in which their positions and functions are exercised. Structures included in this support function are: Council, the Office of the Speaker; the Mayor and his/her Mayoral Committee; the Council Committees; the office the Municipal Manager; Ward Committees; Community Development Workers and the Strategic Management Department.
- Ensures the provision of human resources management and development and administrative management of the organization;
- Facilitates the development, monitoring and evaluation of the performance management structure; and
- Legal and compliance issues are reported through this structure.

- **Infrastructure Standing Committee**

- Provides guidance and oversight to the Technical Services Department (dealing primarily with the facilitation of infrastructure development as both external and internal responsibilities);
- Facilitates infrastructure development in terms of the maintenance and development of existing structures (administratively and technically); and

- Facilitation of technical functions that include: water and sanitation, roads and stormwater, housing schemes; electricity reticulation and distribution and the processing of building plans and quality monitoring.

- **Community Services Standing Committee**

- Provides guidance and oversight regarding community based services that are the responsibility of the Community Services Department. These services include: the reduction of HIV/Aids; the control of traffic; disaster management; environmental management; air and noise pollution; pauper burials; child care facilities; community halls; parks and recreational facilities and libraries; and
- Facilitates the development of by-laws and the availability and maintenance of disposal sites.

- **IPED Standing Committee**

- Provides guidance and oversight in the manner in which the IPED Department promotes social and economic development;
- Provides guidance and oversight in respect of Town Planning;
- Facilitates the planned use of local government resources to create jobs and to reduce poverty (technical, environmental and financial) and
- Provides oversight in respect of the IDP and related process factors.

Councillors are elected for a period of five (5) years. This Council has been elected for the period 2011-2016. In terms of the functional structure of Council and through the operational nature of standing committees Councillors are required to make informed decisions regarding the running of the organization within the areas of: IPED; Community and Social Services; Corporate and Support Services; Budget and Treasury, Technical Services and the Municipal Managers office.

PORTFOLIO COMMITTEES	
EXECUTIVE COMMITTEE MEMBERS COMMITTEE ADMINISTRATOR: MR Z. MBOTYI 1. Honourable Mayor N. Nyukwana (Chairperson) 2. Cllr B.P. Twala 3. Cllr V. Jordaan 4. Cllr T. Kulashe 5. Cllr N. Phendu 6. Cllr S. Liwani	TECHNICAL STANDING COMMITTEE COMMITTEE ADMINISTRATOR: MR Z. MBOTYI 1. Cllr V. Jordaan - Portfolio Head 2. Cllr N.F. Koni 3. Cllr S. Mnyuko 4. Cllr N. Holana 5. Cllr P. Mapete

<p>IPED STANDING COMMITTEE</p> <p>COMMITTEE ADMINISTRATOR: MRS T. FIHLA</p> <ol style="list-style-type: none"> 1. Cllr B.P. Twala - Portfolio Head 2. Cllr T.R. Dudumashe 3. Cllr N. Ziduli 4. Cllr Z.H. Teka 5. Cllr T. Ndlela 	<p>GOVERNANCE STANDING COMMITTEE</p> <p>COMMITTEE ADMINISTRATOR: MRS T. SOYAMBA</p> <ol style="list-style-type: none"> 1. Cllr T. Kulashe - Portfolio Head 2. Cllr M. Mani 3. Cllr Z. Dyonase 4. Cllr H.C. Bobotyane 5. Cllr N. Kraqa 6. Cllr K. Mjezu
<p>FINANCE STANDING COMMITTEE</p> <p>COMMITTEE ADMINISTRATOR: MR. Z. MBOTYI</p> <ol style="list-style-type: none"> 1. Cllr N. Phendu - Portfolio Head 2. Cllr N. C. Lali 3. Cllr M. Godla 4. Cllr L.N. Qashani 5. Cllr Z. W. Mketsu 	<p>COMMUNITY STANDING COMMITTEE</p> <p>COMMITTEE ADMINISTRATOR: MRS T. FIHLA</p> <ol style="list-style-type: none"> 1. Cllr S. Liwani - Portfolio Head 2. Cllr P. Greyling 3. Cllr P. Nobaza 4. Cllr L. Gwegwana 5. Cllr B. Komani
<p>OVERSIGHT COMMITTEE</p>	
<p>MPAC COMMITTEE COMMITTEE</p> <p>ADMINISTRATOR: MRS T. FIHLA</p> <ol style="list-style-type: none"> 1. Cllr L. Mooi: Chairperson 2. Cllr T. Kwatshana 3. Cllr N. Dlikilili 4. Cllr N. Peter 5. Cllr K. Nkasela 	<p>AUDIT COMMITTEE</p> <p>COMMITTEE ADMINISTRATOR: MRS N. MRWEBI</p> <ol style="list-style-type: none"> 1. Mrs T. Putzier (Secretary) 2. Mr T. Bothman 3. Mr P.J. Cloete 4. Mr N.J. Kwepile
<p>OTHER COMMITTEES OF COUNCIL</p>	
<p>REMUNERATION & RETENTION COMMITTEE</p> <p>COMMITTEE ADMINISTRATOR: MRS L. PHOPHO</p> <ol style="list-style-type: none"> 1. Honourable Mayor N. Nyukwana 2. Honourable Speaker D.S. Kalolo 3. Cllr Kulashe 4. Mr N.J. Kwepile 5. Mr A.M. Stemela 	<p>PMS ASSESSMENT & EVALUATION COMMITTEE COMMITTEE</p> <p>ADMINISTRATOR: Z. MBOTYI</p> <ol style="list-style-type: none"> 1. Honourable Mayor N. Nyukwana 2. Cllr Pendu 3. Ward Committee member

<p>RULES COMMITTEE</p> <p>COMMITTEE ADMINISTRATOR: MRS V. YAWA</p> <ol style="list-style-type: none"> 1. Honourable Speaker D.S. Kalolo 2. Cllr S. Liwani 3. 5 Whips from Political Parties 4. Cllr K. Nkasela 5. Cllr N. Koni 	<p>LOCAL LABOUR FORUM COMMITTEE</p> <p>COMMITTEE ADMINISTRATOR: MR Z. MBOTYI</p> <ol style="list-style-type: none"> 1. Cllr N. Koni : Chairperson 2. Cllr T. Kulashe 3. Cllr N. Phendu 4. Miss N. Lungwengwe 5. Mr Z. Ntlokombini 6. Mr M. Ntshingana 7. Mr L. Nkosiyaphantsi 8. Mr A. Stemela 9. Miss S. Makamba 10. Miss N. Bushula 11. Miss N. Matoni 12. Mr L. Nqumkana 13. IMATU member
<p>HR PLAN COMMITTEE</p> <p>ADMINISTRATOR : MRS T. FIHLA</p> <ol style="list-style-type: none"> 1. Cllr T. Kulashe 2. Cllr V. Jordaan 3. Miss L. Dziba 4. Miss M. Mazibuko 5. Mr M. Zwakala 6. Mr L. Wana 7. Miss Z. Coki 8. Mrs Y. Nkwentsha 9. Mrs N. Magwashu 10. Mr L. Mnyaluza 11. Mr M. Matoti 12. Mr M. Sam 13. Miss N. Matoni 14. Miss S. Makamba 15. Mr V.C. Lande 16. Miss P. Manakaza 17. Miss N. Sikunana 18. Mr L. Matshoba 19. Miss N. Mpangele 	

Ward Committees' Establishment and Functionality

Ward Committees have been established and were functional in all 17 wards of the municipality. It is recognized that the effective operation of these committees is dependent on effective capacitation of all committee members. In the case of both the outgoing and the new Council, efforts were and will be made to capacitate all committee members.

Following the elections, 17 Ward Committees were elected and it is noted that 170 elected members and their ward Councillors have been inducted. Extensive training and induction for Ward Committees was conducted.

Training conducted for the new committee members has focused on the following areas:

- Meeting procedures and minute-taking;
- IDP and Budget Processes;
- Roles and responsibilities of Ward Committees; and
- Developing a Ward-based Plan.

In terms of s13 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) read with s162 of the Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996), it must be noted that:

- Representation on Ward Committees shall not be according to political party affiliation and will include religious, youth, civic, education, sport, culture, business, welfare, and women's associations.
- Committees are required to meet at least once per month and to report formally to the Speaker at least quarterly through their Ward Councillor.
- The Speaker is responsible overall for the functioning of the Ward Committees and meets at least quarterly with all Ward Committees to discuss issues of mutual concern and issues to be addressed; and
- The Speaker is required to submit a quarterly report to Council on the activities and considerations of the Ward Committees.
- Each Committee is chaired by its respective Ward Councillor.
- During Ward Committee meetings, the community members are briefed about developments in their ward and within the municipality itself. In this manner, a consultative community structure is created and maintained.
- In keeping with all required legislation it must be noted that:
 - All records of meetings scheduled and attended are maintained (minuted);

- Minutes of all meetings are made available;
- Written proof is available regarding resolutions tabled to Council;
- Minutes are available for all feedback meetings with communities; and
- Ward Committee activity reports are made available to all.

Community Development Workers

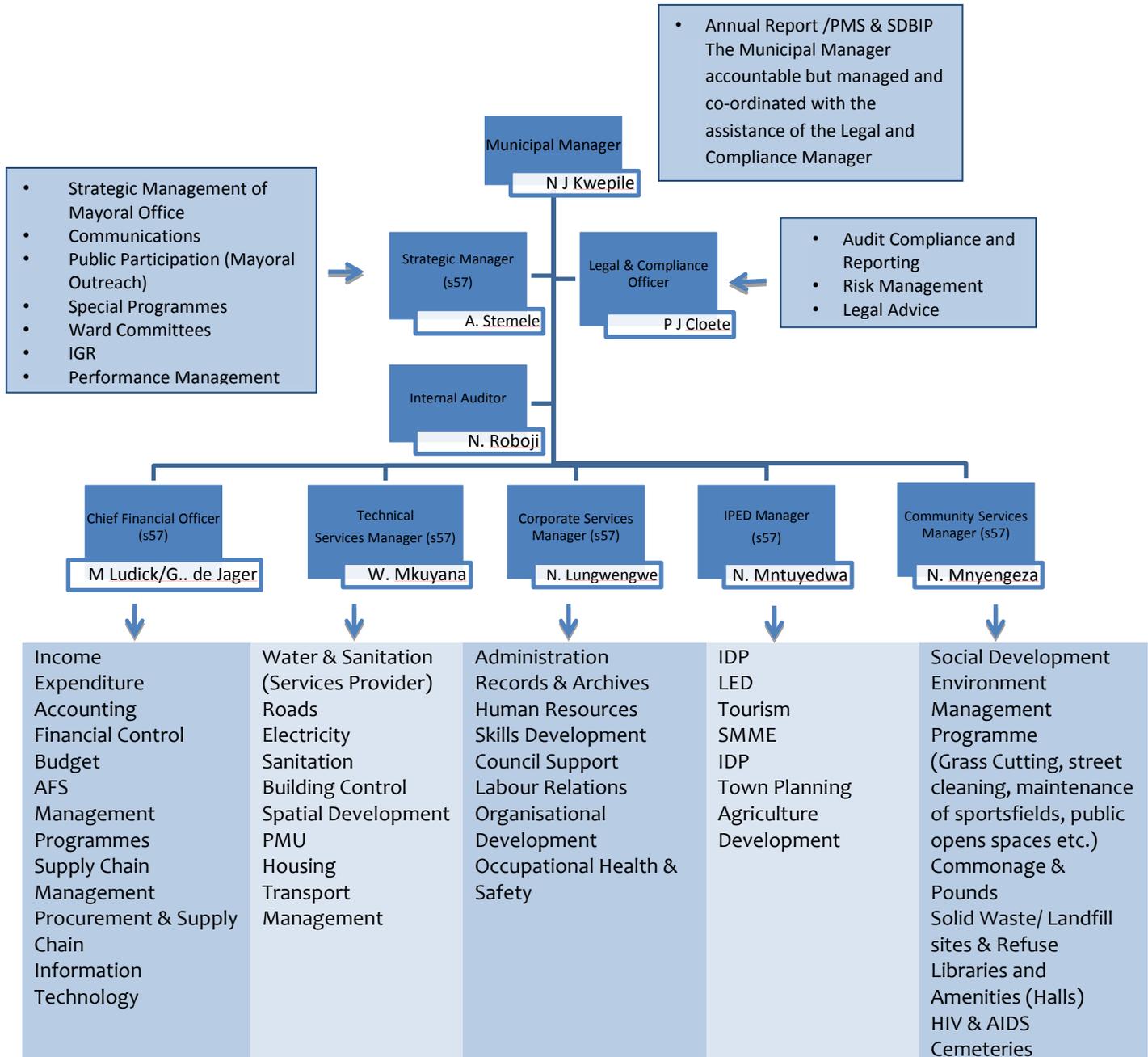
Community Development Workers (CDW's) are employed by the Department of Local Government and Traditional Affairs to assist communities and local government by becoming the liaison between the community, the municipality and the government departments.

The municipality has in the past experienced certain difficulties with these CDW's as they report directly to the Department of Local Government and Traditional Affairs. As a result, required activity reports are at times not timeously received by the municipality (having been submitted first to the Department of Local Government and Traditional Affairs). Similarly, the issue of direct reporting (or the absence thereof) affects the entire issue of control. Ultimately the current situation impedes the effective functioning of these CDW's. In an effort to remedy this, a memorandum of understanding was signed between local municipalities and the department in order to make CDW's more accountable to municipalities.

It is noted that Auxiliary Workers have been appointed from the community by the municipality for a period of 12 months and are utilized to collect data from within their own communities as and when required. Suitable training is conducted in order to ensure that they are suitably equipped with the skills necessary to extract required data and to explain required information. In this way they become "Agents of Public Participation".

ADMINISTRATIVE GOVERNANCE STRUCTURE

Organizational Functional Structure



This high level structure and the structure used within Emalahleni Local Municipality (ELM) represents the most recently approved structure that was in effect just prior to the proposed structure detailed within the IDP Review for 2011- 2012. It was recognized and anticipated that changes to this organogram would be required to address and accommodate the new IDP. It was also acknowledged that this structure would be influenced by the evaluation of the institutions organizational requirements that were being analyzed with the assistance of DPLGTA and SALGA. Within the year under review this did not occur and the process has been delayed awaiting feedback from DPLGTA and SALGA.

The Integrated Development Plan is reviewed annually. Alignment between the Budget and the IDP occurs in order to ensure that an appropriate Budget to meet those prioritized IDP objectives is met. Service Delivery and Budget Implementation Plans are then developed for each Department (aligned to both the IDP and the Budget). In this manner the organization maintains clear strategic direction and each department contributes towards the meeting of the organizational strategic objectives.

PERFORMANCE MANAGEMENT WITHIN EMALAHLENI MUNICIPALITY

In terms of the Municipal Planning and Performance Management Regulations (2001 and 2006), municipalities were required to develop and implement performance management policies and systems that were commensurate with their resources and best suited to their circumstances. Accordingly, Emalahleni Municipality adopted a performance management framework during 2008 (as per Council Resolution EC136). This framework, together with the Performance Regulations has defined the manner in which Performance Management has and is required to be applied within Emalahleni Municipality.

It is further noted that the adopted Performance Management Framework, examines and applies the processes relating to performance management from both an institutional (organizational) level and from an individual (employee) level.

At the individual (employee) level, the framework details the activities that are required to be performed in order to assess the performance of the designated employees. This is detailed more specifically within the diagram that follows and reference must be made to this when discussing the concept of an integrated approach to performance management. Discussions center around the two phases of “planning” and “implementation” as detailed within the diagram below.

Planning Phase

- The 5-year IDP provides the strategic direction for the municipality, and this is broken down annually into the Institutional Strategy detailing annual IDP prioritized targets;
- These objectives are translated into the Service Delivery and Budget Implementation Plans, which in turn depict the annual operational plans for each department. The SDBIP, Budget and IDP are required to be aligned. Budget alignment also ensures that the targets

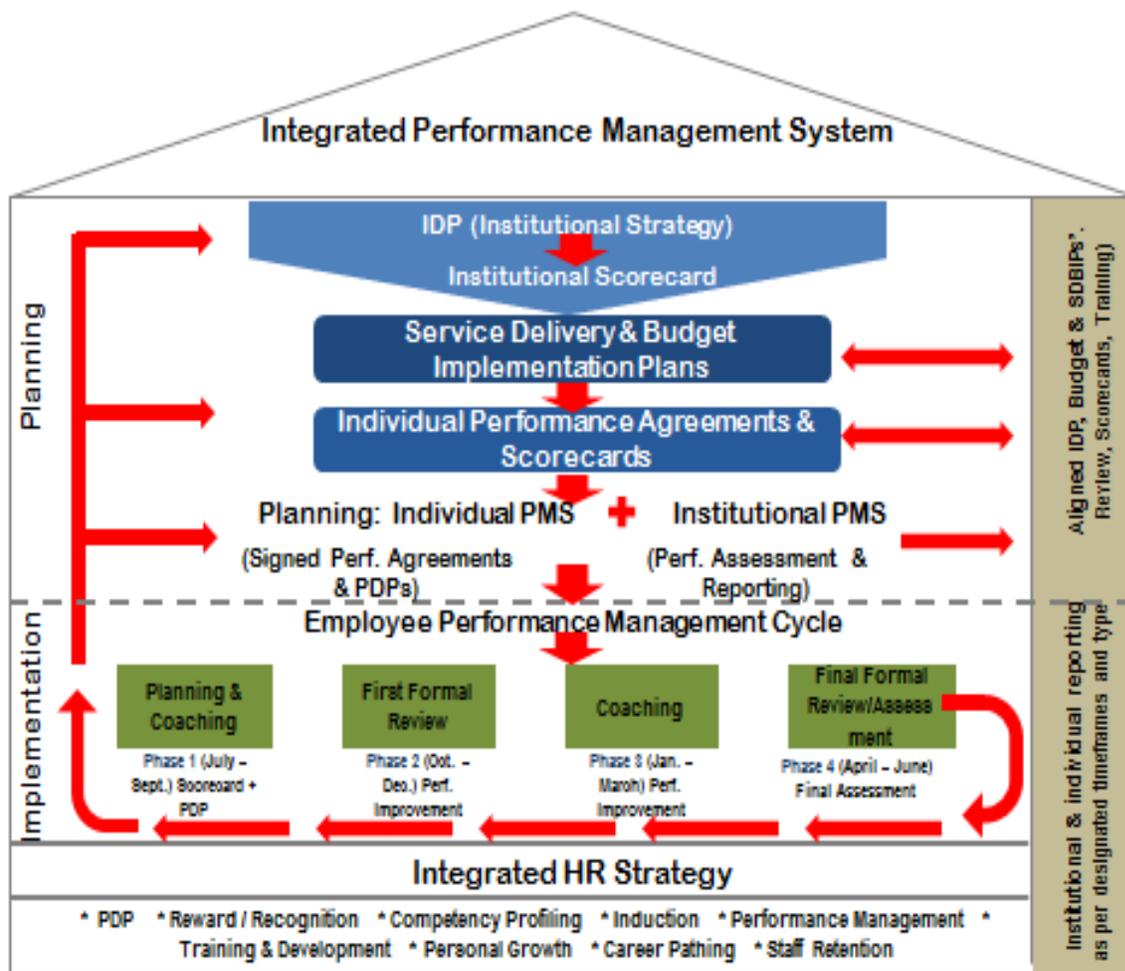
(reflected within the IDP and SDBIP) are able to be achieved and are planned and budgeted for.

The SDBIP operational targets are then translated into individual performance targets (from the senior to the junior staff) by cascading these from the top to lower levels. In this manner each and every employee will ultimately be required to achieve performance targets and objectives that are aligned both to the SDBIP and the IDP (reflected in performance agreements and scorecards). In this manner an integrated approach to performance management is achieved which enables the organization to assess and manage both employee and institutional performance – enabling corrective action to be taken in order to facilitate the achievement of organizational goals.

Performance agreements and scorecards are developed annually and signed by the incumbent and his/her manager, detailing that they are committed to achieving the required targets. Additionally the strategic objectives inform the SDBIP and in this way an integrated performance management approach is achieved where the employee and institutional goals are both geared towards achieving the strategic goals.

Personal Development Plans (PDP's) are developed between the incumbent and their manager after assessing the required performance from the incumbent. Any identification that performance won't be possible due to capacity constraints will lead to the development of a personal development plan that ensures that the incumbent is capacitated over time in order to address any perceived performance/capacity limitations.

During this phase, planning is of critical importance and must be given the level of importance and priority required.



During the **Implementation Phase** the Employee Cycle and the Institutional Cycle and Phase will be discussed separately. As with the concept of systems theory, the feedback received from assessments and reporting and certainly from the final phase are fed back into the planning phase so that a process of continuous improvement occurs ongoing (incorporated within an Integrated HR Strategy and PMS process).

Employee Performance Management Cycle (Planning and Implementation)

The annual employee performance management cycle runs from 1 July – 30 June and is considered in terms of the activities required within each quarter as follows:

Quarter 1 (July – September)	Planning & preparation phase: Setting and agreeing to performance targets between manager and subordinate. Identifying gaps in performance so that appropriate training and development can be planned within WSP to close any gaps in capacity through the development of Personal Development Plans (PDP's). Performance coaching may be required. Signed performance agreements and scorecards.
Quarter 2 (October – December)	The first formal assessment/review of performance: – Performance review between manager and incumbent based on evidence portfolio and performance targets (scorecard). Action plans are developed/appropriate action taken to improve performance as and when required (documented).
Quarter 3 (January - March)	Coaching and Review: Action plans developed to ensure appropriate action taken where required.
Quarter 4 (April – June)	Final formal assessment/review of performance Panel assessment): Final Panel Assessment for year's performance. Bonuses awarded where appropriate. Conducted after Annual Report approved (auditing and verification purposes).

In all quarters appropriate documentation is maintained in order that the appropriate records are kept. Every effort is required to be made to ensure that correct procedures are followed as per the prescriptions of the relevant quarter. In this manner (through regular monitoring and reporting) it is the intention to ensure that the performance targets relating to employees are achieved and that appropriate corrective action can be taken when required to improve performance.

Performance scorecards are developed and performance indicators are written in a specific and measurable way, so as to ensure that specific and realistic targets and goals are developed and achieved.

All scorecards (as with performance reporting throughout) are written in terms of the National Key Performance Indicators (against which the Municipal Manager is required to report). These Key Performance Areas (KPA's) are reflected as:

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

These Key Performance Areas constitute 80% of what is measured in terms of each scorecard (weighted according to 80 points). The remaining 20% (20 points) are taken as Core Management Competencies (CMC's) and 3 compulsory CMC's and 2 elective CMC's constitute this 20% of the scorecard.

The compulsory CMC's are reflected as:

- Financial Management;
- People Management and Empowerment; and
- Client Orientation and Customer Focus.

As indicated, 2 additional CMC's are chosen from a list which is provided within the regulations and it is required that these are chosen according to their applicability to the job itself.

A Personal Development Plan (PDP) is discussed by the manager and subordinate during the first quarter, when gaps in performance ability are noted relative to the required performance as per the performance targets (cascaded from the SDBIP/Directors and Manager's Performance Scorecard).

Performance is formally rated during the 1st formal assessment (2nd quarter) and during the final assessment (4th quarter), according to a rating calculator which depicts the rating scale of 1 to 5 as reflected below:

Level	Terminology	Description
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above the fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

As per the policy and framework, the final assessment (conducted by a specified panel) will determine whether a performance bonus is applicable. This is awarded in terms of a sliding scale as depicted within the PMS Framework and Policy and represents bonus awards of between 5 and 14% of their “all inclusive annual remuneration package”. This is detailed within the diagram that follows below(e.g. A score of between 130 and 133 qualifies for a 5% bonus based on full annual remuneration package).

TABLE: Sliding Bonus Scale

Performance Score	% Bonus
130	5
134	6
138	7
142	8
146	9
150	10
154	11
158	12
162	13
166+	14

Institutional Performance Management (Planning and Implementation)

In terms of Institutional Performance Management, Chapter 12 of the MFMA requires that comprehensive institutional performance reporting and assessment is conducted as per the following table:

REPORTING	SUBMITTED TO	REQUIRED BY	TIMEFRAME
SDBIP's	Exco	MFMA, Circular 13	Quarterly
Budget Statements	Mayor (in consultation with Exco)	S71 & s54 of the MFMA	Monthly
Organizational Scorecard	Exco	PMS Framework	Quarterly
SDBIP Mid-year budget & Performance Assessment	Mayor (in consultation with Exco)	S71 & s54 of the MFMA	Annually during January each year
Performance Report	Council	S46 of MSA as amended. Incorporated into Annual Report	Annually
Annual Report	Council	Chapter 12 of the MFMA	Annually

Through these processes of reporting, organizational performance can be assessed and managed – thereby facilitating the achievement of organizational goals.

Performance Management during 2010/2011 and 2011/2012

During both these periods' shortfalls within the application of the Performance Management System must be acknowledged and managed moving forward.

Notwithstanding the prescriptions of the PMS Framework and Policy it must be noted that:

2010/2011

- Quarterly performance reports were produced and tabled before Council – acknowledging that the last quarter report was only tabled after the approval of the Annual Report. While quarterly performance assessments for this period were conducted, greater attention is required to ensure that these are conducted with strict adherence to the methodology that has been stipulated within the PMS Framework i.e. the prescriptions of each phase and ensuring that the formal and informal prescriptions are conducted as required;
- The s72 report was submitted timeously and correctly although National Treasury granted an extension to accommodate the absence of the schedule C annexures;
- During 2009/2010, the SDBIP that was developed received a great deal of criticism. The manner in which the performance objectives and indicators were written were criticized as they were not written in an objective manner and according to the SMART principles (i.e. they were not written in a way that was “Simple, Measurable, Achievable, Realistic and Time bound”). Additional criticisms and difficulties related to poor alignment between the IDP, SDBIP and Budget. These issues in turn impacted on the manner in which performance targets within scorecards were worded and the manner in which performance reporting was conducted. During the 2010/2011 period vast improvements were made in the manner in which the SDBIP was formulated, in its alignment and in the manner in which the performance scorecards were drafted;
- It must be noted that while the Annual Report was finally approved for 2010/2011 the final performance assessments for the s57 managers and the Manager: Legal and Compliance were not concluded.
- While it is acknowledged that institutional performance assessment did occur through the submission of the required reports, it must be acknowledged that the quality of the reports submitted left a lot to be desired. It has long been acknowledged that records and statistics are not necessarily accurate and where these do exist they have not been validated – thereby preventing accuracy of assessment.

2011/2012

- The SDBIP for this period was developed internally and unfortunately the quality of the SDBIP was not at the required standard. Performance targets were not written in an objective manner and according to the SMART principles (i.e. they were not written in a way that was “Simple,

Measurable, Achievable, Realistic and Time bound”). This and the poor alignment between the IDP, SDBIP and Budget in turn impacted upon the manner in which performance targets within scorecards were worded and the manner in which performance reporting was conducted;

- It must be noted that as with the previous year, while quarterly performance reporting has occurred, this does not appear to have occurred strictly in the manner prescribed by the PMS Framework and system.
- From an institutional perspective it is noted that: SDBIP reports, Managers quarterly reports, the s72 report and organizational performance reports were developed and submitted as required. As with the previous year’s comment, the validation of statistics provided has not been possible and in many instances baseline data and statistics are not available as measurement is not taking place as required;
- Within both periods PMS at the employee level has applied to the s57/s56 management staff. Efforts to phase this to the lower levels have been thwarted by financial limitations. The “phased-in” approach/plan has been placed on hold; and
- As with the previous financial years it is noted that the formal performance assessments have not been conducted in the manner required. These formal assessments and the difficulties that have led to them not being applied may again be attributed to political interference and a lack of awareness and responsibility regarding roles, function and related legislation. As indicated previously this is in direct contravention of the Regulations, Framework, Policy and Performance Agreements.

Overall it is suffice to say that greater attention is required to be paid to applying the PMS systems strictly in accordance with specified procedures.

In summary it must be noted that in respect of all reporting (organizational and employee) it is imperative that all management and staff meet required deadlines and engage in every effort to obtain required statistics and information regarding performance reporting and setting up systems and controls to measure all aspects of performance required to be measured.

Due to difficulties experienced on the political front it must be noted that the final assessments for the s57 managers for 2010/2011 have not yet been concluded (as is required after the approval of the Annual Report), and it is quite possible that this will continue for 2011/2012 until such time as appropriate action is taken.

These are issues of importance and compliance and must be resolved moving forward.

Technical Support Teams

Technical support teams were created in-house to provide technical advice and guidance regarding the process of establishing a Performance Management System, formulating the IDP, its Budget, Financial Plan and the preparation of the Spatial Development Framework.

Appointed service providers would be managed by the relevant municipal department and the service provider would report directly to the relevant cluster. The cluster in turn, would draw up the terms of reference for the various sector plans that would be undertaken in their area.

In this manner, every effort was made to ensure that the IDP was formulated with input from all sectors and ensuring “buy-in” and commitment towards achieving the IDP objectives (achieved through alignment of the SDBIP’s and scorecards).

The Council, IDP Coordinator, Heads of Departments, Senior Management; IMSS/IDT; Sector Department; National and Provincial Government and sport providers all have their role to play and through this and a Community Participation Strategy every effort is made to ensure that the required milestones are reached. These milestones may be depicted as: developing the budget and IDP Process Plan; Analysis of the Budget and Process Plan; the Strategies and Project and MFMA draft Budget Phase; and the Integration and the Multi-Year Budget Phase.

In this manner, synergy has been created between the processes of strategic planning, setting of performance targets and performance plans and the process of monitoring, assessment and management of performance.

AUDITING OF PERFORMANCE INFORMATION

s45 of the Municipal Systems Act of 2000 requires that the results of all performance measurements as per s41(1)(c) must be audited annually by the Auditor General and through the internal auditing processes. Additionally it is noted that all processes are required to comply with the prescriptions of the Municipal Planning and Performance Management Regulations (Regulations 796 of 2001).

Accordingly it is noted that the Audit Committee was established in terms of the MFMA and the Municipal Planning and Performance Management Regulations. It is comprised of a minimum of three members, the majority of which are not employees of Council and this must exclude Councillors.

In terms of prescriptions it is required that the Audit Committee:

- Review the quarterly reports submitted to the internal audit;
- Review the PMS system of the municipality while making recommendations to Council; and that
- The Audit Report is submitted to the Municipal Council at least twice during the financial year.

The internal audit system acts within the proviso detailed within the contract for the Northern cluster with Chris Hani District Municipality. Accordingly an agreement in terms of a shared audit function operates between Sakhisizwe Municipality, Emalahleni Municipality and Lukhanji Municipality. An Internal Auditor was appointed and the internal audit unit is now effectively established.

The functioning of the Audit Committee was particularly challenging during 2010/11. A number of challenges were experienced during the second half of 2010/2011 when 2 of the 3 Audit Committee members resigned. As a result no quorum existed that would allow for these meetings to resume. Until such time as these vacancies could be filled, the Audit functions and the responsibilities attached to this could not be performed.

Overall and during 2010/2011 it is noted that the Audit Committee experienced many difficulties in respect of performance reporting received and the quality of management and monthly reports submitted in terms of the MFMA. These reports were found to be extremely poor. Requests from Council for the Committee to report to Council were also not forthcoming and this prevented reporting of this nature.

During 2011/2012 it is to be noted that the Audit Committee is again formally constituted and is meeting and functioning in the manner prescribed. Notwithstanding, it must be noted that the challenges relating to performance management have impacted further on this function i.e. the quality of the reporting provided in terms of performance reporting remains an area that requires ongoing focus and attention.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTERGOVERNMENTAL RELATIONS

The Constitution requires that a Municipality undertake developmentally oriented planning, so as to achieve the objectives for Local Government and give effect to its developmental duties as required in terms of s152 and s153 of The Constitution. Chapter 3 further requires the 3 spheres of government to provide structures to promote and facilitate Inter-Governmental Relations.

In accordance with this it is noted that:

- The IDP schedule was developed to facilitate the process of adopting a single, inclusive and strategic Integrated Development Plan (as per s35 of the Municipal Systems Act);
- S35 of the Municipal Finance Management Act requires that National and Provincial Departments, and public entities provide timeous information and assistance to enable municipalities to properly plan the manner in which to develop their IDP;
- S24 of the Municipal System Act requires that the planning undertaken by a municipality must be aligned with and complement the development plans and strategies of other organs of state so as to give effect to the principles of cooperative governance contained within the Constitution;
- The municipality has convened an IGR Cluster in an effort to promote and to improve intergovernmental relations;
- During early January, the meeting dates for the IGR meetings were circulated to all sector departments in an effort to facilitate and improve meeting attendance.

While meetings were held, the ongoing challenge remained the need to facilitate adequate attendance from all departments from within the IGR Forum. Through the Office of the Premier efforts are underway to facilitate required commitments towards attending the IGR activities and forums.

- A twinning arrangement between Emalahleni Local Municipality and Dordrecht Netherlands Municipality exists and has resulted in the signing of a memorandum of understanding between these municipalities (approved by the Department of Local Government and Traditional Affairs). Emphasis within this twinning agreement has centred around capacity building issues and in particular within the area of housing and Councillor training (particularly in view of the newly elected Council).

Project planning between these two municipalities takes place annually, in order to ensure that planned objectives are ultimately met and that scheduled visits occur as planned.

This agreement has been mutually beneficial and expertise and guidance between both parties has been shared (especially regarding housing and the access to benchmarking and information sharing).

COMPONENT C: PUBLIC ACCOUNTABILITY & PARTICIPATION

PUBLIC MEETINGS

Council is highly committed to the promotion of local democracy through the extensive involvement of communities in its planning and decision-making processes. To this end the municipality organizes and arranges for opportunities for consultative engagement throughout the financial year. These have included: Representative Forum meetings, Legothla's, Exco outreaches, Ward Committee meetings, interaction with Traditional Leaders, Community Development Worker projects and the like.

Communities are further encouraged to take part in project implementation via their locally based organizations. These include co-operatives, trusts, NGO's and various steering committees.

It is noted that relations with our stakeholders and customers are monitored, evaluated and managed through a number of planned activities, which may include customer satisfaction surveys.

Overall, the municipality is particularly proud of the success and impact of its public participation programme and related initiatives. These projects are coordinated by the Office of the Strategic Manager in consultation with the Mayor, Speaker and Municipal Manager.

During 2010/2011 Emalahleni Local Municipality was recognized as being the only municipality in the Eastern Cape that was selected to participate in the national benchmarking exercise (co-ordinated by SALGA and the Centre for Municipal Research and Advice). Additionally during this time and in as far as public participation is concerned, this municipality was invited by the participation unit of the DPLG&TA Eastern Cape, to participate and present on best practice principles and benchmarking.

Public hearings were held in partnership with NCOP in order to assess community needs and inputs. These have continued in an effort to obtain feedback re – issues of concern and to report on progress.

IDP PARTICIPATION AND ALIGNMENT

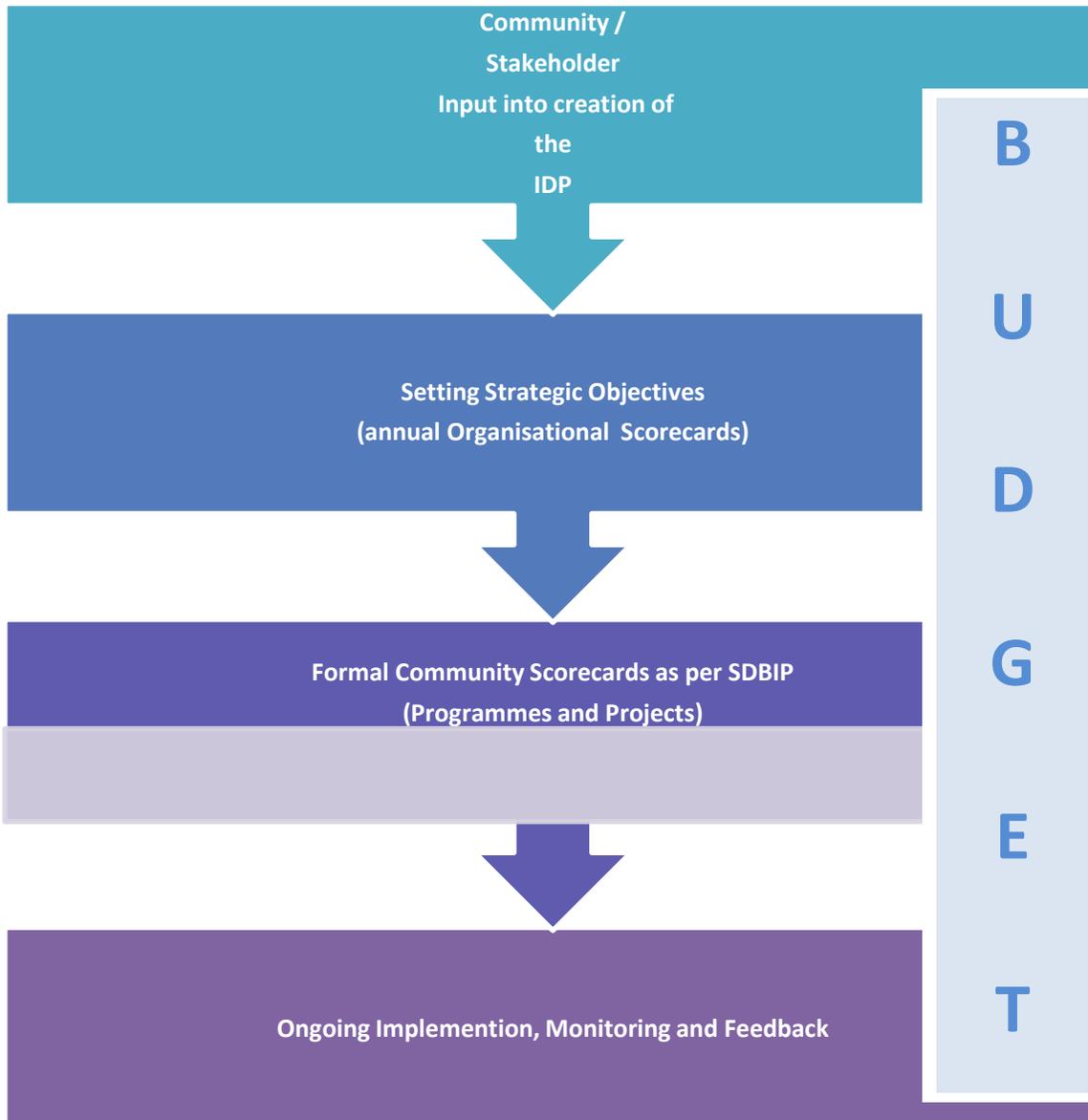
S34 of the Municipal Systems Act (Act 32 of 2000) together with Chapter 2 of the Local Government Municipal Planning and Performance Regulations No. 706/2001, resulted in Emalahleni Local Municipality completing its first Integrated Development Plan (IDP) in 2002. This 5-year strategic plan was required to be reviewed and updated annually and this was completed accordingly. Similarly the newly elected Council in 2006 formulated its Integrated Development Plan, which informed all planning, budgeting, management and decision making processes that would lead to the fulfillment of the strategic objectives.

Prior to the municipal elections of 2011, steps were taken to review the IDP and on 9 May 2011 the 2011/2012 reviewed IDP was adopted by Council. Following the election of the new Council (May 2011), a decision was made to revisit the IDP and to develop a 5 year strategic plan that would determine the strategic direction of the new Council for their 5 year term of office. Meetings and public participation events were duly held in terms of the IDP process Plan and in terms of planned interactions.

IDP development and review requires a number of distinct phases and activities which will be detailed as follows:

- The IDP represents the tool (strategic document) that will drive and shape the organization and ensure that its strategic objectives are met in the manner required. The IDP is developed after following the principles of “participative local government”. After engaging in formal IDP hearings and outreach programmes, the needs of the community are ascertained and used to develop the IDP and its priorities. In determining the IDP priorities annually, these needs are required to be aligned to the budget available and ultimately approved for the year in question.
- From the list of approved IDP objectives (aligned to the budget), the organizational strategic scorecard is developed which details a set of targets and objectives for the current year. This is translated into a Service Delivery Budget and Implementation Plan, which in turn is factored into departmental SDBIP’s. This provides a “plan “of performance targets necessary to achieve the IDP objectives. These targets are then translated into strategic objectives for each departmental manager and these are cascaded further into targets for all individual employees. All performance objectives are then ultimately aligned to the overall IDP objectives. This is process is depicted graphically in the diagram below.

Note: Alignment between the IDP, Budget and SDBIP must be effected at all levels and this translates into the s57 managers’ performance scorecards and those of the staff reporting to them at all levels throughout the organization. Performance assessment at the individual level is currently only applicable to the level of the s57 manager.



MECHANISMS AND PROCEDURES FOR COMMUNITY STAKEHOLDER PARTICIPATION

Mechanisms and procedures have been developed through the outreach programme and Ward visits to optimise and encourage community participation in the review process to ensure the credibility of the process and end product. The following activities were conducted during 2011/2012:

ACTIVITY PLAN Activities and timeframes for different planning stages

ACTIVITIES	DATES	RESPONSIBILITY
PLANNING	01 August--30 August 2011	
Develop draft IDP review process plan and Budget plan	10 August 2011	IDP manager
Present draft process plan to Exco	13 August 2011	IDP manager
Adoption of the IDP process plan by Council	31 August 2011	Municipal Manager
ANALYSIS PHASE	01 Sept – 30 Oct 2011	
IGR Cluster to reflect and respond to comments on IDP by MEC of DPLGTA	7 TH September 2011	Municipal Manager
IDP Steering committee (collect ward information).	21-29 September 2011	IDP Manager
Steering Committee meeting	14 th October 2011	Municipal Manager
IDP Rep Forum	26 th October 2011	Mayor
present status quo report		
priorities in order of importance as ranked by wards		
STRATEGIES	02 Nov – 17 Nov 2011	
IDP Steering committee: review existing strategies	09 th -11 th November 2011	IDP manager
Steering Committee meeting:		
Present draft strategies	11 th November 2011	IDP manager / CFO
Present operational budget		
IDP Steering Committee Workshop	17 th November 2011	IDP manager
Final strategies for 2011/12 financial year		

PROJECTS	23 Nov 2011 -31 Jan 2012	
<p>IDP Rep Forum :</p> <ul style="list-style-type: none"> - Identification of projects for 10/11 financial year - Prepare draft capital budget 10/11 <p>IDP Steering Committee meeting :</p> <p>Present IDP projects & draft Capital & Operational budget</p>	<p>23rd November 2011</p> <p>07th Dec 2011</p>	<p>IDP Manager</p> <p>IDP manager & CFO</p>
ALIGNMENT& INTEGRATION PHASE	01 Feb 2012-26 Feb 2012	
<p>Cluster Meeting : Alignment with sector depts., & LM's IDP's and CHDM</p> <p>IDP Rep Forum</p> <ul style="list-style-type: none"> - Present draft IDP & Budget <p>IDP steering committee</p> <ul style="list-style-type: none"> - IDP/ PMS & Budget Alignment workshop 	<p>01-18 February 2012</p> <p>15 February 2012</p> <p>24th February 2012</p>	<p>IDP manager</p> <p>Mayor</p> <p>IDP manager</p>
ADOPTION PHASE	01 March-14 April 2012	
<p>Public Comment Period- (Advert & Road shows)</p> <p>IDP & Budget document consolidation</p> <p>Adoption of draft IDP & Budget by Council</p> <p>Submission to office of MEC</p> <p>Development of IDP & Budget Summaries</p>	<p>18th March 2012</p> <p>22- 31 March 2012</p> <p>31st March 2012</p> <p>05 April 2012</p> <p>12-14 April 2012</p>	<p>IDP Manager</p> <p>IDP Manager & CFO</p> <p>IDP Manager</p> <p>IDP Manager & CFO</p> <p>IDP Manager & CFO</p>
IDP & BUDGET IMPLEMENTATION PLAN		
<p>IDP Steering Committee</p> <ul style="list-style-type: none"> - Finalize Draft Budget <p>Adoption of Final IDP, Budget, PMS & SDBIP</p>	<p>26 April 2012</p> <p>9th May 2012</p>	<p>Municipal Manager</p>

The IDP Steering Committee was set up in order to drive this process and was comprised of middle and senior management as well as Portfolio Heads, as depicted below:

- Integrated Planning and Economic Development (Mr. N Mntuyedwa)
- Finance (Ms. M Ludick)
- Technical Services (Mr. W Mkuyana)
- Corporate Services (Ms N Lungwengwe)
- Community Services (NP Mnyengeza)
- Office of the Municipal Manager (Mr. N Kwepile)
- Portfolio Heads (Councillors)

Responsibilities of the IDP Steering Committee are inter alia, to assist with the following activities in the following manner:

- Provision of technical support to the IDP
- To conduct IDP planning to facilitate and manage implementation, under the approval of the manager.
- To commission many and varied business plans and feasibility studies for projects;
- To facilitate communication and comment of final and draft reports.

The IDP Representative Forum

The IDP Representative Forum was established in order to facilitate the participation of all municipal stakeholders in the process of municipal planning and decision-making.

These stakeholders include inter alia;

- Ward Councillors
- Ward Committees
- Traditional Leaders
- Government Departments and parastatals
- Community Development organizations
- Non-governmental organizations
- Youth Council
- Community Policing Forums
- Local Business Chambers
- Unions
- Municipal Speaker
- The Mayor
- Disabled Structures, and
- Woman's Forum

Institutionally, the following roles and responsibilities exist when developing/reviewing and implementing the IDP:

INSTITUTIONAL ARRANGEMENTS, ROLES AND RESPONSIBILITIES

ACTORS	ROLES AND RESPONSIBILITIES
Council	Consider and adopt reviewed IDP Encourage public participation Keep public informed about the contents of the IDP Adopt the Integrated Development Plan, Budget and SDBIP
IDP Manager (Municipal Manager or delegated other)	Ensure that the Process Plan and reviewed IDP are adopted by the Council Manage the local municipal IDP by ensuring that all daily planning activities are performed within an efficient and effective consideration of available time, financial and human resources Encourage an inclusive participatory planning process and compliance with action programmes Facilitate the horizontal and vertical alignment of the district IDP Ensure that the planning process outcomes are properly documented Manage service providers to the district or local municipal IDP Coordinate with various government departments and to ensure that all the projects, strategies and objectives of the local municipality are shared and distributed amongst government departments so that they might incorporate them in their planning process and vice versa
Heads of Departments & Senior Management	Provide technical and advisory support to the IDP Manager Perform daily planning activities including the preparation and facilitation of events, documentation of outputs and making recommendation to the IDP Manager and the Municipal Council Interact with the relevant cluster regarding the prioritization of their individual departments projects and programmes for the following years Provide clear terms of reference to service providers

/cont.

ACTORS	ROLES AND RESPONSIBILITIES
District Municipality	Provide support and guidance on IDP Review process Assist municipalities to achieve the target dates Interact with service providers to ensure that a quality product is provided Assist with workshops Project Management and Implementation Support Services Ensure that clusters achieve integrated planning Ensure that an uniform reporting mechanism is devised
Sector Departments	Ensure the participation of Senior personnel in the IDP review process Horizontal alignment of programmes and strategic plans within the clusters Provide technical support and information to the planning process Contribute relevant information to support the review process within the clusters Incorporate district and local municipal projects into departments planning within the clusters
National & provincial government	Monitor and evaluate the preparation and implementation process Provide training and capacity building support to the local municipality – DPLG guide for credible IDPs Coordinate support programmes so that overlapping does not occur Provide technical guidance and monitor compliance with provincial policy and legal framework Provide financial support to the IDP planning and implementation process

COMPONENT D: CORPORATE GOVERNANCE

Governance and administrative structures have been created in order to facilitate that administrative aspects of operational and administrative functioning occur in the manner required. These include a number of aspects relating to record management, operational protocols/procedures, communication processes and the like. Issues of relevance will be detailed below.

WEBSITES

Significant progress was made within this area and the website progressed from having been a site “under construction” to a site where communication is facilitated and enhanced and where interaction is facilitated at a public level.

BY-LAWS, POLICIES AND PROCEDURES

During 2011/2012 the process of reviewing existing policies and identifying new policies had been initiated. No by-laws initiated. DPLG and SALGA were provided with policies and by-laws in order to facilitate that this process be rolled out. Progress within this area has been exceedingly slow and the assistance sought from DLG&TA in a MISA meeting yielded no response. Follow up letters were sent to SALGA & DLG & TA to no avail. Funding constraints have prevented any further progress.

SUPPLY CHAIN MANAGEMENT

From a reporting compliance perspective it appears that SCM reporting is complied with and is available. However, reporting from Service Departments in respect of the performance of Service Providers/Contractors is not achieved /reported on effectively and this remains an area of concern not to mention falling short of compliance prescriptions.

Notwithstanding and within both financial years it is apparent that in as far as Supply Chain Management is concerned, steps have been taken to ensure compliance in all instances. The policies have been updated and staff were work shopped in this regard.

It is unfortunate that the risk assessment on the Supply Chain Management system was not conducted during 2011/2012 and will be required to be addressed during 2012/2013.

Issues of non-compliance during 2010/2011 in respect of Supply Chain Management regulations were incorporated into the Audit Action Plan and actions to remedy these areas were planned for 2011/2012.

A Vacant post was created in the Organogram in the critical post of Manager: Supply Chain. This critical post is required to be filled as soon as possible in order to ensure that proper

mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

While the customer satisfaction survey was available as a questionnaire, little progress was made by the Strategic Services section – to disseminate, collect and finally to analyze the obtained data.

In an effort to revitalize this concept and to ensure that customer care receives the attention and focus required, efforts are being made to utilize two dedicated staff members, CHDM staff from the Water Services Authority and the Presidential/Fraud Hotline – to be utilized as vehicles within which to lodge complaints regarding customer care and satisfaction. Additionally, efforts will be made to distribute information via the Speakers office – for distribution to the various wards. In this way, efforts to engage with the community will be more accurate and more effective.

MUNICIPAL OVERSIGHT COMMITTEES

s45 of the Municipal Systems Act of 2000 requires that the results of all performance measurements as per s41(1)(c) must be audited annually by the Auditor General and through the internal auditing processes. Additionally it is noted that all processes are required to comply with the prescriptions of the Municipal Planning and Performance Management Regulations (Regulations 796 of 2001).

Municipal Oversight Committees remain focused on ensuring that all policies, processes and systems are applied strictly in the manner required.

It is noted that the **Audit Committee** was established in terms of the MFMA and the Municipal Planning and Performance Management Regulations. It is comprised of a minimum of three members, the majority of which are not employees of Council and this must exclude Councillors. This committee was required to: Review the quarterly reports submitted to the internal audit; review the internal PMS system of the municipality while making recommendations, and to ensure that the Audit Report is submitted to the Municipal Council at least twice during the financial year.

While difficulties in the functioning of this committee were apparent in 2010/2011 this was clearly not the case in 2011/2012 when this committee was for all intents and purposes re-established (having a full committee complement).

The internal audit system acts within the proviso detailed within the contract for the Northern cluster with Chris Hani District Municipality. Accordingly an agreement in terms of a shared audit function operates between Sakhisizwe Municipality, Emalahleni Municipality and Lukhanji Municipality. An Internal Auditor was appointed and the internal audit unit is now effectively established.

The **MPAC (Municipal Public Accounts Committee)** was required to audit the Annual Report and provided an oversight report detailing all areas of concern (areas requiring rectification/remedial action). The Audit Committee was found to have met regularly and to have conducted the appropriate and required analysis.

While from an auditing perspective it is acknowledged that steps have been taken to audit and report in the manner required, the limitations of the SDBIP, the challenges experienced due to non-alignment at times of the IDP, Budget and SDBIP and the poorly constructed performance indicators that are to be found in the SDBIP and reporting documentation, have all had an impact on performance reporting.

ANTI-CORRUPTION AND FRAUD

Efforts to manage risk and fraud prevention have been successfully undertaken and the municipal/presidential hotline is used to report on fraudulent issues and to ensure that these are handled and dealt with regularly and effectively.

RISK MANAGEMENT

The Municipality set up a Legal and Compliance Unit within the Office of the Municipal Manager in March 2010. This unit is primarily responsible for all legal and compliance related issues and this would include the oversight of audit reporting on compliance, risk and performance management issues. The unit provides legal support and guidance to the offices of the Speaker and Municipal Manager and is an independent and professional entity set up for the sole purpose of supporting all the functionaries of the institution to ensure that they remain within the legislative prescripts and compliant with the law.

The unit has worked closely with the independent auditor, the audit committee and the Auditor General. The compliance component for these critical areas resides with the unit. The Internal Audit function resides within the office of the Municipal Manager and is currently functional despite being severely under capacitated with only one person.

The Legal and Compliance Unit has a vast and complex responsibility and the unit is currently only staffed by the manager. The attempts to obtain additional administrative support have been unsuccessful hampering the effectiveness of the unit.

COMMUNICATION

Emalahleni Local Municipality has a draft Communication Strategy which is scheduled to be reviewed in 2012/2013. A draft strategy is currently awaiting public comment. This strategy will be adopted by Council after inputs are received and incorporated where required.

It is noted that a Communications Officer has been appointed and is required to direct and facilitate all communication required activities (internal and external).

Infrastructure in terms of: human resources, administration, policy and procedures are in place, in order to ensure that appropriate communication strategies exist and are applied.

Internally a newsletter is required to be produced quarterly and circulated regularly. During quarters 2,3 and 4 no newsletter was completed..

The municipal Website is no longer under construction and will be used to enhance communication further. These communication activities are used to enhance public participation and awareness throughout and ongoing.

COMPONENT E: FUNCTIONAL STRUCTURES OF ALL DEPARTMENTS

The functional structure of all departments will be examined in order to provide insight as to the focus areas and areas of challenge, in order that these are addressed moving forward.

These will be discussed within the following departments:

- Office of the Municipal Manager
- Corporate Services
- Technical Services
- Community Services
- Chief Financial Officer

OFFICE OF THE MAYOR/MUNICIPAL MANAGER



Mayor:	N Nyukwana
Municipal Manager:	N.J. Kwepile
Strategic Manager:	AM Stemela
Legal & Compliance Manager:	PJ Cloete

NOTE: -The responsibilities of the Strategic Manager are reflected within the offices of the Mayor, Speaker and the Municipal Manager due to the strategic nature of this function and its integration within this office;

- With the election of the new Council, it was decided that the organogram that was reviewed and was tabled to Council 9 May 2011 would not be applied as this structure would need to accommodate the needs of the new 5-year Integrated Development Plan for 2011-2016 and this had yet to be developed. Initially, the previously existing structure was utilized and represents the approved structure as depicted within the organogram above. The new Council were required to review the organogram and for some time this was under discussion with DPLG and SALGA. While it is acknowledged that a draft was prepared by June 2012, Council are still awaiting the analysis and evaluation of the

institutions organizational requirements from DPLG and SALGA. While follow up correspondence has been sent, a progress report to this effect has not yet been received.

This office is responsible for:

- Enhancing public participation in order to ensure participative local government, by engaging in municipal outreach programmes, Council meetings and the like;
- Maintaining effective contact and interaction with all spheres of government (sector departments, NGO's, FBO's, CBO's as well as public private partnerships);
- Ensuring Risk Management and internal Auditing; and
- Ensuring that all aspects of compliance and legal responsibilities are attended to.

Functional Responsibilities

- Public Participation;
- Ward Committee functioning;
- Community Development Worker (through CDW functioning);
- Twinning relations between Emalahleni Local Municipality and Dordrecht Municipality (Netherlands);
- Communications (Internal and external);
- Special Programmes;
- Internal Audit;
- Intergovernmental Relations;
- Legal and compliance management;
- Internal and External Service Delivery; and
- IDP and Performance Management

While discussions within this Chapter will merely focus on the functional responsibilities as indicated above, it is acknowledged that as the Municipal Manager, overall accountability exists for the work performed in all departments – which has been detailed in all departments separately in this report.

Focus Areas 2011/2012

- Implementation of Special Projects;
- Improved Public Participation initiatives;
- Management of CDW's;
- Facilitation of Intergovernmental Relations;
- Improved Communication (Internally and externally);
- Applied Performance Management;
- Compliance in respect of all legal and administrative commitments; and
- Facilitation of the IDP.

Performance Reporting and Challenges

Public Participation

Council is committed to the promotion of local democracy through the involvement of communities in its planning and decision-making processes. Consultative forums such as: the Representatives Forum, Leghotlas', Exco Outreaches, Ward Committee meetings, Traditional Leaders, CDW operations and the like were held and took place.

Communities were encouraged to take part in project implementation exercises via their locally based organizations, such as co-operatives, trusts, NGO's and Steering Committee meetings.

Every effort was made to develop and improve relations with stakeholders and customers.

The Presidential Fraud Prevention Hotline was used to ascertain customer feedback and meetings are regularly held weekly, in order to address issues raised.

During the 2011/2012 period a number of effective public participation interventions were held. These include:

Outreaches

As per the IDP Process Plan, IDP and Budget road shows were held throughout the municipality and according to a scheduled programme. Each ward was visited by a team comprising politicians and management and led by an executive committee member. Participation outreaches were held in 17 wards and two visits per each. A public participation forum occurred

in Ward 17 and one public participation forum for all wards was held in Ward 6 – to deal with IDP projects and the goals and implementation of the IDP.

- Ward Committees

In May 2011 as the new Council came into office, 17 Ward Committees were elected and the 170 elected members were suitably trained and inducted in order to ensure that they function effectively. Training efforts were held during September 2011 and focused on the areas of: meeting procedures and the importance of meeting minutes. Minute taking remains an important area for training and a designated “secretary” is required to be trained to ensure that minutes are taken and made available timeously and in the manner prescribed.

Monthly meetings occur as scheduled and Ward Committee quarterly meetings are held with all ward committee members, CDW’s and Ward Councillors (coordinated by the Office of the Speaker). All reports on Ward Committee Structures and the training implemented have compiled and presented as required.

- Reports to Council

These remain public documents and the Speaker reports on the activities of the Ward Committees to Council regularly.

- Business Forum Meetings

In an effort to facilitate stakeholder consultation, business forum meetings are established. These are not fully effective in that only 3 of the scheduled 6 meetings were held.

- Community Development Workers

These CDW’s are deployed by the Department of Local Government and Traditional Affairs to assist communities to link with their municipalities and government departments. The effectiveness of these CDW’s is compromised by the fact that they report directly to the Department rather than to the municipality and this affects reporting and the provision of instruction. Accountability to the communities is to be facilitated and improved.

Auxiliary workers are appointed by the municipality for a period of 12 months and are used to collect required data from their communities, after receiving training on how to acquire reliable data. In this manner they become agents of public participation.

While great improvements have been experienced within the field of public participation ongoing focused efforts and the involvement of all stakeholders is required.

Intergovernmental Relations (IGR)

IGR continues in spite of many challenges that were experienced in the past. IGR cluster meetings were held although the “then” and “current challenges” relate to the ability to facilitate adequate attendance from all departments from within the IGR Forum. Additional efforts are being made to encourage support and attendance. Meeting dates are circulated and meetings held as required.

Twinning arrangements have continued successfully between Emalahleni Local Municipality and Dordrecht Municipality (located in the Netherlands). This interaction and commitment (which has developed from a signed Memorandum of Understanding), has resulted in cross visits between these two municipalities and the exchange of experience.

Special Programmes

Many successes have been achieved within the areas of special programmes – where Emalahleni Local Municipality remains committed and focused on facilitating development and creating opportunities for growth among the traditionally disadvantaged or handicapped. These are examined further as follows:

Council remains committed to the promotion and protection of vulnerable and disadvantaged groups. These include: women, youth, children, orphans and the disabled. In an attempt to address the needs of these special groups and to facilitate their thorough involvement, mainstreaming and social integration within this economy, these special programmes have found place within the office of the Mayor. Economic profiling of persons with disability has also been undertaken.

Youth programmes

Emalahleni’s Youth Field Band (of more than 250 community members) took part in a National Band festival. Following extensive training and preparation, they returned to the municipality after being awarded a silver medal – thereby placing Emalahleni Municipality “on the map” in respect of cultural events.

Many meetings are arranged and held in respect of Youth projects. It is worth noting that within all of these (e.g. 16 Days of Activism and the Mayoral Cup) extensive planning and preparation occurs and concept plans for committees are created and approved, which in turn translate to project and implementation plans.

Projects for the Elderly

Over the past year a social development project was undertaken and elderly community members took part in a sports day arranged for the district. Those who took part received sports kits. An additional similar event is being held in Cradock.

Employee Wellness

This remains an area that does not function at the correct capacity. It is critically important to create a working environment where health is considered and managed holistically (i.e. from a mental and physical health perspective). While an internal committee has been established in order to drive this process, Departmental commitment to this project does not appear to receive priority.

This is an area that must be treated as a priority moving forward and the establishment of the internal committee will certainly set the tone for positive action.

Women's Forum

The Women's Forum Symposium was postponed to August 2011 – just one month after the financial year end due to other commitments. Notwithstanding, this process was well managed and a Chairperson was appointed and a concept plan approved.

Mainstreaming of HIV/Aids

While this function is localized within the Community Services Department it links to special projects. In an effort to mainstream HIV/Aids, interdepartmental forums (IDF's) have been established and with strategic planning, workshopping and the development of plans to incorporate this mainstreaming into each and every department, progress has been made. Unfortunately no formal budget exists for any mainstreaming activities and efforts are to be made to source funding from other and various sources. Notwithstanding the use of initiative by the CSSM has facilitated many of the achievements thus far.

Generally it is noted that efforts to mainstream HIV/Aids are all directed in-house at the exclusion of the community. A lack of budget and capacity impedes further progress.

All HIV/Aids days have been well managed and Peer Education workshops have been undertaken as required.

Note: During the next financial year it is the intention to hold a “Male Indaba” in an effort to obtain required input into all SPU projects. This is to be commended at a strategic level.

- **IDP and Performance Management**

Through the IDP Process Plan that was developed at the start of the new financial year, a thorough and correct approach was followed to ensure that the IDP was able to be reviewed with appropriate public participation (involvement and input).

The reviewed IDP was developed timeously and tabled 9 May 2011. However, due to the municipal elections and the appointment of the new Council it was decided that the reviewed IDP would not be accepted as the 5-year IDP (required for the new Council).

After considerable public participation through a Legothla, scheduled meetings, meetings of the representative Forum, and scheduled sector meetings, the IDP was developed and adopted.

While it is still acknowledged that improvements within this IDP are required, it has shown to have greatly improved from the previous versions. Efforts have been made to ensure alignment between the IDP and Budget. Service Delivery and Budget Implementation Plans were created for the organization and for each department. The issue of alignment was better achieved although it is noted that SDBIP targets could be better constructed and improved.

Based on the Performance Management Framework and the related Performance Management Policy, efforts were made to apply the principles of performance management to the s57 managers. Performance agreements were developed and signed for these managers and performance scorecards (detailing required targets) were developed for each manager.

Quarterly performance reporting was conducted. It is recognized that improvement in the manner in which assessment is conducted is required in order to ensure that the coaching and review aspects are adhered to as specified within the PMS Framework. It is noted that the final review of the s57 managers has not yet occurred and this was due to political interference within this process. This is cause for concern as this is contrary to the terms and conditions of their contracts. Notwithstanding it must be noted that these final performance assessments may only occur annually after the approval of the Annual Report as it is only at this time that the information has been audited and verified.

In respect of performance reporting at the institutional level, it is noted that improvement has occurred and the s72 report was tabled 23 January and submitted as required. While s71 reports were compiled and submitted, certain of these (such as the first and second quarter) were submitted late to National Treasury. SDBIP reporting occurred quarterly as required. Monthly expenditure reports still pose a challenge.

During the 2011/2012 period the SDBIP was developed in house and again problems were experienced in the manner in which performance targets were worded. This impacted on reporting and the performance measured and reported on --the accuracy of reporting data

being questioned at every turn. Overall it must be accepted that while institutional reporting is done, it is the quality and accuracy of such reporting that is called into question. Employee performance reporting is required to be undertaken according to set processes and systems.

- **Internal Audit**

Progress within this field has not been without challenge. An Internal Auditor was approved and an Internal Audit Unit was established. An Internal Audit Plan was developed and approved by the Audit Committee. The role and function of this unit is to facilitate compliance in the manner in which reporting is conducted and the manner in which policies and procedures are conducted. Efforts are made to evaluate performance and functioning within departments and to advise them of important dates and on the type of reporting / information required from departments. This unit focuses on the facilitation of compliance issues.

Notwithstanding this appointment it is acknowledged that improvement overall is required and this is to a large extent necessitated by the need for management to treat these issues as a priority at all times rather than merely an issue of compliance. This will ensure that greater success is achieved within this area.

The Audit Committee is established with external members. During 2010/2011 this committee was functioning well at the beginning of the year. Unfortunately this did not continue well after the resignation of two out of three members. These positions have now been filled and the committee once again established and up and running. 2011/2012 saw this function effectively applied with the Internal Audit Committee formally established (2 months after the due date), meeting quarterly as required, presenting Audit Committee reports to Council, amending the organogram to allow for the post of Internal Audit Manager, and ensuring that MPAC is appointed and functioning as required.

- **Legal and Compliance**

Areas pertaining to legal issues (in-house or externally) are managed by the Legal and Compliance Manager and in this manner valuable advice and service is provided and received.

From a compliance perspective, this manager ensures that areas of compliance are met throughout the organization and this has been facilitated by the development of a Compliance Calendar. This manager works closely with the internal auditor and the Auditor General in order to facilitate the management and control of identified compliance issues which are critical for the organization. On all levels and within all departments this manager is required to set up appropriate structures to ensure that compliance and reporting deadlines and compliance responsibilities are met.

General issues of Corporate Governance and Compliance

The following issues are noted:

- All prescriptions regarding Conditions of Service from SALGBC are applied to the letter;
- The appointment of the Legal and Compliance Manager has ensured that compliance and legal issues are generally being managed more effectively;
- Legal cases involving labour have been successfully resolved to date;
- No success was achieved regarding the Customer Satisfaction Survey. These questionnaires were required to be distributed and although the Ward Councilors' did engage in the distribution of these questionnaires, this was not done effectively. This prevented the appropriate study and analysis from being done during 2010/2011. It is noted that while a Customer Satisfaction questionnaire was developed and made available during 2010/2011, little progress was made in terms of efforts to disseminate, collect and to analyze the data in order that appropriate action could be undertaken. In an effort to revive this initiative, two dedicated staff, staff from the Chris Hani District Municipality Water Services Authority and the Presidential /Fraud Hotline became the "vehicles" to be used within which to lodge complaints. Additionally it was agreed that information is to be disseminated via the Speaker's Office – thereby facilitating greater engagement with the community.
- 2011/2012 has brought with it the need to review and update identified, existing policies, procedures and by-laws. Progress during 2011/2012 has occurred notwithstanding the fact that this has been a slow exercise. It was requested that a service provider be appointed to assist with this process together with DLGTA.
- Progress in respect of implementation of a Leave Policy and Procedure and a Disciplinary Policy and Procedure (aligned to SALGBC's collective agreement), was not able to be achieved due to required funding constraints; and
- All contracts of employment have been reviewed, updated and re-signed as and when appropriate.
- The Compliance Unit has been instrumental in the process of addressing the area of weakness relating to the MFMA and during the year under review the institution has become aligned to, aware of and largely compliant with the requirements compliance requirements of the MFMA.
The critical role that compliance plays in ensuring effective service delivery is continuously undermined by the organization.

This unit provides ongoing legal advice and compliance assistance and guidance to all departments within the organization. The continued weakness throughout the organization relates to adherence to timelines and reporting procedures for the Budget and IDP as well as financial management. The Unit was instrumental in implementing the Performance Management Framework of the institution and addressing the backlogs relating to the performance backlogs for the prior year's up to 2008/2009. The performance contracts were put in place and the year under review saw the implementation of the quarterly assessment process. Unfortunately the final evaluation for 2009/2010 which was due to be done in April 2011 was put on hold due to the Local Government election in May and was deferred to the new Council to finalise. This has resulted in the organization being non compliant in this area. The

process has now been placed back on track and the assessments for the outstanding years are planned to be finalized in the new financial year.

Legal Providers

External and internal disciplinary cases are handled where possible by the Legal and Compliance Manager. This Municipality does not have a specifically appointed Legal Services provider, but at times when the need arises the services of various firms of attorneys are utilized (on a needs basis, case by case). These are reflected in the table below:

NAME OF FIRM	LEGAL FIELD
Kirchmann's	Labour Law
Smith Tabata Inc.	General Legal Matters
Bowes McDougall Inc	General Legal Matters
Zepe and Associates	General Legal Matters
Van Niekerk Attorneys	General Legal Matters
Hutton & Cook	Conveyancing

Management of Litigation

Case load management with specific reference to outcome

The number of cases has dramatically been reduced since the appointment of the manager and currently the only outstanding civil legal matter relates to the dismissed case of Hoco re instituted under the Close Corporation and to which the legal defense of prescription was raised. The Municipality was faced with a criminal action laid against it for the use of an electronic signature which resulted in criminal charges being laid against the Corporate services Manager. The charges were withdrawn after submissions made.

Those cases regarded as favorable are reflected in the table below:

Favourable cases

CASE NAME	RECOVERY YES /NO	REASONS FOR NON RECOVERY
MHLANGENKULULEKO CONSTRUCTION CC: 2003/082390/23	Case pending	Civil Matter - pending
LUNGWENGWE	No	Criminal Matter

Those cases regarded as unfavorable are reflected in point b.

Unfavorable cases

There are no unfavourable cases at this time.

CASE AGE ANALYSIS

CASE NAME	NATURE OF THE CASE	COMMENCEMENT DATE	CASES OF 2 YEARS OR LESS	CASES OLDER THAN 2 YEARS	REASONS FOR EXTENSIVE DURATION	AWARD
MHLANGENKULULE KO CONSTRUCTION CC: 2003/082390/23	Summons – Civil Trial		Plea has been filed – defense prescription	No	Awaiting plaintiff	Awaited
DEPT. OF LABOUR	Statutory contravention. fine for alleged non submission of employment equity report. proof of submission handed in	Feb/March 2010	-	Rescission of judgment and imposition of fine	The advocate for the department has been in process of obtaining consent to rescission of judgment	Awaited

Judgment Defaults

CASE NAME	REASONS OR DEFAULT JUDGMENT
DG Labour P 391/2009 Employment Equity Non Compliance	This matter has been handed to Kirchmann's for a rescission of the order incorrectly granted as the institution had complied and submitted the report. Service was also not done on the institution. Ongoing discussions occurred and are still pending with the Official of the Department for the consent recession to be granted. The matter remains pending awaiting the response from the advocate for the department

Prevention mechanisms of current litigations

The majority of cases that end in litigation arise from claims that are instituted against the Council, from contractual disputes and/or enforcement of contractual obligations due to non-performance.

The legal services unit has implemented a proactive plan to address and minimize possible litigious matters, allowing for discussion and interaction with the other parties and their legal representatives.

The unit has further addressed and resolved a number of cases where the costs involved do not warrant further legal action as they farc exceed the amount in issue.

Criminal matters emanating from corruption and fraud

The Municipality has had to institute criminal matters in the Magistrate's Court from time to time. To this end close collaboration is maintained with the Office of the Public Prosecutor. No criminal action was instituted in the year under review.

Management of Legal Risks

The municipality has workshopped and reviewed finance and administration policies during the year under review without consultation or input from the unit. The net result is the process was non-compliant and has been rejected by the unions.

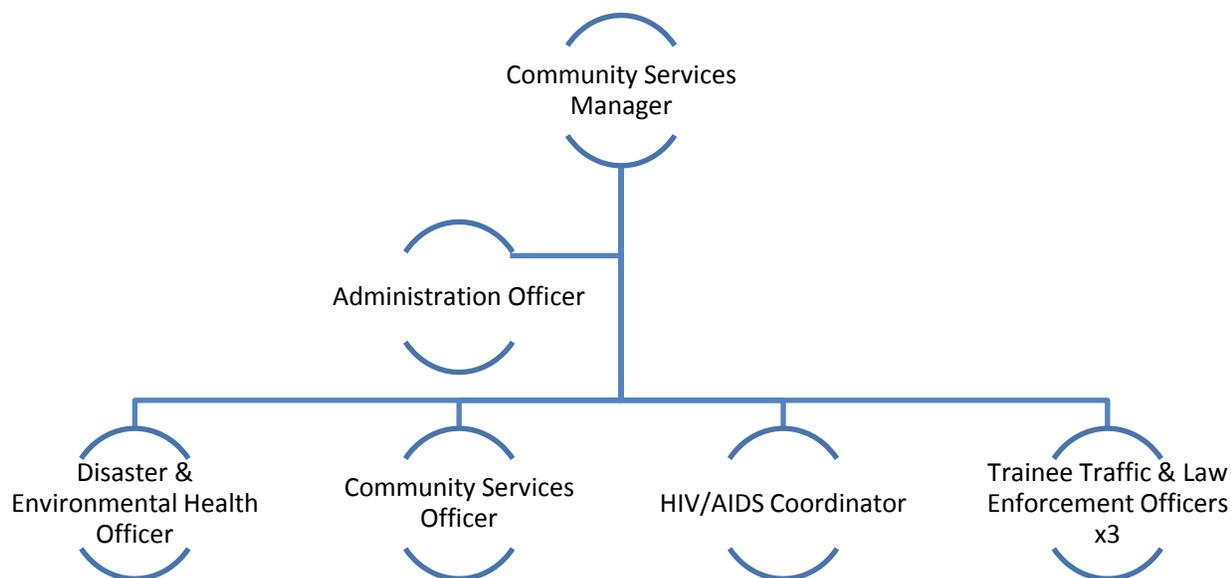
The organogram of the institution for 2012/2013 was also reviewed and adopted by Council with the assistance of DPLGTA but without input or guidance by the unit resulting in the process again being flawed and the organogram adopted being rejected by the unions due to lack of consultation The result is the refusal of the union to participate in the appointment process or the policies implementation for 2012/2013.

The challenge relating to implementation of the policies has been raised again within the office of the Municipal Manager and with management as there is no dedicated employee to assist and administer the implementation and roll-out of this critical area within the institution.

To date it is acknowledged that notwithstanding the progress made, risk is not managed effectively and this is an issue that needs to be formally prioritized moving forward. Fraud prevention is addressed through the National Fraud Prevention Plan but is not taken any further than this and the need for commitment to and implementation of the plan and policy is critical.

The unit, in order to be effective and fulfill its mandate, must be accepted as an independent entity set up to guide and advise all role players within the institution on legal, legislative and compliance matters. The unit must be capacitated with support staff failing which it will continue to merely scratch the surface and not have the impact it could in ensuring this municipality becomes a leader in the province and country as a whole.

Community Services Department



Community Services Manager S57 Manager: N.P. Mnyengeza

“To provide services to the communities in a sustainable manner and to promote a safer and healthy environment”

Functional Responsibilities

- Health Services
- Mainstreaming HIV/AIDS
- Disaster and Environmental Health
- Library Management Services
- Community Halls
- Sportsfields
- Cemeteries
- Parks and Public Open Spaces
- Street Cleaning and Refuse Removal
- Refuse/Landfill Sites

Focus Areas 2011/2012

- Mainstreaming HIV/Aids
- Effective management of all matters pertaining to offensive trades
- Management of all cleansing functions
- Implementation of Acts and Ordinances relating to cemetery operation
- Maintenance of Halls
- Management of Libraries
- Fencing, record provision and maintenance of caravan parks, public open spaces, and sportsfields
- Fencing and maintenance of cemeteries
- Pound management and
- Waste Management implementation

Performance Reporting and Challenges

Waste Management

- Emalahleni Municipality operates according to the District Municipality's Integrated Waste Management Plan. The District Municipal Plan was under review and was provided to the Emalahleni Municipality during February 2011;
- It is noted that the Waste Management: Solid Waste Section was not functioning effectively. The Refuse Removal Programme has been well applied and refuse has not been regularly (weekly) removed from residential areas, while it is removed within the CBD area twice per week (as per schedule);
- Clearing of illegal dumping sites in open spaces was conducted with challenges. An environmental impact assessment study was conducted by the Department of Environmental Affairs to establish the status and location of the current sites within the municipal area. This study illustrated that none of the 3 landfill had licenses and efforts are underway to attempt to legalize these;
- Provision has been made for the development of a licensed Regional Landfill Site in Lady Frere and Dordrecht and in Indwe dumping sites are being converted into transfer stations/collection sites. To this end feasibility and other studies have been conducted and licensing is awaiting approval by the Department of Environmental Affairs, pending submission of the design;
- Challenges exist in respect of human and capital resources. In particular, waste removal in rural areas is a particular challenge as these areas are not metered and "residents" are therefore not billed for these services; and
- Recycling activities by community members in Dordrecht, Lady Frere and Indwe are well supported and have become a part of the municipalities waste management initiatives.

Waste Management: Solid Waste Section

Within this section, great success has been achieved within the following areas:

- Refuse was regularly removed from commercial business (daily);
- Household refuse was removed by the Municipality everyday as per target and schedules and success was achieved;
- Clearing of illegal dumping in open spaces was not conducted.
- The dumping site in Lady Frere and Indwe were fenced and the one Dordrecht still needs fencing.
- The site for the landfill site in Lady Frere has been identified.
- The collection of Waste has been a success also due to assistance by Chris Hani District Municipality (Environmental Section), which has funded the department for waste management.

An environmental impact assessment study was conducted by the Department of Environmental Affairs to establish the status and location of the current dumping sites within the municipal area. The outcome showed that none of the 3 sites were licensed. Provision in the Annual Financial Statements now exists to rehabilitate 3 dumping sites and funding from the District Municipality is available to compile business plans for waste management in the municipal area. The 3-landfill sites in the Municipality are all not licensed. The municipality has now taken a route of converting the two sites, in Dordrecht and Indwe into collection points, and has established a legal landfill site in Lady Frere. This process has already begun. A service provider has been appointed for the identification of the site and the feasibility study. The feasibility study is in process.

Cemeteries

The overall objectives of this section are to provide for and to control burials within the prescriptions of the Health Act. Within Lady Frere and Dordrecht land has been provided and is utilized to provide functioning cemeteries on a sustainable basis.

Emalahleni Municipality graves are numbered and registered to the community as needed. New sites have been identified and an Environmental Impact Study was completed for Dordrecht in order to ascertain existing sites and where possible to procure additional sites and land. Notwithstanding it must be noted that these processes are to a large extent out of the control of Emalahleni, who rely on the Department of Land Affairs. Land was not acquired for Indwe due to a dispute over the land offer (handled by the Department of Land Affairs).

During 2010/2011 a Land Survey was conducted and land was identified and pegged in Lady Frere and Indwe. While this represented an aspect of progress, further progress in respect of the fencing of identified land/wards could not be completed as required. This was to a large extent beyond the control of the Community Services Manager and could in fact only be completed after the pegging of the land (land survey). Additionally challenges were

experienced with the required funding for these projects. This matter is still being pursued by Emalahleni Municipality through Land Affairs.

During 2011/2012 efforts continued to implement a cemetery maintenance programme and in this regard general maintenance was achieved (including grass cutting and cleaning of cemeteries). Funding constraints prevented the target of fencing cemeteries according to the maintenance plan from being achieved. Despite these improvements it must be noted that funding constraints remained a challenge and perhaps the greatest challenge was the lack of available land for new cemeteries.

General Objectives:

- Development of Pauper Burial Policy;
- Adoption by Council of additional sites for cemeteries in all towns;
- Acquisition of land from the Department of Land Affairs;
- Development of by-laws for Council resolutions;
- Promulgation of by-laws in the local papers and local radio stations; and
- Ensuring adequate infrastructure provision.

The greatest challenge remains funding, and obtaining and developing appropriate sites while ensuring staff capacitation at all levels and within all areas to ensure that staff function optimally.

Sportsfields, Parks and Public Open Spaces

The overall objectives of this function are to provide and maintain parks and open spaces thereby creating a pleasant environment for the communities, contributing towards global “greening” and to maintain sidewalks and pavements. Due to budget constraints, these parks are not always fully functional as planned.

General objectives were achieved and are reflected on as follows:

- The pruning of the trees along municipal streets within Emalahleni Municipality;
- Regular cutting of grass on sidewalks and open spaces as per maintenance and cutting schedules;
- Tree cutting as per schedules; and
- Maintenance of sporting facilities.

In respect of sportsfields and parks and open spaces it is noted that maintenance is conducted as per schedule and in terms of the available budget. While the budget is effectively utilized budget constraints affect the level of progress.

Libraries (managed on an agency basis)

Libraries were established in order to provide reading and study material to the youth and the community. Currently 3 libraries are operational and required to be managed effectively. These are to be found in Dordrecht, Indwe and Rietspruit. Management of these facilities occurs on behalf of the Department of Sport, Arts and Culture.

Libraries require librarians to conduct the following activities:

- Purchasing of library materials
- Sourcing of books from the book fare;
- Promoting libraries within rural areas;
- Library infrastructure provision; and
- Promotion and participation in the library works activities.

Currently 2 qualified librarians and 2 library assistants are running these libraries. A new library has also been established in Rietspruit. In an effort to reach the community in more rural areas a mobile library has been installed in Ward 2 (Bengu). DSRAC has been approached and has approved the establishment of a library in Lady Frere.

Additional libraries have been constructed in Ward 4 and 2 and the site for an additional modular library in Ward 10 has been located.

Improvements in functioning are required and as a first port of call efforts are to be made to facilitate the effective functioning of the Library Committee and encouraging Committee members to meet quarterly as scheduled.

Halls are being maintained as required and as per schedule. It is noted that Ward 9 has had a hall constructed by Technical Services Department and requires the final halls/maintenance schedule. Additional funding is always required.

Fire Fighting

This has been exceptionally well achieved and efforts have been made to lobby for funding from Chris Hani District Municipality in order to establish a firefighting centre in Lady Frere and for the related equipment. This has to a large extent been achieved, although progress will continue to be required to be achieved within this area moving forward. As a district municipal function Chris Hani District Municipality has appointed a task team to assist with the process of establishing and equipping this Centre.

Environmental Management

- Environmental management is critical in attempting to remove and reduce the threat of alien species. The project to remove alien species has begun and the required progress reporting has occurred.

- As detailed delays are experienced in resolving the issues relating to landfill sites. These are not licensed and the EIA has not been approved. Non-compliance with the Environmental Management Act has resulted. While these are due to limited financial resources and human capacity it is also required that these are reported on and analyzed in terms of baseline data (in order to determine backlogs and infrastructure costs. Progress with the establishment of landfill sites and the transfer station is in progress but dependent on the service provider.

Traffic Safety and Security

- As of 2010/2011 efforts to establish a policing forum have not yet been achieved and the project has not progressed well. This is to a large extent beyond the control of the Community Services Manager and appropriate correspondence has been entered into which details the progress.
- Efforts to lobby the SAPS to introduce mobile police stations in priority crime spots are underway. While this is formally in progress, it is noted that additional action will be required to facilitate the provision of mobile sites.

Community Halls and Recreational Facilities

During this financial year our area of priority was the revival of parks in generally included public halls, parks and sports facilities. Dordrecht, Indwe and the development of a park in Lady Frere.

Due to inadequate funding these projects have moved to 2012/2013.

Basic repairs/maintenance has been conducted for community halls in terms of project plans and budget.

Parks and Recreation

The overall objective of this function is to provide parks and open spaces thereby creating a pleasant environment for the communities, contributing towards global greening and to maintain sidewalks and pavements. Due to budget constraints, two parks were not fully functional as planned.

Notwithstanding, a schedule and programme for maintenance has been well achieved and reporting on progress and expenditure has occurred in the manner required. Grass cutting does occur monthly.

The greatest challenge relates to the need to fence and maintain parks and open spaces. A project on fencing could not occur and was beyond the control of the Community Services Manager who was unable to make progress due to the lack of financial resources and a budget. Attempts to source additional funding remain an ongoing challenge.

Three sporting facilities exist which provide a service for 102 000 users. Notwithstanding, a schedule and programme for maintenance has been well achieved and reporting on progress and expenditure has occurred in the manner required. Grass cutting does occur monthly.

The greatest challenge relates to the need to fence and maintain parks and open spaces. A project on fencing could not occur and was beyond the control of the Community Services Manager who was unable to make progress due to the lack of financial resources and a budget. Attempts to source additional funding remain an ongoing challenge.

Commonages& Pounds

Efforts were required to identify land for the construction of pounds – to provide for the management of stray animals.

The municipality is currently in the process of constructing a pound in Dordrecht. This target was not fully achieved and it is noted that both the IDP and the SDBIP had incorrectly stated the required budget. Budgetary constraints are a contributing factor to the lack of success. While progress reporting is occurring it must be noted that construction has reached roof height.

Up until this point rangers were deployed by the Department of Transport to assist in the removal of animals along the main roads leading to and from Lady Frere and Dordrecht. Stray vehicles are transported to the Lukhanji pound in vehicles that are owned by the Department of Transport. Income received in this manner is provided to the Lukhanji Municipality. Additionally the municipality has its own rangers who are responsible for ensuring that there are no threats to anyone's property and stray dogs are removed accordingly.

Commonages and Pounds are required to be managed. It is noted that:

- Commonages were fenced as per maintenance plans and it was required that farms and suitable lands be procured for commonage users as these commonages are over grazed.
- Pound masters and rangers were appointed to facilitate the commonage maintenance process.

Community Services: Statistics on Facilities

Facility	No of Facilities	No. of Users	No. of Employees	Cost R(000)
Library Services	2	530	2	330
Museums and Art Galleries	0	0	0	0
Other Community Halls /facilities	10	3000	10	803
Cemeteries and Crematoriums	6	102 000	4	280
Child-Care (including crèches)	178	5 000	0	0
Schools	119	17 850	0	0
Sporting Facilities	13	102 000	3	197
Parks	2	60 000	2	-

HIV/Aids Mainstreaming

The HIV/Aids Strategy has been approved by Council.

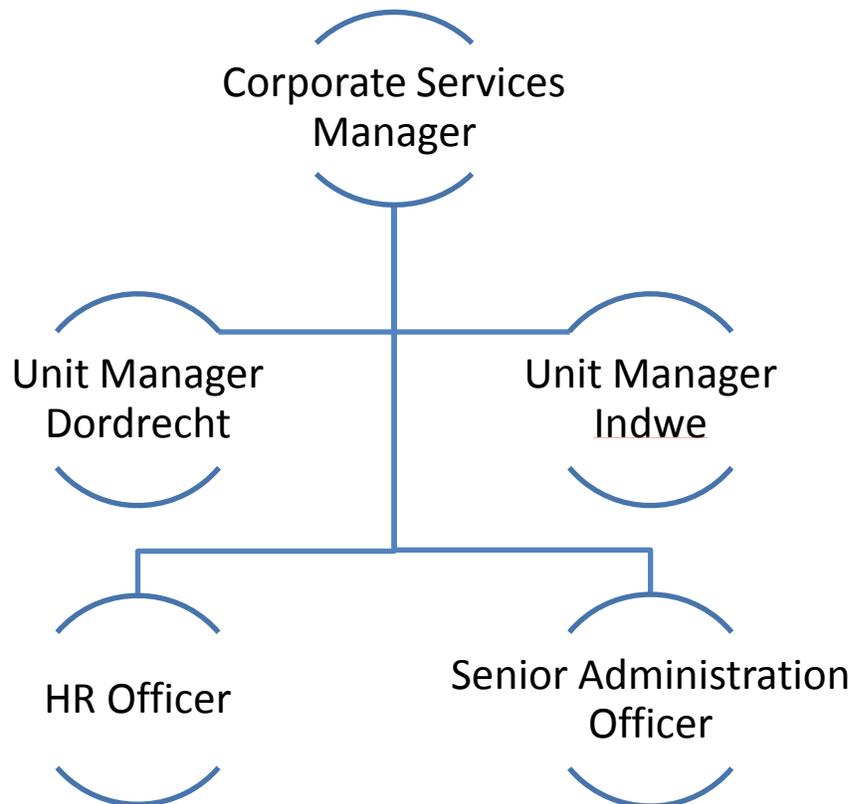
Interdepartmental forums (IDF's) have been established and with strategic planning, workshopping and the development of plans to incorporate the mainstreaming into each and every department, progress has been made. Unfortunately no formal budget exists for any mainstreaming activities and efforts are to be made to source funding from various sources.

The Community Services Manager is to be commended for the manner in which she has proactively implemented the HIV/AIDS programmes implemented (without required financial resources) - peer educators trained and awareness campaigns undertaken in schools during August 2011 and the voluntary testing /counselling which also took place at this time.

Additionally, it must be noted that efforts to mainstream HIV/Aids are all directed in-house at the exclusion of the community. A lack of budget and capacity impedes further progress.

CORPORATE SERVICES DEPARTMENT

CORPORATE SERVICES STRUCTURE



Corporate Services Manager: Ms N. Lungwengwe

“To provide the highest quality of human resources support for all departments within Emalahleni Municipality. We undertake to capacitate Councillors and Administrative staff in order to deliver improved and sustainable services so that the Municipal Mandate is fulfilled and to promote public participation through two-way communication.”

Functional Responsibilities

- **Human Resources**
Benefit Administration; Recruitment & Selection; Staff Provisioning; Organizational Development; Employee Assistance; Policy and Procedure Development; HR Compliance; Fleet Management and Performance Management facilitation.

- **Labour / Employee Relations**
Effective application of LR Policy and the Labour Relations Act;
- **Occupational Health and Safety**
Compliance aspects of the Occupational Health and Safety Act, Act No. 85 of 1993;
- **Skills Development**
Capacitation initiatives;
- **Employment Equity**
Compliance with the Employment Equity Act;
- **Council Support**
Fleet Management; Committee Administration; Archives and Records

Focus Areas 2011/2012

- Council Administrative Support
- Human Resources Development and Management
- Employment Equity
- Knowledge Management
- Labour Relations
- Occupational Health and Safety

Performance Reporting and Challenges

Achievement within each area of focus will be detailed, together with areas of significant focus and challenge.

Human Resources

- It is noted that the Provisioning Policy continues to be well applied and recruitment and selection occurs with strict adherence to this policy.
- Staff and Councillor training needs were well catered for in terms of the timeous development of the Workplace Skills Plan (developed from input from all departments). This was compiled and submitted timeously to the LGWSETA and thereafter Implementation Reports were compiled and submitted as required/legislated. Training for Councillors and staff was well planned and executed.
- The target of appointing 5 interns was achieved.
- The organogram was reviewed and a proposed organogram incorporated into the 2011/2012 IDP (adopted by Council 9 May 2011). Notwithstanding this new structure has not been approved and the newly appointed Council are awaiting the 5 Year IDP with its related structure, policies and procedures. A complete analysis and evaluation of the institutions

organizational requirements will be done by DPLG and SALGA in conjunction with Emalahleni Municipality.

- As per the requirement that all Job Descriptions be reviewed and updated in terms of the TASK Job Evaluation System great strides have been made. A report analyzing all current Job Descriptions and their level of accuracy and compliance to the TASK Job Evaluation System has enabled the identification of all areas requiring attention and where new Job Descriptions are required. This project has been delayed due to reliance on SALGA/DPLG.
- In term of HR policies and procedures it is noted that:
 - The existing leave policy and procedure was developed and and procedure was required to be customized in order to be aligned to the SALGBC collective agreement;
 - The draft leave policy was tabled to the Governance and Administration Standing Committed and EXCO by 30 June 2011 and leave monitoring is now taking place monthly in a more effective manner. However the need for DPLG/SALGA to review this has delayed the process further.
- While certain aspects of the implementation of the Performance Management System have been applied, it is noted that others have not. These have been largely beyond the control of the Corporate Services Manager. While there are signed Performance Agreements in place for the 557 managers and scorecards have been populated for all these managers, the final assessments of performance have not yet taken place for 2010/2011years.It is hoped that the issues raised can be dealt with and that these assessments can still be concluded --- as per the performance agreement (for 557 managers). Due to the fact that the final assessment could only take place following the approval of this document by the Council, scheduling for both assessments must again take place after this approval is received from the Auditor General. This may only take place following the approval of the Annual Report for 2010/2011 (i.e. after 31 March 2012) and similarly for 2011/2012.
- The Organizational Rights Agreement has been concluded and implemented, having been signed and accepted by SALGA, SAMWU and IMATU and the monitoring of its implementation is being conducted as required.

Labour / Employee Relations

- It is noted that the Local Labour Forum is not meeting as required. Only 2 of 4 meetings were held. At times progress is impeded by the LLF refusing to move forward on an item (that may be only for consultation). It is worth highlighting that there is a difference between issues requiring consultation and those requiring negotiation. While negotiation can take extended periods of time – issues requiring consultation are in the truest form those provided for information and possible comment/input.

Occupational Health and Safety

- In this area, positive strides have been made and Risk Assessments have been conducted within all departments; First Aiders have been trained and Safety Committees have been set up in Dordrecht and Indwe. Notwithstanding, the challenge of meeting attendance and conducting safety inspections throughout the organization remains a challenge. This is due in part to the geographical nature of the terrain and the lack of transportation for the investigators.

During 2010/2011, in an effort to provide assistance, Chris Hani District Municipality has provided transportation in the short-term by way of a bus.

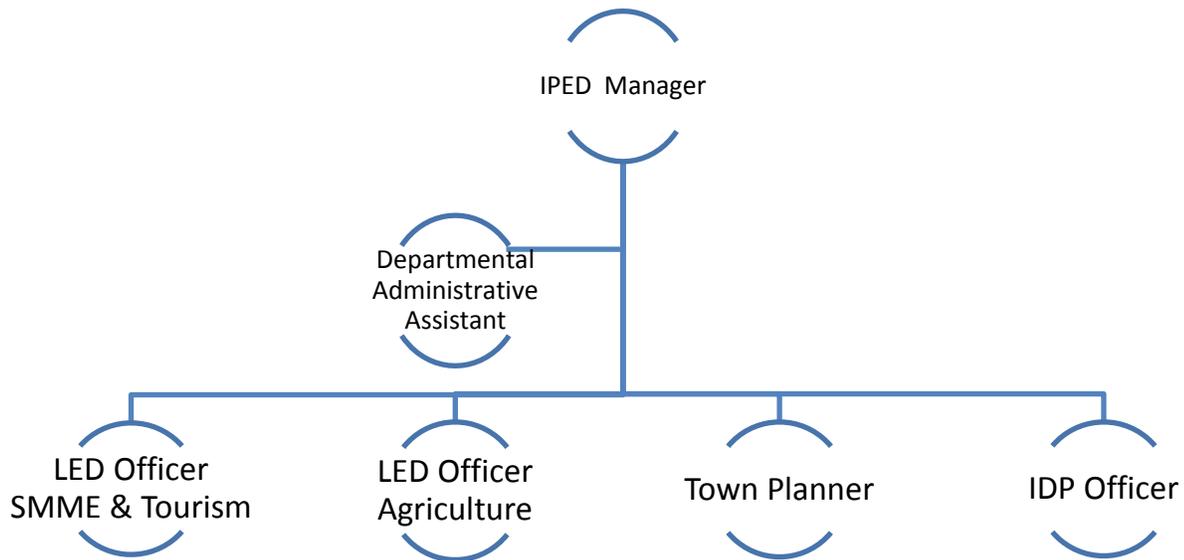
Administration

- Progress within the management of Audit Queries is occurring, and this process is assisted through the compliance Unit and the Audit Committee. Accordingly it is noted that:
 - An Audit Action Plan for 2010/2011 was developed and reporting on the audit related issues is addressed through a standing item on the weekly management meeting. More formal reporting is to occur and to be documented.
 - At the supply chain management level it is noted that the SCM policy has been revised and is being adhered to and all purchases, awards and expenditure occur within the SCM policy prescriptions. No formal service provider report is available, and greater emphasis needs to be placed on reporting and on documenting actual services providers performance.
 - The Assets Register is now well maintained. It is noted that an audit qualification on assets was awarded 2009/2010 due to the assets register not being maintained as required. Improvements have occurred in 2010 / 2011 and it is noted that for 2011/2012 the assets inventory list for immovable assets is maintained. Issues with disposal of assets are still prevalent. This needs to be managed more effectively. Movable assets are bar-coded as required.
 - While the electronic records management system was in place, IT problems prevented this from being fully functional and as a result not all Emalahleni Local Municipality records were captured. Issues with the server have been identified and these are required to be addressed moving forward.
 - In an effort to obtain and implement an HR clocking system it is noted that this system is still not in place and progress has been impeded ongoing by the lack of practical experience on the clocking system by the bidders. At this point and within the fourth quarter, a quotation from a service provider was accepted, and they are to be appointed from the beginning of the new financial year to complete this project.

Employment Equity

- Efforts to implement the Employment Equity Plan are not always possible due to the fact that targeted groups are in many instances not always available to the market (in so far as they meet the requirements of the post). Notwithstanding, in this case compliance with the first 3 levels of management have been achieved.
- The EE Plan was reviewed, consulted with the LLF, submitted to Council and submitted to the Employment Equity Registry (Department of Labour) by 1 October. Employment equity reporting on implementation has been reported regularly as prescribed and in the correct format.

INTEGRATED PLANNING & ECONOMIC DEVELOPMENT (IPED) DEPARTMENT



“To ensure that resources (Human, Technical, Environmental and Financial) are organized in such a way as to ensure that jobs are created and poverty is reduced”

IPED Manager: N Mntyedwana

Functional Responsibilities

- IDP Coordination
- Town and Regional Planning
- Agriculture Development
- Local Economic Development
- SMME Development
- Tourism Development and Promotion

Focus Objectives 2011/2012

- Development and Implementation of the LED Strategy

- LED Stakeholder Forum functionality
- Tourism development and promotion of planned projects
- Agriculture development (in terms of planned projects)
- Improved market confidence as per the development of the Spatial Development Framework
- IDP facilitation and coordination

Performance Reporting and Challenges

Achievement within each area of focus will be detailed, together with areas of significant focus and challenge.

Integrated Development Plan (IDP)

The IPED Manager plays a facilitative role in respect of IDP projects. The overall function of this Department is to ensure that IDP projects occur in the manner required i.e. that they are appropriately managed and reported on. While the Strategic Manager is responsible for ensuring that Performance Management occurs institutionally, the IPED Manager is responsible to ensure that all IDP performance related information is collated for the IPED Department and submitted to the Strategic Manager (for example: SDBIP's, monthly performance reports and the like).

Local Economic Development (LED)

Notwithstanding the development of the Local Economic Development unit, LED continues to be a challenge for Emalahleni Municipality – both from a capacity and from a resource point of view. To this end it is noted that a number of targets (in the IPED Manager's performance scorecard were required to be changed/moved, or cancelled due to a lack of funding.

It is acknowledged that every effort and all resources should become focused on capacitating staff within the area of LED.

During 2010/2011 the LED Strategy for Emalahleni Municipality was adopted 15 December 2010. It was required to be aligned to PGDS and the IDP. The SDF was approved 21 November 2011. Upon analysis it is noted that the LED Strategy is not correctly aligned with the SDF, and this will be addressed with the upcoming review.

Reporting relating to zoning maps, sub-division applications and all SDF related projects has been conducted and reported to Council as follows:

Agricultural and rural development

- The mushroom project has been removed as it was no longer viable. This was agreed to by the Department of Agriculture.

- The Land Care Management Project is being regularly achieved (based on funding availability)
- A number of Department of Agriculture projects have been conducted and successes /challenges are detailed as follows:
 - The revitalization of the Dipping Tank in Ward 12 has not been started.
- Efforts to lobby for funding that would be used for the revitalization of local schemes, for the fencing of arable land and for the construction of shearing sheds (in priority areas) is underway – although there is no direct progress to date.
- Promotion of the branding of cows is facilitated by the building of the necessary infrastructure for branding. This is being well achieved although it is noted that funding constraints may affect progress. 148 livestock were branded as per target although no progress reporting is provided.
- The construction of stock sale pens was planned although reporting is limited.

Tourism

- During 2011/2012 a tourism brochure was approved by Council and made available for marketing purposes. Funding and capacity remain a challenge.
- On 26 September 2012 Emalahleni Municipalities website was launched. This was designed to assist with the promotion of tourism and communication (internal and external).
- Completion of projects as per the Tourism Plan i.e. provision of inputs, materials, training support provisions and budget expenditure reports has not been well achieved being impeded by capacity and financial resources.

Town Planning

In an effort to facilitate town planning and land use management, it was required that:

- Land use management policies be developed, adopted by Council and implemented/monitored in terms of the development of land use management systems;
- Additionally it was required that a Land Audit be completed and verified.

In both instances the target milestones were amended and while policy development and implementation is still underway (although on target), the land audit has been achieved as required.

Statistics for Building Plans and Town Planning, the transfer of deeds and town registers and legislative reporting as per Circular 11 of the MFMA are addressed to a large extent.

Town Planning is still in its infancy stage. Notwithstanding quarterly statistics are completed and statistics are able to be provided regarding approvals, subdivisions and transfers. Updating the server is underway and should facilitate this process further.

While the IPED unit continues to face many challenges, it is fair to say that progress overall has been made and additional progress is required in order to ensure that the tourism and agricultural potential of Emalahleni Municipal area is realized.

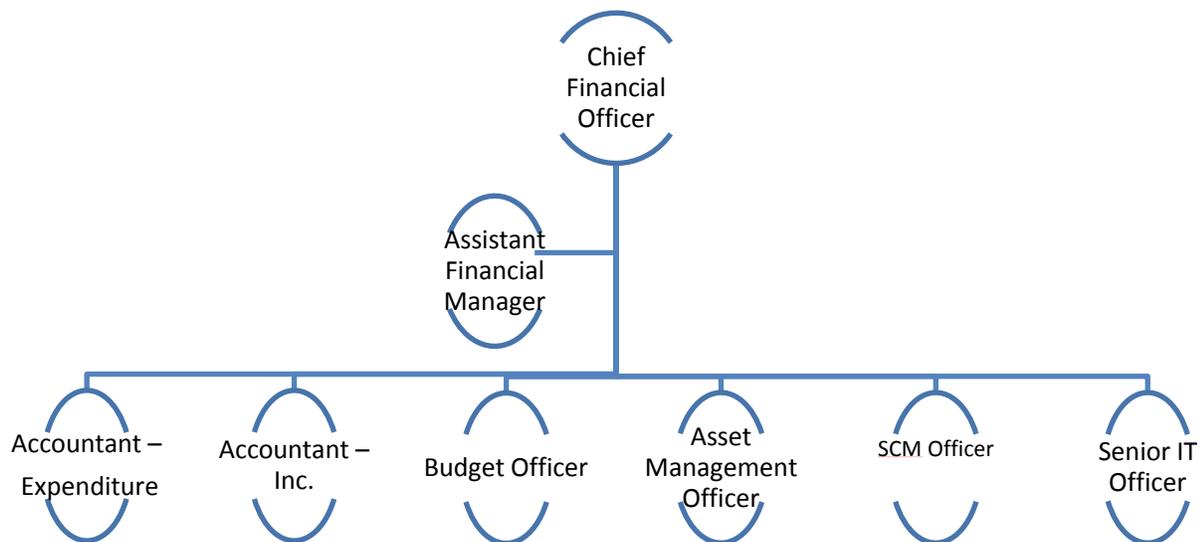
This can be achieved through the implementation of the LED Strategy and the Spatial Development Framework, however it is realized that in order for this to be conducted successfully the necessary infrastructure, capacitation of staff and effective application of policies and procedures will be required.

General comments and Challenges

- The availability of LED expertise
- Project reporting
- Town Planning progressing to full functionality
- Funding constraints continue to be a challenge as there is little budget provided for the reviewal of the IDP and related processes.
- The challenges of monitoring and implementing all IDP & PMS compliance issues where little data has been present

BUDGET AND TREASURY DEPARTMENT

FINANCE DEPARTMENT STRUCTURE



“Management of the financial resources in an efficient and professional manner while providing support to all departments in order to ensure that all legislation policies and procedures as prescribed by National Treasury are implemented and upheld”

CFO: DEPARTMENTAL MANAGER: M. LUDICK

Functional Responsibilities

- Revenue Collection/Income Generation
- Expenditure
- Budgeting
- Accounting and Reporting
- Information Technology
- Assets and Risks
- Supply Chain Management

Overall Objectives 2011/2012

In order to achieve the objectives of the vision and mission of the Emalahleni Local Municipality, the office of the Finance Department seeks to deliver the following:

- Develop all policies, procedures and by-laws required by the Municipal Finance Act (MFMA);
- Implement all Regulations as issued by National Treasury;
- Implement all policies and procedures as stipulated within the Municipal Finance Management Act (MFMA) and the Financial Regulations issued by National Treasury;
- Give effect to all accounting principles as required by GAMAP/GRAP;
- Ensure that a transparent, effective supply chain management system is implemented;
- Ensure the effective, efficient and economic management of the monetary resources of the municipality;
- Support all Departments of the Municipality to achieve their objectives specified within in their 5 year departmental strategic plan;
- Manage and safeguard the assets of the municipality in order to ensure effective and economic delivery of services;
- Maintain, support and upgrade the IT network and equipment of the municipality to ensure effective service delivery;

PERFORMANCE REPORTING AND CHALLENGES

In an ongoing effort to improve financial performance and management within the Emalahleni Local Municipality, issues raised within the Auditor General's Report were translated into an Audit Action Plan for regular reporting was required in an effort to ensure that issues requiring attention would receive focus and be addressed in a coordinated fashion. While improvements have been made there were many challenges still experienced in respect of financial reporting, reconciliations and the like. It is further noted that a new Chief Financial Officer was appointed with effect from 1 May 2012 after the previous Chief Financial Officer has been booked off on sick leave for an extended period. Many issues relating to reporting and reconciliations had to be resolved and had reached crisis proportions.

It is acknowledged that issues requiring attention can be generally referred to as the need for regular and effective reporting and the need to ensure that information and data obtained and utilized is accurate and remains updated. Systems and control are vitally important and it is required that these are upheld strictly in accordance with policy and procedures and the prescriptions of the MFMA.

Within each functional area, progress, successes and challenges will be discussed.

Revenue Collection and Income Generation

- Ongoing focus and priority is placed on the implementation of the Revenue Enhancement Strategy. It is recognized that as far as the community is concerned and acknowledging the limitations of this rate base due to high levels of poverty and unemployment, that efforts to increase revenue are vital for financial sustainability.

Effective revenue management strategies are required to be implemented and more specifically the revenue and credit control strategy. This target has not been well achieved. A workshop on the implementation of the credit control policy is required to be workshopped and implemented. Efforts are required to be made to implement more effective debt collection through more effective billing, the Indigent Register is required to be updated and electricity cut-offs are to be effectively applied. To date, cut offs are not extensively applied.

As compared with 2010/2011 the debt collection rate has moved from 23% to 15%. This is due in part to the high levels of poverty, the need for data cleansing, updated statistics and due to political interference.

- It is noted that the consumer database and related data cleansing has not been fully achieved and 20% variance appears to exist.
- The level of accuracy of Consumer accounts remains a challenge.
- The accuracy with which meter readings are conducted and inputted into SEBATA is problematic
- In an effort to improve and maintain the effectiveness of the electronic data management system (SEBATA), meter readings that are inputted into SEBATA are monitored and checked regularly. SEBATA has been appointed for 10 days a month to assist with this process and to ensure that any system anomalies are resolved (through provision of oversight and the monitoring of exception reports which are now being performed by the Debtors Clerk and the Chief Financial Officer.
- The Indigent Policy was reviewed and the Indigent Database has yet to achieve a level of accuracy.
- The Rates Policy was tabled for adoption and so to the Tariff Policy and new tariffs approved.
- Staff have been capacitate in an ongoing commitment to training and development staff are participating in the “Minimum Competency Levels Training” as per MFMA Circular 47/14.2a
- It is acknowledged that the accuracy of consumer accounts can only be fully achieved once the data clean-up and verification exercise is finalized.
- Stricter controls in respect of cash and revenue management will provide an ongoing challenge.

Expenditure and Control

This function resides mainly in Lady Frere and is supported by three staff who are responsible for the payment of creditors, ordering goods, services and materials, processing monthly salaries and allowances, compiling and controlling budgets, controlling capital and other projects, processing of monthly and quarterly financial reports and the compilation of annual financial records and statements.

It is noted that:

- 100% of Capital Expenditure was included in the IDP by June 2012;
- SEBATA reporting was not occurring successfully and was to be resolved;
- Expenditure reporting was provided monthly and quarterly in respect of reports to the Mayor, Council, National Treasury and Provincial Treasury. Not all of these were submitted timeously (s71 Q1 and Q2 were late).
- Corrections to the recording and processing of VAT were made;
- SEBATA reports were provided in order to verify figures from the General Ledger and Trial Balance. These reports were not regularly /correctly received.
- Appropriate training in respect of functional areas was provided to staff in an endeavor to heighten capacity; and
- Unauthorized, irregular or fruitless and wasteful was condoned and this was an improvement from the previous year.

Budgeting

This department is required to compile Councils operating and capital budget and to ensure that these are presented accurately and timeously.

It is critically important that the Budget is aligned to the reviewed IDP in order to ensure that the strategic objectives are addressed through projects contained within the SDBIP's that are in turn aligned to both IDP and Budget.

Of critical importance is the development of the tariff structure and the review of this annually, in an effort to maintain a cash budget. This was achieved.

Actual expenditure against the budget is monitored regularly and appropriate reporting is conducted in order to maintain controls. The SEBATA system reporting was not successful during this period.

- Timelines in respect of the Budget and budget issues have been well achieved;
- Public committees and consultation forums for Finance (IDP linked) have been established and well managed;
- The following budget-related activities were achieved:
 - Alignment of budget to IDP
 - Service Delivery Agreements
 - Delegations

- Budget-related Policies
- Operational and capital budget
- Tariffs were determined as per updated Policies;
- The Budget and supporting documents were approved;
- Budget and supporting documents were provided to :
 - National Treasury
 - Provincial Treasury
 - Public
- A Service Delivery and Budget Implementation Plan (SDBIP) was completed for Finance;
- All 17 wards participated in the Budget process which illustrated an incredible improvement in public participation one additional ward was included after the elections in May 2011.
- Senior Staff in the Budget & Treasury Department possess the required tertiary qualifications but lack practical ‘on the job’ experience and this is to be attended to via coaching. Ongoing capacitation exercises are arranged in order to facilitate this process;
- Capacity issues and shortages of staff in the Budget & Treasury Department are to be addressed via training and development and will be regarded as critical;
- Financial constraints remain a challenge.
- SDBIP Plans were not linked and aligned to Budget/IDP this can be achieved following more specific targets within the SDBIP;
- Continuous efforts are made to improve financial controls;
- Policies are in place – policies developed and implemented during the financial year;
- Service delivery agreements have been signed with the Department of Transport, Department of Arts & Sports and Library Services;
- Legislative compliance as per MFMA requirements in respect of GRAP conversions have been extremely well achieved, while taking into account allowed concessions;
- The Budget has been concluded in the new GRAP format; and
- The Annual Financial Statement has been completed within required timeframes as legislated (2011 /2012).

Accounting and Reporting

It is acknowledged that a number of challenges are experienced when it comes down to the methods of establishing and maintaining accounting records and in respect of reporting.

From a reporting point of view it is noted that in terms of the MFMA, regular reporting to the National Treasury, Provincial Treasury, to the Accounting Officer, the Executive Committee and Municipal Council is required (according to the prescriptions of the Act).

Accordingly it is noted that reporting was conducted but not as consistently and timeously as required in respect of:

- Monthly s71 reports L(Q1 and Q2 were late);
- S46 reports (Input received late – reporting not verifiable) this was presented after an approved extension.
- The AFS

- SDBIP
- SCM reports;
- Reports submitted to the Finance Standing Committee monthly;
- Reports to Council quarterly;
- Reports to Exco, monthly; and
- VAT Reconciliation reports which have been updated; and

Monthly reconciliations of supporting registers are at times a challenge in respect of:

- Funds
- Loans
- Assets
- Banks
- Investments
- Debtors
- Creditors and
- Income and Expenditure

Supply Chain Management

The Supply Chain Policy and Procedure has been approved, and is well applied.

- The SCM Committees for evaluation and adjudication and award have been established and are functioning well.
- The SCM division lacks capacity and two staff members of this unit have been sent on CPMD training in order to facilitate skills development.
- The Service Providers Database is being updated and maintained.
- Tenders are being awarded to HDI's.
- SCM Committees are populated as required but turnaround time in awarding of bids requires to be improved.
- Reporting on SCM functioning is occurring regularly;
- Service Providers Reports and performance reporting are not recorded as sufficiently as required or in terms of the required format. While departments are required to provide the required input regarding project management undertaken within their departments. A standard template is in place although it is noted that different departments completed this in different ways and in some instances by the use of different templates. This is required to be addressed correctly. While all consolidation of information is conducted by the Supply Chain Officer it must be emphasized that the SCM Officer is only able to utilize the information provided to her. A "lack of" or incomplete information is just as damaging as no information In many instances the information has been left out and that is why reporting becomes a target for auditors ---effectively constituting "poor reporting".

- A compliance order was issued for not meeting the payment of service providers within the prescribed 30 days.

Information Technology

The provision of information management and technological support is not currently well achieved and this function is not fully applied within all the units. Support provision is extensively applied by Chris Hani District Municipality.

A number of issues are raised as follows;

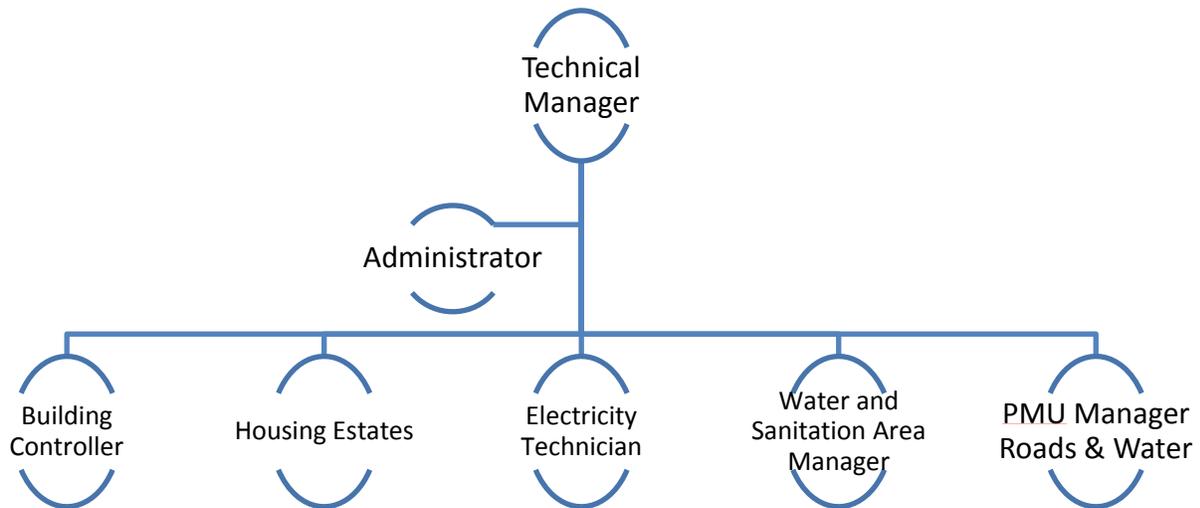
- Internet and email facilities are available to most staff, although network securities are still to be addressed at a higher level of functioning;
- Funding is required in order to upgrade IT infrastructure and must be budgeted/sourced accordingly;
- The SEBATA financial management system is functioning more effectively and SEBATA has been employed to provide regular on-site support and service in order to resolve any identified issue;
- IT Training is required to be provided to the majority of staff in a coordinated manner in order to facilitate their IT skills and methods of functioning.

It is clear that a more consolidated and focused approach to IT issues is required to be undertaken and this will be required to be seen as an area of priority moving forward, with specific policies, procedures and appropriate training, monitoring and control

Assets and Risks

- The assets registers have been developed within all departments and are GRAP compliant;
- These have been well done. Assets are bar-coded and the register updated. The Chief Financial Officer is required to consolidate and balance the register.

TECHNICAL SERVICES DEPARTMENT



Technical Services Manager: Mr W. Mkuyana

“To render affordable and sustainable basic services to the community and internal departments by enhancing community participation in collaboration with internal departments through partnership and consultation in order to achieve good results and instill ownership.”

Functional Responsibilities

The areas of focus include:

- Facilitation of infrastructure development (where it is not within our power and function);
- To create new infrastructure within our competence; and to maintain existing infrastructure in areas defined below.
 - Project management
 - Water and Sanitation;

- Electricity and Street lighting (reticulation and distribution);
- Roads and storm water; and
- Processing building plans and quality monitoring.

Overall Objectives 2011/2012

- Infrastructure planning in order to meet the community needs as prioritized;
- Implementation and monitoring of capital projects;
- Budget control of capital projects;
- Policy formulation for infrastructure development and service delivery;
- Project management of local infrastructure projects, including:
 - Major infrastructure repairs and/or rehabilitation projects
 - New infrastructure projects
- Oversight on CHDM and Housing implemented infrastructure projects;
- Management and maintenance of municipal assets re – infrastructure (roads and stormwater drainage systems, pumps for sewer and water, bulk water storage facilities, water treatment plants, water line networks, waste water treatments plants, electricity distribution network and streetlights, buildings, road maintenance, plant and other operating plant and vehicles, and ensuring OHSA compliance in all municipal operations;
- Housing Unit management, by managing the development and maintenance of human settlements. This includes:
 - Coordination of Housing Delivery (private developers and other parties);
 - Provision of support in managing housing provision;
 - Promoting the sourcing of land for land reform programmes,
 - Monitoring the development of slum conditions in existing settlements;
 - Assessment of housing needs;
 - Building Control Management by ensuring compliance with the National Building Regulations as well as the Housing Consumer Protection Measures Act;

- Housing quality control (House construction for private and public building developments); and
- Management of the demolitions and the building permit system throughout Emalahleni.

PERFORMANCE REPORTING AND CHALLENGES

The Technical Services Department is responsible for both external and internal technical service delivery projects that may fall within this department.

Management of Funds

It is recognized that this department is required to engage in projects of an extremely high capital value and funding is limited under normal circumstances at best. Funding is sourced and obtained from the following role-players:

- Municipal revenue from rates and taxes;
- Equitable share from National Treasury, Chris Hani District Municipality, MIG and equitable share;
- Municipal Infrastructure Grant (MIG);
- Department of Housing, Local Government, and Traditional Affairs;
- Department of Minerals and Energy;
- Department of Roads and Transport; and
- Development Bank of South Africa.

Throughout this period, funding was strictly managed and expenditure reported on in keeping with the requirements and prescriptions of the donor funder.

Project Management Unit

This unit serves to address the administrative and project needs attached to the large number of projects undertaken, their high value and the number of sponsors/donor funders (all with specific reporting requirements of their own). The unit is formally required to be able to address all of these needs.

- Infrastructure planning was conducted according to prioritized needs of the community;

- Capital projects were implemented and monitored and managed in terms of project deliverables and budgetary control and MIG was spent un 2010/11 financial year.
- Organizational reporting was conducted regularly in the manner required.

The PMU unit successfully administers, project manages and reports on project progress in the manner required.

Roads and Stormwater

Emalahleni Local Municipality faced many infrastructure challenges, not the least of which relate to funding and resources. A number of targets were fully complied with in respect of roads and stormwater, notwithstanding challenges relating to: financial limitations, limited availability of maintenance equipment; poor and ageing infrastructure, and geographical and climatic conditions.

- **Projects have been relatively well achieved and regular reporting is provided to the Standing Committees and to EXCO. Projects currently under way relate to:**

Project	Status	Comment
Qoqodala Access Road	In progress	snags list completed (Sept)
Surfacing of proclaimed road	60% progress	Documented in progress reports
Dubeni Access Road project	Tender awarded. Construction Phase	MIG and CHDM funding Progress Reporting
Indwe Stormwater	Progress	Written to CHDM Progress reporting

Backlogs in Paving of Streets

Required Budget	Budget Amount	Actual Expenditure
R1 300 000.00	R1 300 000.00	R476 000.00
The Department of Public Works paid for EPWP programmes and payments were transferred in due time.		
Remedial Action	CHDM and the contractor are attempting to address the situation.	

INDICATORS	HOUSEHOLDS TOTAL NO.	REQUIRED BUDGET	BUDGET AMOUNT	ACTUAL EXPENDITURE
Civil Engineering Services:(PMU) Establishment and management of Civil Engineering Services:-				
Ward 13 Qoboshane Bridge Phase 1	540	R5 344 597.00	R5 344 597.00	R5 344 597.00
Ward 11 Sinako Dordrecht Surfaced Road.	813	R5 970 059.00	R5 970 057.00	R5 344 597.00
Ward 15 Indwe Mavuya surfaced Road	331	R6 239 613.00	R6 239 613.00	R6 239 613.00
Ward 16 Indwe-Resort Surfaced and Paved Road	3000	R6 429 266.00	R6 429 266.00	R6 429 266.00
Ward 04 Lady Frere Internal Streets & Stormwater	700	R8 064 373.00	R8 064 373.00	R8 064 373.00
Ward13 Qoboshane Bridge Phase 2	540	R8 857 113.00	R8 857 113.00	
Ward 2 Multi-Purpose Hall		R2 418 421.00	R2 418 421.00	R2 418 421.00
Ward 9 Multi-Purpose Hall		R2,035,759.95	R2,035,759.95	R2,035,759.95
Ward 12 Multi-Purpose Hall		R2,518,094.00	R2,518,094.00	R2,518,094.00
Ward 11 Multi-Purpose Hall	1848	R2,291,990.00	R2,291,990.00	R2,291,990.00

Housing

Many projects were required to rectify badly built houses. These include:

- Dordrecht Phase 1 & 2

- The township register has been opened.
- There are 396 beneficiaries registered in Indwe 500.
- In Lady Frere, 258 are to be completed and transferred.
- Zoning and mapping has been completed.
- Phase 3 is in progress
- Indwe 513, 21 transfers are outstanding.
- 16 Deeds of Sales processed
- 5 beneficiaries are missing

- Sinako Zwelethemba 289

A feasibility study has commenced, administration is complete and beneficiaries have been screened.

- Mavuya 462

- 224 beneficiaries
- Council approval awaited to proceed. Project reduced to 280 units due to lack of beneficiaries.
- 262 beneficiaries.

- LF 700

- Village scoping report was prepared
- Water and sewerage reticulation is at the tender stage.
- 258 transfers were completed

- LF 715

- Slow progress a further 15 units were constructed

- LF 564
 - 461 units constructed of which 114 at various stages of completion.
- Zwartwater 1000

Progress is occurring although to date the contractor has not been procured.
- Dordrecht Phase 1 and 2
 - Rectification has not yet started;
 - Verification of beneficiaries is underway
 - Land transfer is underway
 - Progress reporting is required.

It must be noted that this competency lies with the DPHLG and accordingly the Housing Sector Plan was provided in draft in August 2011, due to delays/budget constraints by the Department of Human Settlements. .

Building Control

This unit remains responsible for the development of the local built environment, through the following activities:

- Public education, promoting compliance with National Building Regulations and Agreement Certificates (Rural Areas), as well as effecting compliance with the Housing Consumer Protection Measures Act (All houses are built by NHBRC registered Contractors;
- Development of Appropriate Building Technology suitable for areas where the national Building Regulations are not applicable;
- Quality control of House construction in Housing Projects;
- Municipal assets maintenance including municipal buildings, dipping tanks, disaster houses etc.;
- Quality Control of all other private and public building developments;
- Manages demolishing and building permit system throughout Emalahleni;

Fleet Management

- Although a Fleet Management Policy is in place it is noted that this is not fully implemented. Regular monitoring and quarterly reporting is required in order to ensure that the municipal fleet are managed effectively.
- As required, a Vehicle Tracking system has been installed in 8 vehicles.

Electricity and Street Lighting

Emalahleni Local Municipality is required to ensure electricity provision to the two towns of Indwe and Dordrecht. Remaining areas (Lady Frere and surrounding villages) are required to be supplied by Eskom and the department's role is to supply implementation and monitoring (as per the Turnkey Project).

General Issues and Challenges

- Infrastructure is old and severe winds cause damage to power lines when trees are blown on these, together with power outages and weakness due to the high winds.
- It remains a challenge to address the backlogs and to ensure that the standards of electricity provision and service are equally matched between urban and rural areas. The development of the SDBIP addresses this in a coordinated and planned manner over time.
- The management of electricity losses, the related Implementation Strategy and the related targets have not been met and electricity losses were reflected at 45% during 2010/2011. These losses could not be measured during 2011/2012.
- Rural electrification programmes are being “fast-tracked”.
- Streetlights have been installed in Indwe and reporting on maintenance of community streetlights is conducted as required;
- Free basic electricity is provided to all registered indigents;
- Planned cutting of trees is scheduled to assist in combating these challenges and power stations and power lines are upgraded regularly.
- Additional challenges include:
 - Lack of efficient electricity – impact on environment due to harvesting of unrenewable wood sources;

- Ageing network requires upgrade – currently too weak to cater for demands;
 - ESKOM do not want to commit to projects in the area;
 - Availability of skilled staff;
 - Adequate staff training is a significant challenge;
 - Little control over electricity and copper theft;
 - Allocation of funds for network maintenance;
 - The move towards a preventative maintenance strategy rather than a reactive one, through additional staff and funding, and
 - Reporting statistics as required in terms of backlogs, and sustainability.
- Success has been achieved in terms of the extension connection project
 - The provision of 75% of households with access to electricity has been achieved.
 - The in fills connection project has not yet started.

Backlogs in Electrification of Villages

Households			Required Budget	Budget Amount	Actual Expenditure
Total No.	Served	Unserved			
361			R5 200 000.00	R5 200 000.00	
Delayed due to a dispute between the contractor and the consultant					
Remedial Action		Agreement between the disputing parties for a better solution			

	Required Budget	Budget Amount	Actual Expenditure
Electrification of Villages Phase 8A1	R696 000.00	R696 000.00	Eskom
Electrification of Villages Phase 8A2	R696 000.00	R696 000.00	Eskom
Electrification of Villages Phase 8B1 phase 1	R696 000.00	R696 000.00	Eskom
Progress is good			

Water Services

Chris Hani District Municipality appointed Emalahleni Local Municipality as the Water Services Provider. Water and sanitation is therefore required to be provided to all rural and urban areas

within this area, while taking into account the infrastructure limitations and challenges. In this regard the Chris Hani District Municipality is providing a supportive and advisory role.

It is acknowledged that service delivery and availability is more accessible in the urban areas. (18 769 yard connections in 3 towns vs. 200m applicability for 105 948 residents in over 200 villages. Planning is underway and required to ensure that these backlogs are addressed, and reported accurately together with plans for sustainable development. Emalahleni Municipality met the target of ensuring that access to water was provided to an additional 1200 households.

General Comments and Challenges

- Within this region, periods of water shortages and drought are commonplace. For this reason one of the greatest challenges has been to plan for these periods.
- Shortages in water have placed tremendous strain on the residents and on hospitals, clinics, schools and hostels.
- Plans are required to ensure that an additional water spruce is obtained in Dordrecht and that back up water systems in villages are made available together with the purchasing of water tankers.
- Commitment from Eskom to deal with these challenges as a priority is also required.

A number of projects have been planned and conducted which include:

- Cacadu Villages Water Project, which is in the construction phase
- Vukani Bulk Service Project which is at the completion state (snag list).
- Cluster 1 Water Back logs for Wards 7,8,10,13 and 14 Phase 1 construction phase).
- Agnes Rest Phase 2 (Construction Phase) Buffeldoring (completed) Buffeldoring Gcina Village (Tender).

Water Services Backlogs

Households			Required Budget	Budget Amount	Actual Expenditure
Total No.	Served	Unserved			
33,788	29 395	4 392	7 221 309.00	R 10 000 000.00	No information from Chris Hani District Municipality
The majority of these projects were at the planning stage / Slow progress					
Remedial Action		CHDM undertook to address the situation.			

Access to basic levels of water is served 34%
 Unserved 66.6% (variance of 46% target was set @ 80%)

Sanitation

Emalahleni Local Municipality is appointed by Chris Hani District Municipality (WSA) as the Water Services Provider. This results in Emalahleni Local Municipality being required to serve as the sanitation service provider to the Emalahleni area. It is noted that Dordrecht, Lady Frere and Indwe are provided with a waterborne system of sanitation while VIP toilets and pit latrine systems are found in the villages.

General Comments and Challenges

As the standard and levels of sanitation are of concern, projects have been undertaken to resolve these challenges.

- Chris Hani District Municipality has funded a sanitation project in order to facilitate the upgrading of sanitation infrastructure and this is progressing well;
- The Cluster 4 sanitation project for wards 2,3,4,5,15 and 16, Vukani Guba and Percy Villages is at the tender stage. The Baseline Survey has been completed, the ground water protocol is in place and the tender for a consortium closed. Construction is now underway;
- The Cluster 3 sanitation programme for Wards 7,8,9,10,11,12 and 14 is similarly at the construction phase.
- Reporting on sanitation monitoring is occurring as required.

Overall, it is to be noted that the greatest challenges relate to infrastructure. Backlogs (while in existence) are being eradicated and the achievement of 54% of households being exposed to a basic level of sanitation have been met. While it is recognized that not all backlog data is accurate, 170 participants /auxiliary workers have been appointed to collect /record information on backlogs of households with access to basic levels of service (relating to all basic services water, sanitation, roads and electricity) the Technical Services Manager co - ordinate information relating to water, sanitation, roads and electricity in relation to this project

General Comments and Challenges

When determining the appropriate activities to be undertaken to improve the standards of sanitation provision and backlogs, consideration is required to be made of the ageing infrastructure, the financial limitations and the capacitation levels of staff.

In terms of the Mackay's Nek Sanitation project phase one, has been achieved during 2011/2012. The tender for Phase 2 has been awarded.

- **SERVICE DELIVERY REPORTING**
(PERFORMANCE REPORTING PART 1)

CHAPTER THREE



SERVICE DELIVERY REPORTING

The Integrated Development Plan (IDP) is developed with input from the community it represents, for a period of 5 years. The IDP objectives translate into the strategic goals and objectives of the municipality and the IDP and these objectives are reviewed annually in order to ensure that they continue to reflect the current needs of the Emalahleni community (updated through public participation initiatives).

With the election of the new Council, the IDP was developed for the period 2011 – 2016 and this was developed with input from the community through public participation initiatives.

Service delivery continues to remain a key objective within Emalahleni Municipality and it is imperative that service levels are improved ongoing and reflected in every aspect of day-to-day functioning.

This chapter will report on areas where service delivery has been well achieved while highlighting challenges and issues that have been experienced during this same period. In this manner, an accurate account of service delivery will be provided. Highlighted challenges will ensure that issues are addressed appropriately and ultimately that a more effective and efficient service delivery function is provided moving forward.

Service delivery functions (and their challenges and successes) will be discussed within the following areas:

- Water Services;
- Electricity Services;
- Sanitation;
- Roads Maintenance;
- Waste Management;
- Housing and Town Planning;
- Spatial Planning;
- Indigent Policy Implementation;
- Overall Service Delivery Backlogs;
- Community Social Services; and
- Local Economic Development.

3.1. WATER SERVICES

a. **Water Services Delivery Strategy and Main Role-Players**

It is noted that the majority of towns in the Chris Hani District Municipality are supplied from surface water sources. Communities within the rural areas tend to rely heavily on unprotected springs, streams and boreholes for their water supply.

At the District wide level it is noted that CHDM has an adequate water resource, although this is not evenly distributed and bulk infrastructure does not always exist in order to transfer the water effectively for consumption by communities.

Emalahleni Local Municipality was appointed by the Water Services Authority (CHDM) as a Water Services Provider (WSP). As such Emalahleni Municipality is responsible for supplying water and sanitation to the rural and urban areas. Service delivery was therefore required to meet the needs of approximately 124 717 municipal residents.

Notwithstanding the appointment of Emalahleni Municipality as a Water Services Provider, assistance and support is provided ongoing by Chris Hani District Municipality and a number of projects have been undertaken to improve water services delivery within the Emalahleni Local Municipal area. These are reflected as follows:

CHDM PROJECT	PROGRESS
Vukani Bulk Services	Completed
Cluster 1 Waterbacklog Agnes Rest	Completed
Agnes Rest Phase 2	Completed
Buffeldoring	Completed
Buffeldoring Gcina Village	Construction

Note: During 2009/2010 these projects were mostly in the planning/tender stage, and within 2010/2011 and 2011/2012 these have moved into the implementation stage.

CAPITAL BUDGETS FOR WSP, WATER & SANITATION

PROJECT	AMOUNT	PROGRESS
Sewer Blower	R 446 500.00	Purchased in 2011/2012 FY

b. Levels and Standards in Water Services

Emalahleni Local Municipality faces a number of challenges when considering the levels and standards of water services. It is acknowledged that those in the rural areas have low levels of access to water. Additionally, and in many instances, the water is of a low standard. Currently, water availability in respect of connections is reflected below.

In terms of water connections and availability it is noted that amongst formal residents the following statistics are still applicable;

- Urban Areas: 18 769 yard connections exist in 3 towns.
- Rural Areas: 105 948 residents are spread over about 200 villages. RDP standards require that water is made available within 200m for all applicable residents.
- Commercial Farmers: 300 residents are currently spread over about 20 farms.

It is clear that while access to water is easier to measure and maintain in the urban areas, this becomes extremely difficult to manage in the rural areas. Achieving the RDP standards of 200m is therefore very difficult to assess and maintain. Additionally, it is noted that baseline data and statistics is in short supply and this in turn makes measurement very challenging.

While the urban population almost all have access to at least the RDP standard of water, many are found to enjoy a higher level of service. Backlogs in service delivery are concentrated heavily in the rural areas.

c. Annual Performance as per Key Performance Indicators in Water Services

The table below provides the level of required and actual performance for required indicators within water services during the period under review.

During 2011/2012 it is noted that the following projects were completed:

- The Vukani Bulk Water Project;
- Cluster 1 Water backlog Agnes Rest (Phase 1 and 2) was progressing well; and
- The Buffeldoring Construction Project.

2010/2011 Performance reporting figures for Water Services:

Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	Number Achieved during Financial Year	% Achieved during Financial Year
Percentage of households with access to potable water = 91%	29 652	15 560	1 200	1 200	100%
Percentage of indigent households with access to free basic potable water = 100%	5 165	3 465	1 700	1 700	100%
Percentage of clinics with access to potable water	29	0%	0%	0%	0% No targets
Percentage of schools with access to potable water	162	0%	0%	0%	0%

2011/2012 performance reporting figures for Water Services:

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to potable water = 40%	33 788 100%	5 635	100%	5 635	100%
2 Percentage of indigent households with access to free basic potable water = 100%	82% stand & yard taps 18% water carting (source: Global Insight)	33 788	33 788	33 788	100%
3 Percentage of clinics with access to potable water	29 Clinics	0%	0%	0%	0%
4 Percentage of clinics with access to potable water	29 clinics	0%	0%	0%	0%

Note: Source Global Insight, annual backlog targets are determined and implemented by Chris Hani District Municipality. Free basic water is delivered by tankers to all areas that are not yet served.

Water Services Backlogs

As with the 2010/2011 period, the Water Services section continues to experience extreme challenges and these relate specifically to natural phenomenon such as flooding and drought, and poor electricity provision from Eskom.

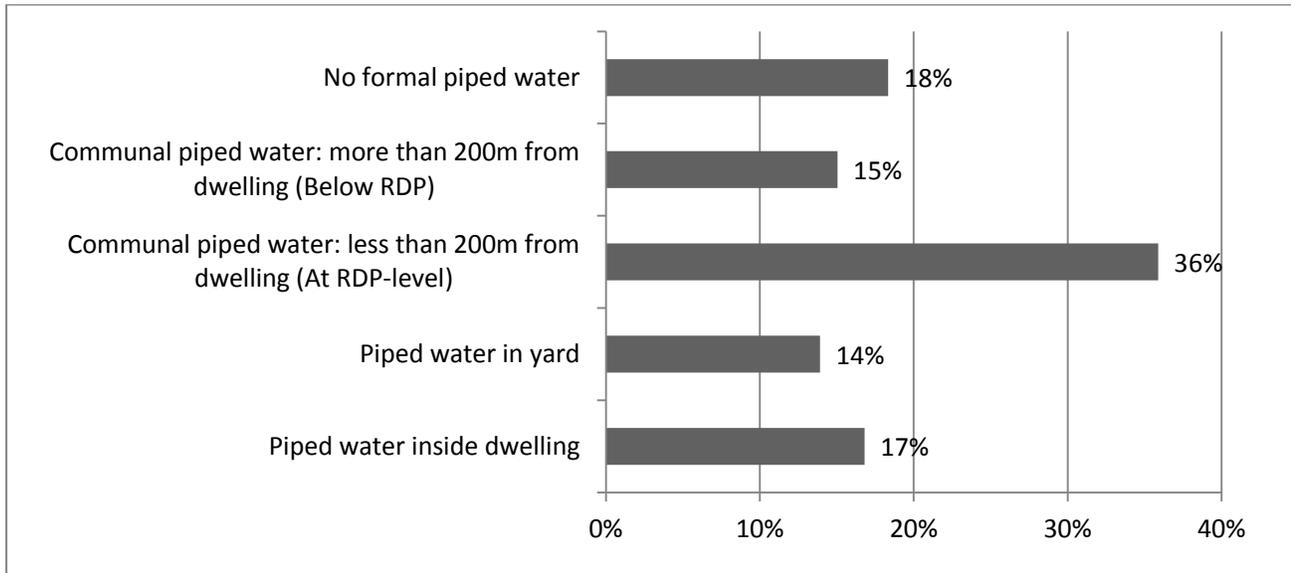
Households			Required Budget	Budget Amount	Actual Expenditure
Total No.	Served	Unserved			
33,788	29 395	4 392	R7 221 309	R 10 000 000	No information obtained from CHDM
The majority of these projects are at the implementation stage					
Remedial Action		CHDM undertook to address the situation.			

Access to basic levels of water served is 34%.

Unserved is 66.6% (variance of 46% target was set @ 80%)

WATER SERVICES BACKLOGS

BASIC SERVICE DELIVERY BACKLOGS: WATER SERVICES						
Basic Service Delivery Area		30 June 2011			30 June 2012	
Water backlogs (6KL/month)	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. HH not receiving the minimum standard service)	No information provided	No information provided	No information provided	6 082	10 million CHDM (as WSA)	10 million CHDM (as WSA)
Backlogs to be eliminated (% total household identified as backlog/total number households in the municipality)	No information provided	No information provided	No information provided		10 million CHDM (as WSA)	10 million CHDM (as WSA)
Spending on new infrastructure to eliminate backlog (R000)	No information provided	No information provided	No information provided		10 million CHDM (as WSA)	10 million CHDM (as WSA)
Total spending to eliminate backlogs (R000)	No information provided	No information provided	No information provided		10 million CHDM (as WSA)	10 million CHDM (as WSA)
Spending on maintenance to ensure no new backlogs (R000)	No information provided	No information provided	No information provided		24.6 million	24.6 million



Household access to water supply has slightly improved to an **estimated 66, 6%** of households having access to piped water at above the RDP level. The current backlog for water supply is estimated at 33, 4%.

d. Major Challenges in Water Services and Remedial Actions

The Water Services section continues to experience extreme challenges. These are related primarily to natural phenomenon such as flooding and drought, and poor electricity provision from ESKOM.

Additional funding is always required to assist in addressing hardships caused by drought and the Drought Relief Fund was made available in the previous financial year.

3.2. ELECTRICITY SERVICES

3.2.1. Electricity Services Delivery Strategy and Main Role-Players

Emalahleni Local Municipality is the main electricity provider within the Dordrecht and Indwe areas. This represents the licensed area where this municipality is required to provide an electricity service.

Success has been experienced in respect of the Turnkey Project which is currently 89% complete (relating to Phase 9 of the Rural Cacadu Extension). This specific project was undertaken in order to provide electricity and electrical services to the consumers within the Eskom area. Required funding for the creation of related infrastructure was made available from the Department of Minerals and Energy and it was required that Eskom would connect the required electricity. In order to move towards project implementation, Emalahleni Local Municipality was required to appoint a suitable service provider and a contractor to complete this job. This was duly completed prior to 30 June 2012.

3.2.2. Level and Standards in Electricity Services

While it is acknowledged that electrification in the urban areas meets required standards, this is not the case in the rural areas. In attempting to meet the required level and standards of Electricity Services an integrated approach is being utilized by both Eskom and internal projects with regard to the electrification of villages. The Turnkey Project continues to assist in ensuring that the Eskom delays are resolved timeously and that progress towards meeting annual objectives are met.

3.2.3. Annual Performance as per Key Performance Indicators in Electricity Services

The manner in which service delivery is provided within Emalahleni Municipality will be reflected in terms of the functions below:

a. Electricity and Street Lighting

Electricity provision within Emalahleni Municipality is required to be provided to the towns of Indwe and Dordrecht. Eskom supplies electricity to Lady Frere and the surrounding villages and in this context the department's role is to supply, implement and monitor (as per the Turnkey Project).

The 2010/2011 and the 2011/2012 periods have seen progress although challenges within this section relate primarily to the fact that the infrastructure is old, finances are limited and severe winds cause damage to power lines and cause power outages.

Backlogs remain a challenge and so too efforts to produce/provide electricity at the required level and standard for urban and rural areas.

During 2010/2011 electricity losses were estimated to be 45%. During the 2011/2012 period these losses could not be calculated as these are not measured or validated accurately. In an effort to reduce electricity losses, the following interventions are being applied: monthly/quarterly reporting from the Technical Services Manager is being undertaken; a draft electricity maintenance plan is in place; “cuts offs” are being implemented; templates are being developed for the recording and reporting of electricity losses/ remedial action; and a service provider is to implement a split connection box/pole.

Currently the formal strategy has not been approved and is required to be fine-tuned, although the reporting has been done. The inability to measure these losses accurately has been raised previously within the Auditor General’s Report. In an attempt to address this shortfall, 170 workers have been appointed to work within the communities in order to establish the level of backlogs in all essential service areas in order to obtain accurate baseline data.

Overall it is fair to say that efforts have been made to “fast track” all rural electrification programmes. During 2010/2011, streetlights were installed in Indwe and reporting on maintenance of streetlights continues into 2011/2012 and beyond.

Streetlights maintenance occurs ongoing between Dordrecht and Indwe. Progress reports are provided to Standing Committees and EXCO on progress. This includes reporting on the implementation of the extension connection project and the Electrification of Kavari Extension(ward 5). An application to DME has been made for approval of the application /designs for extensions of Emalahleni Municipality. Adjudication is awaited and upon award the Service provider will be appointed to complete these designs. Currently no progress is possible due to financial constraints and the service provider is expected to source additional funding.

Free basic electricity is being provided to all indigents through a blanket approach. This was required as the Indigent Register is incomplete and many indigents have not been registered for services. Additionally it is noted that no progress reporting is conducted and no expenditure reporting has been validated.

The measurement and performance achieved in terms of these indicators is reflected in the table that follows:

For 2010/2011 the following statistics are provided in respect of Electricity service provision:

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to electricity services	33 788 100% (Urban & Rural)	0 (Urban) Est. 8344 (Rural)	950	980	100%
2 Percentage of indigent households with access to free basic electricity	23989 71% (Rural)	15639	8000	8350	100%
4 Percentage of indigent households with access to free alternative energy sources	N/A	N/A	N/A	N/A	N/A

For 2011/2012 the following statistics are provided in respect of Electricity service provision:

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to electricity services	34 315	5752 (Urban)	842	842	100%
2 Percentage of indigent households with access to free basic electricity	34 315		8000	7967	99.6%
4 Percentage of indigent households with access to free alternative energy sources	N/A	N/A	N/A	N/A	N/A

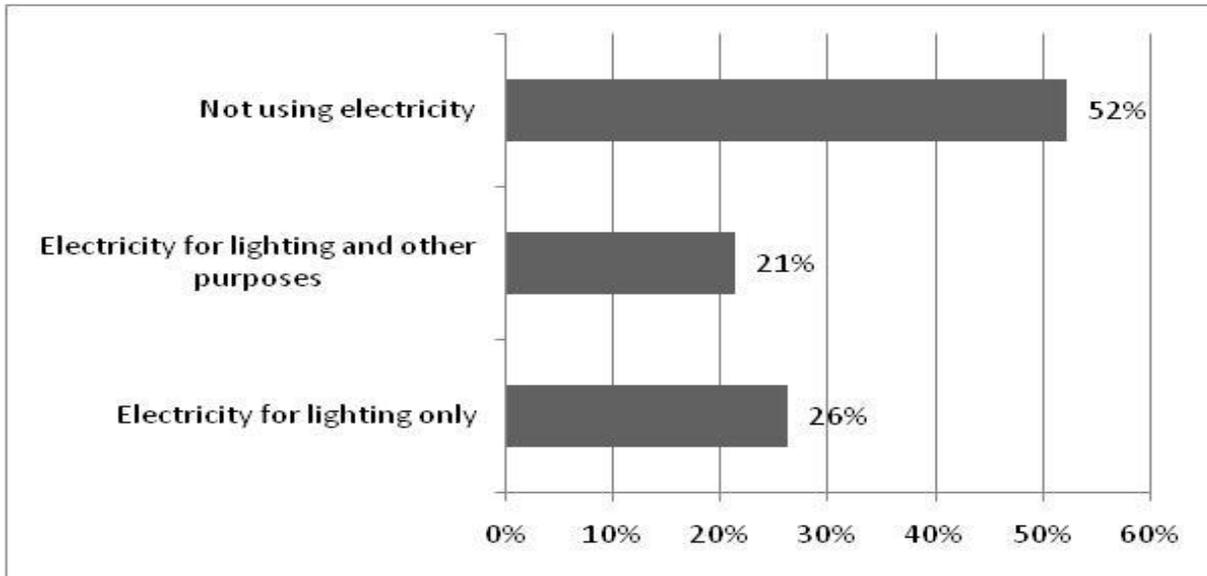
2010/2011 Backlogs in Electrification of Villages

Households			Required Budget	Budget Amount	Actual Expenditure
Total No.	Served	Unserved			
361			R5 200 000.00	R5 200 000.00	
Delayed due to a dispute between the contractor and the consultant					
Remedial Action	Agreement between the disputing parties for a better solution				
			Required Budget	Budget Amount	Actual Expenditure
Electrification of Villages Phase 8A1			R696 000.00	R696 000.00	Eskom
Electrification of Villages Phase 8A2			R696 000.00	R696 000.00	Eskom
Electrification of Villages Phase 8B1 phase 1			R696 000.00	R696 000.00	Eskom

Electricity Backlogs 2011/2012

Electricity backlogs (50KWH/Month)	30 June 2011			30 June 2012		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. Households not receiving the minimum standard service)	No information provided	No information provided	No information provided	8 344	6781917 (492 units – Eskom 4480 000 (350-ELM))	11 261 617
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality)	No information provided	No information provided	No information provided	15 639	517807	0
Spending on new infrastructure to eliminate backlogs (R000)	No information provided	No information provided	No information provided	842	11 261 617	11 261 617
Spending on renewal of existing infrastructure to eliminate backlog (R000)	No information provided	No information provided	No information provided	0	0	0
Total spending to eliminate backlogs (R000)	No information provided	No information provided	No information provided	842	11 261 617	11 261 617
Spending on maintenance to ensure no new backlogs (R000)	No information provided	No information provided	No information provided			

2011/2012 Breakdown of Electricity Usage



3.2.4. Major Challenges in Electricity Services and Remedial Action

Eskom is currently responsible for providing electrical services to the Emalahleni municipal region (especially the business communities). Eskom is planning to expand its service to all areas of Emalahleni but this in turn poses a number of challenges as follows:

- Electricity losses are experienced at around 45%;
- Due to the extremely high operating and capital costs, the affordability of connections to individual households and businesses is severely compromised. Currently the inability of residents to pay for connections and electricity has resulted in many connections being “cut off” / or not operating (as with pre-paid meters) due to the inability to meet monthly payments/commitments;
- Copper cables continue to be stolen and Eskom installations are being vandalized. This has proven to be very tedious and expensive and clearly affects the electricity availability (uptime);
- A shortfall of funding has been experienced due to the reduction of the electrification budget by the Department of Minerals and Energy (DME). Emalahleni Local Municipality is working really hard to resolve this financial shortfall, which has ramifications for both operational and capital issues. Projects will be required to be re-worked in order to ensure that they are aligned to Eskom.
- Efforts to expand and to upgrade the mainline will require greater coordination between both parties to ensure that this is achieved successfully.

- Efforts to utilize alternative sources of energy are still underway. While solar systems have not yet gained popularity, paraffin is largely used by over 38% of households in both rural and urban areas.
- Household connection backlogs in 2011 are estimated at more than 80%. (IDP, 2010/2011) and backlog figures for businesses are not known (as these are directly linked to Eskom).

3.3 SANITATION

Emalahleni Municipality was appointed by Chris Hani District Municipality to provide a sanitation service to the area. Sanitation services differ quite dramatically between the various areas of Emalahleni and it is noted that: waterborne systems are provided within Dordrecht, Lady Frere and Indwe, and VIP toilets and a pit latrine system are used within villages. More specifically it is noted that:

- Lady Frere and Dordrecht utilize septic tanks and a full waterborne system, with effluent treatment within the oxidation ponds; and
- Within Indwe, the town centre and the lower town were serviced by septic tanks and full waterborne systems. Within this section, 140 buckets are being gradually eradicated.

During 2010/2011 the following performance indicators for sanitation apply:

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to sanitation services	18,258	15,530	N/A CHDM	N/A CHDM	N/A CHDM
2 Percent of indigent households with access to free basic sanitation services	359	Unknown	359	341	94.98%
4 Percentage of clinics with access to sanitation services	29	0%	0%	0%	0%
5 Percentage of schools with access to sanitation services	162	0%	0%	0%	0%

Note: Targets for households are facilitated by Chris Hani District Municipality

During 2011/2012 the following performance indicators for sanitation apply:

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to sanitation services	34 315	14 329	4776	4776	100%
2 Percent of indigent households with access to free basic sanitation services	30 883	14 329	716 (Urban)	716 (Urban)	100%
4 Percentage of clinics with access to sanitation services	29 (Clinics)	29(Clinics)	0%	0%	0%
5 Percentage of schools with access to sanitation services	162	0%	0%	0%	0%

Note: Source CHDM WSP (2012 review)

Sanitation related projects (that fall under CHDM) have been implemented over a three year period – requiring regular progress reporting. The construction phase for the following projects has been reached:

- Cluster 4 Sanitation (Wards 2,3,4,5,15,16,Vukani Guba& Percy Villages); and
- Cluster 3 Sanitation (Wards 7, 8,9,10,11,12,13& 14).

SANITATION BACKLOGS (Statistics to be provided)

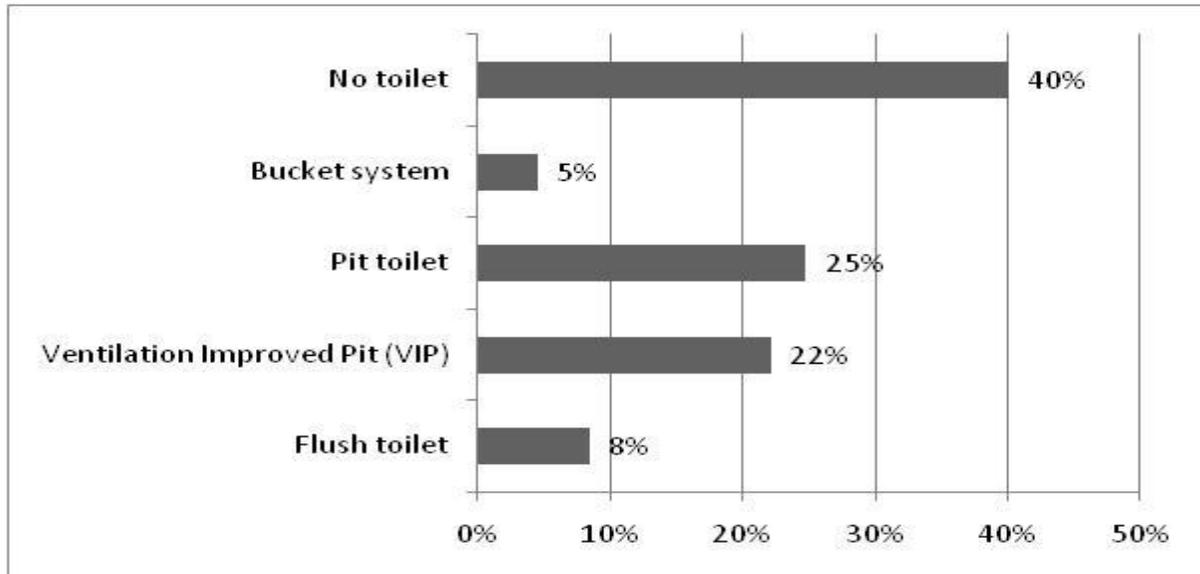
BASIC SERVICE DELIVERY BACKLOGS: SANITATION						
Sanitation backlogs	30 June 2011			30 June 2012		
Backlogs	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. Households not receiving the minimum standard service)	No reporting information provided	30 000 000.00	20 623 049.00			
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality)	No reporting information provided	30 000 000.00	20 623 049.00			
Spending on new infrastructure to eliminate backlogs (R000)	No reporting information provided	30 000 000.00	20 623 049.00			
Spending on renewal of existing infrastructure to eliminate backlog (R000)	No reporting information provided	No reporting information provided	No reporting information provided	N/A	N/A	N/A
Total spending to eliminate backlogs	No reporting information provided	30 000 000.00	20 623 049.00			
Spending on maintenance to ensure no new backlogs (R000)	No reporting information provided	12 982 016.00	10 385 612.00			

Targets for households are facilitated by Chris Hani District Municipality

During the 2010/2011 period a study in respect of the potential upgrade of the Dordrecht Sewer Ponds was conducted as well as a study to reduce the backlog in VIP toilets.

During 2011/2012 it is noted that the progress in respect of the Dordrecht Sewer Ponds (for upgrading) has not occurred and the required funding is needed. With the study and EIA complete, final approval from the DEA is awaited.

VIP toilets are filling up and emptying is becoming a challenge due to the large number and lack of funding available for this purpose.



d. Major Challenges in Sanitation Services and Remedial Action

- The Dordrecht Sewer Ponds are required to be upgraded and this will require appropriate funding. A study to this effect has almost been completed, in order to facilitate motivations in this regard.
- VIP toilets are required to be supplied in an effort to reduce the backlog. The study to determine this is almost complete and will be used to facilitate this process.

3.4 **ROADS MAINTENANCE**

3.4.1. **Road Maintenance Service Delivery Strategy and Main Role-Players**

a. **Roads and Stormwater**

This municipality is required to take responsibility for the construction, maintenance and upgrading of the local roads and stormwater infrastructure. All the other roads remain the responsibility of the District, Province and National Department of Transport.

In particular projects relating to the upgrade of the main road linking Cala to Lady Frere and new access roads as listed under projects are to receive attention.

The Department of Roads and Transport have made an undertaking to support route maintenance – and funding has been set aside in these instances (for access roads construction and maintenance).

Budgetary constraints remain an ongoing challenge. In an effort to facilitate progress it is recommended that funding for both gravel and access roads be combined and funded as one and that every effort be made to continue to source additional funding.

Projects have been relatively well achieved and regular reporting is provided to the Standing Committees and to EXCO. Projects currently under way relate to:

Project	Status	Comment
Qoqodala Access Road	In progress	Tags list completed (Sept)
Surfacing of proclaimed road	60% progress	Documented in progress reports
Dubeni Access Road project	Tender awarded. Construction Phase	MIG and ELM funding Progress Reporting
Indwe Stormwater	Progress	Written to CHDM Progress reporting

Project	Status	Comment
Paving Project in Lady Frere	70% complete	Validation required
Sidewalks	20% complete	Validation required
Stormwater Channel	Statistics required	Validation required
10 Projects registered and approved	Two roads projects were implemented this year: Rwantsane Access Road and Dlamini Access Road.	Funding awaited + no progress reports

Annual Performance as per Key Performance Indicators in Roads & Stormwater Services for 2010/2011 are reflected as follows:

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households without access to gravel or graded roads	30 000	50%	14	15 436	51.4%
2 Percentage of road infrastructure requiring upgrade	90%	100%	14	15 436	54.4%
4 Percentage of planned new road infrastructure actually constructed	10%	5%	10		90%
5 Percentage of capital budget reserved for road upgrading and maintenance effectively used	120%	10%	10		90%

Annual Performance as per Key Performance Indicators in Roads & Stormwater Services for 2011/2012 are reflected as follows:

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households without access to gravel or graded roads	Estimated at 88%	33 788 H/H	30.1km (est. 1833 H/H)	Est. 3833 H/H	100%
2 Percentage of road infrastructure requiring upgrade	Est 92% (Rural & Urban)	486.8 km	30,1 km	Est. 3833 H/H	100%
4 Percentage of planned new road infrastructure actually constructed	95% (mostly rural)	110 km+	14km	1254 H/H	10%
5 Percentage of capital budget reserved for road upgrading and maintenance effectively used	0	0	0	0	0%

ROADS & STORMWATER BACKLOGS

Road Maintenance Backlogs	30 June 2011			30 June 2012		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (no. households not receiving the minimum standard service)	No reporting information provided	R14 392 007	R5 400332			
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality)	No reporting information provided	R14 392 007	R5 400332			
Spending on new infrastructure to eliminate backlogs (Roo)	No reporting information provided	R12 192 993	R653 709.75			
Spending on renewal of existing infrastructure to eliminate backlog (Roo)	No reporting information provided	R1 333 017	R528 916			
Total spending to eliminate backlogs (Roo)	No reporting information provided	R14 392 007	R5400 332			
Spending on maintenance to ensure no new backlogs (Roo)	No reporting information provided	R2 199 014	R732 752			

3.5. WASTE MANAGEMENT

As within the previous period it is noted that Emalahleni Municipality is in possession of the Waste Management Plan which was developed.

During 2010/2011 it was noted that the solid waste section was functioning effectively:

- Refuse Removal was regularly removed from residential areas (weekly) and from the CBD area daily;
- Illegal dumping cases were properly cleared;
- An Environment Impact study was conducted by the Department of Environmental Affairs to establish the status and location of current sites (establishing that none of the 3 sites were licensed). Efforts to rehabilitate these 3 dumping sites have been planned. This project has centered around establishing the landfill sites and the transfer station.

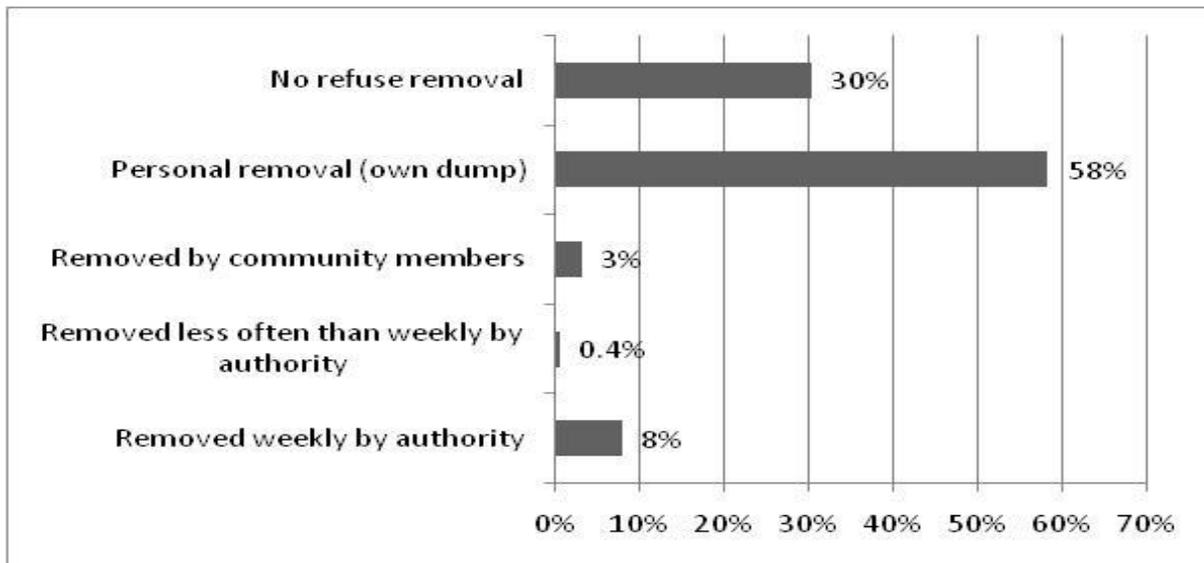
During 2011/2012, two sites (Dordrecht and Indwe) were required to be converted into collection points and a legal landfill site was established in Lady Frere (after appointment of a service provider). The application for the licensing has been submitted and currently awaits approval. Funding constraints have led to MIG projects being planned for 2012/2013 in respect of landfill sites and transfer stations.

Ongoing challenges for refuse removal relate to staff shortages and CHDM has provided assistance with the provision of casual employees.

2011/2012: Waste Management Performance Figures

Indicator Name	Total No of Households /customers expected to benefit	Estimated backlogs (actual Numbers)	Target set for the Financial Year under Review	Number of Customers /Households reached during the Financial Year	% Achieved during 2011/2012
No Stats	No Stats	No Stats	No Stats	No Stats	No Stats

The figure below shows the state of household access to refuse removal services in the Emalahleni areas.



Projects and service delivery is reflected on as follows:

- Daily waste removal occurs regularly in the CBD;
- Weekly waste management removal occurs in residential areas and quarterly reporting is concluded.
- Progress in respect of the establishment of landfill sites and a transfer station have not been fully achieved. Regular reporting does take place to the Standing Committees and EXCO as and when the service provider submits reports.
- A preliminary design report for the establishment of landfill sites and a transfer station was submitted during December 2011.

c. **Major Challenges in Waste Management Services and Remedial Action**

A number of challenges in waste management are currently experienced and are summarized as follows:

- Shortages in staffing/personnel are experienced and this impedes service delivery.
- Lack of licences for 3 of the landfill sites does present a compliance challenge, and

- The Integrated Waste Management Plan is required to be customized in order to better serve the specific needs of Emalahleni Local Municipality.

3.6 Housing and Town Planning Services Delivery Strategy and Main Role Players

Housing remains a core competency of the Department of Human Settlements. ELM performs a monitoring and facilitation role and is required to monitor and report on progress and to facilitate the operations of all such housing projects. Traditionally it is acknowledged that the demand for housing remains extremely high (high levels of unemployment and poverty) and housing is in extremely short supply. Additionally the housing supplied has often been allowed to fall into a state of disrepair due to a lack of maintenance. Efforts to repair these houses have been undertaken and achieved as per the project plans. After the review of the Sector Plan (draft in August 2011) it was ensured that all housing projects were conducted in line with the sector plan and project progress was reported on as required.

Progress has been achieved within this area. During 2010/2011 the targets requiring that land management policies and procedures be developed and that the Land Audit be completed and verified and amended. It is to be noted that the Land Audit has been conducted during 2011/2012 although policies and procedures have not been fully completed.

As in previous years it is to be noted that the responsibility relating to town planning is not fully functional. Building plans are approved by the Technical Services Department and Town Planning records are captured and processed at a very basic level.

Notwithstanding the challenges, quarterly reports are submitted and basic information re-approvals, subdivisions and transfers is available and land surveyed is captured in the SDF. Housing project information is obtained from the Department of Human Settlements and reported on as required.

Emalahleni Municipality is not an accredited Housing Provider. In this regard it is required that the municipality merely facilitate the process of housing provision from an administrative standpoint (providing administrative support between the community, the municipality and the Department of Human Settlements).

A number of challenges regarding the Housing facilitative function have been experienced and are detailed as follows:

- Public housing stock and private rented houses remain in a state of disrepair. Housing rectification inventories have been developed to meet this challenge when houses are completed/required to be allocated.

- Current Housing projects find the built houses in various stages of readiness, but without one or either service. It appears that this can be directly attributed to poor planning; and
- Housing shortages /backlogs remain – plans to improve have been exacerbated by poor contractors, inaccurate statistics and limited funding.

Emalahleni Municipality has in partnership with the Department of Rural Development and Land Reform initiated the development of the Rural Spatial Development Framework for the municipality and this was successfully implemented in accordance with required phases.

Statistics in respect of land use management are reflected as follows

	2010/2011	2011/2012
Rezoning	0	No information provided
Subdivision	1	
Removal of Restrictions	0	
Township Establishment	1	

Town Planning is progressing to functionality and it is noticed that: quarterly reports are undertaken, statistics are provided, Town Planning approvals are granted and the subdivisions of municipal land are processed in Town Planning statistics. The GIS System was loaded and 7 Building Plans approved and 1 Subdivision approved.

The majority of applications that the municipality receives relate to: site applications and sub-divisions. All sub-division related applications are being processed as soon as they arrive (depending on the nature of application). No Town Planning statistics have been provided.

It is noted that during the 2011/2012 period, the Housing Sector Plan was reviewed, progress reporting obtained from the Department of Human Settlements and no reporting occurred monthly to Council.

Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
10 % of households living in informal settlements	Unknown	Unknown	Unknown	Unknown	Unknown
Percentage of informal settlements that have been provided with basic services	Unknown	Unknown	Unknown	Unknown	Unknown
Percentage of households informal housing that conforms to the minimum building standards for residential houses	Unknown	Unknown	Unknown	Unknown	Unknown

* No information provided /no information /statistics available

Major challenges in housing and town planning services and remedial actions

The following challenges and opportunities present themselves:

- Most of the existing housing stock within the urban centres are now falling down due to the lack of maintenance;
- Public housing stock and private rented houses are in a state of disrepair due to neglect by non-resident landlords, especially within Lady Frere;
- Housing Rectification Inventories have been developed and related housing repairs successfully undertaken according to business plans;
- The informal and formalized informal settlements are characterized with poor conditions;

- Accurate statistics in order to reflecting housing demand, backlogs, service delivery and forward planning are not freely available;
- There is inadequate housing to cater for the needs for the youth who are not ready to own houses but in need of secure accommodation;
- There is a lack of affordable housing for the middle-income groups within the area;
- Lack of housing delivery in the rural areas has put pressure on the urban housing demand; and
- The level of houses produced by contractors is not up to standard.

3.7 **Spatial Planning**

The Emalahleni Municipality has in partnership with the Department of Rural Development and Land Reform, initiated the Development of the Rural Spatial Development Framework for the Municipality and this project is funded by the Department of Rural Development and Land Reform. The SDF provides the broad enabling framework. This illustrates a spatial dimension of development needs, opportunities and constraints. This project has been successfully completed.

Preparation and approval process of SDF

- The original Project Terms of Reference specified a 4-phase approach as follows;
 - **Phase 1: Spatial Interpretation of IDP**
 - Project Team Meeting
 - Prepare Inception Report
 - Data Collection
 - Interpret Municipal IDP
 - Submit Interim Report
 - **Phase 2: Spatial Analysis**
 - Data synthesis
 - Create GIS datasets
 - Interpret spatial data
 - Stakeholder's workshop
 - **Phase 3: Spatial Goals and Development Pattern**
 - SWOT Analysis
 - Formulate vision
 - Develop Goals, Objectives and Strategies
 - Identify key projects/ actions to achieve goals
 - Formulate Draft SDF (Spatial Proposals)
 - Public meetings with communities in three towns
 - Finalize Spatial Proposals based on comments /inputs
 - **Phase 4: Implementation & Programmes**
 - Draft LUMS guidelines
 - Key project identification
 - Implement Plan (Programmes and Assignments)
 - Circulate final Draft SDF for comments to stakeholders

Submission of final report and municipal approval

Emalahleni Municipality is now in the third phase of the project where they will receive a draft and engage the community within the appropriate public meetings.

Land Use Management (a reflection of statistics)

Statistics in respect of land use management are reflected as follows

	2010/2011	2011/2012
Rezoning	0	0
Subdivision	1	
Removal of Restrictions	0	
Township Establishment	1	

Progress has been achieved within this area. During 2010/2011 the targets requiring that land management policies and procedures be developed and that the Land Audit be completed and verified and amended were forth-coming.

It is to be noted that the Land Audit has been conducted during 2011/2012 although policies and procedures have not been fully completed.

As in previous years it is to be noted that the responsibility relating to town planning is not fully functional. Building plans are approved by the Technical Services Department and Town Planning records are captured and processed at a very basic level.

Notwithstanding the challenges, quarterly reports are submitted and basic information re-approvals, subdivisions and transfers are available and land surveyed is captured in the SDF.

Major Challenges in Spatial Planning Services and Remedial Actions

The following challenges are reflected:

- Ownership : Some residents do not have proof of ownership for their properties;
- There is no compliance with building regulations and the town planning scheme;
- Town centers are congested, especially in Lady Frere;
- Houses are built without proper planning; and
- No land use management system is in place.

Although a Town Planner has been appointed and improvements have been made with all aspects of zoning, maps, plans, statistics and the like --- it is acknowledged that this unit is not yet meeting its full potential (due to shortage of resources and experience). No Land

Management Infrastructure Plan is in place and it is acknowledged that in the absence of this Spatial Planning and Land Use Management cannot occur effectively. Efforts to workshop and educate the communities regarding town planning are underway as they appear not to be aware of what is permitted and prohibited in towns. The Municipality has also conducted a land audit project to help with the issues of legal ownership and rights to land.

IDP

The IDP is annually reviewed and annual set of IDP objectives are established. It has been noted that in the year under review the IDP received a high rating from the DPHLG.

3.8. Service Delivery Backlogs

During 2010/2011 170 participants (10 per ward) were appointed to collect/record information regarding backlogs experienced by households in respect of having access to basic levels of service relating to water, sanitation, refuse and electricity.

Within both of these periods this targets has not been met and by all accounts it appears that these backlogs could not be calculated, as the data is still required to be validated together with the Indigent database. Baseline and updated data is still not readily available.

To this end and while recognizing the limitations of the information accessed, backlog statistics are reflected within each area relating to the specific service above. As indicated, while limited information has been acquired in respect of backlogs, this cannot be validated. Accurate reporting remains a challenge.

3.9. Community Service provision

Parks & Public open spaces

Plans to establish a park in Lady Frere and to revive the existing parks in Dordrecht and Indwe were not successful. Budgetary constraints remained the greatest challenge. These projects have been rolled over to the 2012/2013 financial year.

Library Service provision

This service was effectively provided. Aside from the existing library services provided, it is noted that a modular library was erected in Ward 2, a site for a library in Ward 10 has been identified and Emalahleni staff are part of the PSC that are putting pressure for the library to be built in ward 4. In this respect it is fair to say that this target has for all intents and purposes been over-achieved.

Municipal Pounds

The target of establishing a pound within Dordrecht has not been fully achieved although progress has been made. Human capital and budgetary constraints have had an impact on achieving this target and as a result progress is behind schedule.

Cemeteries

Notwithstanding the budgetary constraints it is to be noted that the ongoing maintenance continues according to schedule and grass cutting and tidying of these cemeteries occurs as scheduled.

Unfortunately not all cemeteries are adequately fenced and this cannot always be remedied due to financial constraints.

Obtaining new land for cemeteries has become a cause for concern due to the shortages of obtaining suitable land.

Overall it must be acknowledged that while there have been huge achievements in respect of service provision there are also current challenges that are required to be addressed in order to facilitate improvements in service delivery every day and in every sphere.

3.10 Local Economic Development

a. Status on developing LED Strategy /Plan

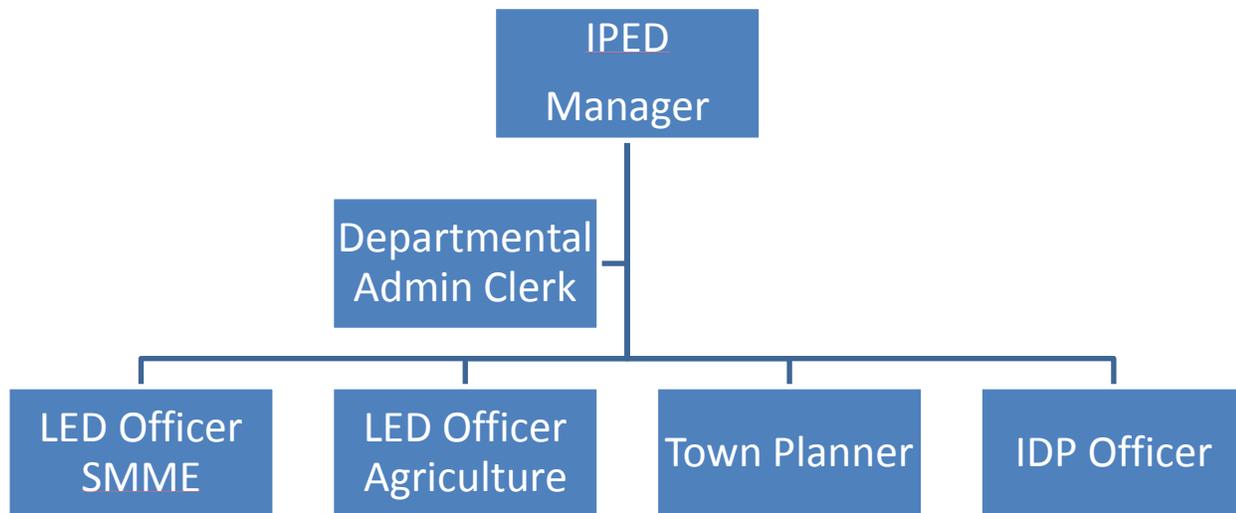
The Local Economic Development Strategy for Emalahleni Municipality was adopted on the 15th December 2010 (during 2010/2011 financial year). In terms of the current LED Strategy, stakeholders have provided comment and input on this final document. It has been acknowledged that gaps were found within this strategy and these have now been closed within this final document and with specific reference to coal mining. Having addressed these areas, the final LED Strategy is now accompanied by a supporting implementation plan that is now required to be presented to Council for adoption.

b. Formation of the LED Unit

As per the organogram below, it is to be noted that the LED Unit falls under the Integrated Planning and Economic Development Department.

More specifically the following organogram details the current structure within this specific area of work.

LED Unit (as part of the IPED Department)



The Availability of LED Expertise

The LED function requires a specialised set of skills and experience. It is acknowledged that for the most part, Local Economic Development is a relatively new area within municipalities. As such there is a logical but very definite shortage of these critical skills within this region. In an attempt to address these shortages efforts will be required to be made to ensure that the following skills sets are further developed as they current in existence within the municipality. They are as follows:

- Public Management
- Facilitation and Communication in LED
- LED Management Skills
- SMME' s Development
- Tourism Development
- Town and Regional Planning
- Municipal Planning (Development and Review of Integrated Development Planning)

In an effort to address these issues coordinated training and development initiatives will be undertaken.

c. LED Stakeholder Forum Functionality

The LED Stakeholder Forum continues to be a challenge and efforts will continue in an effort to revive it and to improve its functionality. Currently and as with the previous financial years, meetings take place within sector structures, business forums, and Farmers Associations' and individual brick-makers associations in an effort to revive this forum. Input and information from these meetings is taken to the LED Stakeholder Forum.

d. Funding Opportunities for LED Activities

The following project and funding opportunities have presented themselves for LED Activities during this period:

- An amount of R10 million has been requested and approved by the Dept. of Tourism In order to complete this project and to conclude the purchases of the Tembuland Cultural Village.
- The Sorghum Mill project has been completed, well achieved and monthly reporting provided.
- Two meetings of the social cluster teams were held as scheduled and arranged by CHDM Quarterly reporting in respect of SCM is required to be compiled and available, especially when evaluating performance management assessments.
- Land issues are impacting on the need to establish a dairy processing plant. Due to these issues and funding constraints, an agreement for the land must be entered into between the Department of Agriculture and Tina Sinako. This agreement is required in order for the land issue to be resolved and therefore before any progress can be made.

e. Progress Towards Achieving the LED Key Objectives and Strategy

The staffing of the LED Unit has not been without challenge due to the nature of scarce skills. This began in 2009 with the appointment of the LED Officer (who is responsible for SMME's Development and Tourism promotion).

During the previous year a Town Planner was appointed in order to facilitate all town planning related activities (such as zoning, subdivision and the like), so that these areas could be addressed as required in terms of legislative prescriptions. Following this appointment progress in all of these areas in respect of reporting has been achieved and basic statistics can be provided. Ideally the functioning of this department could be improved through additional staffing, skill and experience. Due to the lack of funding this

could not be addressed. Resources in respect of funding and capacity remain an issue/challenge.

Training provided by Emalahleni Local Municipality to Small Businesses

Training is to be provided to SMME's in order to ensure that the staff of small businesses become and remain capacitated.

As part of an ongoing project through CHDM, owners of B&B's were trained and capacitated accordingly. Needs assessments have also been undertaken in respect of contractors, retailers, emerging business operators and the like in order to be able to cater for and to provide correct training and development initiatives.

It has not been able to establish if these targets were met as no validation of these records has taken place/was possible

f. Tourism Development and Promotion

A number of projects have been identified as having potential for tourism development and growth. These include but are not limited to:

- Aqua sport linked to existing Dams (Xonxa & Lubisi)
- Cultural tourism linked to the Liberation and Heritage Route
- Craft produce
- Museum – Dordrecht

Currently there are a limited number of existing tourist attractions within the area such as the Indwe Resort with accommodation facilities and the Kloof (a viewing point) in Dordrecht. There are areas where Bushmen paintings exist which have the potential to be developed into tourist attractions. Trout fishing trails and mountain bike races have also become recent tourist attractions. The Dordrecht Festival and the Lady Frere Annual Cultural games have the potential to be developed into a tourism attraction.

Additionally the following heritage sites are available:

Site Name	Significance	Conservation Status	Management
St Marks Mission on White Kei	Still functional mission church. Also the last habitation of Madolo, a San Chief – 1860	Well looked after	Church
Macubeni Coal Mine near Indwe	Washed out old coal mine showing early mining methods		
Glen Grey Falls near Lady Frere	A beautiful natural site		
The Kloof near Dordrecht	Natural site with some unique flora	Degraded due to plundering for firewood	
Cacadu River at Lady Frere			
Churches in Lady Frere	Two examples of 19th Century Churches	Well looked after	Church
Anderson Museum at Dordrecht			
Victorian Buildings at Dordrecht	Architectural example		Municipality / Private
Burgher Statue at Dordrecht			
San Rock Art at Dordrecht		Well kept	Private
Methodist Church at Dordrecht	Architectural example		Church
Doring river Dam at Indwe	Leisure area	Could be better utilized	DWAF

g. Agricultural Development

Progress has been achieved within the agricultural sector and is reflected as follows:

- The Livestock Marketing Programme which was established by Emalahleni Local Municipality has resulted in the organization of buyers to buy cattle at reasonable prices from Emalahleni’s communal farmers. This was initiated in an effort to avoid members of the community being robbed of their stock during auctions.

- The area relating to livestock has been an area of positive development and it is noted that 148 cattle were branded in Wards 04, 13 and 14.
- Sorghum Production has remained a successful venture. It is noted that: 21 hectares were ploughed in Guba Hoek, 21 hectares in Mgwalane, 66 hectares in Zwart Water, 265 hectares in Mkapus/Ngqnda, 305 hectares in Ndonga and 167 hectares in Maqhashu. A total of 845 hectares have been ploughed. Production yield is still to be confirmed.

The greatest challenge to the production yield is the related marketing of sorghum within the entire Emalahleni Local Municipal area of jurisdiction. This is a challenge that is being addressed through the establishment of the Mill Plant.

Within all economic activities stated, attempts to alleviate unemployment have been addressed by efforts to capacitate and to encourage “self-employment” initiatives.

h. SMME’s Development

The Emalahleni Business Chamber is currently in place and this was established with the purpose of creating a platform between the municipality and business operators within the Emalahleni area of jurisdiction. In the absence of an adequate budget within IPED, this unit is unable to provide financial assistance and assistance in the development of programmes for the development of SMME’s on a larger scale.

Notwithstanding the challenges 63 SMME’s have been assisted with compilation of Business proposals. These have been submitted to Elitheni Coal (Pty)Ltd – this a joint activity between ELM Business Forum and SEDA

i. Exploitation of Comparative and Competitive advantage for industrial activities

Emalahleni Local Municipality has the coal reserves along its North East - part as a comparative advantage. The intention is to operate and utilize this coal mine on a larger scale but at present work is being conducted as follows:

- Funding was and is being mobilized in order to address the infrastructure needs of this coal mine. These translate to road construction and railway line revitalisation;
- The development of the Emalahleni Master Plan in order to ascertain the nature of development needs for the duration of 30 years.

j. Intensified Enterprise Support and Business Development

The type of business development services (BDS) provided to SMME's currently may be reflected as follows:

- Business development services are being provided by the Small Enterprise Development Agency (SEDA) and the Eastern Cape Development Corporation (ECDC). While it is noted that these offices / centres function at the district level they remain accessible to all local SMME's under the Chris Hani District Municipal area of jurisdiction.

- **Public and Private Partnerships Established**

A partnership between the municipality and Ibuyambo Sorghum Cooperative is currently in existence. Within this partnership Ibuyambo partnered with the municipality with the intention of producing sorghum and milling, and in turn to establishing a Sorghum Mill. 11 people were employed on a permanent basis and 6 were employed on a temporary basis. This project is funded by Thina Sinakho which is an Agency of the European Union that is housed in the Provincial Treasury of the Eastern Cape Government.

This project is still in progress and is proceeding successfully.

- **Number of New formal SMME's established within the municipality**

Emalahleni Municipality has facilitated a process whereby informal businesses are assisted to become registered businesses in the form of cooperatives. This programme began in July 2009 and will be on-going. To date, only thirteen cooperatives have registered in different sectors. These include: Multipurpose, Agricultural, Catering and Sewing, and Bead Manufacturing Cooperatives.

Other businesses still await their certificates although their applications have already been processed. This remains a project ongoing.

k. Number of new employment opportunities through EPWP and PPP are reflected in the table below:

Employment opportunities that have been created through the Extended Public Works Program (EPWP) are detailed as follows:

Project Name	Status of the Project	No. Of People Employed
Lady Frere Paving and Storm Water control	Work in progress	24
Street Cleaning	Work in progress	50
Dordrecht Storm Water Control& Indwe	Work in progress	18
Department of Public Works	Work in progress	19

Challenges regarding LED Strategy implementation

The greatest challenges facing LED Strategy implementation relate to financial constraints and the capacity challenges experienced by staff. The LED Strategy was adopted on 15 December 2012 and following stakeholders input certain gaps within the area of coal mining were discovered and resolved before final adoption. The supporting implementation plan has now been completed, accompanying LED Strategy adopted by the council.

- **SECTION 46 REPORT**

ANNEXURE A



Municipal Manager's Statement

In terms of Section 46 (1) of the Municipal Systems Act of 2000, as amended, a municipality must prepare for each financial year a performance report reflecting:

- i) the performance of the municipality and of each external service provider during that financial year;
- ii) a comparison of the performances referred to paragraph (i) with targets set for and performances in the previous financial year; and
- iii) measures taken to improve performance

An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

I certify that this performance report has been prepared in accordance with Section 46 (1) of the Municipal Systems Act 32 of 2000 as amended. I further certify that to my knowledge the information contained within the report is a true reflection of the performance of the municipality during the 2011/2012 financial year. This information is based on the performance of the municipality as per 2011/2012 SDBIP as approved by the Mayor in June 2011.

Overview of Performance

This s46 Report provides a brief overview of performance within Emalahleni Municipality for the 2011/2012 period. In keeping with the National Key Performance Indicators, performance is reflected within the s46 report in terms of the following Key Performance Areas:

- Municipal Institutional Development and Transformation
- Financial Viability
- Local Economic Development
- Good Governance
- Service Delivery

The s46 performance Report details the performance achieved during this period as compared against the performance targets for the 2010/2011 period. An overall summary of the more pertinent issues will be discussed (providing detail on the actual performance achieved versus required performance). In certain areas issues of concern and/or remedial action required will be highlighted.

INTRODUCTION AND LEGISLATIVE REQUIREMENTS

Performance measurement, assessment and management remains an integral part of the day-to-day operational functioning and reporting required by all organizations in order to compete successfully within business today. Notwithstanding the obvious operational benefits these activities are also prescribed within local government legislation. This Annual Performance Report for 2011/2012 is presented not only in terms of prescribed legislation but also in terms of best practice principles associated with effective management and reporting of performance. The following references to legislation detail the mechanisms, processes and reporting required to assess and manage performance and set the tone for this s46 performance report:

Municipal Systems Act of 2000

S40

Municipalities are required to establish mechanisms in order to monitor and review their Performance Management System (PMS) in order to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels;

S35

It is required that the Integrated Development Plan (IDP) is reviewed annually and that during this period the related Key Performance Areas, Key Performance Indicators and Performance Targets are reviewed and aligned. These in turn forms the basis of the review of the organisational Performance Management System and would form the basis of the performance contracts for senior managers.

Municipal Planning and Performance Management Regulations (2001)

Chapter 3, s7

These regulations stipulate that the municipality's performance management system must entail a framework that both describes and represents the manner in which the municipality's performance management cycle will function. This requires that all detail regarding the cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement are to be provided and includes the manner in which the roles of the different role-players are to be determined.

More specifically s46 of the Municipal Systems Act, Act 32 of 2000 (which informs this report directly), requires that:

- The Annual Performance Report will form part of the municipality's Annual Report as per Chapter 12, of the Municipal Finance Management Act, and
- The Annual Performance Report is required to reflect:
 - The performance of the municipality and of all external service providers utilized during the current financial year;
 - A comparison of all performance referred to above detailing performance targets and actual performance for the previous financial year; and
 - Detail regarding all measures taken to improve performance.

The report which follows will take these prescriptions into account and will detail qualitative and quantitative reporting within these areas based on the information provided through municipal assessments and records. This report will detail the manner in which performance is assessed (institutionally and individually) and will examine performance in terms of the detail and prescriptions required by the related legislation. Comparisons with performance for the previous year will be made in all instances where this detail has been provided.

Performance of 2011/2012

The s46 report details the performance targets that were required to be met in terms of the Key Performance Indicators for local government, while indicating the extent to which these have been met. These are reflected as:

- Municipal Institutional Development and Transformation
- Financial Viability and Infrastructure
- Local Economic Development
- Good Governance and Public Participation
- Service Delivery

The s46 report details the extent to which performance has been achieved within each of these key performance areas while making comparisons between the 2010/2011 and 2011/2012 financial years.

A brief narrative and overall summary of performance will follow. It is important to make reference to the attached performance tables where a detailed account of progress is provided for each performance target within each Key Performance Area.

Local Economic Development

This is an area that has been criticized for having a weak LED Strategy. Notwithstanding the very limited funding, efforts have been made to ensure that progress has been made in areas that will impact throughout the organization. By way of example the launching of the municipal website will facilitate all aspects relating to tourism, marketing and public participation. As will be detailed efforts have been made to facilitate economic growth and investment through small medium and macro enterprises where at all possible.

Tourism management experiences many challenges due in part to the lack of a formally created ELM Tourism Association and the ELM Business Association is not yet functioning effectively. While certain successes have been achieved on the agricultural front (sorghum, livestock improvement) – for the most part, the LED aspect remains “untapped potential”.

The greatest challenge which influences at all levels is the high rate of unemployment.

Improved Service Delivery and Infrastructure Investment

Generally and within Emalahleni Local Municipality we have to recognize that the immediate challenges facing this municipality relate to: ageing or absent infrastructure and limited financial resources with which to conduct service delivery in a range of areas. Heavy reliance is placed on external funding and in some instances Emalahleni Local Municipality Departments became the project managers or facilitators of a service.

Projects were developed in terms of the IDP and SDBIP's were created for each department with the intention to ensure alignment with the Budget and IDP.

As a result of MIG, DPLG and other funded projects, service delivery occurred within the areas of :

Electricity, Stormwater and Roads; Sanitation; Housing; Town Planning and Waste Management Services.

Community-related services were similarly performed and related to: Halls, Sportsfields and Cemeteries.

Every effort is made to reduce backlogs and to provide basic services to indigents registered on the Indigent Register. Much of this source data has undergone data clean-up/cleansing, although the real challenge is to maintain and to update this data.

Good Governance and Public Participation

The resignation and non-replacement of members on the Audit Committee until the new financial year created a number of difficulties not the least of which was the lack of quorum and the inability then to function as a committee. With assistance from the compliance unit many of these challenges were overcome and the appointment of the Internal Auditor has facilitated many improvements relating to audit issues.

The conducting of a risk assessment and the establishment of internal controls was achieved to a limited extent. While Risk Assessments were achieved it is acknowledged that very little was done on the implementation phase. An Internal Audit Plan was developed and approved by the Audit Committee and all internal reports were submitted as required to the Internal audit Committee.

Extensive public participation initiatives were conducted and these included Legothla's. Public Outreach Programmes, IDP hearings and the like. Ward Committee meetings and Community Development Workers were utilized to facilitate greater community involvement.

From a governance perspective, while a governance award was awarded for excellence in this area, it is acknowledged that ongoing improvement within this area is required. With the election of the new Council, all policies are to be reviewed and reworked by SALGA (together with the establishment of the new 5-year IDP and the related organizational structure).

Overall, our ongoing challenges in as far as governance and public participation are concerned are:

- Limited co-operation from Ward Committees;
- Motivating the community to participate;

- The geographical challenges experienced in a municipality that covers such a large rural spread; and
- Work-shopping policies, procedures and ensuring that implementation of these is applied at every level.

Transformation and Institutional Development

From an institutional development perspective it is noted that a huge amount of effort has been invested in building institutional infrastructure and the development of institutional manpower. From the implementation of the PMS Framework, to institutional reporting, development of the organizational structure, staffing, benefit administration, development of policies and the like, ongoing success has been achieved while recognizing that there will always be areas requiring focus.

The s46 report details all the specific projects and issues that require attention and that need to be addressed.

Way Forward

As will be indicated throughout this report, there are many issues to be addressed and projects that are required to be concluded.

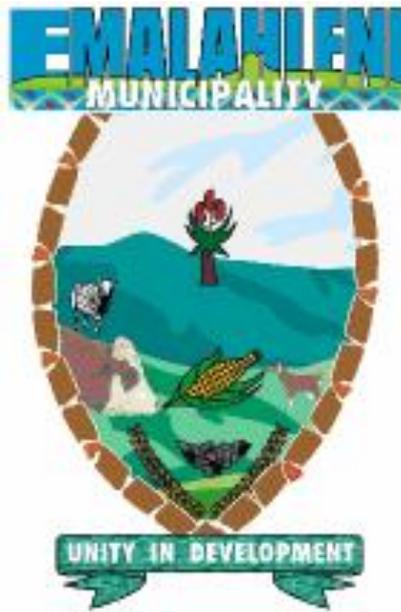
Over and above all of this, it has become very clear that management is required to very firmly address all issues highlighted. For performance to be managed effectively there needs to be a performance champion as the leader of the organization. To this end the Municipal Manager will be required to manage the 57 managers who in turn will be required to strictly performance manage all their staff. Where deadlines are to be met, appropriate planning for this must be made to ensure effectiveness of functioning. Accounting and reporting must be correctly done and to the required standards. Staff must be formally capacitated and formally managed.

Systems, processes and procedures must be followed and so too all applicable legislative prescripts as detailed within this report.

It must be emphasized that the creation of a performance management culture (with strong management infrastructure and support), will ensure that many of the peripheral issues that have been raised will no longer be of any consequence.

EMALAHLENI MUNICIPALITY

DRAFT s46 Report



KPA 1: Local Economic Development

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Mainstreaming of Special programmes into the municipal environment (Effective participation of designated groups in municipal development programmes)	Management, monitoring & oversight on implementation of projects for special programmes as per IDP/ SDBIP (related to women, elderly, youth& disabled) /youth development R300 000, Band project R 400 000, Mayoral Cup R 320 000, Women's Forum revival R 150 000 ,Elderly R 60 000 , Wellness R 50 000 All Wards	Oversight on implementation of SPU Plans & Projects / monitoring effective participation of designated groups in municipal development programmes /Progress identified and implementation in terms of plan for SPU programmes (Mainstreaming)of HIV/Aids , Women, elderly and Youth	Special Programme Development Plans and Related Project Progress Reports Functioning Local Aids Committee Minutes of meetings, ELM Mainstreaming Strategy	No policy/strategy /identified SPU programmes and implementation plans for SPU Programmes	Monitoring the Development of SPU Plans /programmes / Quarterly Progress reports	Achieved. Mayor Concept documents in place 16 days of Activism / Mayoral Cup - Planning Committee in place – meetings held presentations prepared to Standing Committees / Preparing for Mayoral Indaba / Solicits inputs from the	Quarterly Progress reports participat of designat groups in municipa developr program Progress identified and impleme on in term of plan fo SPU program (youth developr plan)

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
						<p>Cont. from previous page..... Standing Committee/ Field Band has spent R360 000 and R40 000 on transport and taken place in National Field Bank Festival in September 2011 where they won a Silver Medal / The Field Band will be formally launched at a planned inauguration on 16 November 2011.</p>	

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Curb and reduce the spread of HIV/Aids by 2014 & to mainstream & implement internal Special programmes related to HIV /AIDS into the municipal environment with effective participation of designated groups in municipal programmes)	Management ,monitoring & oversight on implementation of projects for special programmes as per IDP/ SDBIP (related to HIV/AIDS)To curb and reduce the spread of HIV/Aids by 2014 : All Wards	Oversight on implementation of systems /structures to formally manage mainstreaming of HIV /AIDS programmes / monitoring effective participation of designated groups in municipal programmes /Report on Progress of Mainstreaming of HIV/Aids	TOR for Interdepartmental forum /nominated forum (IDF) representatives /literature reviews , Consultation with IDF & stakeholders/Meeting attendance & minutes / progress reports	HIV prevalence % unknown/ no established structures to drive HIV/AIDS	Set up system/ structures (IDF) to formally manage HIV/AIDS Mainstreaming	IDF established /IDF meetings Aug 11 / /Strategic mainstreaming plan /implementation of programmes : peer educators trained/ awareness campaigns undertaken in schools Aug 11 /voluntary testing /counseling (Aug 11)	Develop T & Training IDF

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
LED: Focusing on efforts to create an enabling environment for Local Economic Development (municipal contribution to LED)	LED Strategy Revised & implemented /monitoring & evaluation of implementation of revised LED Strategy (R 300 000&R 1 800 000)/report on progress with SDF (currently in Draft format) All Wards	Revised LED Strategy (LED Plan Aligned to PDGS) /involvement with stakeholders / Marketing ("buy in")of LED Strategy/ Monitoring & evaluation & Report on Progress of LED Strategy implementation /report on progress with draft SDF	Reviewed LED Strategy adopted & not fully implemented / SDF in draft	Weak LED Strategy & limited capacity / LED Strategy resubmitted & approved in the 4th Q of 2010 / Slow Implementation	LED Plan Aligned to PDGS /circulate LED strategy to stakeholders /Meeting with stakeholders/ presentation & Marketing ("buy in")of LED Strategy /progress report /commence with implementation	LED Plan aligned to PDGS. Meeting with stakeholders Use meeting platform to implement marketing/"sell" strategy	Quarterly Progress reports on implementation of LED Strategy (including budget expenditure) /project progress /report on progress draft SD

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Capital MTERF: Draw up Capital plan for next MTERF period	Alignment of Council's priorities for sustainable development MTERF Plan approved All Wards	100% Alignment of Council's priorities for sustainable development /MTERF Plan approved/Report on progress with Implementation of project/s milestone & expenditure progress report as per plan	MTERF Plan and Monthly reports Progress Reports/quarterly reports - (Report on progress with Implementation of project/s milestone & expenditure progress report as per plan)	No MTERF Infra-structure Plan	Report on progress with Implementation of project/s milestone & expenditure progress report	Compliance Achieved - Incorporated into the Budget which is reviewed annually /due to reconciliations not being up to date problems have been experienced with accurate expenditure reporting relating to some in house capital projects / projects managed externally are reported on	MTERF P and 3 Mon reports Progress Reports/1 quarterly report (Re on progress with Implement n of projec milestone &expendit progress report as p plan)

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
EPWP; Focusing on efforts enabling economic growth based on identified sectoral development potential & addressing poverty through poverty alleviation initiatives in collaboration with other spheres of government	Ensure ongoing participation in EPWP - Implementation of environmental management upliftment programme (Planting /pruning /cutting of trees/cleaning of the surrounding environment) All Wards	Report on participation / no of participants appointed / (monthly progress and quarterly reporting)/job creation programmes /Ensure ongoing participation in EPWP - environmental upliftment project	Business Plans /Ongoing / Monthly/ Quarterly reports on participation/ project progress (job creation programmes)	Ongoing EPWP job creation programmes /Projects	Submission of Business Plans /approval of EPWP Projects/ Technical Committee meets to recruit / employ/participants /orientation of participants	170 Auxiliary workers appointed (youth project) /50 jobs created through an Environmental upliftment project funded by CHDM)	Report on participation (monthly progress and quarterly reporting)/job creation programme

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
EPWP; Focusing on efforts enabling economic growth based on identified sectoral development potential & addressing poverty through poverty alleviation initiatives in collaboration with other spheres of government	Ensure ongoing participation in EPWP - oversight and monitoring that such programmes include the intake of participants from designated groups (youth /disabled /women All Wards	Report on participation / no of participants appointed from designated groups (youth /disabled /women)	Business Plans / EPWP Project reports / Quarterly reports on no of participants appointed form designated groups	Oversight on EPWP job creation programmes /Projects designated groups participation	Meets with Dept. Public works (as scheduled by Dept. of Public works)/Quarterly reports on no of participants appointed form designated groups (youth /disabled /women)	Achieved - programme with Dept. of Rural Development currently 2 youths per Ward have been appointed to partake in EPWP projects In the 1st quarter 19 participants appointed of which 5 from designated groups were Black Females and 6 Black Males (Youth)	Quarterly reports on of particip appointed form designate groups (y /disabled /women)

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
EPWP; Focusing on efforts enabling economic growth based on identified sectoral development potential & addressing poverty through poverty alleviation initiatives in collaboration with other spheres of government	Ensure ongoing participation in EPWP - Paving lady Frere main street / Sinako & Mavuya Sidewalks R 438 000 Wards 4, 5, 11 & 15	Report on participation / no of participants appointed / (monthly progress and quarterly reporting)/job creation programmes /Ensure ongoing participation in EPWP -Paving lady Frere main street / Sinako & Mavuya Sidewalks	Business Plans /Ongoing / Monthly/ Quarterly reports on participation/ project progress (job creation programmes)	Ongoing EPWP job creation programmes /Projects	Submission of Business Plans /approval of EPWP Projects/ Technical Committee meets to recruit / employ/participants	In the 1st quarter 19 participants appointed	Report on participation (monthly progress and quarterly reporting) job creation programmes

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Sustainable Development /ensuring that LED strategies and individual projects are designed so as to realize maximum job creation	Communities needs identified on completion of outreach and projects finalized with implementation plans (and documented in IDP) All Wards	Reporting on Projects & progress with implementation 100% by March 2012	Identified community needs. Finalized projects and implementation plans	Updated annually	Procurement processes - Bid adjudication / Progress Reporting	In progress / monthly reporting form Dept. to SC/EXCO/Co uncil No procurement of Service Provider.	Appoint SP / Re on Proje progress impleme

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
LED: Focusing on efforts to create an enabling environment for Local Economic Development (municipal contribution to LED)	Facilitating on implementation of DOT & DEDEA programmes (R10 Mill) Ward 6	Facilitating project implementation /participation in meetings as arranged /scheduled/ monitoring /reporting on implementation of programmes (Western Tembuland cultural village (ward 6)	Progress Reports	Project not started/funding constraints 1st phase construction /procurement of contractor not commenced - project managed by Dept. Tourism	Facilitating / monitoring /attending scheduled meetings (as arranged)& reporting on implementation of DOT & DEDEA programmes (Western Tembuland cultural village (ward 6)	Project has started - construction work in progress. Cooperation between Dept. of Transport and ELM there are funding constraints / 2nd phase of the project - beyond control of IPED Manager (ELM play a facilitation role /report on progress in relation to the project) Department Agriculture are the Project Managers of the project	Facilitating monitoring /attending scheduled meetings (as arranged) reporting on implementation of DOT & DEDEA programmes (Western Tembuland cultural village (ward 6)

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
LED :Focusing on efforts enabling economic growth based on identified sectoral development potential & addressing poverty through poverty alleviation initiatives in collaboration with other spheres of government	Facilitating the construction of the Sorghum Mill (R 347 682 Tina Sinako)+ (R 300 000 ELM) Ward 5	Sorghum mill constructed (ELM)	Reports /meeting attendance	Project in progress /ongoing project by Dept. of Agriculture	Sorghum mill constructed (ELM)/Facilitating / monitoring /attending scheduled meetings (as arranged)& reporting on progress of implementation of the construction sorghum mill project	The mill has been constructed / harvesting in progress / started	Facilitating monitoring /attending scheduled meetings (arranged) reporting on progress of implementation of the construction sorghum project

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
Creating an environment for the Reduction of Crime	Attendance of social needs cluster as arranged & scheduled by CHDM All Wards	100% Attendance of social needs cluster as arranged & scheduled by CHDM	Progress Reports	Social Needs Clusters Formal structures to be created	Progress towards achievement (reports /minutes)	Slow Progress / No meetings attended	Progre towards achiev (repor /minut
Creating an enabling environment for local economic development (SCM)	Management Oversight & monitoring of Supply Chain Management occurring within the parameters of SCM Policy and related prescripts established /reporting & SMME involvement in LED All Wards	Management / Oversight & monitoring of SCM occurring within the parameters of SCM Policy and related prescripts established /reporting/ SP Performance reporting /SCM Committees functioning & capacitated /turnaround time in award in of tenders improved	SCM Policy/SCM Reporting	SCM policy in addressing SMME involvement in LED	Quarterly SCM reporting (CFO & consolidated SP performance reporting)	SCM quarterly reporting done - consolidated S/P performance reporting requires focus & implementation of a system/procedure to manage SP's performance. SCM Policy in place. Policy assessed. Committees appointed. Letters issued. X2 workshops held. SCM staff capacitated (operational clean-up has assisted in the capacitation of SCM staff and appointed committees)	Quarte SCM (CFO conso SP perfor report

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
LED :Focusing on efforts enabling economic growth based on identified sectoral development potential & addressing poverty through poverty alleviation initiatives in collaboration with other spheres of government /ensuring that LED strategies and individual projects are designed so as to realize maximum job creations ,preferably on a sustainable basis	Facilitate and monitor implementation of the dairy processing project /report on progress /implementation (R 500 000) Ward 12	Facilitate the dairy establishment in ward 12 /monitor /report on progress /implementation/attend project meetings as scheduled	Project Progress Reports/attendance at meetings /attendance register / expenditure reports	Slow progress / Project co - ordinator appointed towards Feb 2011/Project in progress	Facilitating / monitoring /attending scheduled project meetings (as arranged)& reporting on progress of implementation of the establishment of the dairy processing project (construction phase)	Project is being facilities as required ELM & co - op driver of the project Slow progress with Project : Land issue requires to be resolved an agreement entered into between Tina Sinako & Dept. of Agriculture	Facilitating / monitoring /attending scheduled project meetings (as arranged) & reporting on progress of implementation of the establishment of the dairy processing project

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	
LED :Focusing on efforts enabling economic growth based on identified sectoral development potential & addressing poverty through poverty alleviation initiatives in collaboration with other spheres of government	Facilitate and monitor implementation of the mushroom project /report on progress /implementation (R 500 000) Ward 3	Facilitate the mushroom and participate in all related project (ward 3) /monitor /report on progress /implementation/at tend project meetings as scheduled	Project Progress Reports/attendance at meetings /attendance register / expenditure reports	Slow progress / Project co - ordinator appointed towards Feb 2011/Project in progress	Facilitating / monitoring /participation in project / attending scheduled project meetings (as arranged)& reporting on progress of implementation of the mushroom project (late commencement with construction phase)	Project no longer viable /feasibility study revealed that the conditions were not suitable for growing mushrooms /funding to be diverted to another project this was agreed to by the Dept. of Agriculture	Fa m an in at sc pr m (a ar re pr im ion m pr

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
LED: Focusing on efforts to create an enabling environment for Local Economic Development (municipal contribution to LED)	Facilitate the branding of livestock (R 300 000 ELM) All Wards	500 livestock branded by June 2012	Reports /no of livestock branded	Project in progress	Report on progress / no of stock branded	Reporting on progress / livestock branded in :5 stock sales held (Zwart water ward 9 65 Cattle sold R 162 400.00/ Benqu 97 cattle sold R 329 675/ Machengu 21 –R 62 220.00/ Mhlanga R 89 – R 218 750.00 5 Auctions held Total price shown	Report on progress no of stock branded

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
LED: Focusing on efforts to create an enabling environment for Local Economic Development (municipal contribution to LED)	Facilitate the Development of infrastructure for stock to facilitate stock auctions (R 354 000) Ward 9	Construction of Stock sales pens (ward 9) in place by June 2012	Procurement documentation /project / expenditure reports /stock sales/ auctions held	Staff resources procured - Employment of 2 general Assistants / Project in progress /funding constraints may impede further progress	Procurement processes / Construction of stock sales pens commence / Report on progress	Achieved Construction of stock sales /pens / renovation of stock sale pens/Employment of 2 general Assistants branding of livestock	Report on progress of construction of stock pens

KPA 1: Local Economic Development (Cont.)							
IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
LED: Focusing on efforts to create an enabling environment for Local Economic Development /ensuring that LED strategies and individual projects are designed so as to realize maximum job creations ,preferably on a sustainable basis (municipal contribution to LED)	Facilitate revitalization of animal health /Revitalization of Dipping tank in ward 12 Ward 12	Revitalization of Ngqanda Dipping Tanks by June 2012	Procurement documentation /project / expenditure reports /stock sales/ auctions held	Project in progress	Facilitating / monitoring /participation in project / attending scheduled project meetings (as arranged)& reporting on progress of implementation of the Revitalization of Ngqanda Dipping Tanks project	Revitalization of Dipping tank in ward Implementation not started	Facilitati monitori /particip project / attending schedule project meeting arrange Report o progress Constru dipping

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Tourism ; ensuring that LED strategies and individual projects are designed so as to realize maximum job creation ,preferably on a sustainable basis	Facilitate development and marketing of tourism in Emalahleni Area All Wards	Marketing of Emalahleni tourism product and facilities within Emalahleni /appointment of SP / Development of Brochures for marketing purposes /adverts & brochures	Marketing brochures / progress reports	5 tourism facilities in place /Capacity building /training of x2 tour operators done / no brochures developed	Procurement of service provider /develop specs /TOR processes for the Development of Brochures for marketing purposes /Progress report	Service Provider appointed, Terms of reference developed/ brochure developed	Market Brochure /Report progress report o perform

KPA 1: Local Economic Development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
SMME`S ; ensuring that LED strategies and individual projects are designed so as to realize maximum job creation ,preferably on a sustainable basis	Facilitate and support SMME development/Fa cilitate Capacity building programmes for SMME`s/monitor r /report on progress /implementation (R 400 000) All Wards	Facilitate Capacity building programmes for SMME`s/monitor /report on progress /implementation / 10 business operators/co - operatives trained by June 2012	Progress Reports/Capa city programmes. No of participants / expenditure	Business chamber in place /poor functioning Business chamber / training ongoing	Assessment of SMME`s / Establish business chamber	In progress Ongoing project (CHDM) owners of B & B`s trained & capacitated Needs assessment established Business Chamber trained 27 Caterers, 2 B&B Owners	Evalu needs /Ident training require s /faci training /repor progre

KPA 2: Service Delivery

IDP	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
Working to improve levels of service delivery for Water Services: Bulk water supply, water treatment and reticulation, continuous maintenance and operation to improve water quality and continuity of services to residents and to ensure continuous supply of potable water to communities.	Management & oversight of projects implemented by CHDM / monthly reports on ongoing maintenance and repair work and continuous treatment for Wards 10, 14, 15 & 16 (Cluster 1 : wards 7,8,10,13,14 (Budget R 10 Mil Expenditure) /Cluster 2 : (water network) wards 2,4,6 (R6 674 886' Yr1 ,R 5 Mil year 2 and R 8 Mil year 3 / Cluster 4 wards (water network)- Cacadu village R 100 000) (and Vukani Bulk Services water network (R 2 Mil)year 1 & (250 000) year 2	monthly reporting on progress re: projects implemented & maintenance programmes implemented	Monthly reporting on progress re: projects / maintenance programmes	Villages have /projects are RDP standard / Poor, ageing infrastructure and lack of qualified operators /(under control of CHDM)	Monthly reporting on progress re: maintenance programme	Vukani Bulk Serv water -contractor busy with snags & anticipate handover to community by 31 October 2011/Cluster 1 Water backlog Agnes Rest Phase 1 construction stage & to be completed Nov 2011/Agnes Rest Phs 2 & Buffeldoring construction stage & completed March 2012. 5th contract Buffeldoring (Gcina village) on tender & anticipate construction to commence Jan 2012. /Feasibility study Mhlanga sub cluster submitted for approval. Cluster 2 Water Backlog -The Regional scheme 3 Phs 1A awarded pending verification of HDI points (recommended bidder), Anticipate construction to commence end Oct. 2011/	Monthl reporti progre mainte progra

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Cont. from previous page.....						Cont. from previous page.....Regional scheme 3 Phase is on retender and anticipate construction to commence January 2012/project is registered/Upgrade of Dordrecht WWTW and Augmentation of Existing Water Supply -Scoping report upgrade WWTW approved & waiting full EIA approval. Anticipate construction to commence on Nov 2011.	

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
Working to improve levels of service delivery for Sanitation by facilitating sustainable provision of sanitation	Facilitation of sanitation related projects (under control of CHDM) / Management & oversight of monthly reports on ongoing maintenance and repair work : projects (over 3 years) Mackey's neck sanitation : VIP Toilets (R 10 000 000)year 1 / year 2 R 10 000 000 / year 3 R 8 000 000) Cluster 3 ward 1,7,8,9,10,11,11,12, 13,14 VIP Toilets R 10 000 000 1 / year 2 R 11 000 000 / year 3 R 12 000 000) DXX eradication of buckets ward 11	100% Monthly reporting on progress re: projects implemented	Monthly reporting on progress re: projects / maintenance programmes	Sites established / 3 year programme (under control of CHDM)	Facilitation of sanitation related projects (under control of CHDM)/ Monthly reporting on progress re: maintenance programme	In progress Sanitation : Cluster 4 sanitation (Wards 2,3,4,5,15,16,Vukani Guba,& Percy Villages) - Awarded to consortium and construction in progress./Cluster 3 Sanitation(Wards 7,8,9,10,11,12,13 & 14) - Awarded to consortium and construction in progress.	Facilita sanitation related projec (under of CH Monthly report progre mainte progra

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Targ

<p>Working to improve levels of service delivery for Electricity by continuous Maintenance and upgrade of electricity infrastructure (network and systems)</p>	<p>Management , monitoring & oversight to ensure improved electricity infrastructure and service provision as per implementation strategy and plan in respect of: meters, O & M, and street lighting Ward 4,5, 11, 14, 15 & 16</p>	<p>100% reporting /Statistical reports from TSM on implementation results and progress achieved</p>	<p>Statistical reports on implementation results and progress achieved</p>	<p>Limited funding / poor electrical infra-structure</p>	<p>TOR /Tender specs developed / advert placed to procure Contractor /SP (who is to secure funding) / reports from TSM on progress</p>	<p>Streetlights maintenance carried in area of ELM jurisdiction (DXX & Indwe) / progress with implementation of extension connection project /report Progress with Electrification of Kavari Extension.(ward 5)streetlights In progress RPS consulting made application to DME submission of req approval / application /develop & designs for extensions of ELM is at adjudication stage SP appointed will do designs</p>	<p>Appoint of contra /SP /rep from TS impleme n and on progress achieved the inter project</p>
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KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
Working to improve levels of service delivery for Road network (under the jurisdiction of ELM / by provision and maintenance of Roads, Pavements, Bridges and Stormwater	Strategic oversight and management of the provision of safe and adequate stormwater facilities as per planned projects and schedules All Wards	TSM reports / Proof of activities conducted and monthly reporting	Proof of activities conducted and monthly reporting	Inadequate / poor infrastructure	TSM reports / Proof of activities conducted and monthly reporting	Achieved Construction of bridges Ntlanjeni to Qoboshana Road /Njlanjeni and Ngqoko are complete. Ngcalasoyi is complete and the steel bridge complete /Qoqodala Access Road :Contractor busy with snags anticipated to be completed by September 2010 / project @ retention stage/ Anticipated handover October 2011/Construction / Surfacing of proclaimed roads 55% progress (km documented in project progress reporting)	TSM reports / Proof of activities conducted and monthly reporting

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta

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Dubeni Access Road Tender awarded awaiting contractors submission of documentation prior to site handover /Anticipate construction to commence Sept 2011/MIG willing to fund project /ELM requested to fund 50% of the project

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
<p>Infrastructure Backlogs (Water & Sanitation) (Annual Reporting requirement in terms of MPPR)</p>	<p>Facilitate Reports form CHDM that detail manner in which backlogs for water and sanitation will be alleviated and sustained with financial planning All Wards</p>	<p>Facilitate Provision of Implementation plan from CHDM that to details manner in which backlogs will be managed</p>	<p>Water Service development plan / Implementation plan and quarterly reports to detail manner in which backlogs will be managed</p>	<p>No accurate data Limited funding</p>	<p>Facilitate the Provision of Reports form CHDM that detail the manner in which backlogs for water & sanitation will be alleviated and sustained with financial planning</p>	<p>Incorporated into WSDP (Not known if same are reliable & up to date)conflicting information in IDP vs. WSDP therefore remedial action project participants appointed to collect /record information on backlogs of households with access to basic levels of service to ensure reliable and updated information</p>	<p>Facilitate Provision of Reports form CHDM that detail manner in which backlogs for water and sanitation will be alleviated and sustained with financial planning</p>

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Infrastructure Backlogs (Electricity & Roads)	Reports developed to detail manner in which backlogs for electricity& roads will be alleviated and sustained with financial planning All Wards	Provision of Implementation plan and quarterly reports to detail manner in which backlogs will be managed	Implementation plan and quarterly reports to detail manner in which backlogs will be managed	No accurate data Limited funding	Provision of Reports to detail manner in which backlogs for Electricity & roads will be alleviated and sustained with financial planning	170 participants appointed to collect /record information on backlogs of households with access to basic levels of service (relating to all basic services water, sanitation, roads and electricity) the TSM will focus / coordinate on information relating to water, sanitation, roads and electricity in relation to this project	Report manner backlo electri roads allevia sustain financ planni

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Working to improve levels and to ensure appropriate system is in place for provision of waste management services	Strategic oversight and management of refuse collection as per scheduled Waste Management Plan Wards 4,5 11, 14, 15 & 16	100% programme implemented : (Urban /business removal statistics)	Waste Management scheduled programmes/ reporting	Refuse collection figures not reliable	Waste Management scheduled programmes/ reporting (Urban /business removal statistics)	Implemented weekly / daily schedule /programme for waste removal (Daily waste removal in CBD /weekly waste management removal in residential areas /quarterly reports	Waste Management scheduled programmes/ reporting (Urban /business removal statistics)

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Working to improve levels of service delivery for Road network (under the jurisdiction of ELM / by provision and maintenance of Roads Maintenance and Construction	Management, monitoring& oversight of road maintenance and construction projects to be conducted in accordance with approved and budgeted implementation plans relating to gravel and tar roads and paving (Sinako & Mavuya sidewalks R 3677 000)Wards 4,5 11, 14, 15 & 16	100% reporting on projects conducted in accordance with approved and budgeted implementation plans relating to gravel and tar roads and paving	Construction and maintenance of roads in accordance with an implementation plan	Poor road infrastructure and deteriorating roads, resulting in limited access to certain areas	Reporting on projects conducted /implemented relating to gravel and tar roads and paving - Sinako & Mavuya sidewalks	Paving project in LF Budget R1,300,000.00 actual expenditure R476,000.00 /70% complete /sidewalks 20% complete (currently stormwater channel is being built in R 877 135 was budgeted & spent in 10/11 in 11/12 R 1 239 000 .00 actual expenditure R 615 000.00 variance R 624 050.00 / project created employment DXX 9 , LF 19 and Indwe 9	Report project condu /imple relatin gravel roads paving & Mav sidewalks

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
Working to improve levels of service delivery for Road network (under the jurisdiction of ELM / by provision and maintenance of Roads and Access Roads	Provision and maintenance of basic Roads and Access Road infrastructure /Construction / approved access roads - MIG funding allocated to ELM (R 392 Access road :Fani Village – R 3 600 ,000 ward 8) / (Mhlanga Access Road - R 4 710 ,000 ward 14)/ (Rwantana Access Road – R 6 510,000 ward 1) / (Rwantana Access Road – R 6 510,000 ward 13 –R 6 465,000) year 2 project -	Project registered with MIG / Report on projects to be implemented in year 1 / 10 registered access roads on MIG to be implemented by 2011/2012/lobby DoR&T to construct and maintain access roads and Stormwater infrastructure	Project registered with MIG (10) approval of access roads / MIG funding /business Plans (projects planned (MIG) funding over the next 3 years included /projects not yet started	Poor road infrastructure and deteriorating roads, resulting in limited access to certain areas	Report on progress with registration business plans submitted for MIG FUNDING / projects to be implemented in current year & year 1 Report on project approved by MIG/ registered by MIG	Projects' registered & approved /negotiate with COGCTA to bring the dates forward as project for 10/11 have been completed (awaiting go ahead) /Note :due to the rain disaster the Dlamini Access Road low level Bridge R 5 440,000 ward 6 was done in house with ELM funds / project funding being claimed back form MIG projects registered	Report project approved MIG/ registered MIG / progress approved business plans submitted MIG FUND project implemented in current & year

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
	<p>Cont. from previous page..... Dukakthole to Mmangweni ward 9 (R 5 910,000) Bankies Access Road R 3510,000</p> <p>ward 10) / (Dlamini Access Road low level Bridge R 5 440,000</p> <p>ward 6) Ntsinga to Njombela Access Road ward 2 - R 5 910,000) - 3 year project</p>						

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Ensuring appropriate system is in place for provision of solid waste management , and Landfill sites	Establishment of landfill sites & transfer station - . EIA to be conducted by Service Provider - DEDEA to assist R 5, 505 100 /Closing of unlicensed landfill sites R 300 000 Licensing & certification of Landfill sites /extend service to 3 towns (R 1000 000) Wards 4,5,11,14, 15 & 16	50%; Report Closing of unlicensed landfill sites progress report / Report on progress 50 % progress demonstrated with establishment of landfill sites	Feasibility reports, DEDEA Reports/ Reports to Council	No licensed landfill sites / EIA not approved /noncompliance with environmental Management Act - licensing issues raised in audit	Quarterly reporting on progress with establishment of landfill sites & transfer station	In progress / Financial constraints / Licensing should be affected by July 2011 / Construction new landfill sites project / Planned for 2011/2012 FY -R 7 Mill (In Progress)	Quarterly reports with establishment of landfill sites & transfer station
Management of Pounds	Functioning & Maintenance and management of municipal pounds Ward 11	Report on progress of the Functioning & Maintenance and management of Dordrecht pound	Pound Maintenance Schedule Monthly Maintenance Reports	Inadequate Pound Management	Identifying & establishing of a functioning pound /progress report	Ranger appointed /construction of the DXX municipal completed (Roofing outstanding)	Pound established in Dordrecht / reports progress

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Ensuring appropriate system is in place for provision of Waste Management	Procure a refuse Tractor R 350 000All Wards	Purchase Refuse Tractor	Specifications / Purchase / order / tender	Inadequate Tractors /refuse vehicles	Procure quotations / draft tender TOR /specifications	Tender specification and advert placed advertised in April 2011/Awaiting BID adjudication /slow SCM processes	repro prog

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Integrating spatial planning into development activities and ensuring a process aimed at urban efficiency : Town Planning Provision to ensure applications are passed and areas are zoned appropriately /sub divisions /planning & surveys & are processed according to legislation (MPPR)	Strategic management and oversight of Town Planning approvals / subdivisions of municipal land (R 300 000) are processed according to legislation All Wards	Quarterly reports /Provisions of statistics ;Building Plans and Town Planning approval / subdivisions of municipal land (R 300 000) / Transfer of deeds and town registers processed	Town Planning functions completed within time frames as scheduled/ Project Plans and Monthly reports	TP not fully functional /Absence of accurate source documents /Establishment of systems and procedures for Town Planning Division	Quarterly reports /Provisions of statistics ;Town Planning approvals / subdivisions of municipal land are processed /Reporting on progress with establishment of systems and procedures for TP functions to become fully operational	Town Planning system in place Integrated on GIS System Data regarding statistics regarding Town Planning completed /practical implementation of updating the system to the server is in process and coordinated by the Town Planner	Quarterly reports /Provisions of statistics ;Town Planning approvals / subdivisions of municipal land /Reporting on progress with establishment of systems and procedures for TP functions to become fully operational

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Integrating spatial planning (SDF) into development activities and ensuring a process aimed at urban efficiency	Facilitate the upgrade of Lady Frere urban node and main street (R 1 Million) Wards 4,5	100% Report on progress with planning upgrade of Lady Frere urban node and main street	Plans / reports	Poor infrastructure/ SDF in draft	Procurement stage / Develop TOR /Tender specs/advertisement /Bid adjudication processes	In Procurement stage	App com with Plan stag Rep prog
Integrating spatial planning (SDF) into development activities and ensuring a process aimed at urban efficiency Town Planning Provision	Planning & survey of new erven Wards 4,5	Planning of survey / 200 new erven surveyed & serviced (R 300 000)	Report on Land surveyed /SDF	Land surveyed has been captured in the SDF as a potential site for development)/ SDF in draft	Planning survey - Progress/Budget expenditure report	In progress - Terms of Reference developed	Plan surv Prog repo

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Effective cemetery services /Cemetery maintenance as per maintenance schedule and plan/cemeteries fenced by 2012	Cemetery maintenance as per maintenance schedule and plan Wards 4,5, 11, 14,15 & 16	Develop maintenance schedule programme	Maintenance programmes /schedules /reports /maintenance schedules	Regular maintenance carried out and grass cutting schedule implemented	Regular maintenance carried out and grass cutting schedule implemented /report monthly to SC	Achieved / maintenance carried out and grass cutting schedule implemented /monthly reporting to SC	Regul maintenance e carri and g cutting sched impler d /repe month SC
Working to improve levels of service delivery in respect of provision of an effective cemetery services	Identification of cemeteries that require fencing /Erect fencing(R 435 000) Wards 4,5, 15 & 16	Fencing new cemeteries in ward 4 & 15	Procurement documentation / reports	Not all cemeteries are fenced /challenges with fencing and land surveying fencing can only be done on completion surveying /pegging of land 4 wards identified	Develop specifications / TOR /Advertise /appoint /Procure fencing materials/contractor/report on progress	Noted : the budget reflected against KPI is incorrectly reflected (R 435 000) & should be reflected as R 137 609 (Operational & maintenance) /funding allocated is insufficient-quotations received in excess of a million Target milestones to be reviewed	Project implement ion/(fe report progr (proj perform e /exper)

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
<p><u>Backlogs - service Delivery-</u> In terms of Municipal Performance Regulations</p>	<p>Reduce backlogs in service delivery in the areas of water, sanitation, refuse and electricity /report on progress with reduction of backlogs /infrastructure cost report All Wards</p>	<p>Appoint participants to collect information on backlogs (10 per ward) / Quarterly Reports of the percentage of households with access to basic levels of services inclusive of water, sanitation, refuse and electricity/statistics /infrastructure cost report /statistics/infrastructure cost report 100%</p>	<p>Participants appointed / Report of the percentage of households with access to basic levels of service relating to basic services inclusive of water, sanitation, refuse and electricity/statistics /infrastructure cost report</p>	<p>No accurate statistics available</p>	<p>Appoint 10 participants per ward collect information / orientation of participants commence with project consolidate monthly Report - report on percentage of backlogs of households with access to basic levels of service relating to water, sanitation, refuse and electricity</p>	<p>170 participants appointed to collect /record information on backlogs of households with access to basic levels of service (relating to all basic services water, sanitation, refuse and electricity) the CSSM will focus /coordinate on information relating to refuse in relation to this project</p>	<p>Mon prog part / Re the perc of ba of hou with to ba leve serv relat water refu elec</p>

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Access to basic levels of services (cont.)	Access to basic levels of service and achieve the following levels of availability: Electricity 75% Free basic services (R 1 5000 000) All Wards	100% Reporting /Indigent data base to updated	Electricity Statistics /Indigent register / % or no of indigents with access to basic free Electricity	data base to updated /Access to basic levels of Electricity 75% Incorporated into the WSDP/ reporting from CHDM /170 participants appointed to collect /record information on backlogs collection and coordination of this data will detail the manner in which backlogs for basic services will be alleviated with financial planning	Report of the percentage of households with access to basic levels of service	Access to basic levels of Electricity 75% Incorporated into the WSDP/ reporting from CHDM /5756 indigents with access to basic free Electricity	Rep the perc of hous with to ba leve serv

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	
Working to improve levels of service delivery	Faults reported & maintained to be documented and 48 hour turnaround time to respond /monthly reporting	Establish a faults register / faults reported & maintained to be documented and 48 hour turnaround time to respond /deal with faults / monthly reports statistics	Faults register / fault statistics	Faults register not maintained formally as required / faults attended to	Establish a formal faults register / faults reported & maintained to be documented and 48 hour turnaround time to respond /deal with faults / faults signed off / monthly reports statistics	Faults register in place / Assisted by Customer Service Officer seconded by CHDM - 2 dedicated staff members have been employed to manage the Presidential Hotline queries. Monthly / Quarterly reporting occurs as required.	Faults reported & maintained to be documented and 48 hour turnaround time to respond /deal with faults / monthly reports statistics

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
To ensure electrification of areas which have not yet been electrified including extensions and in-fills (Cacadu extension of electricity completed by June 2011)	Electrification of Kavari Extension.(ward 5) (R 4 480 000) Ward 5	Monitor progress with implementation of extension connection project /report Progress with Electrification of Kavari Extension.(ward 5)	Report (ESKOM) connections of in-fills / progress reports(Tech Serv) / validating documentation/ Application to DME submission of required approval re mobilization funds	No progress / Not started	Progress report on implementation (no of in fills)	RPS consulting has made application to DME submission of required approval / application	Prog repor impl ion (f fills)
Working to improve levels of service delivery for Electricity by implementing projects by Upgrading of electricity infrastructure	Planning to develop & designs for extensions of ELM (R 348 499) All Wards	Develop & designs for extensions of ELM	Ageing / Poor electrical infrastructure No reporting	Limited funding /Planning stages only	Commence with process :Plans & designs for extensions of ELM	Eskom made application to DME submission of req approval / application /develop & designs for extensions of ELM	Rep prog with desig exte of E

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Working to improve levels of service delivery for Electricity by managing and implementing a strategy to reduce electricity losses over 3 years	Reduce electricity losses by Monitoring electricity losses & developing and implementing a strategy to reduce electricity losses over 3 years from 45 % to 30% All Wards	Report statistically on electricity losses and implementation strategy	Ageing / Poor electrical infrastructure No reporting/distribution losses not monitored /electricity revenue not properly recorded /Electricity revenue of R3.3 million was included in service charges of R5.7 million as disclosed in the statement of financial performance	Audit qualification / Limited funding / poor electrical infrastructure /staff shortages/electricity losses are currently 45%	Develop implementation strategy to curb electricity losses over 3 years /report on progress with implementation strategy	Partially achieved strategy to be formally developed /losses remain at 45% /monthly reporting form TSM /draft maintenance plan in place /cuts off s implemented / Template developed for recording and reporting of electricity losses/ remedial action : SP will implement a split connection box/pole	Rep stat on e loss prog with impl ion s

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	
Working to improve levels of service delivery for Electricity by implementing projects by electrification of areas which have not yet been electrified	Electrification of Lady Frere Phase 8 a 2 (1,2 & 8) (R 6 781 617) Rural Housing Electricity Wards 1 & 2	100% Progress implementation based on Project BPs /Monitor implementation of the project	Progress (no /expenditure)Report electrification / Business Plan / procurement records	Project in progress	Design approval by Eskom / progress report	<p>Tender issued / award stage / RPS to confirm tender award /Electrification of Villages Phase 8A1 Electrification of Villages Phase 8A2 (Eskom projects) Electrification of Villages Phase 8B 1 phase 1 /Other Electrical Projects in progress : Ward 04 Electrification of Villages.(Cacadu Extension)R 5200 000.00 - 80%</p> <ul style="list-style-type: none"> • Electrification of Villages Phase 8A1.(Eskom projects)R 6 969 000.00 (budget information to be verified) • Electrification of Villages Phase 8A2. • Electrification of Villages 8B1 Phase1. 	Ap of /p re im n cc pr

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
To Facilitate the provision of sustainable water supply , water treatment and reticulation, continuous maintenance and operation to improve water quality and continuity of services to residents and to ensure continuous supply of potable water to communities by 2012.	Facilitate the implementation projects in cluster 1,2 & 4 (Ward 2,4,6,7,8,10,13, 14& 16) R (10 Million)	Facilitate project Implementation by coordinating and reporting on progress made by CDHM regard the project implementation	Project implementation reports / progress reports form CHDM in cluster 1,2 & 4 (ward 2,4,6,7,8,10,13 ,14& 16)	30% backlogs	facilitate project Implementation by coordinating and reporting on progress made by CDHM regard the project implementation	Vukani Bulk Serv water -contractor busy with snags & anticipate handover to community by 31 Oct. 2011/Cluster 1 Water backlog Agnes Rest Phase 1 construction stage & to be completed Nov 2011/Agnes Rest Phs 2 & Buffeldoring construction stage & completed March 2012. 5th contract Buffeldoring (Gcina village) on tender & anticipate construction to commence Jan. 2012. / Feasibility study Mhlanga sub cluster submitted for approval. Cluster 2 Water Backlog	facilitate project Implementation by coordinating and reporting on progress made by CDHM regard the project implementation

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets	
					Target	June 2011 Actual
						<p>Cont. from previous page..... -The Regional scheme 3 Phs 1A awarded pending verification of HDI points (recomm. bidder), Anticipate construction to commence end Oct 2011./Regional scheme 3 Phs is on retender & anticipate construction to commence Jan. 2012/project is registered /Upgrade of Dordrecht WWTW and Augment. of Existing Water Supply -Scoping report upgrade WWTW approved & waiting full EIA approval. Anticipate construction commenced on Nov 2011.</p>

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Target		
					Target	June 2011 Actual	T
Housing Provision/working to address housing backlogs (ELM role : Facilitation) - Dept. Human Settlements Competency	Facilitate the Management and oversight of Housing Sector Plans and facilitation of housing construction as per RDP planning and Department of Housing : - /Housing database updated every 6 months All Wards	Facilitate land reform land reform programme & land delivery implementation of approved housing projects /collaborate with Dept. of Human Settlements & DLA to deliver housing & land reform	Housing Sector Plan approved. Construction reports as per schedule (submission of reports based on progress reporting from Dept. of Human settlements) Updated database	No Housing Sector Plan or alignment of future Housing Projects to community needs NDGP competency	Revisions & updating of Sector Plan / Facilitate implementation of approved housing projects in line with sector plan /collaborate with DHLG & DLA /progress report	Sector plan reviewed / draft plan available Aug 2011/ housing projects in line with sector plan /progress reporting on existing & new housing projects (Dept. Human Settlements Competency / ELM have fulfilled facilitation role i.t.o.. Monitoring / monthly progress reporting (ELM to council)	prog repor

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Housing Provision (ELM Facilitation) - Dept. Human Settlements Competency	Facilitate the Management and oversight of housing projects as per RDP planning and Department of Housing : - Housing Projects include : - DXX transfer phase 1 R 19 200.00 ; DXX Phase transfer 2 R 216 000.00 ;Indwe 500 TransfersR 391 200.00 ; Indwe 513 Transfers R 19 200.00 ; Lady Frere 700 Transfers R 206 400.00 Wards 5,11 15 & 16	land delivery / construction & implementation of approved housing projects	Facilitate land reform land reform programme /Transfers (submission of reports based on progress reporting from Dept. of Human settlements)	Houses complete & deeds of sale underway / NDGP competency	Facilitate implementation of transfers for approved housing projects in line with sector plan /collaborate with Dept. of Human Settlements & DLA /progress report	DXX Phase 1&2 land transfer process /opening of Township register underway /Indwe 500 - 396 beneficiaries reg / cont. with Regis of GP - reg indiv transfers / LF 700 - 258 to be completed /transferred /water & sewer recti at tender stage/Indwe 513 - 21 transfers of houses outstanding -16 deeds sale with conveyancer - 5 beneficiaries missing	Facilitate implementation of Facilitation of transfers for approved housing projects in line with sector plan /collaborate with DHLA /progress report

KPA 2: Service Delivery (Cont.)							
IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to address housing backlogs/ Working to address levels of service delivery in respect of provisions of services Provisions of services in newly built RDP houses :Sinakho / Zwelethehenba	Facilitating Provisions of services in newly built RDP houses : (Sinakho / Zwelethehenba)(ward 4,11,14) by 2012 (R 600 000)	Facilitating Provisions of services in newly built RDP houses (Sinakho / Zwelethehenba)(ward 4,11,14)/progress report	Monthly reporting /Dept. Human settlements / Assessment & Evaluation report	No services /planning stage /contractor to be appointed by Dept. of Human settlements	Facilitate progress /obtain progress report from Dept. Human Settlements (report on progress ELM to council) / Planned by Dept. Human Settlements to perform Assessment & Evaluation in Q1	Sinako Zwelethemba 289 - feasibility study to start /PSP submit layout plan /registering & capturing of beneficiaries /contractor to be appointed once all stages are completed	Facilitate progress /obtain progress report from Dept. Human Settlements (report on progress ELM to council) /Phase 1

KPA 2: Service Delivery (Cont.)							
IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target

<p>Working to address housing backlogs Provisions of Housing & services : Mavuya 462 Housing & Services</p>	<p>Facilitating Provisions of housing & services Mavuya 462 Housing & Services (R 39 598 366,00)Ward 15</p>	<p>Facilitate Provisions of services & facilitate Construction of housing / reports as per schedule (submission of reports based on progress reporting from Dept. of Human settlements</p>	<p>Monthly reporting /Dept. Human settlements / Assessment & Evaluation report</p>	<p>No services /in progress /procurement stage / contractor to be appointed by Dept. of Human settlements</p>	<p>Facilitate progress /obtain progress report from Dept. Human Settlements / reporting quarterly to council (Procurement stage done by Dept. of Human settlements)</p>	<p>Mavuya 462 - 224 beneficiaries - proj at tender stage (awaiting comments from ELM & Dept on tender documentation)</p>	<p>Facilitate progress /obtain progress report from Dept. Human Settlements / Monitoring & evaluation progress reporting</p>
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KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to address levels of service delivery in respect of provisions of services : Lady Frere	Facilitating rectification of serviced sites : Lady Frere 700 (715) R 8 100,000) Ward 4	Facilitating Provisions of services in / Lady Frere by facilitating rectification of serviced sites : Lady Frere 700 (715)	Progress reports / follow up correspondence / inspection records Lady Frere / assessment/evaluation records	Planning stage (prelim design)Dept . of Human settlements	Facilitate progress /obtain progress report from Dept. Human Settlements (report on progress ELM to council)	LF 700 - 258 to be completed /transferred /water & sewer recti at tender stage	Facilitate progress /obtain progress report from Dept. Human Settlements (Monitor evaluation of Dept. Human Settlements progress project & report on progress (ELM to council)

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to address housing backlogs/Rectification of bad built houses : Lady Frere 700 (715) /Housing Provision (ELM Facilitation) - Dept. Human Settlements Competency	Facilitating rectification of bad built houses : Lady Frere 700 (R 2 6000 .00)Ward 4	facilitating Rectification the construction of Lady Frere 700 (715) Units	Progress reports / follow up correspondence / inspection records (ELM) Lady Frere 700 (715)/ assessment/evaluation records	Planning stage (prelim design)Dept . of Human settlements	Planning stage (prelim design)Dept. of Human settlements - managed and monitored by Dept. Human Settlements/monitor & facilitate Progress by obtaining reports form Dept. Human Settlements & report (ELM to council	LF 715 recti Assessment completed sub to Dept. /presentation on findings - village scoping report to be prepared by SP	Facilitate progress /obtain progress report fr Dept. Human Settlements (Monitor evaluation of Dept. Human Settlements progress project & report o progress (ELM to council)

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to address housing backlogs/Construction & services / transfer of : Lady Frere 564 Units /Lady Frere new (ward 5)(R 5 360 310)	Facilitating construction & services / transfer of : Lady Frere 564 Units /Lady Frere new (ward 5)(R 5 360 310)	facilitating Rectification the construction of 564 Units completed / Lady Frere new (ward 5)	Progress reports / follow up correspondence / inspection records (ELM)564 Lady Frere new/ assessment/evaluation records	Construction stage In progress /contractor appointed by Dept. of Human settlements	Construction stage managed and monitored by Dept. Human Settlements/monitor & facilitate Progress by obtaining reports form Dept. Human Settlements & report (ELM to council	405 houses been completed /114 at various stages of completion Dept to submit VO for unforeseen additional scope of work (sewer connections)	Evaluation monitor progress /Progress report

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to address housing backlogs /Provisions of housing /services /other amenities :Rural Zwartwater project	Facilitating Provisions of housing /services /other amenities :Rural Zwartwater project (R 440 000.00) Ward 9	facilitating Provisions of housing /services /other amenities :Rural Zwartwater project in newly built RDP houses Rural Zwartwater project	Monthly reporting /Dept. Human settlements / Assessment & Evaluation report	No services /planning stage /compilation of business plan	Facilitate progress /obtain progress report from Dept. Human Settlements (report on progress ELM to council)	Zwartwater 1000 - dev of business plan/ Assessment completed sub to Dept. /presentation on findings - village scoping report to be prepared by SP/Emergency houses PSP in prog identification of beneficiaries /feasibility study to follow	Facilitate progress /obtain progress report from Dept. Human Settlements (report on progress ELM to council)

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
working to address housing backlogs/Construction / rectification of bad built houses : Dordrecht phase 1 & 2	Facilitating rectification of houses Dordrecht houses phase 1 & 2 (R1 483,000.00) Ward 11	facilitating Rectification of Dordrecht houses phase 1 & 2	Monthly reporting /Dept. Human settlements / Assessment & Evaluation report	Planning stage /Assessment of defective structures / contractor to be appointed by Dept. of Human settlements	Facilitate progress /obtain progress report from Dept. Human Settlements (report on progress ELM to council) / Planned by Dept. Human Settlements to perform Assessment & Evaluation	DXX Phase 1&2 land transfer process /opening of Township register underway /DXX recti 1&2 (2000) recti Assessment completed sub to Dept. /presentation on findings - village scoping report to be prepared by SP/Emergency houses PSP in prog identification of beneficiaries /feasibility study to follow	Facilitate progress /obtain progress report from Dept. Human Settlements (report on progress ELM to council) Phase 1

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	
Working to improve levels and to ensure appropriate system is in place for provision of waste management services	Strategic oversight and management of refuse collection as per scheduled Waste Management Plan Wards 4,5 11, 14, 15 & 16	100% programme implemented : (Urban /business removal statistics)	Waste Management scheduled programmes/ reporting	Refuse collection figures not reliable	Waste Management scheduled programmes/ reporting (Urban /business removal statistics)	Implemented weekly / daily schedule /programme for waste removal (Daily waste removal in CBD /weekly waste management removal in residential areas /quarterly reports	Waste Management scheduled programmes/ reporting (Urban /business removal statistics)

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Target		
					Target	June 2011 Actual	
Ensuring appropriate system is in place for provision of solid waste management , and Landfill sites	Establishment of landfill sites & transfer station - . EIA to be conducted by Service Provider DEDEA to assist R 5, 505 100 /Closing of unlicensed landfill sites R 300 000 Licensing & certification of Landfill sites /extend service to 3 towns (R 1000 000) Wards 4,5,11,14, 15 & 16	50%; Report Closing of unlicensed landfill sites progress report / Report on progress 50 % progress demonstrated with establishment of landfill sites	Feasibility reports, DEDEA Reports/ Reports to Council	No licensed landfill sites / EIA not approved /noncompliance with environmental Management Act - licensing issues raised in audit	Quarterly reporting on progress with establishment of landfill sites & transfer station	In progress / Financial constraints / Licensing should be affected by July 2011 / Construction new landfill sites project / Planned for 2011/2012 FY -R 7 Mill (In Progress)	Qua rep prog esta of la site tran stat

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	
Ensuring appropriate system is in place for provision of Waste Management	Procure a refuse Tractor R 350 000All Wards	Purchase Refuse Tractor	Specifications / Purchase / order / tender	Inadequate Tractors /refuse vehicles	Procure quotations / draft tender TOR /specifications	Tender specification and advert placed advertised in April 2011/Awaiting BID adjudication /slow SCM processes	rep pro

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to improve levels of provision of community facilities by Facilitating the Provisions of Parks and recreation services/establishment of a park in Lady Frere by 2012	Establishment of a park in Lady Frere/Secure funding for establishment of parks (R 200 000) Ward 5	Progress toward the establishment of a park in Lady Frere	Reports / Procurement records	No park in Lady Frere	Develop Specs /Appoint Contractor /commence with project /report	In progress / Specs developed	Evaluation/ monitor progress /Progress re
Working to improve levels of provision of community facilities by Facilitating services in relation Parks and recreation services	Revival of Parks in DXX & Indwe /Evaluation /assessment report / Revival programme of DXX & Indwe Parks (R 73 000) Ward 14, 16	Evaluation & assessment / Revive existing parks (DXX & Indwe)	Evaluation /assessment report / Revival programme of DXX & Indwe Parks /progress reporting	Parks in DXX & Indwe are in bad state/limited funding	Evaluation & assessment report /Plan revival programme	Achieved Evaluation & assessment report / tender processes instituted specs / tor (procurement processes to commence in Nov 2011	Revival of P in DXX & In /Evaluation /assessment report / Rev programme DXX & Indwe Parks

KPA 2: Service Delivery (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to improve levels of provision of community facilities by Provision of community facilities / Management of libraries	Facilitate the construction of libraries identified - (ward 4 R6,5 Million) and (ward 2R 250 000)	Facilitate the construction of 2 libraries (ward 4 and ward 2) by June 2012	Procurement records / expenditure records /Contractors appointment / progress reports	Shortage of library facilities /human capital /resources	Facilitate implementation /obtain progress reports form DSRAC /Report to council on progress of projects implementation	DRAC issued a tender (R 250 000)/facilitation of the project is done CSSM has drafted letters to DRAC & DRAC responses are received	Facilitate implementation / Evaluation monitoring progress / obtain progress reports form DSRAC /Report to council on progress of projects implementation

KPA 3: Municipal Transformation and institutional development

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Ensuring appropriate organizational design that conforms /fits in with roles, powers and functions assigned to municipalities by annual review and Design of the organizational structure	Organizational Structure reworked & reviewed ELM	Organizational Structure developed (1)	Approved organizational structure	Existing structure reviewed annually in line with IDP	Review / Development of Structure	Existing organogram approved - Directive of the new Council to review organogram - organogram review is under discussion with DPLG and SALGA	Inputs and consultative progress reports
Job Descriptions / TASK Benchmarking	Analysis of existing job descriptions / Review/update/ develop new job descriptions & review job specifications / Job Descriptions (in line with reviewed organogram /benchmark post on TASK ELM	Analysis of existing job descriptions / Review/update/ develop new Job Descriptions (in line with reviewed organogram /benchmark post on TASK	Job specifications List of Job descriptions aligned to organogram	All JD's (specs / descriptions current TASK evaluation results implemented/ outdated JD's /new post will have to be identified	Analysis of existing job descriptions against reviewed organogram	On completion of the analysis of the organogram by DPLG which is expected by 31 December 2011 - Analysis of existing JD's against the organogram will be done - The target will be met by June 2012	Provision of JD specifications identified outdated / to commence with development of JD's outstanding

KPA 3: Municipal Transformation and institutional development

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	
Focusing on skill development / HR Staff development/ Capacitated staff within identified areas	Adopted WSP & 80% of training budget spent on implementation of WSP (R 497 277.00) ELM	Approved WSP and Implementation Reports & 80% of training budget spent on WSP implementation (80% R 397 821 .60)	Approved WSP and Implementation Reports Skills Monitoring Reports	Compliance / Developed annually	Skills Audit or needs analysis completed by Directorates /WSP Plan developed	Skills Audit or needs analysis completed by Directorates /WSP Plan in place Budget R497 277.00 The following training has taken place: CPMD - Legal & Compliance Manager (ELM) IPED (ELM Budget) - Budget & Treasury Officer -(LGWSETA) - Snr Accountant Exp.- (LGWSETA)-CSSM (LGWSETA)- 170 Auxiliary Workers (R348840) Youth Council (R365 940)- Intermediate Records Management R5 900 - Supervisory Training x 1 (R5 900) Trade Test Electrical x 2 (R1 000) - Safety and Electrical x 2 (R13980) -	Impl Rep (tra rece &rep perc budg exp train impl

KPA 3: Municipal Transformation and institutional development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
						<p>Cont. from previous page.....Ex penditure & Payroll Management /In Q 1 expenditure of WSP budget amounts to R 455 357.22 91.57 % of WSP budget spent on WSP implementation</p>	
Organizational Policy Reviews (across all Directorates)	Management & oversight of Identified organizational policies reviewed and updated as required and planned ELM	Identified Policies reviewed annually 100%	Completed and adopted policies as deemed for operational purposes / per project plan	Identified Policies reviewed annually	Policies assessed	Process of reviewing existing policies and by-laws and identifying new policies and by-laws has been started through the Corporate and Governance. DPLG and SALGA provided with policies and by-laws for process to be rolled out.	Appoint of service providers required

KPA 3: Municipal Transformation and institutional development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
HR Procedures / Policy Development : Management if Leave	Develop & adopt a leave policy & procedure to manage leave processes ELM	Developed / adopted leave management policy & procedure aligned to SALGBC's collective agreement	Completed and adopted policy & Procedure (leave management)aligned to SALGBC's collective agreement	Recurring audits raised on leave management /attendance registers / leave balances /leave forfeiture/absence of Procedure /policy as deemed for necessary for operational purposes	Assessment / Plan to develop policy & Procedure (leave management)	Due to funding constraints - Targets Revised /adjusted to read "Policy & Procedure Approved by June 2012. It is anticipated that target will be met by Q3- a month prior to target date (target to be scored form Q2)	Appointmen service prov required)/de policy & procedure

KPA 3: Municipal Transformation and institutional development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
HR Procedures / Policy Development :management of Discipline & suspensions	Develop & adopt a Disciplinary policy & Procedure to manage discipline processes in the organization ELM	Developed / adopted Disciplinary policy & Procedure aligned to SALGBC's collective agreement (Completed and adopted Disciplinary policy & Procedure aligned to SALGBC's collective agreement	Absence of Procedure /policy deemed necessary to manage disciplinary issues	Assessment / Plan to develop policy & Procedure (Discipline management)	Due to funding constraints - Targets Revised /adjusted to read "Policy & Procedure Approved by June 2012	Appointmen service prov required)/de policy & procedure
Developing & implementing an appropriate & Effective Performance Management system (Institutional PMS)	Reviewed and updated PMS Policy Performance Management institutionally applied as per PMS policy and roll-out plan ELM	Plan & report on progress with review of PMS Policy & framework /progress with PMS to be roll out to levels below s57 managers	Approved Annual Performance Report Performance Reviews: SDBIP's Annual report Reviewed PMS Policy	No progress with PMS to be roll out to levels below s57 managers	Review PMS Policy & framework table to Council by 30 Sept 2011	Council has adopted PMS Framework the review of same will be reviewed as per the directive of new Council be SALGA and DPLG Due to funding constraints	Report on progress with out to Level below s57

KPA 3: Municipal Transformation and institutional development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Developing & implementing an appropriate & Effective Performance Management system: PMS s57	Applications of PMS within Municipal Managers departments per PMS Policy s57 managers scorecards and agreements and application of PMS/Performance PDP's /Action Plans developed for staff (form part of Quarterly assessment) ELM	PMS agreements entered into /scorecards developed & submitted to Exco /submission compliance to province in July / Quarterly PMS Reports, Audit Reports, Scorecards and Performance Agreements	Quarterly PMS Reports, Audit Reports, Scorecards and Performance Agreements	Ongoing PMS functional at s57 level	PMS agreements entered into /scorecards developed & submitted to Exco /submission compliance to province in July / Quarterly PMS reports & assessments	PMS agreements entered into /scorecards developed PMS reports & assessments achieved	Quarterly assessment reports management

KPA 3: Municipal Transformation and institutional development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Improving integrated Planning processes and outcomes and reporting on institutional /individual Performance /improving communication : SDBIP	SDBIP quarterly Reporting/Managers Quarterly assessment reports ELM	100% Quarterly assessment reports s57 managers & Quarterly SDBIP reporting	All Standing Committees have standing items which are SDBIP based	Standing Committees with SDBIP items are standard items	Quarterly SDBIP reporting /Managers Quarterly assessment reports	First quarter report submitted to Standing Committee/ EXCO / Council by 31 October 2011 or first meeting scheduled thereafter.	Quarterly SDBIP r /Manager Quarterly assessm reports / year organiza perform report s reports
Effective Information Technology System (SEBATA)through out the Municipality	Oversight of reports on the management of data integrity and protection of all information and computer systems ELM	100% reports on implementation	IT Strategy/Policy & maintenance	IT System maintenance required / GIS requires maintenance/IT Strategy /Policy in draft	Quarterly reports on implementation	No quarterly reports in Q1 / Ongoing maintenance performed by SEBATA	Quarterly reports o impleme

KPA 3: Municipal Transformation and institutional development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
Effective administration through application Document Management System	Documents effectively maintained ELM	100% reports on implementation	Quarterly systems report (manual document management system functional)	Reporting Quarterly	Quarterly reports on implementation	No quarterly reports in / Service provider (African Networks) to be implementing training of Electronic Document Management System /Manual document management system functional / electronic system not functional - New server in place /no access to Driver	Quarterly reports on implementation

KPA 3: Municipal Transformation and institutional development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Compliance with legislation : Occupational Health and Safety	Manage & monitor Organizational Safety as per OHS Plan ELM	90% OHS Functioning / Quarterly Reports on progress with compliance on OHSA	Revised TOR for committees. /Safety Reps appointed/ Training of Safety reps /evidence of safety meetings / compliance with policy/Quarterly progress Reports and Reports to EXCO and Standing Committee	Legal requirement /not fully functional	Revised ToR for committees. Quarterly progress Reports and Reports to EXCO and Standing Committee	Compliance with OHS not met /Commenced with training Coordinator, Health and Safety Rep and First Aiders trained through CHDM and NOSA	Training safety committee /safety n (First Aid incident investig health & safety orientati Reports progress complian OHSA
Improving communication : Local Labour Forum	LLF functioning and reporting as per revised ToR ELM	100% Quarterly LLF Meetings /reports	Revised TOR Quarterly Reports to Standing Committee	Established LLF	1 Quarterly LLF Meetings /reports	No quarterly meeting in Q1 New Council did not nominate councillors Still awaiting Union candidate elections	Quarterly Meeting /reports

KPA 3: Municipal Transformation and institutional development (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	
Working towards employment equity : Employment Equity - ensuring the implementation of moral regeneration programmes	Management and oversight of Employment Equity and application of plan and achievement of targets. 70% achievement of EE in first 3 levels of management (Top Management /Senior Management & Professionally qualified & experienced specialist & mid management) ELM	70% Achievement of EE target in the first three levels (Top Management /Senior Management & Professionally qualified & experienced specialist & mid management)	EE Plan / EE Quarterly information reports/appointment statistics	Updated annually Scarcity of skills challenges Equity achieved in top 3 structures	Achievement of EE target ; (Top Management /Senior Management & Professionally qualified & experienced specialist & mid management)	Compliance with first 3 levels ;Top Management: - 1 BM : Senior Management: 2 BF's 1 WF 3 BM's : Professionally qualified and experienced specialists and mid management: 1 WM, 3 BM's and 4 BF's	Achievement of EE target ; (Top Management /Senior Management & Professionally qualified & experienced specialist & mid management)

KPA 4: Financial management and viability

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to improve financial viability and MFMA legislative compliance by setting appropriate financial controls and systems in place	Management & oversight - MFMA Implementation and compliance /AFS submitted by 31 August (GAMAP/GRAP compliant) ELM	100% implementation of Audit Action Plan /monthly progress reports to MPAC / Ongoing Monthly reconciliations /provisioning updates / reports prepares activity plan on preparation of AFS for following FY	AFS/ Audit Report/Monthly reconciliations/ activity plan on preparation of AFS	Disclaimer opinion - Audit Report AFS compiled annually & submission timeous	Reports on implementation of activity plan on preparation of AFS /Monthly reconciliations of sub ledger to ledger accounts /all provisioning updated / AFS Submitted to AG/NT by 31 August	Achieved submission of AFS 31 August 2011 to AG / Meeting with AG 28 Nov 2011/ Audit report presented 12 Dec 11 Appointed consultant in November 2011 and work started immediately after appointment	Audit report received AG / Amendment process AFS (as required AG)

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Ensuring effective expenditure /MFMA Compliance	% Operating budget spent year to date excluding staff costs ELM	98% of Operating budget spent year to date excluding staff costs (Quarterly Reports /Reporting Compliance) (within 5% variance)	Quarterly expenditure reports /budget vs. actual expenditure reports	Total actual to date as a % of total budget including secondary expenditure Underspent of operational budget when operational targets are achieved and savings achieved will not be regarded as poor performance - but measured as above standard Ongoing progress with reconciliations SP appointed to assist with backlogs	CFO to Issue PM 13 / input reports quarterly from all s57 Managers / report consolidated by CFO / 10% Expenditure /Reporting Compliance	Not Achieved Reconciliations outstanding since October 2010 / Compliance not achieved in terms of Monthly Recons of Sub Ledger to Ledger accounts /Provisioning not updated	CFO to PM 13 / reports quarterly all s57 Managers report consolidated by CFO 100% Expenditure /Reporting Compliance

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Ensuring effective expenditure /MFMA Compliance	% allocated capital budget spent year to date and report on grant funded programmes ELM	98 % Capital budget spent year to date excluding staff costs Quarterly Reports / Reporting Compliance (within 5% variance)	Quarterly expenditure reports /budget vs. actual expenditure reports	budget vs. actual expenditure reports done	Development of CIP aligned to infrastructure /implementation of IDP Projects / CFO to Issue PM 13 / input reports quarterly from all s57 Managers / report consolidated by CFO / 98% Expenditure /Reporting on implementation of funding plan	Compliance not achieved in terms of Monthly Recons of Sub Ledger to Ledger accounts Provisioning not updated	CFO to PM 13 / reports quarterly all s57 Managers report consolidated by CFO Expenditure /Reporting implementation of funding plan

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Working to improve financial viability and MFMA legislative compliance by setting appropriate financial controls and systems in place	Creditors paid within 30 days of invoice /monthly creditors reconciliations ELM	Manage & monitor creditors payments / Put in place control mechanism to manage & monitor creditors payments (paid within 30 days)	monthly creditors reconciliations /Monthly /quarterly reporting /exception reports	Creditors reconciliations not done monthly /regular /creditors paid beyond 30 days	Manage & monitor creditors payments / Put in place control mechanism to manage & monitor creditors payments/reporting	Compliance not achieved Creditors not all paid within 30 days of invoice & Monthly Recons of Sub Ledger to Ledger accounts /Provisioning not updated	Manage & monitor creditors payments Put in place control mechanism to manage & monitor creditors payments/reporting

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Ensuring effective indigent Management /Access to free basic services	% households earning less 2 old age pension with access to free basic services ELM	100% Implementation of indigent applications / acquire & install access software to capture data of new registrations /report /provision of statistics	Council reports/indigent register /statistics	Indigent and access to Basic Service Delivery/7000 indigents of which 1244 in villages - are not registered	Quarterly reporting on implementation /indigent statistics / acquire & install access software to capture data of new registrations	Policy compliance (Process ongoing / Indigent Policy and process applied) Basic Service Delivery/5756 indigents registered	Qua repe impl ion / stat

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Indigent Management Free Basic Services	Reviewed and approved Fully functional Indigent Policy and register. Report on number of indigents without access to free basic services ELM	Reviewed and approved Fully functional Indigent Policy and register. Report on number of indigents without access to free basic services 95% accuracy	Monthly updated Indigent Register Reviewed Indigent Policy (approval) Quarterly Reports	Current policy and Register Accuracy of records in question	65% accuracy Monthly updates Quarterly Report	Data base in progress of being updated / Auxiliary workers have been appointed to ensure the forms are distributed & required data is collected for updating of the register	75% accu Mon Upd Qua Rep

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Effective Consumer Billing Systems, Debt Collection and Credit Control to improve payment levels and reduce debt, and in so doing, to promote a culture of payment	Meter readings captured accurately ELM	90% accuracy of meter readings reflected monthly and inputted onto SEBATA	Sebata records / exception reports /consumers queries logged	Exceptions identified / capturing errors /No supervision /monitoring of capturing	Monitor implementation & report monthly on accuracy of capturing through exception reporting	Not Achieved	Monitor implementation & report monthly accuracy capturing through exception reporting

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Targ
MFMA Compliance ; Asset Management	Management of applied Asset Management and Insurance Policy ELM	100% assets bar-coded Asset Management Policy reviewed / Register to be updated monthly / New assets bought by Depts. must updated monthly	Approved Asset Management and Insurance Policy Updated Assets Register (all Depts. inventory lists /assets updated monthly) Recorded and bar-coded assets / New assets bought by Depts. updated monthly	100% assets bar-coded Asset Management Policy reviewed / Register to be updated / New assets bought by Depts. not updated on a monthly basis	Assets bar-coded Asset Management Policy reviewed / Register to be updated // New assets bought by Depts. updated monthly	Inventory lists / assets register in place /SP appointed to identify and record immovable assets / Currently being captured and uploaded onto the SEBATA system.	assets b-coded Asset Management Policy reviewed Register updated assets b by Depts updated monthly

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
MFMA Compliance ; Asset Management	Asset Management :Disposal of Assets ELM	Compliance with Disposal of Assets in terms of s 14 (5) MFMA by annually identifying & assessing assets for disposal	Disposal of Assets (per assets management policy stipulations)/ assets register update / Annual disposal Plan /Public auction / council resolution	Non compliance with Disposal of Assets	All Dept. s57 Managers to Identify & asses assets to be disposed /submission to CFO for tabling an item to Finance SC	Not compliant /Departments have not identified and assessed assets annually and submitted a list to CFO for tabling to the Finance S/C for disposal purposes /Compliance memo to be issued	Devel Dispo Plan / appro from c

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
MFMA Compliance ;Accounting and Reporting	Implement MFMA requirements relating to accounting and reporting (MFMA no. 56 of 2003) ELM	s71(monthly) & s72 (Dec)& other MFMA reports required to be submitted to Exco /Council & NT Monthly /Quarterly	All reports required in terms of MFMA submitted correctly and timeously Audit Reports	Currently comply with MFMA reporting requirements	Monthly s71 reporting /submission to Exco/Council /compliance submission to NT/province	Noncompliance on s71 reports for first quarter - not submitted to NT /Council (Council resolution to 27 Sept. 2011 reporting that this was due to data problems with Finance) Target set for rectification by 31 Oct. 2011 Compliance Manager has sent out compliance notice/reminder s72 report 10/11 FY tabled in February 2011	Month report /subm Exco/ /comp submi NT/pr inputs report conso of s72 /prese of dra Jan 2012/ s71 re /subm Exco/ /comp submi NT/pr

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
MFMA Compliance :Budget process (IDP inclusive)	Strategized Budget process (IDP inclusive) ELM	100% Public participation /outreach Table & adopt final IDP & Budget /Reporting Compliance	Council Approved Budget, Public Participation, Council Resolution	Approved Budget, Public Participation	Establish budget steering Committee / Review Budget Process & develop budget process Plan/table budget schedule to council by 31 August /Develop & adopt budget preparation & financial guidelines	Partially Achieved Planned discussion did not take place with CFO per Department Planned discussion to take place with CFO per Department	Review progress /baseline operational budget Depts review tariffs/ 1st draft Opex/ budget on submit
MFMA Compliance : Tariff and Adjustment Budget	Full compliance with Chapter 4 of MFMA Systems Act 8 s23 MFMA ELM	100% Approved Tariffs and approved adjustment budget (done annually)	Approved Tariffs and approved adjustment budget	Tariffs approved and approved adjustment budget	Tariffs approved and 1 adjustment budget	Achieved	No Tariffs

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
Putting in place appropriate measure to manage & control expenditure	Positive cash flow management ELM	100%Monthly reports on expenditure	Monthly reports on expenditure	Expenditure to be controlled within norms	CFO submits PM 13 to s57 managers / input reports quarterly from all s57 Managers to CFO / Expenditure report consolidated by CFO /Monthly reports on expenditure	Not achieved by June 2011 Backlogs in reconciliations / Actual percentage of expenditure not able to be report Backlogs in reconciliations resolved Dec 2011 / prior to Dec 11 no PM13's issued on.	CFO s PM 13 manag input r quarte all s57 Manag CFO Expen report conso by CF /Month report expen

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta
Implement projects to address Audit Report	Strategically manage plans developed and implemented to address issues raised in Audit Report ELM	Development of Audit action plan & implementation plan /meetings on progress / Quarterly reporting	Quarterly Reporting	Disclaimer	Implement & address issue raised 2009/2010 AG Audit in ACP/Audit action plan (2010/2011) & Quarterly reporting on implementation	In progress with previous FY establishment of new audit action plan after receipt of AG's audit r& audit report	Quarterly reporting implementation
Financial Viability: create an environment of effective, accountable and viable financial management with reliable information and accurate database.	Monthly reconciliations performed / submitted ELM	Monthly reconciliations submitted	Monthly reconciliations	Reconciliations not done monthly as required / raised in an audit qualification	Monthly reconciliations submitted/Monthly reconciliation reports (actual vs. budget)	Not achieved reconciliations outstanding since October 2010 /Compliance not achieved in terms of Monthly Recons of Sub Ledger to Ledger accounts / Provisioning not updated	Monthly reconciliations submitted monthly reconciliation reports vs. budget

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Targ
Revenue management: Sound financial management by Putting in place appropriate credit control measures and debt collection provisions	Implement Credit control policy / Accuracy of accounts/billings to improve - by 80% (current accounts delivered to consumers)Implement debt management collection programme /Strategy to collect Debt by June 2012 / Outstanding debt is reduced by 25% ELM	Oversight & monitoring : Accuracy of billings / Revenue enhancement strategy developed & implemented /Payment levels of accounts to improve by 25%	Monthly payment statistics / Reporting levels of operational efficiency and fiscal control /Monthly outstanding debt figures/collecti on statistics	Accounts/billings not accurate / Revenue enhancement strategy developed not implemented / Debt collection & Credit control policy in place & implemented /collection rate decreased from 23% in 2009 /2010 FY to 19% in 2010 / 2011 FY/ outstanding debt as at Dec 2010 (R 62 508 617 The total debt book as at 31 December 2011 amounts to R55,7 million. Credit control policy in place & Revenue enhancement strategy developed implementation not successfully managed	Monitor implementation weekly & report on monthly on accuracy of billings / progress on payment levels / Revenue enhancement strategy implementation /development of cash flow management model & implementation of debt collection /& credit control policy / Debt reduced /20 % /increase in debt collection	Not achieved / cuts off `s continue / no reporting on accuracy of billings /progress on payment levels / Revenue enhancement strategy implementation Non-implementation No cash flow management model approved/ partially implementing credit control /debt collection (Debt collection rate in +- 23%	Monitor implementation weekly/re monthly o accuracy of billings & payment l Progress on Revenue enhancement strategy implementation / cash flow management model app & report o implement of debt collection credit control policy 25% increase D collection

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T

Working to improve financial viability and MFMA legislative compliance by setting appropriate financial controls and systems in place	Implement financial control & oversight by monitoring compliance issues related to fruitless & wasteful expenditure /identifying areas of no compliance /& issue compliance memorandums /report on implementation of intervention programme/s ELM	Financial control & oversight by monitoring compliance/identifying areas of no compliance and implement measures to control fruitless & wasteful expenditure by monitoring compliance issues / issue compliance memorandums /report implementation of intervention programme/s	Audit Report /areas of noncompliance / compliance memorandums /report on implementation of intervention programme/s	Audit disclaimer identified areas of fruitless & wasteful expenditure / 2011Unauthorised expenditure R 2 757,950 Fruitless and wasteful expenditure awaiting further action R 52,559 Due to Interest was paid to Eskom and TelkomIrregular expenditure (2011) R 36 600.000 SCM procedures not followed	Analysis / identify areas of noncompliance / reconcile fruitless & wasteful expenditure / Monitor / issue compliance memorandums (in cases of noncompliance) /report fruitless & wasteful expenditure to council report implementation of intervention programme/s /avoidable fruitless & wasteful expenditure to be approved by council	In progress / Municipal Manager has issued compliance memorandums to s57 managers	Controlled monitoring compliance measures & wasteful expenditure recom fruitless waste expenditure report implementation of intervention programme /avoidable fruitless waste expenditure be approved by council
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KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Ta

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KPA 4: Financial management and viability (Cont.)							
IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Targ

<p>MFMA compliance / build an institution capable of effective delivery with sound financial, administration and good governance practices</p>	<p>Implementation of assessments for minimum Competency levels (finance) / training MFMA CIRCULAR 47 / 14,2 a & reporting on progress to National /Provincial Treasury ELM</p>	<p>Implementation of assessments for minimum Competency levels /training MFMA CIRCULAR 47 / 14,2 a (undergo 15 months training/compliance achievement)/ reporting on progress to National /Provincial Treasury</p>	<p>Training register /schedules / results /assignment register</p>	<p>In progress /CFO /Budget & Treasury Officer / Accountant Expenditure on training</p>	<p>Training in progress</p>	<p>In progress / Implementation of assessments for minimum Competency levels /training MFMA CIRCULAR 47 / 14,2 as for supply chain management officials (undergo 15 months training/compliance achievement)/ reporting on progress to National</p>	<p>Training progress /Report progress achieved of competency levels of staff members (CFO /B & Treas Officer / Accountant Expenditure</p>
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KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Creating an environment of effective, accountable and viable financial management / expand and protect municipal revenue base	Report on the Municipality's Financial viability expressed as per regulation 10(g) report quarterly on the cost coverage ratio (NKPI) (Service Debtors to revenue) (Reporting requirements in terms of s46 MSA)	Report on cost coverage ratio target 2:1 Cost coverage (A represents cost coverage/ B represents all available cash at a particular time/ C represents investments/ D represents monthly fixed operating expenditure (A=B +C divided by D)	Monthly reports Municipal budget & MTREF reports to NT /S71 reports	cost coverage ratio target 3.7	Report on cost coverage ratio target 2:1	2.13.1	Report on cost coverage ratio target

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Management of Credit Control and Debt Collection policy / Reports on the debt coverage ratio (reporting requirements in terms of s46 MSA)	Report on the Municipality's Financial ability expressed as per regulation 10(g) report quarterly on the debt coverage ratio (NKPI) Debt coverage)	Debt coverage to total operating revenue/ operation grant/ debt service payment due of the Financial Year (A represent debt coverage/ B represents revenue received/ C Represent operating grant/ D represents debt service payments due in the Financial Year (A =B –C Divided by D)	Monthly reports Municipal budget & MTREF reports to NT /S71 reports	Debt Coverage ratio during the preceding Financial Year was 5.4 (audited outcome)	Report on debt coverage ratio (NKPI) (Debt coverage ratios) target set at 4:1	10.01	Report on debt coverage ratio (NKPI) (Debt coverage ratios) target set at 4:1

KPA 4: Financial management and viability (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Management of Credit Control and Debt Collection policy/ Reports on Service Debtors to revenue (reporting requirements in terms of s46 MSA)	Report on the Municipality's Financial ability expressed as per regulation 10(g) report quarterly on Service debtors revenue (NKPI) (Service Debtors to revenue) % net debtors to annual income	Service Debtors coverage to total operating revenue/ operating grant / outstanding service debtors to revenue payments received in the Financial Year (A represent outstanding service debtors to revenue / B represents outstanding service debtors / C represent annual revenue actually received during the financial year (A=B divided by C))	Monthly reports Municipal budget & MTREF reports to NT /S71 reports	Service Debtors during the preceding Financial year amounted to R21.6 million/ Debtors more than 365 days amounts to R12.5 million (579%) of total debtors book/ ratio of outstanding debtors to revenue is 20.6%	Report on service debtors/ net debtors to annual income (NKPI) (Service Debtors to revenue) target set to at 80% net service debtors to annual income	14%	Report on service debtors/ net debtors to annual income (NKPI) (Service Debtors to revenue) target set to at 80% net service debtors to annual income

KPA 5: Good governance and Public participation

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Stakeholder Consultation and community participation	Ensuring that the community participation programmes are planned, budgeted for, implemented, monitored and reported as per Community Participation Programme Public Participation Plan (R 1,5 Mil) All Wards	16 Public Participation outreaches /develop schedule/programme/ outreaches in all 17 wards /report on Imbizo's	Community Participation Programme	Community Participation to be increased	Establish schedule & Develop public participation Plan /publish to community & implement	Achieved / IDP schedule adopted Scheduled meetings held Rep Forum/Sector meetings scheduled, planned and held	Implement (outreach /Imbizo' reporting

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Stakeholder Consultation and community participation	Maintenance of sound relationships with organized business and civil society All Wards	Mayoral business forum established /6 business forum meetings	Quarterly meetings / Reporting	business forum established / meetings did not take place	Mayoral business forum established /IPED Manager to facilitate quarterly meetings (3 meeting in Q1 - All three towns)/ reporting to council	In progress / Initiation, strategy and process all agreed upon The processes and procedures scheduled in the 2nd quarter First Business Forum scheduled to take place in DDX / 6 business forum meetings (3 in Q1 & 1 in Q2; 1 in Q3; 1 in Q4)/Arranged for Exco and Mayor to attend in 1st Quarter but this was postponed. Report back required on completion of meetings.	(6 business forum meetings reporting to council)

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
	Ward Committee Structures functional & operating as scheduled/ All Wards	Ward Committee Structures functional & operating	Ward Committee participation in council : Support provision / Items from WC to be tabled at SC meetings / Reporting	Operating Ward Committee structures/Items from WC to be tabled at SC Meetings	Ward participation /Items from ward committee tabled at SC Meetings	Achieved	Ward participat /Items fr ward co tabled a Meeting

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
	Ward Committee Structures functional & operating as scheduled/Induction & Training of councillors R 600 000& attendance of ward meetings R 2,040 000 (out of pocket expenses for ward councillors) All Wards	100% Ward Committee Structures functional & operating / (4) Reports	Quarterly Reports on Ward Committee Structures & training implemented (programmes / expenditure reports)	Operating Ward Committee structures	1 Quarterly Reports on Ward Committee Structures & training implemented (programmes / expenditure reports)	Ward induction done - Bags and T-shirts and identification name tags purchased. Training is planned for end November 2011. Planned event - to go door-to-door to check on vulnerable communities	1 Quarterly Reports on Ward Committee Structures & training implemented (programmes / expenditure reports)

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
IDP : Compliance with Municipal legislation / Improving IDP processes & strengthening public participation	IDP reviewed and updated and inclusive of community participation outcomes. IDP Process Plan adopted All Wards	Establish initial planning for the development of new 5 year IDP / Process Plan 100%	Reviewed and adopted IDP Process Plan (new 5 year Plan)	IDP reviewed annually	Planning for the development of new 5 year IDP Plan (2011/2016) /alignment National provincial objectives /Adopted / Approved Process Plan in Q1 / Community Cluster meetings, Sector department meetings	In progress - Legothla held / foundation laid for review/ IDP schedule adopted Scheduled meetings /Rep Forum/Sector meetings scheduled	Impleme / Comm and Dep meeting schedul

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Organizational Strategic Plan review & aligned to reviewed IDP (new strategic plan /aligned to new IDP (new council)	Strategic Plan reviewed and updated & aligned to reviewed IDP by June 2012 All Wards	reviewed and update Strategic Plan by June 2012	Reviewed and adopted Strategic Plan aligned to reviewed IDP	Strategic Plan to be reviewed	Planning for the development /arrange & attend strategic sessions with stakeholders /outline processes / input into development form stakeholders	Legothla held / foundation laid for review/update and development of 5-year strategic plans	Consult stakeholders /Strategic sessions /Strategic development

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Compliance with Municipal legislation : Application of Delegations Framework	Review & re draft new Delegations Framework / Workshops conducted / Delegations Register /approval by council ELM	100% Review & re draft new Delegations Framework / Workshops conducted / Delegations Register /approval by council	Council resolution Workshops registers Delegations Register Quarterly implementation report	Existing Framework work-shopped and updated annually(adop ted Sept 2010)	Review & re draft new Delegations Framework	Delegation Framework adopted at 1st Council meeting in May 2011 to the new Council	Worksho conduct ultation. Framework approve council

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Functioning Audit Unit to ensure a fully audited and legislatively compliant organization	Strategic management of audit unit to achieve clean audits received Audit reports Investor confidence improved Development of Risk Management Report ELM	Report / Audit committee, Internal audit Programme, 2 meetings per quarter / Risk based Audit Plan & Audit Reports in place	Audit Report as scheduled Risk Management Report	Internal Auditor appointed and Audit Committee established (shared function)	Audit committee, Internal audit Programme, All managers to attend 2 meetings per quarter / Risk based Audit Plan & Audit Reports	AC have occurred but have been beset with Lack of quorum / resignation of members on the audit committee As at June 11 the Cluster co-opted members and meetings held for AFS submission and IA reporting	Audit Re meeting external liaison (manage attend 2 meeting quarter)

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar

Compliance with MFMA : S46 Performance Report (Financial component) included co - ordinated service providers report (progress per service provider per tender awarded plus service providers progress and project payment progress	Submission of s46 Report to Council and National Treasury by 31 August Report to form part of Annual Report All departmental inputs ELM	100% / 1st draft of s46 performance report to be completed /approved by MM & presented to the office of the AG by 31 August	Timeously submitted report Council resolution	Annually - Ongoing	s46 report /1st draft 31 August 2011 for AG Office / Process amendments as required by AG & Finalize by inclusion of 1st draft of the Annual report to be available to AG by 31 October 2011	Not required to be achieved by 30 June 2011 target set for 31 August 2011 notwithstanding Not Achieved s46 report included in the 1st Draft of the Annual Report submitted 4 November 2011 (Noted not a legislated date)	s46 report draft 31 August : for AG Office Process amendments as required AG & Finalize by inclusion of 1st draft of the Annual Report to be available to AG by 31 October
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KPA 5: Good governance and Public participation (Cont.)							
IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Compliance with Municipal legislation /MFMA : Annual report Submission / Adoption of Oversight Report and Final Annual Municipal Report /Submission to NT/AG & Province by 30 April 2012	Annual report (2010/2011) submission : 1st draft submitted to AG (inclusive of S46 report) by 31 October 2011 /1st draft tabled to council by 31 January 2012 & Final Draft AR & Oversight report tabled to council by 31 March 2012 All Wards/ELM	Final Annual Report inclusive of oversight report Tabled to council for adoption by 31 March 2012 / 100%/ compliance reporting /submission	Adopted Annual Report /Oversight Report by 31 March 2012	Compliance achieved	1st Draft AR (inclusive of s46 performance report)presented to AG by 31 October 2011 / process amendments as required by AG	Submitted to AG /1st draft of AR inclusive of s46 report provided to AG November 2011 (Extension provided) AR draft tabled to Council 30 January 2012 and Oversight report tabled 30 March 2012	1st Draft AR (inclusive of s46 performance report)presented to AG by 31 October 2011 / process amendments as required AG / AR tabled to Council 30 January 2012 and Oversight report tabled 30 March 2012

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KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Compliance with Municipal legislation /MFMA : Annual report ; Establishment of MPAC Committee / Workshop MPAC Committee / deliberate on Audit findings & AR/ Adoption of Oversight Report	Establishment of a Functional MPAC /workshop committee (if deemed necessary) oversight committee established / Deliberation on AG outcomes & AR by MPAC / Oversight Committee/table & adoption of Oversight report ELM	Oversight & final Annual Report Tabled to council for adoption/ 100%/ compliance reporting /submission	MPAC committee meetings /Adopted Oversight Report and Annual Report	AR adopted / Oversight /MPAC Committee established /report completed annually/ adopted	MPAC Oversight Committee established /workshopped if deemed necessary / MPAC Committee to deliberate on Audit findings & AR/ 1 meeting	MPAC Committee established	MPAC Committee workshop if deemed necessary MPAC Committee delibera Audit fin 2 meetin

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Institutional meetings held in manner required in terms of legislative compliance	Council Meetings held according to schedule ELM	Provision of Agendas within 7 working days of Council Meeting / 4 council meetings held per quarter as scheduled/report on special council meetings held	Agendas provided to councillors within 7 working days of Council Meeting / 4 council meetings held per quarter as scheduled / Meeting Agenda and Minutes	Updated meeting schedules annually, and lack of cooperation from municipal officials re - implementation of resolutions timeously	1 council meeting held per quarter /Meeting Agenda delivered within 7 working days to councillors / Minutes of council meetings	Not fully in FY Achieved 3 meetings in 2011 variance of 1 meeting ordinary council meeting was held on 19/7 and 27/9 and Special Council meeting was held on 26/8/2011 /Meeting Agenda not delivered within 7 working days to councillors / Minutes of council meetings	1 council meeting per quarter /Meeting Agenda delivered within 7 working days to councillors / Minutes of council meetings

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Institutional meetings held in manner required in terms of legislative compliance	Departmental Standing Committee Meetings held according to schedule ELM	100% - attendance at Standing committee meetings held per quarter as scheduled	Attendance of Standing Committee meetings /schedule/minutes agendas	Standing Committee meetings attended to as scheduled	2 meetings held per quarter /Meeting Agenda and Minutes	Not Achieved (2)One SC meeting per . was held /postponed due to Standing Committee Councillors not being available - no quorum/s Note : Target revised :SC meetings are held bi monthly - target set for Q1 & Q 3	(Bi monthly 1 meetings held per quarter /Meeting Agenda and Minutes

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target

Institutional meetings held in manner required in terms of legislative compliance	Management Meetings attended (x11 meetings) (s57 Management meetings) ELM	100% - 11 Management Meetings attended (s57 Management meetings)	Meeting Agenda and Minutes	Monthly management occur	X 11 Management Meetings attended as scheduled	Achieved	X 11 Management Meetings attended as scheduled
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KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Updating and development of Municipal By-Laws	Strategic oversight to ensure By-Laws Analysis Report Implementation Strategy and plan to update By-laws ELM	100% as per planned scheduled & by laws identified	Adopted By-Laws as per plan	By-Laws exist but require updating/ formulation	Assessment /identification & development process plan /Implementation strategy	Existing identified policies and by laws reviewed /Process of reviewing existing policies and by-laws and identifying new policies and by-laws has been started through the Corporate and Governance. DPLG and SALGA provided with policies and by-laws for process to be rolled out.	Develop By laws identified

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Good governance and effective administration- Building an institution capable of effective service delivery	80% critical funded vacant posts filled ELM	80% of identified critical funded vacant posts filled	Recruitment / Employment records/Adverts / recruitment reports/budget approval / Contracts/Letters of Appointment /Organogram and statistics - Quarterly reports	Current Recruitment records available	Review Recruitment & selection policy Identify critical posts & obtain funding approval funding for critical vacant posts - commence with advertising posts and recruitment & selection	Council directive to review the 11/12 organogram / Existing organogram for 10/11 25 unfilled/ vacant funded positions - 3 of the 25 positions are not going to be filled but are going to be occupied by trainees for law enforcement - 8 of the 25 positions have been shortlisted and interviews are pending. 14 positions - no movement - these are housed in the TSM Dept. No request forms received from TSM	Identify posts & funding approval funding critical v posts - commer advertis posts an recruitm selection /submis staff mo statistics council

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Good governance / Improving communication / compliance with municipal legislation Council Resolutions	Council resolutions to be effected within 30 days or appropriate action taken to remedy situation/ Resolution Register and Reporting to next Council meeting on implementation ELM	Council Resolutions implemented within 30 days or appropriate action /Monthly and Quarterly reporting to Council	Council Resolutions implemented /resolution register / (evidence of resolution implemented) Quarterly reporting	Resolutions not always timeously effected by all Depts.	Council Resolutions implemented within 30 days or appropriate action /Monthly and Quarterly reporting to Council	Achieved : Monthly meetings held Resolution Register established	Council Resolutions implemented within 30 days or appropriate action /Monthly and Quarterly reporting to Council
Effective Internal Communication	Terms of reference for Local Communication Forum ELM	Establish 1 Terms of Reference for Local Communications Forum	Terms of Reference	Draft T.O.R in place	1 T.O.R in place	Achieved : Terms of Reference in place	No Target

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Effective Internal Communication	Launch of Local Communication Forum ELM	Launch 1 Local Communication Forum	Minutes of Forum Launch /attendance registers / minutes meetings	No Communication forum	1 Communication forum launched	No communication forum launched	1 Q foru mee
Effective Communication	External communication (Communications Strategy R 350 000& Public participation Plan / Framework) R 150 000ELM	1 External Communications Strategy and Public Participation Plan/Framework	Communication strategy /Public participation - Approved Strategy	Communication strategy /Public participation - Approved Strategy required to be reviewed	Review & re draft new Communications Strategy & public participation Plan / Framework	Communications strategy in place / Public participation framework in place	Con

KPA 5: Good governance and Public participation (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
	Quarterly Newsletter ELM	4 Quarterly Newsletters	quarterly news letter	Quarterly newsletter in place	1 quarterly newsletter per quarter	Not Achieved / No newsletter in quarter 1	1 quarterly newsletter per quarter
	Media Liaison (IDP/Public participation /AR /Legislative compliance issues /PR projection of ELM ELM	4 Reports	Quarterly Reports	Not available	Quarterly reporting (tied in with related compliance issues)	Achieved - talk show - (Mayor and Speaker) Vukani Radio Station	Quarterly reporting in with related compliance issues)

CMC 1: Financial Management

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Effective and viable financial management	Financial resources are effectively managed and 98% of the operational budget spent per annum All Wards	98% of the operational and capital budget spent per annum	Operating and capital printout reports/progress reporting /reporting to NT/Province /AFS	Annually ongoing Slow progress recorded by Q2 Dec 2011 capital expenditure is reflected as follows: R2.1 million which is 20.48% of the approved budget of R10,5 million and 40,9% of the year to date budget of R5,2 million. under spending on personnel budget by 13%	Ongoing measurement/progress reporting /reporting to NT/Province		Ongoing measurement/progress reporting /reporting to NT/Province

CMC 1: Financial Management (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Effective Consumer Billing Systems, Debt Collection and Credit Control to improve payment levels and reduce debt, and in so doing, to promote a culture of payment	Debt collection increased to 25%/implement Credit Control Policy and Debt Collection Billing System All Wards	Implementation Credit Control and Debt Collection Policy applied Debt collection increased to 25%	Credit Control and revenue enhancement / Debt Collection strategy Policy /report on statistics	Credit Control and Debt Collection Policy applied current collection rate at 23 % / Long outstanding debt being written off the debtors book decreased by R6,8 million when compared to 31 December 2010.	Debt collection increased to 20%/report /payment statistics	Not achieved / cuts off `s continue / no reporting on accuracy of billings /progress on payment levels / Revenue enhancement strategy implementation /development of cash flow management model & implementation of debt collection /& credit control /current collection rate at 23 %	Debt collection increased to 25%/report /payment statistics

CMC 1: Financial Management (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Tar
Effective Consumer Billing Systems, Debt Collection and Credit Control to improve payment levels and reduce debt, and in so doing, to promote a culture of payment	Consumer database up to date and updated monthly/Consumer accounts accurate All Wards	Updated consumer data base/Accuracy of Billings / statistics	Data cleansing being undertaken /Sebata system reports	Consumer data base being reviewed	Ongoing monitoring & reporting / statistics /Accuracy of Billings 80%	Not fully Achieved / 60% Accuracy	Ongoing monitoring & reporting / statistics /Accuracy of Billings 80%
Working to improve financial viability and MFMA legislative compliance by setting appropriate financial controls and systems in place	Effective utilization of financial resources /Capital / grant expenditure and no over expenditure ELM	98%Capital / grant expenditure and no over expenditure	Monthly printout reports	Annually ongoing	Quarterly reporting	Not fully achieved /in progress being addressed /SP appointed to assist with backlogs 20.48% expenditure	98%Capital / grant expenditure and no over expenditure Quarterly reporting

CMC 2: People Management and Empowerment

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Focusing on development & Building an institution capable of effective delivery with sound administration	Meets regularly (once a month) with the immediate reports and conducts broader reports in the broadest context ELM	Monthly meetings /reports	Monthly progress reports	Annual ongoing	3 Reports	Achieved s57 managers' meetings /SC /EXCO /council /institutional reporting to SC/EXCO & Council	3 Reports
	Supports stakeholders in cluster meetings with their need achieve their goals and needs /Feedback to communities ELM	12 feedback meetings (per ward/ per councillor)	Cluster meeting minutes/report back template/attendance registers	Ongoing / Meeting minutes	meeting as scheduled/attendance register & feedback report to council	Achieved attend meetings as scheduled	meeting scheduled/attendance register/feedback report to council

CMC 2: People Management and Empowerment (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Focusing on development & Building an institution capable of effective delivery with sound administration	Learnerships /ABET/Training Staff/ councillors development R 497 000 / Capacitated staff /councillors within identified areas / ABETR5000& Learnerships R119 000 / Implemented ELM	100% (per planned training)	Learnerships /ABET/Training implementation reports	Annual ongoing	Quarterly reporting (inclusive of initiatives / training implemented & expenditure report)	Expenditure of WSP budget amounts to R 455,357.22 of WSP budget % against budget not determined expenditure to be determined and monitored	Quarterly reporting (inclusive of initiative training implemented & expenditure report)

CMC 3: Client orientation and Customer Focus (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	Target
Improving communication & Developing of an institution with effective delivery with sound good governance	Established & functional customer care /Public Liaison unit by June 2011 ELM	Public liaison /customer unit established / Develop complaints register / (% or no)reduction complaints and 48 hour turnaround time in resolving complaints /monthly reporting /feedback (report on reduction & turnaround time in handling of customer complaints)	Customer complaints register /reduction complaints and 48 hour turnaround time in resolving complaints / reports	Functional Public Liaison unit	monthly reporting /feedback report inclusive of % or no in reduction of complaints and 48 hour turnaround time in resolving complaints	Complaints register / Faults register in place recorded as received & attended to within 48 hours /Assisted by Customer Service Officer seconded by CHDM - 2 dedicated staff members have been employed to manage the Presidential Hotline queries. Monthly / Quarterly reporting occurs as required.	monthly reporting /feedback report inclusive or no in reduction complain and 48 h turnaround time in resolving complain

CMC 3: Client orientation and Customer Focus (Cont.)

IDP Objective	Indicator of performance	Annual target	measurement source	Baseline	Targets		
					Target	June 2011 Actual	T
Improving communication & Developing of an institution with effective delivery with sound good governance	Supports stakeholders in cluster meetings with their need achieve their goals and needs Meets as scheduled to discuss areas of common interest/concern with certain members of the public All Wards	100% /quarterly meetings	Cluster meeting minutes	Ongoing	1 Meeting quarterly	Achieved	1 Meeting quarterly
Strengthening public participation & improving communication	Development of Community Participation Plan and strategy in order to give effect towards Customer Focus All Wards	Implementation of Communications Plan and Strategy	Communication s Plan and Strategy	Ongoing	Quarterly progress reports on implementation	Communications strategy in place / Public participation framework in place	Quarterly progress on implementation

- **Service Providers Report
(Bid Committee, Tender
Awards & Deviations)**

ANNEXURE B



SERVICE PROVIDERS REPORT

All issues of non-compliance in respect of adherence to the Supply Chain Management Regulations for 2011/2012 have been detailed / highlighted via audits and all issues raised were incorporated within the Audit Action Plan and corrected within the 2011/2012 financial year. In terms of this plan measures were put in place and are to be audited in terms of progress.

While it is acknowledged that service providers are required to be audited and assessed in terms of their performance, it must be noted that there are no formal guidelines on the manner in which this is to be done and no formal performance management system for their monitoring. The Service Provider report for 2011/2012 has not been populated or provided and is not been updated continuously as required.

Within both financial years it is apparent that in as far as Supply Chain Management is concerned, steps have been taken to ensure compliance in all instances. The policies have been updated and staff were workshopped in this regard. Notwithstanding, it is noted that the risk assessment on the Supply Chain Management system was not done during 2011/2012. This will be remedied in 2012/2013.

It is noticed that issues of non-compliance in respect of Supply Chain Management regulations did occur during the 2010/2011 financial year. These identified issues will be incorporated into the Audit Action Plan and all remedial action required was planned for correction in the 2011/2012 FY.

Bid Committee data, the awards of Bids and any deviations are detailed in the Annexures that follow.

Bid Committee Data

Total number of times that the Tender Committee met during 2010/2011 **20**

Total number of tenders considered 2010/2011 **22**

Total number of tenders approved 2011/2012 **20**

Average time taken from tender advertisement to award of tender 2011/2012 **5 weeks**

BID Committee Membership		
Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
Members	Members	Members
L.Nqumkwana	N. Mpangele	N.Lungwengwe
Y.Nkwentsha	N.Magwashu	N.Mnyengeza
L.Dziba	N.Mazibuko	N.Mntuyedwa
N.Bushula	L.Nkosiyaphantsi	W.Mkuyana
	M.Matoti	A.Stemela

ADDENDUM A - BIDS AWARDED BY BID ADJUDICATION COMMITTEE FOR 2011/12 PERIOD

BID NO	DESCRIPTION	NAME OF BIDDER	AMOUNT	BID AWARDED TO	DATE ADJ
ELM/4/1/2011	Supply and delivery of vehicles	Trade first 94 (Pty)Ltd	R 333 000.00		
	Double Cab	Ronnies Motors Trust	R 309 576.00	Jacksons Delta-	16/01/2012
		Jacksons t/a mark Wilson	R 294 640.00	Double Cab	
		Weirs	R 315 736.00		
		S.A Fleet Management Corp	R 355 628.95		
	Sedan	Trade First 94 (Pty)Ltd	R 195 000.00		
			R 178 000.00		
		Ronnies Motors Trust	R 202 295.00		
		JACKSONS/Mark Wilson	R 184 563.41		
		Weirs	R 196 509.00	Weirs Toyota	
		S.A Fleet Management Corp	R 226 020.72	Passenger Vehicle	16/01/2012
			R 253 230.14		
	Truck	Jacksons/mark Wilson	R 535 000.01		
		Ronnies	R 330 622.50	Ronnies Motors Trust	07/11/2011
		S.A Fleet Management Corp	R 1 355 000.00		
	Tractor	S.A Fleet Management Corp	R 376 320.00		
		Weirs Agric Centre	R 424 000.00		
			R 404 000.00		
	Tractor and trailer	Ronnies	R 547 101.96	Ronnies Motors Trust	07/11/2011
		Fix Trade/Construction EQ	R 627 000.00		
	Trailer	S.A Fleet Management Corp	R 124 544.00		
		Weirs Agric Centre	R 17 000.00		

ADDENDUM A - BIDS AWARDED BY BID ADJUDICATION COMMITTEE FOR 2011/12 PERIOD Continued

BID NO	DESCRIPTION	NAME OF BIDDER	AMOUNT	BID AWARDED TO	DATE ADJ
ELM/5/1/2011	Supply and delivery of Generator	AA Smiles	R 482 949.60		
		Andile Maseko Building	R 301 088.88		
		Mvuba Trading Enterprise	R 559 872.20		
		Eastern Cape Steams	R 517 726.44		
		Mica (Pty) Ltd	R 377 395.86	TO BE RE-ADVERTISED - they all did not meet the requirements of the tender but a new one has been bought via quotes.	07/11/2011
ELM/5/2/2011	Renovations of Dordrecht Clinic	Lilanga Caterers and Cons	R 359 367.10		
		Martiq	R 0		
		AA Smiles	R 322 620.00		
		DDX Builders	R 329 700.00	NOT BUDGETED FOR - money was used for another projects	07/11/2011
ELM/6/1/2011	Purchasing of water carts	Trade First	R 2 073 432.00		
		Union Diesel	R 2 538 396.50		
		Mvuba Trading Enterprise	R 2 637 728.40		
		Zingxondo Construction	R 2 343 925.16		
		Star Motors	R 2 428 556.80		
		Jacksons Delta	R 1 991 400.00		
		Queenstown Nissan	R 2 508 992.02	NOT AWARDED - Chris Hani gave us new trucks that is why it was not awarded	07/11/2011

ADDENDUM A - BIDS AWARDED BY BID ADJUDICATION COMMITTEE FOR 2011/12 PERIOD Continued

BID NO	DESCRIPTION	NAME OF BIDDER	AMOUNT	BID AWARDED TO	DATE ADJ
ELM/8/1/20011	Purchasing of mayoral vehicle	Mvuba Trading Enterprise	R 520 000.00		
		Zingxondo Construction	R 560 000.00		
		E-Logistic Solution	R 0		
		Trade First	R327 000.00		
		Mark Wilson	R 412 537.00		
		Ndira Investments	R 480 000.00		
		Weirs Toyota opt 1	R 416 308.87		
		Weirs toyota opt 2	R 373 635.38	Trade First-Qash QAI	16/01/2012
ELM/11/1/2011	Purchasing of photocopiers	Zerox	R 9 277.45		
		NRG Office Solution	R 29 500.00	NRG Office Solution	13/03/2012
		Panasonic	R 16 499.00		
		ITEC	R 14 156.91		
ELM/2/4/2012	IDP Development	MT Nebo Dev Agency	R 296 359.82		
		STratdev Planning Consulting	R 188 362.56		
		Executive Insight	R 270 000.00		
		Hardblack Cube	R 245 100.00		
		Ulubuto Development Sol	R 389 433.50		
		Ofemon Consulting	R 393 000.00		
		Kungako Trading CC	R 0.00	Hardblack Cube	05/03/2012
ELM/2/1/2012	Cemetery Expansion	Masabisa Management	R 700 918.00	Masabisa Consulting	08/08/2012
		Bosch Munitech Pty Ltd	R 406 980.00		

Addendum B

#	Date	Approved Company	Description	Amount (Including VAT)	Directorate	Reasons for deviation
1.	17-01-12	Afrika Network	Acer Overhead Projector	R11 263.20	Corporate Services	The IT office Chose Afrika Network as they supplied The Acer Projector instead of BenQ Projectors from other quotes as Acer has durability and effective features.
2.	02-02-12	Mpekwani Beach Resort	Accommodation for the Mayor (4 nights) to attend a workshop	R4 932.00	Mayor's Office	The guesthouse is the venue of the workshop and is situated outside town with no other guesthouses around.
3.	02-02-12	Mpekwani Beach Resort	Accommodation for the Speaker Cllr D.S kalolo (3 nights) to attend a workshop.	R3 249.00	Mayor's Office	The guesthouse is the venue of the workshop and is situated outside town with no other guesthouses around.
4.	02-02-12	Halyards Hotel	Accommodation for A Stemele & PJ Cloete(4 nights).	R8 080.00	Mayor's Office	Failure of other hotels to submit their quotations.
5	06-03-12	Industrial Amature Winders	22kv Dropout Insulator Fuse Holders with link & Fuse.	R18 262.80	Technical Services	The company is the only supplier used by the municipality for Fuses and transformers.
6.	16-03-12	The Black Swann B&B	Accommodation for 3 Plant Operators (4 nights).	R6 600.00	Technical Services	All other B&B's in the area were fully Booked.
7.	22-03-12	Industrial Amature Winders	50kva 22kv Transformer and; Strip & Test	R27 189.00	Technical Services	The company is the only supplier used by the municipality for servicing and repairing transformers.
8.	23-03-12	Copyworld	Printing of Annual Report	R5 165.00	Corporate	Copy World is the only company that the municipality have used (in terms of the quality of job).
9.	23-05-12	Gaylards Agencies cc	100 bail of Refuse bags & 60 pairs of PVC Red Smooth Gloves	R13 750.22	Community Services	The cheapest Supplier does not have gloves on stock
10	18-04-12	Avis	Car Hire	R1 478.81	Mayor's Office	The service provider is the only company that offers rental services of vehicles in the district.
11	12-04-12	Avis	Car hire	R2 443.03	Water & Sanitation	Other service providers need credit cards, hence opted for Avis as the municipality is having an account with Avis.

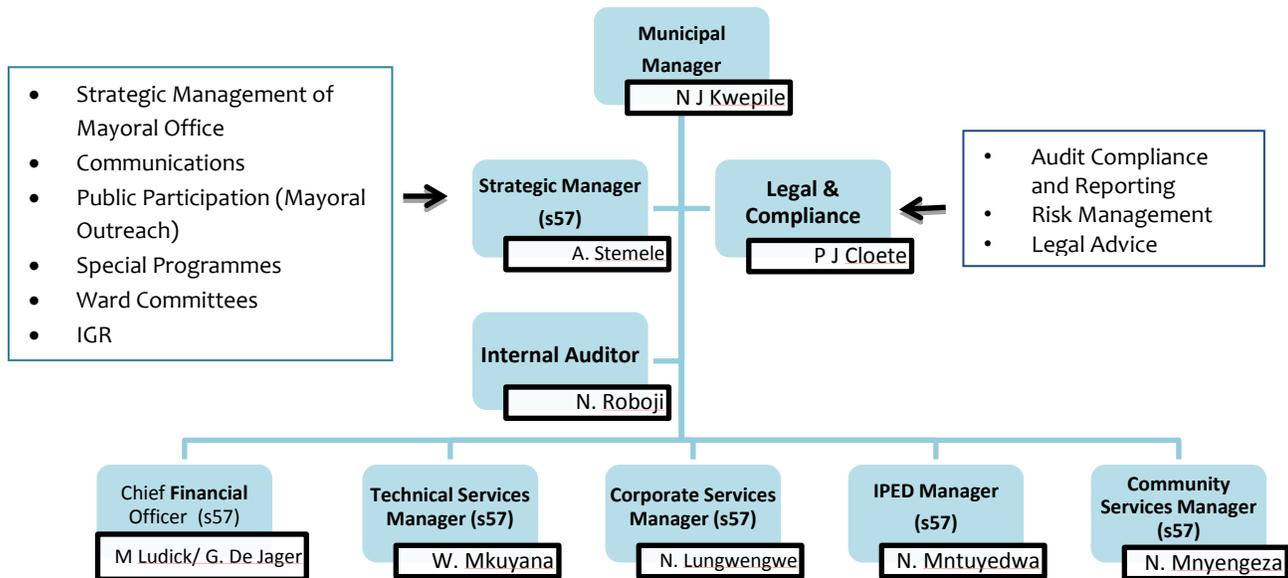
- **Organisational
Development Reporting
(PERFORMANCE REPORTING PART 1)**

CHAPTER FOUR



COMPONENT A: INTRODUCTION TO WORKFORCE

ORGANISATIONAL STRUCTURE



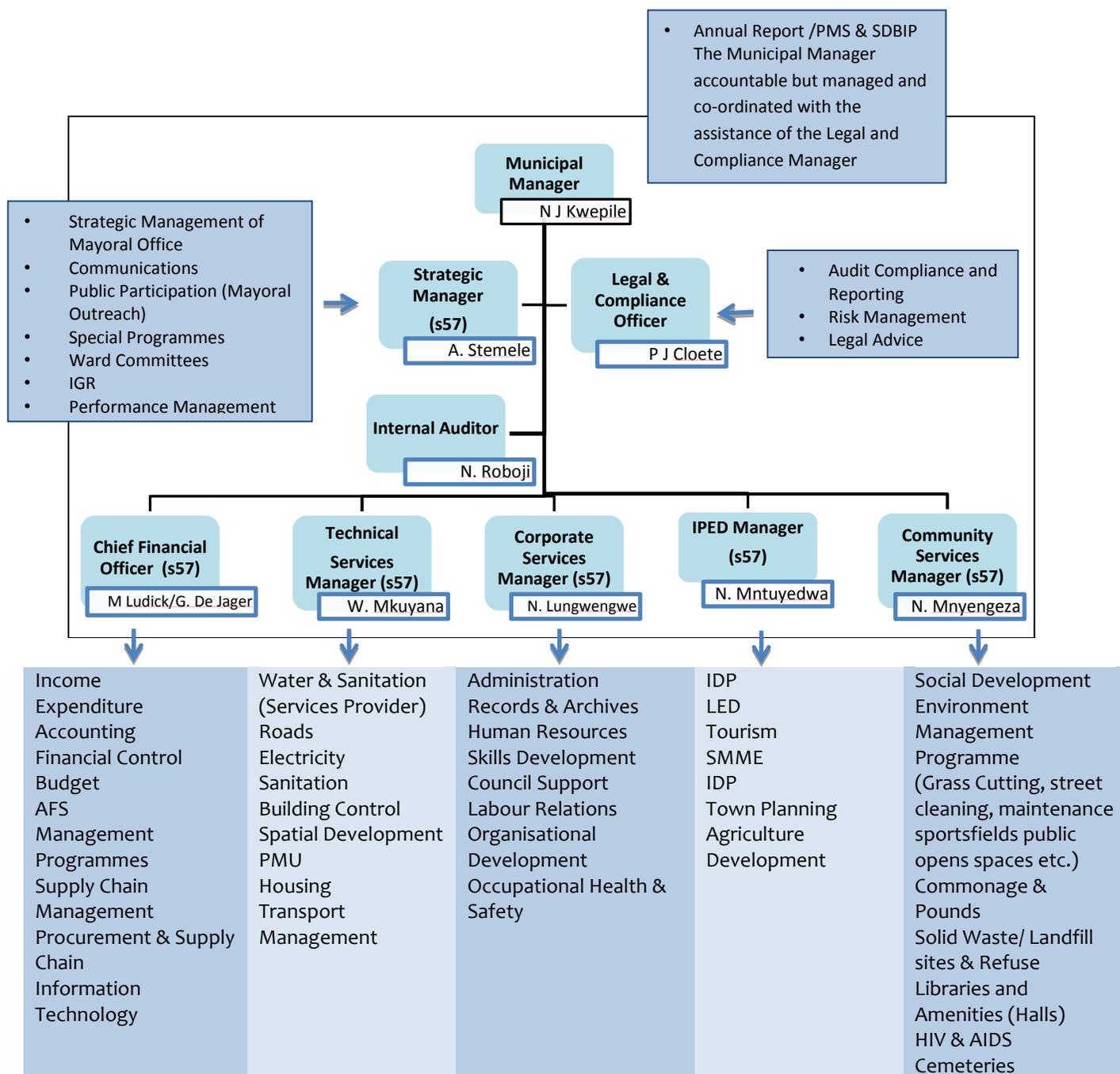
Organogram

Although 2010/2011 yielded a reviewed organogram, it was acknowledged that with the advent of a new Council and a new 5-year IDP, an organogram for the new period would be required. In effect, the existing organogram was required to be updated and would be influenced by the analysis and evaluation of the institutions' organizational requirements from DPLG and SALGA. During 2010/2011 a draft organogram was prepared and Emalahleni Municipality was awaiting an analysis and evaluation of the institutions organisational requirements from DPLG and SALGA. A follow up letter has written & forwarded requesting a progress report in this regard but no further progress in this regard was received in 2011/2012.

It must be noted that all efforts to update/develop job descriptions to reflect the current situation are influenced/dependent on the approval of the organogram.

During 2010/2011 a report analyzing all current job descriptions, their level of accuracy and compliance to TASK has enabled the identification of all areas requiring attention and rework/new development.

Functional organizational structure for the 2011/2012 period is reflected below as follows:



A comparison between the currently approved and utilized organogram and the current staff complement provides the following data:

- A total of 212 positions were approved for the 2011/2012 organogram;
- 212 posts were funded; and
- 49 posts were unfunded.

Note: There is little difference in the staff complement figures between 2010/2011 and 2011/2012.

More specifically the following similarities and differences are reflected within the table below:

Staff Establishment Figures

2010-2012	2010/2011				2011/2012			
Approved posts in entire institution	Total No. of Posts on Organogram	Filled Posts	Funded & Vacant	Unfunded & Vacant	Total No. of posts on organogram	Filled posts	Funded & Vacant	Unfunded & Vacant
261	212	195	17	49	212	196	16	49

Reflected as a percentage it is noted that during 2011/2012:

- 196 employees occupied posts (92.45% filled);
- There are 16 vacant funded posts (7.54%);
- There are 49 unfunded and vacant posts (23.11%); and
- Overall 24.90 % represent vacant posts inclusive of unfunded posts.

NOTE: During 2010/2011 a moratorium was placed on the filling of posts. The total employee related cost amounts to R 40 637 379 and remuneration of councillors amounted to R 8 269 699 million. Workforce costs are 32.06% and total overtime amounts to R 1 313739.

An extremely high vacancy rate exists within Technical Services and there was a 13 % under expenditure on personnel in the 2010 / 2011 financial year.

The number of 57 Managers who were in possession of performance agreements and employment contracts during 2011/2012 are reflected as follows:

- Municipal Manager;
- Corporate Services Manager;
- Strategic Manager;
- Chief Financial Officer;
- IPED Manager;
- Community Services Manager; and

➤ Technical Services Manager.

Personnel Expenditure Trends

Financial Year	Total number of staff	Approved operating budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2006-2007	106	R20 448 572,00	R17 559 529.00	85.87%
2007-2008	121	R24 917 755.00	R27 745 969.00	89.80%
2008-2009	175	R31 116 931.00	R15 827 104.00	50.86%
2009-2010	134	R25 925 142.00	R18 714 214.00	72.18%
2010-2011	195	R40 910 607.00	R33 302 195.00	81.4%
2011 - 2012	212	R 31 561 000 (re stated in AFS	R 48 907 078	128%%

COMPONENT B: MUNICIPAL WORKFORCE LEVELS

SUMMARY OF PERSONNEL NUMBERS	2010/2011			CURRENT YEAR 2011/2012		
NUMBER	POSITIONS	PERMANENT EMPLOYEES	CONTRACT EMPLOYEES	POSITIONS	PERMANENT EMPLOYEES	CONTRACT EMPLOYEES
Professionals						
Finance	6	6				
Spatial/Town Planning	1	1				
Information Technology						
Roads						
Electricity						
Water	2	2				
Sanitation						
Refuse						
Other	15	15	1			
Technicians						
Finance						
Spatial/Town Planning						
Information Technology	1	1				
Roads	1	1				
Electricity	2	2				
Water						
Sanitation						
Refuse						
Other	1	1				
Clerks (Clerical and Administrative)	26	26				
Service and Sales Workers	3	3				
Skilled Agricultural and Fishery Workers						
Craft and Related Trades	1	1				
Plant and Machine Operators	18	18				
Elementary Occupations	90	90				
TOTAL PERSONNEL NUMBERS	229 Incl. Cllrs	179 Exl. Cllrs	10 169 +10 179 employees			

The table below reflects the positions as contained within the 2011/2012 Budget

SUMMARY OF PERSONNEL NUMBERS NUMBER	2010/2011			CURRENT YEAR 2011/2012		
	POSITIONS	PERMANENT EMPLOYEES	CONTRACT EMPLOYEES	POSITIONS	PERMANENT EMPLOYEES	CONTRACT EMPLOYEES
Municipal Council and Boards of Municipal Entities						
Councillors (Political Office Bearers plus other Councillors)	34			34		
Board Members of Municipal Entities						
Municipal Employees						
Municipal Managers and Senior Managers	7		7	7		7
Other Managers	5	2	3	5	2	3

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Analysis of posts: Municipal Manager/Section 57 and Line Managers

No.	Approved Positions	Number of approved and budgeted posts per position	Filled Posts	Gender	Vacant Posts	Designation
1	1	1	1	1 African Female	0	Mayor
2	1	1	1	1 African Male	0	Speaker
3	32	32	32	15 African Females, 16 African Males and 1 White Male	0	Councillors
4	1	1	1	1 African Male	0	Top Management
5	6	6	6	3 African Males, 2 African Females and 1 White Female	0	Senior Management
6	6	6	4	3 African Males, and 1 White Male	2	Professionally Qualified and Experienced Specialists and Mid Management
7	98	36	29	12 African Females, 15 African Males, and 2 White Males	7	Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendent

No.	Approved Positions	Number of approved and budgeted posts per position	Filled Posts	Gender	Vacant Posts	Designation
8	77	77	49	18 African Females, 2 White Females, 1 Coloured Female, 27 African Males and 1 Coloured Male	28	Semi-Skilled and Discretionary Decision Making
9	93	93	90	14 African Females 76 African Males	3	Unskilled and Defined Decision Making
	281	219	179	179	40	
TOTAL STAFF COMPLEMENT: 179 with Councillors included						

List of Pension and Medical Aids to whom employees belong

Pension Fund	Number of members		Medical Aid	Number of Members
Cape Joint Retirement Fund	39		LAMAF	12
SALA Pension Fund	59		HOSMED	6
SAMWU Provident Fund	72		BONITAS	29
TOTAL	170		TOTAL	47

NOTE: The number of staff reflected as belonging to the medical aids will not correlate with the total staff complement, as it is not compulsory for staff to belong to a medical aid.

The number of members eligible for the PRMA benefit has decreased from 113 members in 2009 to 9 members in 2010 resulting in a significant decrease in the PRMA obligation for 2010.

COMPONENT C: CAPACITATING THE WORKFORCE

WORKPLACE SKILLS PLAN (WSP)

It is noted that the Workplace Skills Plan was completed timeously and the Implementation reports regarding training received were provided in the manner required.

As per required implementation, training was conducted for both staff and Councillors.

Difficulties in expenditure reporting was again an issue (as with the 2010/2011 period) due to the lack of reconciled expenditure reports. While this issue was to a large extent over come with the appointment of the new Chief Financial Officer (appointed towards the end of the financial year from 1 May), residual difficulties in reporting are still being experienced and final figures are still to be verified. Notwithstanding it appears that the target of 80% expenditure on the WSP budget was spent on required training. These figures are to be determined and monitored.

The following WSP information is provided:

2010/2011

Training Budget	:	R497 277.00
Total Levy Paid	:	
Disbursements Grant Received (LGSETA)	:	R 90 236.00
Total Spent (91%)	:	R455 357.22

2011/2012

Training Budget	:	R 566 720.00
Total Levy Paid	:	
Disbursements Grant Received	:	
Total Spent	:	R497 300.00

Implementation of Minimum Competency Level Training As Per MFMA

28 staff have been identified in terms of the Regulations 14(4)(a) and (c) as being required to complete the relevant training modules in order to achieve the required levels of competency. While progress has been made and staff have attended a few of these modules, only 8 staff have completed this exercise. An extension from National Treasury has been obtained until February 2013 in order to allow the remaining staff to complete any required/remaining modules.

Staff development initiatives during the Financial Year

The municipality compiled its Workplace Skills Plan for the 2010/2011 Financial Year and this was adopted as required by Council after having been signed by all the relevant parties (Employer representative and representatives of employees i.e. SAMWU and IMATU). The table below reflects the training and development programmes that were planned and implemented and the total expenditure for 2011/2012 Financial Year was R 497 300.00

TARGET	NO. OF PEOPLE TRAINED	PROGRAMME	TIMEFRAMES	BUDGET	PROGRESS/COMMENTS
Training and Development of Cllrs. and Managers.	2	Certificate Programme in Management Development (four additional modules)	One Year Programme	R50,000.00	The training was successfully attended. Two delegates attended the training and they both completed the programme with Wits Business School.
Training and Development of Staff.	3	Pre-Trade in Plumbing	22 Days Programme	R49,200.00	The training was successfully attended by three delegates who attended this with the Eastern Cape Training Centre
Training and Development of Staff.	1	Labour Intensive Construction NQF Level 5 & 7	2 days each	R12,540.00	The training was attended successfully and the delegate was found competent in the two levels he attended with South African Value Education.

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TARGET	NO. OF PEOPLE TRAINED	PROGRAMME	TIMEFRAMES	BUDGET	PROGRESS/COMMENTS
Training and Development of Staff.	1	Government Media Essential Tools for Editors	5 days Programme	R6,500.00	The training was attended successfully and the delegate was found competent in the programme he attended with Rhodes University.
Training and Development of Staff.	2	Payroll Training	3 days Programme	R10,298.80	The training was attended successfully and both delegates completed the programme with SEBATA.
Training and Development of Staff.	1	Access 2007 (Computer Literacy)	42 Hours	R1,605.00	The training is not yet complete. The delegate utilizes two hours a week and this is dependent on workload as she works on her own. Training is completed with Boston City Campus.
Training and Development of Staff.	30	Basic Waste Management	1 day programme	R30,700.00	The training was attended successfully and 30 delegates completed the programme.

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TARGET	NO. OF PEOPLE TRAINED	PROGRAMME	TIMEFRAMES	BUDGET	PROGRESS/COMMENTS
Training and Development of Cllrs.	2	Honours in Public Administration	One Year Programme	R53,100.00	The training is not yet complete. However it is noted that only one councillor managed to continue with the programme with the University of Fort Hare. The second delegate was not able to complete the programme as he was not re-elected for the next term of council.
Training and Development of Staff.	1	Advanced Certificate in Local Government Law and Administration	One Year Programme	R16,500	The training is not yet complete and the delegate is still in the process of finishing the programme with the University of Fort Hare.
Training and Development of Staff.	3	Trade Test	2 days Programme	R825.00	The training was attended successfully, but only two delegates were found to be competent following a Trade Test conducted in Olifantsfontein, Pretoria.
Training and Development of Staff and Management.	3	Infrastructure Asset Management	3 days programme	R16,500.00	The training was attended successfully and three delegates were found to be competent by IMESA

/cont.

TARGET	NO. OF PEOPLE TRAINED	PROGRAMME	TIMEFRAMES	BUDGET	PROGRESS/COMMENTS
Training and Development of Staff.	1	Basic Records and Archives	4 days programme	R6,400.00	This training was attended successfully and the delegate was found competent by UNISA.
Training and Development of Staff.	2	Records Disposal Training	1 day programme	R5,000.00	The training was attended successfully and two delegates were found competent by The Content at Work Academy.
Training and Development of Staff.	1	OD-ETDP Learnership	8 Months Programme	Funded by LGSETA	The training is not yet complete. One delegate is attending the programme with Sigodi Consulting.
Training and Development of Staff.	10	Customer Care	3 days programme	R64,325.20	The training was attended successfully and 10 delegates were found competent by Spontaneous Management Consultants.
Training and Development of Staff.	7	Report Writing and Minute Taking	3 days Programme	R53,320.00	The training was attended successfully and 7 delegates were found competent by Qabuka-Vuka Consulting

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TARGET	NO. OF PEOPLE TRAINED	PROGRAMME	TIMEFRAMES	BUDGET	PROGRESS/COMMENTS
Training and Development of Staff.	2	Labour Intensive Construction Level 5	5 days programme	R12,540.00	The training was attended successfully; two delegates were found competent by South African Value Education.
Training and Development of Staff.	3	Report Writing and Minute Taking	3 days programme	Funded by Local Government and Traditional Affairs	The training was attended successfully and three delegates were found competent by Spontaneous Management Consultants.
Training and Development of Staff.	2	Website Development Modules (Adobe Flash CS4 Level 1,2 & 3; Micro-media Illustrator Level 1 & 2	5 days programme	R13,680.00	The training was attended successfully and two delegates completed the programme with IT Intellect.
Training and Development of Staff.	2	Executive Leadership Development	3 Months Programme	Funded by Netherlands Project	The training is not yet complete and two delegates are attending the programme with PALAMA.
Training and Development of Managers.	1	Certificate in Management Development	8 Months Programme	Funded by LGSETA	The training is not yet complete and one delegate is attending the programme with Fort Hare University.

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TARGET	NO. OF PEOPLE TRAINED	PROGRAMME	TIMEFRAMES	BUDGET	PROGRESS/COMMENTS
Training and Development of Managers.	1	Certificate in Management Development	8 Months Programme	R26,650.00	The training is not yet complete and one delegate is attending the programme with Wits Business School.
Training and Development of Managers.	1	Certificate in Management Development	8 Months Programme	Funded by LGSETA	The training is not yet complete and one delegate is attending the programme with Wits Business School.
Training and Development of Staff.	2	Certificate in Management Development	8 Months Programme	Funded by LGSETA	The training is not yet complete and one delegate is attending the programme with NMMU.
Training and Development of Staff.	1	ND: Public Management	Two Year Programme	R3,620.00	The training is not yet complete and one delegate is attending the programme with Southern Business School.
Training and Development of Staff.	1	ND: Public Management	Two Year Programme	R11,928.00	The training is not yet complete and one delegate is attending the programme with UNISA.
Training and Development of Staff.	3	Managing Absenteeism and Leave Abuse Workshop	1 Day Programme	R 4 908.75	The training was attended successfully; and three delegates completed the programme with Global Business Solutions

/Cont.

TARGET	NO. OF PEOPLE TRAINED	PROGRAMME	TIMEFRAMES	BUDGET	PROGRESS/COMMENTS
Training and Development of Staff.	3	Professional PA s and Secretaries Training Course.	3 Days	R35,997.00	The training was attended successfully; three delegates completed the programme with TS Skills Solutions.
Training and Development of Cllrs.	4	Computer Literacy	One Week	R13,600.00	The training is not yet complete and all councillors could not complete as the term of council ended before they had to complete the programme with Ikhala Public FET College.
Training and Development of Staff.	2	Computer Literacy	One Year Programme	R200.00	This training is not yet complete and one delegate is attending the programme with Department of Education.
Internship	8	Finance Management Interns	Two Years	FMG	From the Eight interns appointed, two interns have obtained permanent positions elsewhere. One intern has been dismissed.
Internship	3	1 HR Trainee, 1 Committee Clerk Trainee and 1 Internal Audit Trainee	Two Years	ELM	Three candidates were appointed and two of them were absorbed by the institution.

Internship Programme

With funding received from National Treasury eight (5) interns were employed in the year under review. Identified students/graduates from recognized institutions were engaged to work for the Budget & Treasury Department.

From these five interns appointed, two interns have obtained permanent positions elsewhere and one of these interns has been dismissed.

Three additional candidates were employed as interns in the following capacity: 1 HR Trainee; 1 Committee Clerk and 1 Internal Audit Trainee. These three candidates were appointed and ultimately two of them were absorbed by the institution.

The internship programme was introduced to alleviate the negative impact that skills shortages has had on recruitment and the subsequent placement of suitably qualified persons. The internship programme is aimed at empowering and capacitating future employable staff.

The internship programme is regarded as a means to balance the immediate shortages of staff with the long term demand for employees. It is envisaged that both current and future personnel shortages could be reduced as the Municipality intends to absorb some of the already trained candidates, who have been exposed to the organization on a practical level.

Major Challenges and Remedial Actions in regard to Human Resource and Organizational Management

The situation in as far as major challenges and remedial action is concerned remains to a large extent the same as for the 2011/2012 period. These challenges and remedial action may be summarized as the need for improvements and/or the development of:

- Staff Retention Strategies to address the inability to attract and retain the correct type and caliber of human resources;
- Strategies to address Scarce Skills in critical areas;
- Tighter controls and monitoring of the Budget through better systems and controls and capacitation of staff;
- OHS compliance;
- Leave management and control;
- Overtime control;
- Policy Development and education of staff to ensure effective application; and
- Effective Performance Management application at both an individual and institutional level.

COMPONENT D: MANAGING WORKFORCE EXPENDITURE

Senior Officials' (S57 Managers) wages and benefits (as included in the Annual Financial Statements)

Listed below are the total wages as well as the benefits of the senior managers for the 2010/2011 and 2011/2012 periods, shown with the increase between 2011 and 2012:

Remuneration	2012	2011
Municipal Manager		
Annual Remuneration	517 882	489 068
Travel, motor car, accommodation, subsistence & other allowances	203 375	160 746
Performance & other bonuses	-	56 229
Contributions to UIF, Medical & Pension Funds	132 925	189 687
Backdated Remuneration	37 414	
Leave Encashment	63 685	
TOTAL	955 281	895 730
Chief Financial Officer		
Annual Remuneration	327 975	465 373
Travel, motor car, accommodation, subsistence & other allowances	109 513	132 719
Performance & other bonuses	-	44 696
Contributions to UIF, Medical & Pension Funds	84 114	137 956
Backdated Remuneration	15 563	
Leave Encashment	82 851	
TOTAL	620 015	780 744
Remuneration		
Technical Services Manager		
Annual Remuneration	472 050	414 775
Travel, motor care, accommodation, subsistence & other allowances	172 786	163 200
Performance Bonuses	-	35 850
Contributions to UIF, Medical & Pension Funds	136 888	158 070
Backdated Remuneration	-	-
Leave Encashment	29 380	-
TOTAL	811 104	771 895
Corporate Services Manager		
Annual Remuneration	469 256	414 775
Travel, motor car, accommodation, subsistence & other allowance	172 786	163 200
Performance & other bonuses	-	50 283
Contributions to UIF, Medical & Pension Funds	136 887	158 070
Backdated Remuneration	32 880	-
Leave Encashment	-	-
TOTAL	811 810	786 328

Remuneration	2012	2011
Community Services Manager		
Annual Remuneration	439 212	450 775
Travel, motor car, accommodation, subsistence & other allowance	172 786	127 200
Performance & other bonuses	50 032	-
Contributions to UIF, Medical & Pension Funds	136 839	127 581
Backdated Remuneration	32 880	30489-
Leave Encashment	38 194	26 461
TOTAL	870 016	762 506
IPED Manager		
Annual Remuneration	439 212	414 775
Travel, motor car, accommodation, subsistence & other allowance	172 786	163 200
Performance Bonus	-	11 640
Contributions to UIF, Medical & Pension Funds	136 839	127 581
Backdated Remuneration	32 880	30 489
Leave Encashment	49	-
TOTAL	781 766	747 685
Remuneration	2012	2011
Strategic Manager		
Annual Remuneration	439 212	414 775
Travel, motor car, accommodation, subsistence & other allowance	172 786	163 200
Performance & other bonuses	-	55 870
Contributions to UIF, Medical & Pension Funds	135 006	158 070
Backdated Remuneration	32 880	-
TOTAL	779 885	791 915
Councillors		
Mayor	631 983	593 980
Executive Committee Members	1 537 547	1 200 473
Speaker	509 604	479 738
Councillors	5 325 797	4380 171
Chief Whip	264 769	-
TOTAL	8 269 699	6 654 362

The amounts recognized in the statement of financial position are as follows

Carrying Value	2012	2011
Present value of the defined benefit obligation-wholly unfunded	2 718 236	2 218 688

The municipality makes monthly contributions for health care arrangement to the following medical aid schemes: Bonitas, LA Health, Key Health and SAMWU Medical Aid. In service and continuation members will received a post-retirement subsidy of 70% of the contribution payable.

Employee Benefit Obligations

Medical Aid Scheme/s

Health Care / Medical Aid Is not compulsory but an optional service benefit and monthly contributions are made to Bonitas; Key Health; SAMWU Med; Hosmed; Global Health and LA Health Medical Aids'. In service and continued members receive 70% subsidy of the contribution payable and Widow(er)s of eligible in-service members receive 60% subsidy on and after death of the death of an in service member.

EXPENDITURE CONTROL

Workforce expenditure is strictly controlled and managed in terms of all recognized and accepted accounting practices and while ensuring that the payroll functions strictly within required parameters.

Reporting occurs in many forms not the least of which include:

- S71 reports
- Management reports and reports to Standing Committees, Exco and Council
- S72 Reports
- Monthly reconciliations
- Reporting in respect of Employee Benefit Administration

In this manner and with many internal control structures in place it is ensured that strict controls over all workforce related expenditure is ensured.

• Financial Performance

CHAPTER FIVE



FINANCIAL PERFORMANCE REPORT

CHAPTER 4

FINANCE / BUDGET AND TREASURY DEPARTMENT: REPORT

4. OPERATING AND CAPITAL BUDGET 2011/2012 FINANCIAL YEAR

4.1 2011 / 2012 Budget Report

The requirements for Municipal Budgets are clearly set out in Chapter 4 (Section 15 to 33) of the Municipal Finance Management Act; no 56 of 2003 (MFMA) and all steps were taken to ensure that the Municipality meets these requirements. The municipality has as far as possible compiled the 2011 /2012 MTREF Budget in the format prescribed by National Treasury in terms of Circular 28 and the related regulations.

4.2 Summary of actual versus budget

Table 1

	2012	2012
Actual vs Budget Summary	Actual	Budget
	R	R
Revenue from Operations	126 720 943	143 180 308
Expenditure from Operations	180 254 728	112 565 634
Surplus (Deficit) for the year	(53 533 785)	30 614 674
Capital Budget	3 592 058	2 544 000
Total Budget	183 846 786	115 109 634

The above table which is a high level summary, depicts the actual revenue and expenditure as compared to the budget for the financial period ending 30 June 2012. The total budgeted revenue generated from operations was not realised in terms of its forecasted budget, resulting in a negative variance of 11.1%. The actual expenditure incurred exceeded the budget by 60.7%. This has resulted in the institution incurring a deficit of R53.5million.

4.4. Rates and Tariffs

The following budget-related policies have also been reviewed during 2011/2012.

- Integrated Development Plan and Budget Policy;
- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and
- Rates Policy.

Increases in services tariffs are as follows:

Table 2

Water	4.8 % Increase
Refuse	4.8 % Increase
Sanitation	4.8 % Increase
Electricity	19% Increase
Rates	6.2 % Increase
Vacant Erven Rates Charged	1%

4.5 BUDGET PROCESSES

4.5.1 Executive Summary

The Executive committee convened in August 2011 during which council's previous year's (2010 / 2011) budget process was evaluated through the BEC (Budget Evaluation Checklist). At the same meeting the Schedule of Key Deadlines were compiled and the budget executive committee, budget technical committee, budget local consultation forum and budget technical consultation forum were established. The Schedule of Key Deadlines, was approved by council in August 2011, as well as an invitation to participate in budget local consultation forum were duly advertised and circulated.

During October to November 2011 the Executive committee and IDP Rep and Steering Committee, with assistance from ward councillors and ward committees engaged into an outreach program to assess the needs of the community.

All needs was documented were later prioritised and included in Municipality's Integrated Development Plan.

The budget steering committee had addressed various issues required by the Municipal Finance Management Act:

- Reviewing the IDP objectives and strategies;

- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the Service Delivery and Budget Implementation Plan (SDBIP);
- Reviewing existing and considering new Service Delivery Agreements;
- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;
- Compile a draft operational and capital budget;
- Prioritise community needs in the IDP.

During March 2012 the draft budget and supporting documents was tabled to the budget executive committee for consideration, discussion and approval.

4.6 REVENUE GENERATED FROM OPERATIONS

The table below illustrates the accrued revenue generated for the period ending 30 June 2012 and compared to the estimated budget for the same period. The variance indicates the difference between the actual and budgeted amounts.

Table 3

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
Operational				
Revenue by source				
Property Rates	3,397,136	1,972,680	1,424,456	72%
Government Grants and Subsidies - Capital	1,425,468	-	1,425,468	100%
Government Grants and Subsidies - Operating	72,148,295	93,633,094	(21,484,798)	-23%
Fines	632	-	632	100%
Reversal of Debt Impairment	94,665	-	94,665	100%
Service Charges	14,743,226	15,179,508	(436,282)	-3%
Rental of Facilities and Equipment	739,147	802,758	(63,611)	-8%
Interest Earned - external investments	1,911,317	1,265,000	646,317	51%
Interest Earned - outstanding debtors	5,610,555	3,978,828	1,631,727	41%
Licences and Permits	4,783	2,790	1,993	71%
Agency Services	324,512	13,455,330	(13,130,818)	-98%
Other Income	26,321,208	12,890,320	13,430,888	104%
Total Revenue	126,720,943	143,180,308	(16,459,364)	-11%

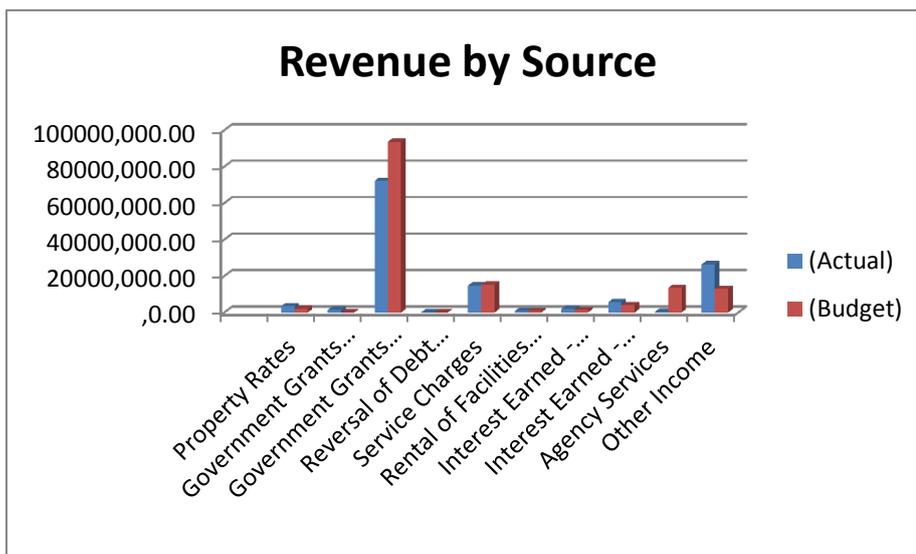
The Municipality estimated a revenue budget of R143 million in the 2011/12 financial year. Due to the global economic crisis and the increase in unemployment as resulted in the municipality not realising its forecasted revenue, however, ongoing implementation of improving the billing system together with the stringent credit control policy, with a hope to improve its revenue collection from its services in the near future. The provision for bad debts has been increased to R 85,6 million

Budget Adjustment

During the year under review the municipality implemented budget adjustments in compliance with the MFMA to adjust its revenue and expenditure downwards so that its anticipated revenue and expenditure are realistic.

Chart below depicts a bar chart of the revenue per source

Figure 1

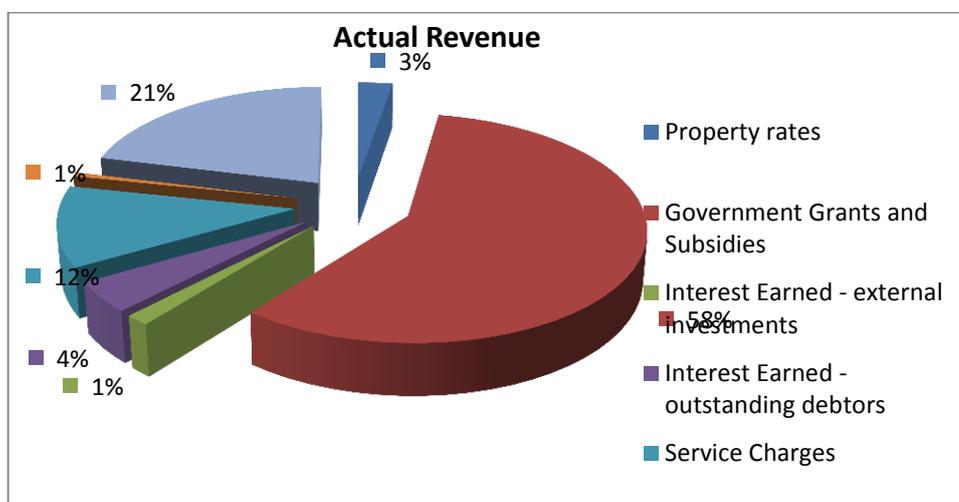


The figure above depicts a bar chart of the revenue per source compared to the relevant budget for the period ending 30 June 2012.

This chart clearly indicates the municipality being grant dependant. As a result the municipality should engage in a revenue enhancement strategy to increase its revenue and cash reserves.

The pie chart below depicts the actual revenue accrued for the period ending 30 June 2012

Figure 2



The above pie chart illustrates the revenue per source for the period ending 30 June 2012

4.7 EXPENDITURE INCURRED FROM OPERATIONS

The table below illustrates the accrued expenditure for the period ending 30 June 2012 and compared to the estimated budget for the same period. The variance indicates the difference between the actual and budgeted amounts.

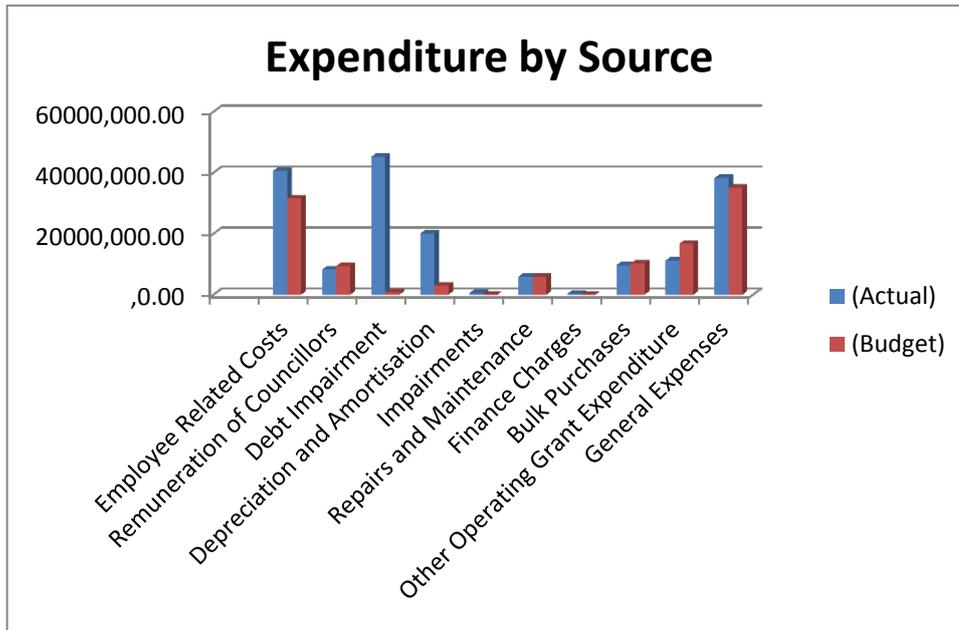
Table 4

Expenditure by nature	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 %
Employee Related Costs	40 637 379	31 560 523	(9 007 856)	29%
Remuneration of Councillors	8 268 699	9 408 811	1 139 112	-12%
Debt Impairment	45 237 255	748 900	(44 488 355)	5940%
Depreciation and Amortisation	20 118 519	2 950 000	(17 168 519)	582%
Impairments	577 880	-	(577 880)	-100%
Repairs and Maintenance	5 927 343	5 870 654	(56 689)	1%
Actuarial Losses	348 806	-	(348 806)	-100%
Finance Charges	340 445	25 873	(314 572)	1216%
Bulk Purchases	9 699 328	10 200 000	500 672	-5%
Other Operating Grant Expenditure	11 199 724	16 742 737	5 543 013	-33%
General Expenses	37 898 351	35 058 137	(2 840 215)	8%
	180 254 728	112 565 634	(67 689 094)	60%
Net Deficit for the year	(53 533 785)	30 614 674	(84 148 459)	-275%

The municipality actual expenditure has exceeded its adjusted budget for the period ending 30 June 2012. The provision of non-cash flow items being Debt Impairment (R45,2m) and Depreciation (R20,1m) has resulted in a deficit of R53,5m

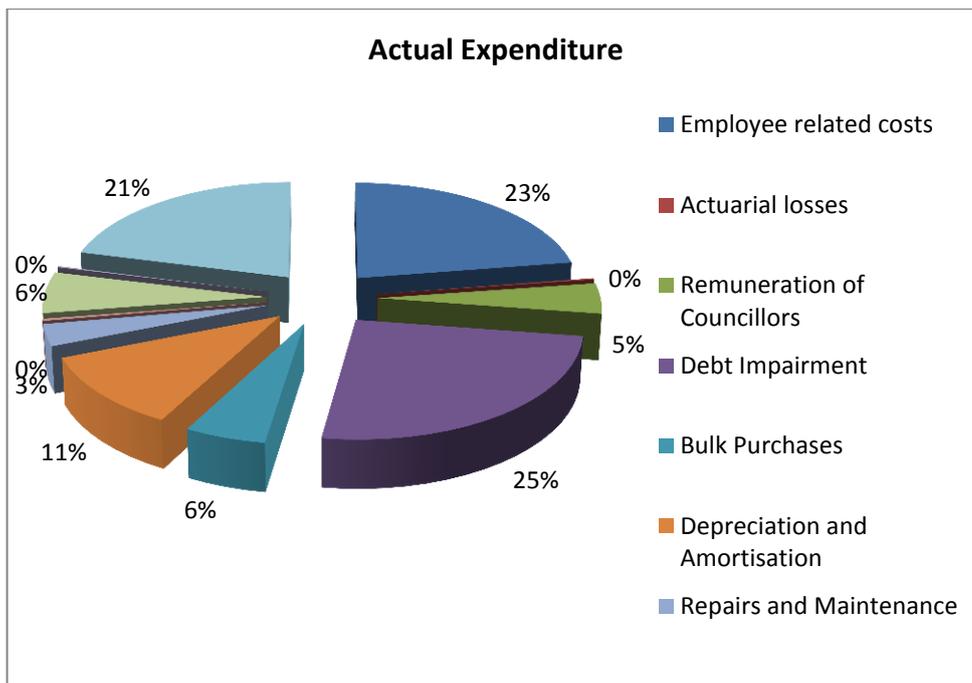
The bar chart below depicts the actual expenditure against the budget

Figure 3



The pie cart illustrates the expenditure per category

Figure 4



a. Disclosure on Salaries, Allowances and Benefits

Analysis of employee related costs for the period ending 30 June 2012

EMPLOYEE RELATED COSTS	R
Salaries and Wages	25 605 034
Annual bonus	1 604 078
Contributions for UIF, pensions and medical aids	4 948 041
Housing Subsidy	584 722
Leave Reserve Fund	2 635 835
Long service awards	212 044
Overtime	1 313 739
Post Employment Health	307 648
Performance bonus	681 821
Skills development levy	303 273
Travel, motor car, telephone, assistance and other allowances	2 441 143
	40 637 379

Employee Related Costs

The employee workforce cost as a percentage to the income budget is 31.32%. This is slightly excessive as the general norm among municipalities is to maintain the percentage at 30% and below. Section 56 management personnel are all appointed on 5-year fixed term contracts.

The municipality has exceeded its approved employee cost budget by 29 % as there was no budget provision casual/temporary workers for which expenditure was incurred.

Debt Impairment

Bad debt provision was budgeted for at R748 000 in the approved budget. Due to the increase in consumer debt the municipality had to provide a calculated debt impairment provision in the annual financial statements which amounted to R45,24m. This provision is a non-cash flow item which resulted in the municipality incurring a deficit to the bottom line of the statement of performance.

Depreciation

The depreciation amount was under budgeted for in the approved budget. During the preparation of the annual financial statements, depreciation was calculated to R20,11m rather than the budgeted amount of R2,9m. Depreciation is also a non-cash flow item that resulted in the performance statement indicating a deficit.

General Expenses

The General expenditure has exceeded the approved budget by 8% to R37.9% which is 21,5% of the total operating expenditure for the period ending 30 June 2012

Free Basic Electricity would continue to be rolled out throughout the municipal area during the 2011/2012 financial year and years to come.

Repairs & Maintenance

Repairs & Maintenance	
2011 - 2012 Budget Repairs & Maintenance (budgeted)	R5 870 654
% Of Budget Spent	100 %
R Amount Spent	R5 927 343

The municipality has over spent its approved repairs and maintenance budget by a percent (1%) amounting to R56,689.

In the financial year ending 2011/2012 the municipality has expensed 100 % of its repairs and maintenance budget. An action plan has been drawn up to execute a well-planned programme for repairs and maintenance in the 2011/12 financial year. The municipality has embarked on a stringent maintenance campaign of its infrastructure assets

4.8 CAPITAL EXPENDITURE

The capital expenditure for the period ending 30 June 2012 is 141.2%(R3.5m). Major contributor is the Roads Transport expenditure which contributed 54.4% of the total expenditure.

Table 5

	2012 R (Actual)	2012 R (Budget)
Capital expenditure by vote		
Budget and Treasury	260 642	513 820
Community Services	492 724	175 050
Corporate Services	533 985	450 000
Council	306 132	-
Executive	5 449	-
IPED	38 260	61 820
Refuse		480 000
Roads Transport	1 954 867	863 310
	3 592 058	2 544 000

Emalahleni Municipality bridged the finance by using its own funds to fund the capital infrastructure programme as a result , when the MIG (Municipal Infrastructure Grant) allocation tranche was used to reimburse the municipality's own funds

Water Service Authority (WSA)

The estimated expenditure for rendering the water and sanitation services have been forwarded to the WSA: District Municipality. The tariffs were increased as follows:

Tariff Increased

Water - Increased by 4.8%

Sanitation - Increased by 4.8%

A new agreement was entered into, with effect from 1 July 2012, with the District Municipality whereby the municipality acts as a water services provider for the delivering of the Water and Sewerage functions with risks and rewards being transferred to the municipality. Prior to that date the municipality acted as an agent for the District Municipality.

Currently the rendering of these services continues uninterrupted, notwithstanding the extensive challenges that have faced the water-related targets and back logs.

4.9. Equitable Share

Council's equitable share allocation increased by 18.9 % to (R 61 056 000) and remains Council's major source of income.

Growth in Equitable share allocation:

Equitable Share			
	2010/2011	2011/2012	% Increase
	R61 056 000	18.9%

4.8.1. Conditional and Unconditional Grant Allocations

The table below depicts the grants allocated to the municipality and its movement for the period ending 30 June 2012

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 July 2012	Grants Received	Operating expenditure during the year Transferred to revenue	Capital Expenditure during the year Transferred to revenue	Balance 30 June 2012	Unspent 30 June 2012 Current Liability	Unpaid 30 June 2012 Current Asset
	R	R	R	R	R	R	R
National Government Grants							
Equitable Share	-	61 056 000	61 056 000	-	-	-	-
Local Government Financial Management Grant (FMG)	290 100	1 500 000	1 911 202	-	-121 102	-	121 102
Municipal infrastructure Grant (MIG)	-21 534 018	19 217 000	3 236	1 425 468	-3 745 722	-	3 745 722
Municipal Systems Improvement Grant (MSIG)	-	790 000	854 424	-	-64 424	-	64 424
Department of Water Affairs and Forestry (DWAF)	-	472 748	429 573	-	43 176	43 176	-
Integrated National Electrification Grant (INEP)	1 004 100	4 480 000	5 134 100	-	350 000	350 000	-
Extended Public Works Programme	-	439 000	439 000	-	-	-	-
Town Revitalisation	-	500 000	-	-	500 000	500 000	-
Provincial Government Grants							
Housing Grant	-1 017 968	-	-	-	-1 017 968	-	1 017 968
IDP	316 815	-	316 815	-	-	-	-
LED	1 781 400	67 175	67 175	-	1 781 400	1 781 400	-
Library	-29 405	-	-	-	-29 405	-	29 405
MSP	-0	-	-	-	-0	-	0
District Municipality Grants							
Food Programme	413 598	-	-	-	413 598	413 598	-
HIV Aids	35 871	20 000	55 871	-	0	0	-
Audit	-	120 000	-	-	-	-	-
SPU	-	480 163	480 163	-	-	-	-
Other	50 000	-	-	-	50 000	50 000	-
Other Grants	-	-	-	-	-	-	-
LGSETA	-	90 236	90 236	-	-	-	-
Elitheni Coal Mine	506 850	-	1 190 500	-	-684 650	-	684 650
Total	-118 183 658	89 232 323	72 148 295	1 425 468	-2 525 098	3 138 175	5 663 272

CALL INVESTMENT DEPOSITS

INVESTEC

INVESTMENT NUMBER	ACCOUNT NUMBER	Date	OPENING BALANCE 01/07/2011	DEPOSITS	WITHDRAWAL	INTEREST	ADJUSTMENTS	CLOSING BALANCE 30/06/2012
465258-450	2160/5700/1140	30/06/2012	-	8 000 000.00	-8 402 071.20	402 071.20		0.00
465258-451	2160/5700/1141	30/06/2012	-	20 000 000.00	-10 031 643.84	481 874.72		10 450 230.88
465258-452	2160/5700/1142	30/06/2012	-	10 000 000.00	-10 295 180.56	295 180.56		-0.00
465258-453	2160/5700/1143	30/06/2012	-	10 000 000.00	-	132 946.97		10 132 946.97
465258-500	2160/5700/1144	30/06/2012	-	10 107 413.02	-10 146 209.06	38 796.04		-0.00
		SUMMARY	-	58 107 413.02	-38 875 104.66	1 350 869.49		20 583 177.85

ABSA

INVESTMENT NUMBER	ACCOUNT NUMBER	Date	OPENING BALANCE 01/07/2011	DEPOSITS	WITHDRAWAL	INTEREST	ADJUSTMENTS	CLOSING BALANCE 30/06/2012
20-7156-5750	2160/5700/0119	30/06/2012	-	8 000 000.00	-	401 117.81	-	8 401 117.81
		SUMMARY	-	8 000 000.00	-	401 117.81	-	8 401 117.81

CALL INVESTMENT DEPOSITS (Cont.)

STANDARD BANK

INVESTMENT NUMBER	ACCOUNT NUMBER	Date	OPENING BALANCE 01/07/2011	DEPOSITS	WITHDRAWAL	INTEREST	ADJUSTMENTS	CLOSING BALANCE 30/06/2012
08-879-969-7 : 001	2160/5700/1130	30/06/2012	56 242.72	-	-	1 426.22	-	57 668.94
08-879-969-7 : 002	2160/5700/1132	30/06/2012	53 126.27	8 000 000.00	-8 000 000.00	1 658.63	-	54 784.90
08-879-969-7 : 003	2160/5700/1133	30/06/2012	10 051 698.68	30 000 000.00	-40 147 295.83	95 597.15	-	0.00
08-879-969-7 : 006	2160/5700/1136	30/06/2012	-	59 000 000.00	-59 000 000.00	-	-	-
08-879-969-7 : 007	2160/5700/1137	30/06/2012	-	5 000 000.00	-5 000 000.00	-	-	-
08-879-969-7 : 008	2160/5700/1138	30/06/2012	-	8 000 000.00	-8 000 000.00	-	-	-
08-879-969-7 : 009	2160/5700/1139	30/06/2012	-	10 000 000.00	-10 000 000.00	-	-	-
0	0	30/06/2012	-	-	-	-	-	-
		SUMMARY	10 161 067.67	120 000 000.00	-130 147 295.83	98 682.00	-	112 453.84

Call Investment Account Certificates

INVESTEC	465258-451	465258-453	
AMOUNT	10 450 230.88	10 132 946.97	
ABSA	20-7156-5750		
AMOUNT	8 401 117.81		
STANDARD BANK	08-879-969-7 : 001	08-879-969-7 : 002	08-879-696-7:004
AMOUNT	57 668.94	54 784.90	3,883.03
TOTAL			

Investments are held at: Standard Bank, ABSA and Investec.

APPENDIX A
SCHEDULE OF LONG-TERM LIABILITIES AS AT 30 JUNE 2012

LONG-TERM LIABILITIES	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2011	Correction	Balance at 30 JUNE 2011 Restated	Received during the period	Adjustments	Interest portion payable at period end	Redeemed or written off during the period	Balance at 30 JUNE 2012
HIRE PURCHASE											
Standard Bank	9.00%	43454526/0005	2017/05/15				204 360		1, 230	3, 007	201, 353
Standard Bank	9.00%	43454526/0006	2017/05/15				306 430		3, 400	2, 991	303, 439
Standard Bank	9.00%	43454526/0007	2017/06/01				333 420		3, 700	3, 254	330, 166
Total Hire Purchase				-	-	-	844 210	-	8, 330	9, 251	834, 959
LEASE LIABILITY											
Computer Equipment - Copiers	19.58%		2012/02/01	95, 505	(10, 335)	85, 169			8, 420	85, 169	-
NRG Office Solutions (Pty) Ltd	32.04%		2015/03/20	-	-	-	593, 860		46, 621	31, 011	562, 849
Total Lease Liabilities				95, 505	(10, 335)	85, 169	593, 860	-	55, 041	116, 180	562, 849
TOTAL LONG-TERM LIABILITIES				95, 505	(10, 335)	85, 169	1, 438, 070	-	63, 371	125, 431	397, 808

4.6.3. Capital charges / loan commitments/Long Term liabilities

The municipality have lease agreement for photocopying machines to the value of R562 849 and the hire purchase commitments to value of R834 959 for the three vehicles purchased

4.10.8 Consumer Debtors

The tables below indicates the detailed breakdown of consumer debtors for exchange and non-exchange transactions for the period ending 30 June 2012.

		2012
RECEIVABLES FROM EXCHANGE TRANSACTIONS		R
Electricity		1,977,227
Water		20,357,942
Refuse		21,508,191
Sewerage		25,023,687
Rental		311,278
Other Consumer Debtors		3,963,238
Chris Hani Debtor		25,018,837
Sundry Receivables		357,379
Total Receivables from Exchange Transactions		98,517,779
Less: Provision for Impairment		(71,380,114)
Total Net Receivables from Exchange Transactions		27,137,665

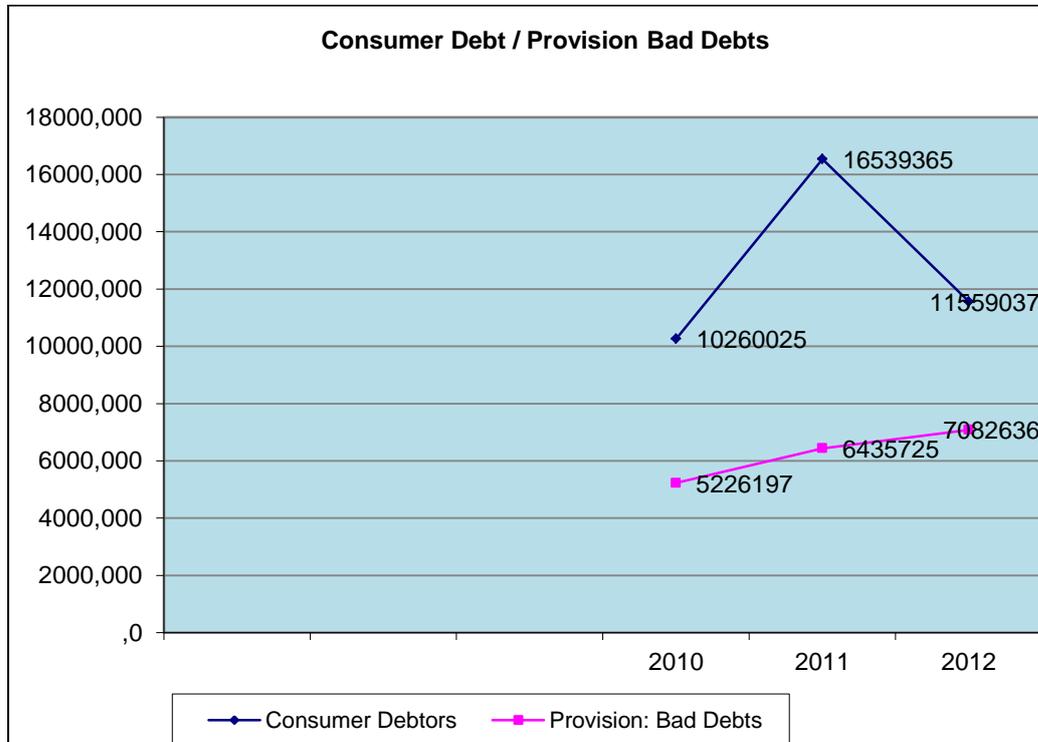
		2012
RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		R
Rates		15,842,045
Other Receivables		36,109
Other Receivables		36,109
Total Receivables from Non-Exchange Transactions		15,878,153
Less: Provision for Impairment		(14,312,704)
Total Net Receivables from Non-Exchange Transactions		1,565,449

Debtors aged analysis illustrated below indicates that most of the consumer debtors are residing beyond 90 days.

RECEIVABLES FROM EXCHANGE TRANSACTIONS	2012
Ageing of Receivables from Exchange Transactions:	R
<u>(Electricity): Ageing</u>	
Current (0 - 30 days)	72 390
31 - 60 Days	61 384
61 - 90 Days	58 533
+ 90 Days	1 784 920
Total	1 977 227
<u>(Water): Ageing</u>	
Current (0 - 30 days)	376 976
31 - 60 Days	366 797
61 - 90 Days	357 735
+ 90 Days	19 256 435
Total	20 357 942
<u>(Refuse): Ageing</u>	
Current (0 - 30 days)	359 098
31 - 60 Days	346 408
61 - 90 Days	340 249
+ 90 Days	20 462 436
Total	21 508 191
<u>(Sewerage): Ageing</u>	
Current (0 - 30 days)	479 300
31 - 60 Days	463 223
61 - 90 Days	457 398
+ 90 Days	23 623 766
Total	25 023 687
<u>(Rental): Ageing</u>	
Current (0 - 30 days)	13 628
31 - 60 Days	9 928
61 - 90 Days	9 524
+ 90 Days	278 198
Total	311 278
<u>(Other): Ageing</u>	
Current (0 - 30 days)	0
31 - 60 Days	0
61 - 90 Days	0
+ 90 Days	3 962 847
Total	3 962 848
<u>(Total): Ageing</u>	
Current (0 - 30 days)	1 301 392
31 - 60 Days	1 247 740
61 - 90 Days	1 223 440
+ 90 Days	69 368 601
Total	73 141 173

The municipality will embark on debt book analysis to interrogate the debt so that those consumers where debt cannot be recovered will be written with the authority of Council

The table below depicts the provision for bad debt as illustrated against the consumer debt.



4.11 Provisions

At year-end the following employee benefits provision were made for expenditure that would incur during the 2011/2012 financial year:

Purpose	Amount
leave	3 119 600
Performance Bonuses	1 865 244
Post-Retirement Benefits	2 697 236
Long Service Awards	821 387

4.11.1. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	3,627,185
Third party payables (Payroll)	(159,986)
Payments received in advance	339,227
Sundry Deposits	22,823
Sundry Creditors	2,669,552
Total Trade Payables	6,498,802

4.11.2 Consumer deposits

An amount of **R 152 813** is held as deposits on water and electricity services rendered to consumers as at 30 June 2012

4.12. Audit Reports and Corrective Actions

The auditing of the financial statements for the period ended 30 June 2012 has commenced during September 2012 and the Report of the Auditor-General for the Financial Year ended 30 June 2012 is enclosed in the Annual report pages 375 to 392.

4.12.1 Corrective Actions

The Report of the Auditor-General will be being dealt with by the Audit Committee on completion of the Audit.

4.13 Challenges

The following are seen as the challenges that need to be accomplished during the 2011/12 financial year:

- Compliance and implementation of the **Municipal Finance Management Act (MFMA)**
- **Training** of staff within the finance department would continue and is already underway. Capacity building within the finance department is council's and management's first priority;
- Finalization of Measurable performance objectives
- Departmental SDBIP'S completed, monitored, evaluated and reporting on implementation during 2011/2012;
- To correct deficiencies in the risk management and internal controls - and the maintenance of effective, efficient and transparent systems of financial and risk management and internal control.
- Develop strategies /plans to address Audit Queries raised in the Finance Department.
- Develop a strategy to deal with sound financial management and expenditure control and means to increase revenue and external funding.

4.14. Concluding Remarks

As per the legislative requirements and prescriptions every effort is being made to ensure that the following financial management strategic objectives and targets are prioritized:

- Timeous submission of legislated reporting
- Annual overview on Risk Management and an Implementation Plan
- Monitoring of financial viability re- debt coverage and expenditure control.
- Implementation of Revenue Management Strategies to enhance Revenue.
- The development and ongoing review of all required Financial Policies.
- SCM Compliance and Service providers performance reporting
- Put in place stringent credit control measures and improve the debt collection rate
- Put in stringent credit control measures and improve the debt collection rate(If the low collection rate does not improve it will have a direct effect on the cash flow of the Municipality and its ability to fully meet its financial obligations. Low expenditure rate on grants will have a negative effect on future grant (conditional and unconditional) allocations to the municipality)

G DE JAGER
CHIEF FINANCIAL OFFICER

- **AUDITOR GENERAL'S AUDIT FINDINGS**

CHAPTER SIX



COMPONENT A: PERFORMANCE ISSUES OF 2010/2011

This Chapter is required to provide required detail regarding :

- **issues raised during the previous financial year (2010/2011); and**
- **remedial action taken to address the above and preventative measures.**

Accordingly the Audit Action Plan for 2010/2011 is provided to illustrate the issues raised and addressed during this timeframe. It is suggested that the Audit Action Plan for 2011/2012 be read together with this and all audit reports for 2011/2012 so that actual progress, growth and challenges can be clearly understood.

For the period 2011/2012 the following documents are provided:

- **Auditor General's Report 2011/2012**
- **Audit Committee Report 2011/2012**
- **MPAC Oversight Report 2011/2012**
- **Audit Action Plan 2011/2012**

- **The Audit Action Plan for 2011/2012**

ANNEXURE C



Exception No.	COAF	COMAF	Impact on Audit Report	Classification	Recommendations:	Responsible officials	Directorate	Director	Department within the Municipality	Due date	Remarks
1	COAF 1	Planning documents as requested in RF1 1 and 3 of 2012 were not received.	Disclaimer	Internal control	Management should ensure that the documents requested by the AG are submitted timeously.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
2	COAF 1	The municipality does not have proper filing systems in place to ensure the management and retrieval of supporting documentation.	Disclaimer	Internal control	Management should ensure that the documents requested by the AG are submitted timeously.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
3	COAF 2	During the planning phase of the audit, all the documents as requested in RF1 4 of 2012 were not received	Disclaimer	Internal control	Management should ensure that the documents requested by the AG are submitted timeously.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
4	COAF 3	During the planning phase of the audit the documents as requested in RF1 5 of 2012 were not received	Disclaimer	Misstatement in performance report	Management should ensure that the documents requested by the AG are submitted timeously	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
5	COAF 10	During the audit of Employee costs it was noted that the organogram for the 11/12 year was not approved by council	Disclaimer		Management should ensure that the organogram for the current year is approved by council	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
6	COAF 10	During the planning stage on the audit of Employee costs, it was noted that the municipality does not conduct exit interviews for employees on their resignations.	Disclaimer	Internal control	Management should ensure that exit interviews are conducted for employees leaving the municipality	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
7	COAF 10	During the audit of employee costs, it was identified that the February 2012 attendance register for the finance department of the municipality was inadequately monitored as there was no signature by the head of department as evidence of review	Disclaimer	Internal control	Management should ensure that the attendance registers are monitored and signed by the heads of department as evidence of review. Heads of departments should verify the correctness of the information completed by the employee	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
8	COAF 10	During the planning phase of the audit of Employee costs, we noted that the leave form for an employee who had taken annual leave was not signed as approved from senior officials.	Disclaimer	Internal control	Management should ensure that annual leave is pre-approved by the relevant official and the leave form is signed as evidence of review before the employee takes the leave.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
9	COAF 10	During the planning stage of the audit of Employee related costs, it was noted that the February 2012 payroll reconciliation was not signed as evidence of review by the Chief Financial Officer	Disclaimer	Internal control	Management should ensure that the reconciliations are signed as reviewed by the Chief Financial Officer and filed appropriately	G. De Jager	Finance	Finance	Expenditure	28-Feb-13	
10	COAF 10	During the planning phase of the audit on Employee Costs, an employee's application of leave form was inspected and it was identified that the Human Resources Officer did not sign the form as evidence of confirmation on the availability of leave days before it was approved.	Disclaimer	Internal control	Management should confirm the availability of leave days prior to approval of leave and should complete the relevant section on the leave form as evidence of confirmation.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
11	COAF 17	During the audit of Creditors, the information requested on RF1 24 due on 10 September was not submitted	Disclaimer	Internal control	Management should ensure that the document requested by the AG is submitted timeously	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
12	COAF 11	During the planning stage of the audit of Expenditure, we noted that the some purchases orders were not signed as evidence of review and authorisation by the relevant official.	Disclaimer	Internal control	Management should ensure that the orders are authorised and approval form are signed as evidence for authorisation by the responsible official before the payment is processed.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13	
13	COAF 8	During the planning phase of the audit of Revenue, on review of journals prepared during the financial year we noted that the following journal was not authorised by the Chief Financial Officer before it was captured on the system. They were not signed as evidence of authorisation. There is also no evidence that the journal output printouts are reviewed by the Chief Financial Officer after it is captured by the Budget Officer as they were not signed as evidence of second review.	Disclaimer	Internal control	Management should ensure that journals are authorised before and after it is captured on the system and signed as evidence of review by the Chief Financial Officer.	L. Manakaza	Finance	Finance	BTO	28-Feb-13	
14	COAF 9	During the planning phase of the audit of Cash and cash equivalents, it was noted that there was no evidence of review by the Chief Financial Officer on the investment register.	Disclaimer	Internal control	Management should ensure that Investment register is signed with the date by management as evidence of review	Intern at BTO	Finance	Finance	BTO	28-Feb-13	
15	COAF 11	During the planning stage of the audit of Expenditure, it was noted that the some payments made to suppliers were not authorised by the Chief Financial Officer (CFO). The payment documentation is not signed as evidence of authorisation.	Disclaimer	Internal control	Management must ensure that all payments are authorised and signed by the Chief Financial Officer before the payment is made to the supplier	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13	
16	COAF 11	During the planning stage of the audit on Procurement, it was identified that there is no evidence that a tender sampled was advertised in the local newspaper inviting the public to tender	Disclaimer	Non-compliance with laws and regulations	Management should ensure that copies of adverts are retained in adequate filing system and submitted for audit purposes timeously	N. Mpangele	Finance	Finance	Supply Chain	28-Feb-13	
17	COAF 11	During the planning stage of the audit on Procurement, it was identified that there is no evidence that the specifications for a tender (sampled) were compiled by the specifications committee.	Disclaimer	Non-compliance with laws and regulations	Management should ensure that all specifications for formal tenders are compiled by the bid specification committee and a record of minutes be kept as evidence	N. Mpangele	Finance	Finance	Supply Chain	28-Feb-13	
18	COAF 11	During the planning stage of the audit on Procurement, it was identified that the bid adjudication committee of the municipality is not well represented as it does not include a member from the supply chain office and the Chief Financial Officer.	Disclaimer	Non-compliance with laws and regulations	Management should ensure that an official from the supply chain office and the chief financial officer are included in the bid adjudication committee	Municipal Manager	Municipal Manager	Municipal Manager	Legal and Compliance	15-Feb-13	
19	COAF 85	During the audit of expenditure, it was identified that for certain payments made, the quantities recorded on the invoice did not agree to the quantities on the purchase orders and / or requisition forms	Disclaimer	Internal control	Management should ensure that adequate controls are in place to ensure that staff reconciles quantities on invoices against the respective order forms to avoid unnecessary costs.	Interns at Expenditure	Finance	Finance	Expenditure	04-Feb-13	
20		During the planning stage on the audit of the Agency Account, it was noted that the following selected account of Vaal Maseru			Management should ensure that staff accurately process receipts from customers on their accounts and an adequate review by senior officials is						

18	COAF 11	During the planning stage of the audit on Procurement, it was identified that the bid adjudication committee of the municipality is not well represented as it does not include a member from the supply chain office and the Chief Financial Officer.	Disclaimer	Non-compliance with laws and regulations	Management should ensure that an official from the supply chain office and the chief financial officer are included in the bid adjudication committee	Municipal Manager	Municipal Manager	Municipal Manager	Legal and Compliance	15-Feb-13	
19	COAF 85	During the audit of expenditure, it was identified that for certain payments made, the quantities recorded on the invoice did not agree to the quantities on the purchase orders and / or requisition forms	Disclaimer	Internal control	Management should ensure that adequate controls are in place to ensure that staff reconciles quantities on invoices against the respective order forms to avoid unnecessary costs.	Interns at Expenditure	Finance	Finance	Expenditure	04-Feb-13	
20	COAF 8	During the planning stage on the audit of the Agency Account, it was noted that the following selected account of Vaal Maseru Busdiens EDMS was incorrectly credited with R1 686.59 instead of R421.65 which was received from the customer	Disclaimer	Misstatement in AFS	Management should ensure that staff accurately process receipts from customers on their accounts and an adequate review by senior officials is done on the ledger to ensure the correct processing of transactions. Suspend accounts should be investigated and cleared on a monthly basis	L. Matshoba	Finance	Finance	Revenue	28-Feb-13	
21	COAF 8	identified there is no evidence that exception reports on metered readings are generated each month, reviewed and errors corrected	Disclaimer	Internal control	Management should ensure that exception reports are generated and filed with regard to billing of customers	L. Matshoba	Finance	Finance	Revenue	28-Feb-13	
22	COAF 8	During the planning stage of the audit of revenue and receivables, it was noted that there are no reconciliations performed between the valuation roll and total value of property charged on the system	Disclaimer	Internal control	Management is to ensure that reconciliation between the valuation rolls and total value of property on Sebata system is performed.	L. Matshoba	Finance	Finance	Revenue	28-Feb-13	
23	COAF 8	During the planning phase of the audit of Revenue, it was identified that the daily reconciliations between daily receipts on conlog system and amount banked was inadequately done as the reconciling figures were not investigated and cleared. It was also identified that these reconciliations were not reviewed by a senior official.	Disclaimer	Internal control	Management should ensure that daily reconciliations between the conlog system and amount banked are correctly done by staff and reviewed by a senior official.	L. Matshoba	Finance	Finance	Revenue	28-Feb-13	
24	COAF 8	During the planning stage of the audit of Receivables, the monthly reconciliations between the consbill and the ledger were not submitted for audit.	Disclaimer	Internal control	Management should ensure that the monthly reconciliations performed are submitted for audit purposes within the stipulated timeframes	L. Matshoba	Finance	Finance	Revenue	28-Feb-13	
25	COAF 8	During the planning phase of the audit of revenue, it was identified that interest on outstanding debtors was incorrectly	Disclaimer	Misstatement in AFS	Management should ensure that Sebata system is configured with the correct interest rate to ensure accuracy of interest on debtors' accounts.	L. Matshoba	Finance	Finance	Revenue	28-Feb-13	
26	COAF 85	During the audit of expenditure it was identified that for the sample of payment vouchers selected, the price on the invoice differed from the price recorded on the purchase orders and / or requisition forms	Disclaimer	Internal control	Management should ensure that adequate controls are in place to ensure that the price of goods and services ordered or requisitioned are checked against the invoices, before the voucher is authorised for payment.	Interns at Expenditure	Finance	Finance	Expenditure	04-Feb-13	
27	COAF 85	During the audit of expenditure, it was identified that for the supplier selected there was no evidence to indicate that the supplier was registered for VAT purposes as there was no invoice attached with the payment voucher. Furthermore, a VAT vendor search was performed on the SARS website and there were no records identified for the supplier. The municipality has however claimed an input VAT on the purchase	Disclaimer	Internal control	Management should ensure that VAT is claimed from registered VAT vendors with valid tax invoices in terms of the VAT Act.	Interns at Expenditure	Finance	Finance	Expenditure	04-Feb-13	
28	COAF 9	During the planning phase of the audit of cash and cash equivalents, it was identified that the municipality does not exercise sufficient segregation of duties in its day to day functions. It was noted that the cashier receipts money received from customers, processes it on Sebata and occasionally banks the money.	Disclaimer	Internal control	Management should ensure that appropriate segregation of duties is put in place between the receiving and recording of cash from customers	L. Matshoba	Finance	Finance	Revenue	28-Feb-13	
29	COAF 12	During the planning phase of the audit, the following issues were identified with regards to the fixed assets system: 1. When assets are purchased, the Supply Chain Management Officer checks the assets received against the invoice, however there is no evidence that this check is performed. 2. There are no reconciliations performed between the fixed asset register and the general ledger 3. Fixed asset register is not maintained timeously. 4. Misappropriation of assets - asset count is only performed at year end. Assets may be removed from the custody of the municipality and only detected at year end. 5. Electronic asset register is only updated at year end.	Disclaimer	Internal control	Management needs to ensure that adequate controls are maintained over the fixed asset system.	Z. Mejeri	Finance	Finance	Assets	28-Feb-13	
30	COAF 9	During the planning phase of the audit of Cash and cash equivalents, it was noted that there is no evidence of when the monthly Standard bank reconciliations were reviewed by the Chief Financial Officer	Disclaimer	Internal control	Management should ensure that the date of when the bank reconciliations are reviewed is documented clearly on the reconciliations	L. Manakaza	Finance	Finance	BTO	28-Feb-13	
31	COAF 9	During the planning phase of the audit of Cash and cash equivalents, deficiencies were noted with regards to the payment voucher selected	Disclaimer	Internal control	Management must ensure that all payments are adequately authorised by the appropriate levels of management. Consultants should not be allowed to authorise payments in the absence of the CFO	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13	
32	COAF 4	During the audit of compliance, the following information requested on RFI 13 due on 23 August was not submitted	Disclaimer	Non-compliance with laws and regulations	Management should ensure that documentation requested by the AG is submitted timeously.	Mnyengeza	Community Service	Community Service	Waste Management	28-Feb-13	
33	COAF 10	During the planning phase on the audit of Employee costs, it was identified that the Expenditure Accountant has access to make amendments in the employees master file database and is also responsible for making payments to employees	Disclaimer	Internal control	Management should ensure that personnel's' user functions are restricted on the system on a least privilege basis	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13	
34	COAF 5	During the planning stage of the audit, the formation requested on RFI 11 due on 24 August was not submitted	Disclaimer	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	337
35	COAF 6	During the audit of Procurement and contract management, the information requested on RFI 6 due on 20 August was not submitted	Disclaimer	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
36	COAF 9	During the planning stage of the audit of Cash and cash equivalents, it was noted that the cheque selected was signed by a consultant	Disclaimer	Internal control	Management should ensure that the authorised bank signatories are full time employees of the Municipality	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	

33	COAF 10	During the planning phase on the audit of Employee costs, it was identified that the Expenditure Accountant has access to make amendments in the employees master file database and is also responsible for making payments to employees	Disclaimer	Internal control	Management should ensure that personnel's' user functions are restricted on the system on a least privilege basis	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13	
34	COAF 5	During the planning stage of the audit, the formation requested on RFI 11 due on 24 August was not submitted	Disclaimer	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
35	COAF 6	During the audit of Procurement and contract management, the information requested on RFI 6 due on 20 August was not submitted	Disclaimer	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
36	COAF 9	During the planning stage of the audit of Cash and cash equivalents, it was noted that the cheque selected was signed by a consultant	Disclaimer	Internal control	Management should ensure that the authorised bank signatories are full time employees of the Municipality	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
37	COAF 8	During the planning stage of the audit on Revenue and Receivables, it was noted that the following policies were not reviewed and adopted by council for the 2011/12 financial year. 1. Rates and Tariff policy 2. Credit Control Policy 3. Cash and Investment policy 4. Indigent Support Policy	Disclaimer	Non-compliance with laws and regulations	Management should ensure that all policies are presented to council for adoption and approval at the start of the financial year.	PJ Cloete	Corporate Services	Corporate Services	Human Resources	31-Mar-13	
38	COAF 8	During the planning stage on the audit of revenue and receivables, it was noted that the 6kl free water services was not taken in account when billing the indigent debtor selected	Disclaimer	Internal control	Management should ensure that the indigent debtors are not billed in their respective debtors' statement	N. Qondela	Municipal Manager	Municipal Manager	FBE	31-Mar-13	
39	COAF 10	During the planning phase of the audit of Employee Costs, on review of journals prepared during the financial year we noted that the following journal was not authorised by the Chief Financial Officer before it was captured on the system. They were not signed as evidence of authorisation. There is also no evidence that the journal output printouts are reviewed by the Chief Financial Officer after it is captured by the Budget Officer as they were not signed as evidence of second review	Disclaimer	Internal control	Management should ensure that journals are authorised before and after it is captured on the system and signed as evidence of review by the Chief Financial Officer.	L. Manakaza	Finance	Finance	BTO	28-Feb-13	
40	COAF 7	During the planning stage of the audit, the year end journals for all the components was requested on RFI 15 of 2012 due on 04 September and the journals were not submitted for audit purposes	Disclaimer	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	L. Manakaza	Finance	Finance	BTO	28-Feb-13	
41	COAF 86	During the audit of expenditure it was noted that the municipality does not have a separate bank account for unspent conditional grants. Furthermore, it was noted that the municipality's conditional grants register does not indicate the following: (i) the opening balances of unspent grants transferred from the previous year (ii) the portion of grants transferred to revenue. (iii) the unspent conditional grants at year-end.	Disclaimer	Non-compliance with laws and regulations	Management should ensure that conditional grants register include the following: • the opening balances of unspent grants transferred from the previous year; • the portion of grants transferred to revenue and; • unspent conditional grants at year-end. Management should ensure that a separate bank account for unspent conditional grants is maintained.						
42	COAF15	During the audit of procurement and contract management, the information requested on RFI 21 due on 10 September was not submitted	Disclaimer	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13	
43	COAF 82	During the audit of receivables, it was identified that the municipality did not hand over debtors' accounts that were outstanding for more than 90 days for collection to attorneys. All debts exceeding 90 days amount to R91 899 443.	Disclaimer	Non-compliance with laws and regulations	Management must ensure that controls are implemented to recover amounts outstanding for more than 90 days from debtors to ensure compliance with the Credit Control Policy.						
44	COAF 15	During the audit of procurement and contract management, the information requested on RFI 21 due on 10 September was not submitted	Disclaimer	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	N. Mpangele	Finance	Finance	Supply Chain	31-Mar-13	
45	COAF 19	During the audit of Predetermined Objectives, the information requested in RFI 27 of 2012 and due on 14th September 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously.	De Jager/N. Mntuyedwa	FDP/IPED	FDP/IPED	FDP/IPED	31-Mar-13	
46	COAF 79	Through inspection of the supporting documentation attached to the payment voucher, no evidence could be obtained that procurement for transactions between R10 000 and R200 000 was performed through invitation of 3 formal written quotations from suppliers	Disclaimer	Internal control	The supply chain management function should be closely monitored to ensure that SCM regulations and policies are adhered to. Management should not approve the procurement of any goods where the required number of quotes is not obtained	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
47	COAF 83	During the audit of employee costs, it was identified through inspection of the rental agreement that the amount per rental agreement did not agree to the amount deducted from payroll	Disclaimer	Misstatement in AFS	Management should ensure that the deductions per the payroll agree to the signed rental agreement between the Municipality and the employee	L. Matshoba/P.J. Cloete	MM/Finance	MM/Finance	Revenue/Legal & Compliance	28-Feb-13	
48	COAF 18	During the audit of Expenditure, the information requested in RFI 18 of 2012 due on 7 September 2012 was not submitted	Disclaimer	Internal control	Management should ensure that the documents requested by the AG is submitted timeously	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
49	COAF 14	During the audit of Expenditure, the information requested in RFI 22 of 2012 due on 6 September 2012 was not submitted	Disclaimer		Management should ensure that the documents requested by the AG are submitted timeously.	N. Sikunana	Finance	Finance	Expenditure	31-Mar-13	
50	COAF 13	During the audit of Revenue, information requested in RFI 17 due on 7 September 2012 was not submitted	Disclaimer	Internal control	Management should ensure that documentation requested by the AG is submitted timeously.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13	
51	COAF	During the audit of Revenue, the information requested in RFI 23 of 2012 due on 10 September was not submitted • The PC06 report reflecting all debtors accounts with their capital balances outstanding and interest owing for the year ended 30 June 2012 in excel/text format.			Management should ensure that documentation requested by the AG is						

49	COAF 14	During the audit of Expenditure, the information requested in RFI 22 of 2012 due on 6 September 2012 was not submitted	Disclaimer		Management should ensure that the documents requested by the AG are submitted timeously.	N. Sikunana	Finance	Finance	Expenditure	31-Mar-13	
50	COAF 13	During the audit of Revenue, information requested in RFI 17 due on 7 September 2012 was not submitted	Disclaimer	Internal control	Management should ensure that documentation requested by the AG is submitted timeously.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13	
51	COAF 16	During the audit of Revenue, the information requested in RFI 23 of 2012 due on 10 September was not submitted <ul style="list-style-type: none"> The PC06 report reflecting all debtors accounts with their capital balances outstanding and interest owing for the year ended 30 June 2012 in excel/text format. 	Disclaimer		Management should ensure that documentation requested by the AG is submitted timeously	L. Matshoba	Finance	Finance	Revenue	31-Mar-13	
52	COAF 75	During the audit of revenue it was noted that the municipality was not monitoring the distribution losses relating to electricity on a monthly basis	Disclaimer	Internal control	Management should ensure that revenue distribution losses are monitored on a monthly basis and any significant variances followed up timeously. Any distribution losses must be disclosed in the financial statements.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13	
53	COAF 75	During the review of electricity tariffs it was noted that the Municipality deviated from the tariffs approved by NERSA	Disclaimer	Non-compliance with laws and regulations	Management must implement tariffs approved by NERSA. Approval must be obtained from NERSA for any deviations from the set tariffs.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13	
54	COAF 20	During the audit of revenue the following information was requested but not submitted within the stipulated time frames: <ul style="list-style-type: none"> Contract between the Municipality and Grazing camps requested in RFI 20 of 2012 supporting the rentals received from the debtor to ascertain whether the revenue is received as per the conditions of the contract and was due on 10/09/2012 	Disclaimer	Non-compliance with laws and regulations	Management have taken note of the audit finding and the related recommendation. The grazing camps contract cannot be found at this stage and will be submitted once located	P.J. Cloete	Municipal Maanager	Municipal Maanager	Legal and Compliance	28-Feb-13	
55	COAF 83	The Municipality has not been able to fill several senior vacant posts and has been unable to procure certain skills	Disclaimer	Misstatement in performance report	Management should ensure that all vacancies are budgeted for, advertised and filled accordingly in order to effectively implement the Integrated Development Plan objectives and meet the service delivery targets.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
56	COAF 83	During the audit it was noted that the Municipality did not have the budget for the certain appointments made.	Disclaimer	Internal control	Management should ensure that the budget is used as it was originally intended for	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
57	COAF 77	During the audit of cash and cash equivalents, the following were noted with regard to the Standard Bank reconciliations for May 2012 for both the operating account and the primary account: <ul style="list-style-type: none"> The May bank reconciliation opening cash book balance did not agree to the April 2012 closing cash book balance. The closing bank statement balance as per the bank reconciliation did not agree to the closing balance per the 2012 bank statement	Disclaimer	Internal control	Management must ensure that all amounts on the monthly bank reconciliations are correct. The official approving the bank reconciliations must check the amounts to supporting documentation during the review process.	G. De Jager	Finance	Finance	Finance	31-Mar-13	
58	COAF 77	During the audit of cash and cash equivalents, it was noted that the bank statement balance per the bank reconciliation for June 2012 did not agree to the closing balance as per the June bank statement	Disclaimer	Internal control	Management must ensure that the bank reconciliations are prepared from bank statements received from the bank and not statements printed off the internet as there may be timing differences in the captured amounts reflecting on internet statements	L. Manakaza	Finance	Finance	Finance	31-Mar-13	
59	COAF 89	During the audit of Property, plant and equipment, it was noted that no Input VAT was claimed for some repairs and maintenance transactions	Disclaimer	Misstatement in AFS	Management must ensure that input VAT is claimed if the municipality has been charged input VAT on the supplier invoice and they should not claim input VAT if they have transacted with a non VAT vendor		Finance	Finance	Expenditure	04-Feb-13	
60	COAF 75	During the audit of revenue, it was noted that the interest on debtors is incorrectly calculated. As per the credit control policy interest is calculated as follows: The outstanding amount less previous month's interest multiplied by the i+rate/12 (i being prime rate plus 1% where prime rate = 10%).	Disclaimer	Misstatement in AFS	Management should ensure that Sebata system is configured with the correct interest rate to ensure accuracy of interest on debtor's accounts	L. Matshoba	Finance	Finance	Revenue	31-Mar-13	
61	COAF 75	During the audit of revenue, it was noted that revenue from rental of facilities and equipment is not recognised on a straight-line basis over the term of the lease agreement. Instead it is recognised on a cash basis at the end of each month.	Disclaimer	Misstatement in AFS	Management must ensure that lease revenue is accounted for as per the GRAP standards and the municipality's accounting policy	G. De Jager	Finance	Finance	Finance	30-Jun-13	
62	COAF 21	During the audit of Procurement and contract management, the certain information was requested in RFI 28 of 2012, with a due date of 17 September 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously.	Municipal Manager	Municipal Manager	Municipal Manager	Legal and Compliance	31-Mar-13	
63	COAF 85	During the audit of expenditure, it was noted that for the transactions recorded in the general ledger the amounts could not be agreed to supporting documentation.	Disclaimer	Misstatement in AFS	Management should ensure that transactions recorded in the accounting system are accurately processed and supported by valid documentation.		Finance	Finance	Finance	04-Feb-13	339

62	COAF 21	During the audit of Procurement and contract management, the certain information was requested in RFI 28 of 2012, with a due date of 17 September 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously.	Municipal Manager	Municipal Manager	Municipal Manager	Legal and Compliance	31-Mar-13
63	COAF 85	During the audit of expenditure, it was noted that for the transactions recorded in the general ledger the amounts could not be agreed to supporting documentation.	Disclaimer	Misstatement in AFS	Management should ensure that transactions recorded in the accounting system are accurately processed and supported by valid documentation.		Finance	Finance	Finance	04-Feb-13
64	COAF 85	During the audit of expenditure, it was identified that the payment vouchers were approved by a consultant appointed by the municipality.	Disclaimer	Internal control	Management should ensure that controls are in place to ensure that payments are only approved by delegated municipal officials.	G. De Jager	Finance	Finance	Finance	04-Feb-13
65	COAF 85	During our audit of expenditure, it was noted that the invoices were dated before the purchase order / requisition form dates	Disclaimer	Internal control	Management should ensure that controls are in place to ensure that order forms are completed before the items are procured by performing a review of payment vouchers with all required supporting documentation before authorising the payment		Finance	Finance	Finance	04-Feb-13
66	COAF 85	During the audit of expenditure, it was noted that for the following invoices, there was no evidence that the goods and services were received in good order as the invoices were not signed	Disclaimer	Misstatement in AFS	Management should ensure that controls are in place to ensure that invoices are signed as evidence that goods and services are received in good order	Interns at Expenditure	Finance	Finance	Expenditure	04-Feb-13
67	COAF 85	During the audit of expenditure, it was identified that for the certain payments there was no input VAT claimed on the transaction	Disclaimer	Misstatement in AFS	Management must ensure that input VAT is claimed if the municipality has been charged input VAT on the supplier invoice		Finance	Finance	Finance	04-Feb-13
68	COAF 85	During our audit of expenditure, it was noted that the transactions were incorrectly classified within the expenditure vote(misallocation)	Disclaimer	Misstatement in AFS	Management should ensure that controls are in place to ensure that expenditure is incurred for the intended purpose of the vote	M. Nyengane	Finance	Finance	Finance	04-Feb-13
69	COAF 89	During the audit of repairs and maintenance, it was noted that some invoices did not have a signed goods received note/delivery note attached to ensure that the goods/services were received in good order	Disclaimer	Internal control	GRV/delivery notes should be signed upon receipt of the goods or service and attached to the relevant invoice	Interns at Expenditure	Finance	Finance	Expenditure	04-Feb-13
70	COAF 77	During the audit of cash and cash equivalents, it was noted that the previous Chief Financial Officer is still an authorised signatory on the ABSA account despite the fact that she is no longer an employee of the municipality	Disclaimer	Internal control	Management must ensure that the previous CFO is removed from the list of authorised signatories at the bank with immediate effect. In future, management must ensure that officials are removed from the list of authorised signatories as soon as they leave the employ of the municipality	G. De Jager	Finance	Finance	Finance	04-Feb-13
71	COAF 75	During the audit of revenue, it was noted that the municipality did not update the master valuation roll and the Conlog system with the details of the new owner of a property after this had been registered with deeds office	Disclaimer	Internal control	Management should closely monitor the registration of property transfers and update the valuation roll and the Conlog system with the new owners details to ensure that the correct debtor is billed.	N. Xakwe	Finance	Finance	Revenue	28-Feb-13
72	COAF 75	During the audit of revenue, it was noted that the Conlog system is not updated timeously with amendments to the values of properties to ensure correct rates and taxes are charged throughout the year.	Disclaimer	Internal control	Management should ensure the Conlog system is reconciled monthly with additions and deductions to the valuation roll to ensure correct billing of rates revenue	B.Twala	Finance	Finance	Revenue	28-Feb-13
73	COAF 25	During the audit of Cash and Bank, the information requested in RFI 35 of 2012 due on 21 September 2012 was not submitted	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG is submitted timeously	Manakhaza/Sikhunana	Finance	Finance	Finance	28-Feb-13
74	COAF 26	The municipality submitted a draft annual performance report for the 2011/12 year, but did not submit a final annual performance report with the financial statements. Furthermore, there was no submission of portfolio of evidence with the report.	Disclaimer	Misstatement in performance report	Management is to ensure that a final copy of the annual performance report with the portfolio of evidence is submitted with the financial statements within two months after year end.	PJ Cloete	Corporate Services	Corporate Services	Human Resources	28-Feb-13

75	COAF 24	During the audit of Compliance, the information requested in RFI 30 of 2012 and due on 20th September 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously.	N. Roboji	Municipal Manager	Municipal Manager	Internal Audit	28-Feb-13
76	COAF 22	During the audit of Compliance, the information requested in RFI 31 of 2012 and due on 20th September 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously	MM/Mayor	MM/Council	MM/Council	MM/Council	31-Mar-13
77	COAF 23	During the audit of Compliance, the information requested in RFI 32 of 2012 and due on 20th September 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously		Municipal Manager	Municipal Manager	Municipal Manager	30-Apr-13
78	COAF 27	During the audit of Compliance, the information requested in RFI 33 of 2012 and due on 21st September 2012, but was not received	Disclaimer		Management should ensure that the documents requested by the AG are submitted timeous	N. Roboji	Municipal Manager	Municipal Manager	Internal Audit	31-Mar-13
79	COAF 27	During the audit of Compliance, the information requested in RFI 36 of 2012 and due on 21st September 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously	De Jager/N. Mntuyedwa	FDP/IPED	FDP/IPED	FDP/IPED	31-Mar-13
80	COAF 28	Cleared	Disclaimer	Misstatement in performance	Cleared					
81	COAF 32	During the audit of predetermined objectives, it was noted that the SDBIP for 2011/12 year does not set out input and output indicators in respect of each of the development priorities and objectives set in the IDP	Disclaimer	Misstatement in performance report	Management should ensure that those adequate controls are implemented to ensure compliance with the provisions of the Act and the regulations	N. Mntuyedwa	IPED	IPED	IPED	31-Mar-13
82	COAF 32	During the audit of predetermined objectives, we noted that the SDBIP does not indicate service delivery targets and performance indicators for each quarter for all objectives for the 2011/12 financial year.	Disclaimer	Misstatement in performance report	Management must ensure that the SDBIP includes service delivery targets and performance indicators for each quarter for all objectives	N. Mntuyedwa	IPED	IPED	IPED	31-Mar-13
83	COAF 32	During the audit of predetermined objectives, it was identified that majority of the objectives in the IDP were not aligned with the annual performance report (APR) for the 2011/12 year. Furthermore, we were unable to identify these objectives in the SDBIP for 2011/12 year.	Disclaimer	Misstatement in performance report	Management should ensure that the objectives as set in the IDP are aligned with the SDBIP and annual performance reports	N. Mntuyedwa	IPED	IPED	IPED	31-Mar-13
84	COAF 29	The audit file received with the financial statements did not contain detailed breakdowns for the following expenditure line items: -Repairs and Maintenance -Finance Charges -Bulk Purchase -Other Operating Gran Expenditure	Disclaimer		Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information in the audit file	G. De Jager	Finance	Finance	Finance	04-Feb-13
85	COAF 29	The audit file submitted with the financial statements did not contain the following: <ul style="list-style-type: none"> a detailed breakdown for the Payables from exchange transactions account balance an appropriate creditors listing for the 2010/11 and 2011/12 financial years (i.e. a creditors listing generated by the municipality, showing amounts due to each creditor as at year end) period-end reconciliation of creditors sub-ledger to the general ledger (control account) reconciliations of accounts payable balances for the year under review a summary of the accruals at year end (accruals listing) 	Disclaimer	Misstatement in AFS	Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information in the audit file	G. De Jager	Finance	Finance	Finance	04-Feb-13
86	COAF 30	During the audit of Revenue, the information requested in RFI 42 of 2012 and due on 26th September 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that documentation requested by the AG is submitted timeously.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13
87	COAF 89	During the audit of property, plant and equipment, it was noted that a certain asset was incorrectly classified as Land and Buildings:	Disclaimer	Misstatement in AFS		G. De Jager	Finance	Finance	Finance	04-Feb-13
88	COAF 75	During the audit of revenue, it was identified that the number of properties included in the Sebata system did not agree to the number of properties per the valuation roll submitted for audit	Disclaimer	Misstatement in AFS	Management must ensure that the number of properties per the valuation roll is reconciled to the number of properties per the Sebata system to ensure complete monthly billing.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13
89	COAF 31	During the audit of Procurement and contract management, the supplier sub-ledger was requested in RFI 45 of 2012, with a due date of 28 September 2012, but was not received.	Disclaimer	Internal control	Management should ensure that the document requested by the AG is submitted timeously	N. Mpangele	Finance	Finance	Supply Chain	31-Mar-13
90	COAF 79	During the audit of procurement and contract management, it was noted that the risk assessment of the SCM system was not performed during the year under review	Disclaimer	Internal control	Management should ensure that a risk assessment of the SCM processes is performed, as required by the SCM regulations	N. Roboji	Municipal Manager	Municipal Manager	Internal Audit	30-Apr-13
91	COAF 89	During the audit of property, plant and equipment, it was noted that the amounts reflected in note 9 to the financial statements did not agree with the amounts per the trial balance	Disclaimer	Misstatement in AFS	Adequate controls should be in place to ensure that amounts are accurately processed to the financial statements. Management must ensure that the values per the trial balance agree to the financial statements	G. De Jager	Finance	Finance	Finance	04-Feb-13

92	COAF 33	During the audit of Irregular, Unauthorised and Fruitless and wasteful expenditure, the supporting schedule for the disclosure note were requested in RFI 52 of 2012, with a due date of 03 October 2012, but was not received	Disclaimer	Internal control	Management should ensure that the documents requested by the AG are submitted timeously	G. De Jager	Finance	Finance	Finance	30-Jun-13
93	COAF 69	During the audit of Accounts payable the following were noted: 1. The date of receipt of invoice is not documented on some of the invoices. 2. Using the invoice date as the invoice receipt date as no creditors statements were submitted, it was noted that some invoices were not paid within 30 days	Disclaimer	Non-compliance with laws and regulations	Management must ensure that date of receipt of the invoice is documented on all invoices. Furthermore, management must implement adequate controls to ensure that creditors are paid within 30 days of receipt of the invoice or statement	Interns at Expenditure	Finance	Finance	Finance	04-Feb-13
94	COAF 75	During the audit of revenue it was noted that the recorded revenue from electricity in the general ledger does not agree to the reasonability calculations performed/amount per Conlog system	Disclaimer	Misstatement in AFS	Management must ensure that transactions from the Conlog system are accurately processed to Sebata system and reconciliations are performed on a monthly basis in order to identify and rectify errors timeously	N. Xakwe	Finance	Finance	Revenue	28-Feb-13
95	COAF 34	During the audit of revenue it was identified that the October 2011 Eskom bulk purchase invoice was not submitted for audit purposes	Disclaimer	Internal control	Management should ensure that documentation requested by the AG is submitted timeously.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
96	COAF 34	During the audit of Revenue, it was noted that the municipality did not submit the investment register as part of audit file for 2011/12 year	Disclaimer	Internal control	Management should ensure that all supporting documents are provided in the audit file.	Intern at BTO	Finance	Finance	BTO	31-Mar-13
97	COAF 73	During the audit of Fixed Assets, the contracts register for capital projects of the municipality, was requested in RFI 85 of 2012, and was not submitted	Disclaimer	Misstatement in AFS	Management should ensure that the documents requested by the AGSA are submitted timeously.		L. Wana	Technical	Technical	28-Feb-13
98	COAF 35	During the audit of Leave payouts and gratuities, the following relevant information was not submitted with the audit file for the 2011/12 financial year: 1) The calculations for annual leave payouts made during the 2012/11 financial year, showing the employees paid and the amounts paid. 2) The leave gratuity calculations for the 2011/12 financial year. 3) Leave payout on termination of employment for the 2011/12 financial year, showing the employees paid and amounts paid.	Disclaimer		Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information in the audit file.	G. De Jager	Finance	Finance	Finance	30-Jun-13
99	COAF 36	During the audit of Finance Leases: NRG Office Solutions (Pty) Ltd, the amounts included in the Finance Lease calculation could not be vouched to supporting documentation, as they were not included in the audit file	Disclaimer	Misstatement in AFS	Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information in the audit file.	G. De Jager	Finance	Finance	Finance	30-Jun-13
100	COAF 39	During the audit of Compliance, the information requested in RFI 48 of 2012 and due on 04th October 2012, but was not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously	N. Mntuyedwa	IPED	IPED	IPED	31-Mar-13
101	COAF 79	During the audit of procurement and contract management, it was noted that the SCM processes relating to disputes/objections and complaints from aggrieved persons are not functional i.e. there is a system in place to monitor calls and use of suggestion boxes, however, there is no monitoring	Disclaimer	Internal control	Management must ensure that the suggestion boxes are opened frequently and that a complaints register is maintained	N. Mpangele	Finance	Finance	Supply Chain	31-Mar-13
102	COAF 37	During the audit of Irregular, Unauthorised and Fruitless and wasteful expenditure, the supporting schedule for the disclosure note were requested in RFI 52 of 2012, with a due date of 03 October 2012, but was not received	Disclaimer	Internal control	Management should ensure that the documents requested by the AG are submitted	N. Sikunana	Finance	Finance	Expenditure	31-Mar-13
103	COAF 38	During the audit of Procurement and contract management, the supplier sub ledger was requested in RFI 45 due on 28 September was not submitted	Disclaimer	Internal control	Management should ensure that the documents requested by the AG are submitted timeously	N. Mpangele	Finance	Finance	Supply Chain	31-Mar-13
104	COAF 40	During the audit, it was identified that there were differences in some of the accounts between the trial balance and general ledger submitted for auditing	Disclaimer	Misstatement in AFS	Management should ensure that the trial balance and general ledger submitted for auditing reconcile with each other. Detailed explanations with supporting documentation between the differences in the accounts are required to be submitted.	G. De Jager	Finance	Finance	Finance	30-Jun-13
105	COAF 89	During the audit of Property, Plant and Equipment, it was noted that input VAT was not always claimed on additions	Disclaimer	Internal control		N. Sikunana	Finance	Finance	Expenditure	04-Feb-13
106	COAF 89	During the audit of property, plant and equipment, we could not physically verify some infrastructure assets.	Disclaimer	Misstatement in AFS	Management should perform a verification of its infrastructure assets and ensure that the fixed asset register is updated with the correct verification GPS Co-ordinates.	Z. Mejeri	Finance	Finance	Assets	04-Feb-13
107	COAF 89	During the audit of fixed assets, it was noted that inadequate insurance cover was obtained for some fixed assets	Disclaimer	Internal control	Management must ensure that all PPE are adequately insured.	Z. Mejeri	Finance	Finance	Finance	31-Mar-13
108	COAF 89	During the audit of property, plant and equipment, it was noted that the municipality did not assess any of its assets for impairment at the end of the financial year	Disclaimer	Misstatement in AFS	Management must ensure that all assets are assessed for impairment at year	Z. Mejeri	Finance	Finance	Finance	30-Apr-13

109	COAF 89	During the audit of property, plant and equipment, it was noted that municipally assets to the value of R577 880 were not identified during the municipality asset count and were subsequently incorrectly recorded on the asset register as impaired assets and not as disposed assets	Disclaimer	Misstatement in AFS	Management should present the list of missing assets to council so that the council can pass a resolution for the disposal of those assets.	Z. Mejeni	Finance	Finance	Finance	30-Jun-13
110	COAF 86	During the audit of interest on outstanding debtors it was noted that the municipality did not apply the in duplum rule. The total accumulated interest levied against the following debtors exceeded the capital amount owing	Disclaimer	Misstatement in AFS	Management should ensure that adequate controls are in place on the system to ensure that interest is capped once it has exceeded the capital amount owed by the debtor, in order to comply with the National Credit Act	L. Matshoba	Finance	Finance	Revenue	31-Mar-13
111	COAF 75	During the audit of revenue it was noted that the total interest earned on investments as per bank confirmations does not agree to the amount as per the general ledger	Disclaimer	Misstatement in AFS	Management should ensure reconciliations between the accounting records and bank statements are performed on a monthly basis to ensure errors are identified and rectified timeously	Intern at BTO	Finance	Finance	BTO	31-Mar-13
112	COAF 75	During the audit of revenue it was identified that the interest earned on outstanding receivables as per the general ledger does not agree to reasonability calculations performed based on the total outstanding debtors and the approved interest rate	Disclaimer	Misstatement in AFS	Management should ensure that the Sebata system is configured with the correct interest rate to ensure accuracy of interest on debtors accounts	L. Matshoba	Finance	Finance	Revenue	28-Feb-13
113	COAF 40	During the audit of financial statements, the lead schedules used to prepare the 2011/12 financial statements submitted by the consultant, did not agree to amounts disclosed in the financials	Disclaimer	Misstatement in AFS	Management should ensure that an accurate and complete set of lead schedules that agree to the financial statements are submitted for audit purposes	G. De Jager	Finance	Finance	Finance	30-Jun-13
114	COAF 40	During the audit of the 2011/12 financial statements, it was identified that there were differences in the opening and closing balances between the trial balance on the system and trial balance that was used to prepare the financial statements	Disclaimer	Misstatement in AFS	Management should ensure that the trial balance used in the preparation of the financial statements and the trial balance on the system reconcile with each other. Detailed explanations with supporting documentation between the differences in the accounts are required to be submitted	G. De Jager	Finance	Finance	Finance	30-Jun-13
115	COAF 87	member of a municipal council. This is applicable retrospectively and is deemed to have come into operation on 1 April 2002.	Disclaimer	Misstatement in AFS	2002, in respect of the abovementioned public office bearers must be refunded to the public officer bearers. Any debtor raised for contributions should be reversed	N. Sikunana/PJ Cloete	Finance	Finance	Expenditure	28-Feb-13
116	COAF 87	Differences were noted between the comparative amounts for the current year and the final amounts for the prior year	Disclaimer	Misstatement in AFS	Management should ensure that opening balances in current year agree to prior year balances. Alternatively, differences should be treated as a correction of error for the prior period	G. De Jager	Finance	Finance	Finance	04-Feb-13
117	COAF 41	RFI 60, requesting for a breakdown of the calculations for leave payouts for selected employees was sent out on the 4th of October 2012. This RFI was due on Monday the 8th of October 2012 and the information requested was not submitted to the AGSA	Disclaimer		Management should have proper measures in place to ensure that the amounts in the annual financial statements are supported by complete, relevant and accurate information	N. Sikunana	Finance	Finance	Expenditure	31-Mar-13
118	COAF 42	A payment voucher for the general ledger transaction listed was requested in RFI 56 with a due date 05 October 2012 however no information was received.	Disclaimer	Misstatement in AFS	Management should have proper measures in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information.	N. Sikunana	Finance	Finance	Expenditure	31-Mar-13
119	COAF 44	During the audit it was noted that the municipality did not account for revenue, receivables, purchases and payables at their fair value as required by IAS 39 and the guidance provided by National Treasury.	Disclaimer	Misstatement in AFS	Management should re-perform the fair value calculation of revenue, receivables, purchases and payables in the manner required by IAS 39 and National Treasury	G. De Jager	Finance	Finance	Finance	04-Feb-13
120	COAF 43	The municipality could not provide a listing supporting the amounts disclosed as commitments in the annual financial statements	Disclaimer	Misstatement in AFS	Management should ensure that a schedule for commitments is prepared and the amount of commitments at year end is properly disclosed in the financial statements.	L. Wana	Technical	Technical	PMU	31-Mar-13
121	COAF 43	During the audit work performed, it was determined via a "reasonability test", that there is an overspending on grant funding. The overspending of grant funds could be indicative of undisclosed Commitments for the Municipality	Disclaimer	Misstatement in AFS	Management should ensure that a schedule for commitments is prepared and the amount of commitments at year end is properly disclosed in the financial statements	L. Wana	Technical	Technical	PMU	31-Mar-13

122	COAF 85	During the audit of expenditure it was noted that the municipality spent R7, 297,439 on plant hire instead of purchasing a plan	Disclaimer	Internal control	Management should consider purchasing a plant instead of hiring a plant in order to ensure effective, efficient and economical usage of the municipality's resources	W. Mkuyana	Technical	Technical	Roads and Stormwater	31-Mar-13	
123	COAF 45	The request for information (RFI 57) was sent to the Municipality on the 3rd October 2012. The following information relating to "Prior Period Errors" was requested: "supporting documentation relating to all Prior Period Errors adjusted for in the 2011/2012 financial year".	Disclaimer	Misstatement in AFS	Management should ensure that the working papers of all consultants who process entries affecting the annual financial statement of the entity are available for inspection by the AGSA	G. De Jager	Finance	Finance	Finance	04-Feb-13	
124	COAF 50	During the audit of Unspent Conditional Grants and Receipts, it was identified that the amounts as recorded in the reconciliation provided did not agree to the amounts disclosed in the financial statements	Disclaimer	Misstatement in AFS	Management should ensure that amounts disclosed in the financial statements agree to the reconciliations provided	Intern at BTO	Finance	Finance	BTO	31-Mar-13	
125	COAF 81	During the audit of investment properties, it was noted that the municipality did not retain the title deeds for all the properties reflected on their investment properties register	Disclaimer	Misstatement in AFS	Management must ensure that they retain the title deeds for all the properties that are reflected on their investment properties register.	M. Mazibuko	IPED	IPED	Town Planning	28-Feb-13	
126	COAF 81	During the audit of Property, plant and equipment and investment properties, it was noted that some properties per the title deeds search could not be traced to the Asset register	Disclaimer	Misstatement in AFS	Management must ensure that all assets recorded on the deeds registry are recorded in the fixed asset register so as to completely and accurately account for all properties of the municipality	M. Mazibuko	IPED	IPED	Town Planning	28-Feb-13	
127	COAF 81	During the audit of investment properties, it was noted that the municipality did not determine the fair value of its properties in accordance with GRAP16. There was also no disclosure of this fact in the AFS. We are unable to determine if the fair value of investment property is materially different from the carrying amount and cannot conclude if the fair value should be disclosed in the AFS.	Disclaimer	Misstatement in AFS	Management must perform a fair value calculation of their investment properties. Management must also ensure that the AFS are amended to comply with the requirements of GRAP16	G. De Jager	Finance	Finance	Finance	04-Feb-13	
128	COAF 83	There were differences relating to the leave provision	Disclaimer	Misstatement in AFS	Management should review the annual financial statements together with the relevant year end journals processed, before submission of the annual financial statements for audit purposes.	G. De Jager	Finance	Finance	Finance	04-Feb-13	
129	COAF 75	During the audit of revenue, it was identified that the receipts numbers were missing	Disclaimer	Internal control	Management should ensure controls are implemented to ensure that all used receipts are accounted for	L. Matshoba	Finance	Finance	Revenue	15-Feb-13	
130	COAF 46	During the audit of revenue, the information requested in RFI 63 due 9 October 2012 was not submitted	Disclaimer	Internal control	Management should ensure that documentation requested by the AG is submitted tim	L. Matshoba	Finance	Finance	Revenue	28-Feb-13	
131	COAF 50	During the audit of Unspent conditional grants and liability, it was identified that some of the closing balances, as recorded in the grant reconciliation submitted in the audit file, did not agree to the general ledger.	Disclaimer	Misstatement in AFS	Management should ensure that amounts in the reconciliation agree to the general ledger balances. Adequate review must be performed by senior officials in the municipality of the data used in the preparation of the reconciliation.	G. De Jager	Finance	Finance	Finance	30-Jun-13	
132	COAF 47	During the audit of inventory, it was noted that the stock sheets from the stock count performed by the municipality on 30 June 2012 were not included in the audit working paper file provided to the auditors.	Disclaimer	Misstatement in AFS	Management must ensure that sufficient appropriate documentation is provided to the auditors to support values reflected in the AFS and this documentation is included in the audit working paper file	N. Bushula	Corporate Service	Corporate Service	Administration	31-Mar-13	
133	COAF 48	During the audit of the cash flow statement, it was noted that the calculations supporting all values reflected on the cash flow statement and relevant note to the AFS were not included in the audit working paper file	Disclaimer	Misstatement in AFS	Management must ensure that sufficient appropriate documentation is provided to the auditors to support values reflected in the AFS and this documentation is included in the audit working paper file.	G. De Jager	Finance	Finance	Finance	30-Jun-13	
134	COAF 49	Contingent liabilities: Amounts in the AFS do not agree to supporting documents	Disclaimer	Misstatement in AFS	Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information which can be made available timeously	P.J. Cloete	Municipal Manager	Municipal Manager	Legal and Compliance	28-Feb-13	
135	COAF 49	Contingent liabilities: Additional contingent liabilities identified from legal correspondence	Disclaimer	Misstatement in AFS	The Municipality should ensure that it liaises with its legal counsel on a monthly basis to ensure that the status of all its litigation is known at the end of the financial year.	P.J. Cloete	Municipal Manager	Municipal Manager	Legal and Compliance	28-Feb-13	

136	COAF 51	<p>During the audit of intangible assets, the following was noted:</p> <ol style="list-style-type: none"> The adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a correction of prior period error. This should be reflected as a change in accounting policy. The prior period error has been incorrectly disclosed in the intangible assets note as a separate line item. This should only be included in the Prior period errors note and the statement of changes in nett assets. <p>The note incorrectly refers to note 29.08 instead of 29.09</p>	Disclaimer	Misstatement in AFS	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors.	G. De Jager	Finance	Finance	Finance	30-Jun-13
137	COAF 75	During the verification process for the first quarter of the 2011/12 financial year by National Treasury, it was noted that the differences between the actual expenditure figures reported by the municipality to National Treasury and the national department administering the grant were uncovered. National Treasury viewed that as an act of financial misconduct in terms of section 171(1)(d) of the MFMA.	Disclaimer	Internal control	Management should ensure that all reports submitted to any organ of the state be reviewed by the Chief Financial Officer to ensure accuracy of the reports and to avoid unnecessary penalties from National Treasury	L. Manakaza	Finance	Finance	Finance	30-Apr-13
138	COAF 52	During the audit of revenue the information requested in RFI 68 of 2012 due on 10 October 2012 was not submitted	Disclaimer	Internal control	Management should ensure that documentation requested by the AG is submitted timeously.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13
139	COAF 85	During the audit of expenditure, and through inspection of the payment vouchers provided for audit purposes and the general ledger, it was noted that less than 12 payments were made during the year under review for some recurring accounts	Disclaimer	Internal control	Management should ensure that for recurring expenditure there are 12 payments processed on the accounting system. Management should also ensure that transactions are recorded in the correct accounting period	N. Sikunana	Finance	Finance	Expenditure	15-Feb-13
140	COAF 53	During the audit of revenue, the information requested in RFI 74 of 2012 due 10 October 2012 was not submitted	Disclaimer	Internal control	Management should ensure that documentation requested by the AG are submitted timeously.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13
141	COAF 70	During the audit of Provisions, it was noted that the municipality did not take into account the time value of money for future costs in the calculation of the provision for rehabilitation of landfill sites, but rather only considered the costs of rehabilitating the landfill sites based on costs for the volume of the landfill sites used to date and not take into account any future usage. This is a departure from GRAP 19 that requires that time value of money be considered for future costs	Disclaimer	Misstatement in AFS	Management should estimate the future costs of rehabilitating the landfill sites at the end of their useful lives and present value these future costs using an appropriate discount rate in order to calculate the correct provision amount. This must then be disclosed in the financial statements.	G. De Jager	Finance	Finance	Finance	04-Feb-13
142	COAF 70	During the audit of provisions, it was noted that the provision amount reflected in the financial statements was not calculated in terms of the stipulated accounting policy in the financial statements. The accounting policy in the financial statements states that the provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. The provision calculation, however, was made based on the current costs that would have been incurred at year end on the actual volume of landfill sites utilised had the municipality been expected to rehabilitate the sites at year end.	Disclaimer	Misstatement in AFS	Management must ensure that the accounting treatment applied to Provisions is in accordance with the relevant GRAP standards and the municipality's accounting policy	G. De Jager	Finance	Finance	Finance	04-Feb-13
143	COAF 89	During the audit of property, plant and equipment, it was noted some motor vehicles could not be physically verified as they were deregistered although they still appear on the fixed asset register	Disclaimer	Misstatement in AFS	Management must ensure that the fixed assets register and the general ledger only include assets still in existence and owned by the municipality	Z. Mejeni	Finance	Finance	Finance	31-Mar-13
144	COAF 70	<p>During the audit of provisions, the following were noted:</p> <ul style="list-style-type: none"> The municipality has changed its accounting policy from the prior year to the current year. In the prior year the accounting policy applied was in accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework. Directive 4 has fallen away during the current year and the municipality now complies fully with the requirements of GRAP3. The prior period error has been incorrectly disclosed in the provisions note as a separate line item. This should only be included in the Prior period errors note and the statement of changes in nett assets. 	Disclaimer	Misstatement in AFS	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors.	G. De Jager	Finance	Finance	Finance	04-Feb-13
145	COAF 54	During the audit of Fixed Assets, certain residual value amounts included in the fixed asset register could not be vouched to supporting documentation, as they were not included in the audit file	Disclaimer	Internal control	Management should ensure that the documents requested by the AG are submitted timeously	G. De Jager	Finance	Finance	Finance	30-Jun-13
146	COAF 78	<p>During the audit of finance leases, the following was noted:</p> <ol style="list-style-type: none"> The adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a correction of prior period error. This should be reflected as a change in accounting policy. <p>The prior period error has been incorrectly disclosed in the finance lease note 11 as a separate line item. This should only be included in the Prior period errors note and the statement of changes in nett assets</p>	Disclaimer	Misstatement in AFS	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors	G. De Jager	Finance	Finance	Finance	04-Feb-13
147	COAF 83	Some skills development levies were not paid within seven days	Disclaimer	Non-compliance with laws and regulations	Management should ensure that there are proper controls and procedures in place to facilitate payments to SARS within the due dates prescribed by the tax authorities	Mfino	Finance	Finance	Expenditure	04-Feb-13
148	COAF 55	No overtime approved forms for the selected employees were provided to the auditor	Disclaimer		Management should ensure that documentation requested by the AG is submitted timeously.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
149	COAF	An audit of "Councillors Remuneration" revealed that the Municipality paid amounts in the form of allowances to councillors, which were not prescribed in terms of the gazetted		Misstatement in						

147	COAF 83	Some skills development levies were not paid within seven days	Disclaimer	Non-compliance with laws and regulations	Management should ensure that there are proper controls and procedures in place to facilitate payments to SARS within the due dates prescribed by the tax authorities	Mfiro	Finance	Finance	Expenditure	04-Feb-13
148	COAF 55	No overtime approved forms for the selected employees were provided to the auditor	Disclaimer		Management should ensure that documentation requested by the AG is submitted timeously.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
149	COAF 83	An audit of "Councillors Remuneration" revealed that the Municipality paid amounts in the form of allowances to councillors, which were not prescribed in terms of the gazetted amounts set out in the "Upper Limits of Salaries".	Disclaimer	Misstatement in AFS		N. Sikunana	Finance	Finance	Expenditure	15-Feb-13
150	COAF 83	During the audit of salaries, discrepancies with regards to salaries for mayor's and members' of the executive council were noted	Disclaimer	Misstatement in AFS	Management must ensure that payment to councillors and mayors agree to the upper limits gazetted	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
151	COAF 89	During the audit of receivables, it was noted that the amount of debtors for service charges disclosed in the general ledger differs to the amount as per BillR	Disclaimer	Misstatement in AFS	Management should adequately review the reconciliations between BillR and general ledger and differences noted should be cleared timeously.	Z. Dlova	Finance	Finance	Finance	31-Mar-13
152	COAF 89	During the audit of expenditure, we requested operating lease agreements in an email dated 8 November. However the operating lease agreements, where the municipality is the lessee, were not provided for audit purposes	Disclaimer	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously	PJ Cloete	Municipal Manager	Municipal Manager	Legal and Compliance	15-Feb-13
153	COAF 89	During the audit of expenditure, it was noted that there is insufficient disclosure in the AFS for operating lease expenditure (operating leases where the municipality is the lessee).	Disclaimer	Misstatement in AFS	Management must implement adequate controls to ensure that the AFS are GRAP compliant and that the AFS are reviewed before submission for audit	G. De Jager	Finance	Finance	Finance	30-Jun-13
154	COAF 54	During the audit of Fixed Assets, the certain residual value amounts included in the fixed asset register could not be vouched to supporting documentation, as they were not included in the audit file.	Disclaimer		Management should ensure that the documents requested by the AG are submitted timeously	G. De Jager	Finance	Finance	Finance	30-Jun-13
155	COAF 56	The Municipality has not included the following schedules in its annual financial statements: a) Budgeted financial performance (Revenue and Expenditure by standard classification) b) Budgeted financial performance (Revenue and Expenditure by Municipal Vote) c) Budgeted financial performance (Revenue and Expenditure) d) Budgeted Capital Expenditure by vote, standard classification and funding e) Budgeted cashflow	Disclaimer	Misstatement in AFS	Management should ensure that the requirements of National Treasury are taken into account in the preparation of the annual financial statements	G. De Jager	Finance	Finance	Finance	04-Feb-13
156	COAF 69	During the audit of payables, it was noted that Third Party Payables (Payroll) in Note 6 to the annual financial statements (Payables from Exchange Transactions) has a debit balance of R159 986.	Disclaimer	Misstatement in AFS	Management must implement adequate controls to ensure that debit Accounts payable balances are reflected under Accounts receivable.	G. De Jager	Finance	Finance	Finance	04-Feb-13
157	COAF 80		Disclaimer	Misstatement in AFS						
158	COAF 89	During the audit of property, plant and equipment, the following was noted: 1. The adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a correction of prior period error. This should be reflected as a change in accounting policy. 2. The prior period error has been incorrectly disclosed in the property, plant and equipment assets note as a separate line item. This should only be included in the Prior period errors note and the statement of changes in net assets.	Disclaimer	Misstatement in AFS	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors	G. De Jager	Finance	Finance	Finance	04-Feb-13
159	COAF 57	Cleared	Disclaimer		Cleared	L. Matshoba	Finance	Finance	Revenue	
160	COAF 85	During the audit of operating grant expenditure it was noted that the some transactions were incorrectly classified as operating grant expenditure, however they were not funded by a grant.	Disclaimer	Misstatement in AFS	Management should ensure that adequate controls are in place to enable accurate preparation of the financial statements.	L. Manakaza	Finance	Finance	BTO	31-Mar-13
161	COAF 85	During the audit of operating grant expenditure we could not confirm that the money was utilised for the intended purpose of the grant	Disclaimer	Misstatement in AFS	Management should implement adequate controls of review by senior officials to ensure that money is utilised for the intended purpose of the grant.	G. De Jager	Finance	Finance	Finance	04-Feb-13
162	COAF 85	During the audit of operating grant expenditure, it was noted that certain grants were not included in the conditional grants register, even though there was expenditure incurred on it.	Disclaimer	Internal control	Management should ensure that controls are in place to ensure that the conditional grants register records all details of grants received by the municipality.	Intern at BTO	Finance	Finance	BTO	31-Mar-13
163	COAF 61	During the audit of Expenditure the following information was requested in RFI 55 of 2012 (due on the 4th of October 2012), however no information has been received to date: <ul style="list-style-type: none">Please provide us with correspondence between National Treasury and the municipality relating to the overspending on the Municipal Infrastructure Grant (MIG) in the 2010/11 financial year. Management representation letter confirming that the municipality did not fund any capital expenditure through MIG in the year under review	Disclaimer	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously.	P.J. Cloete/MM	Municipal Manager	Municipal Manager	Municipal Manager	28-Feb-13
164		During the audit of property, plant and equipment, it was noted that there was a difference between the asset useful lives as								

162	COAF 85	During the audit of operating grant expenditure, it was noted that certain grants were not included in the conditional grants register, even though there was expenditure incurred on it.	Disclaimer	Internal control	Management should ensure that controls are in place to ensure that the conditional grants register records all details of grants received by the municipality.	Intern at BTO	Finance	Finance	BTO	31-Mar-13
163	COAF 61	During the audit of Expenditure the following information was requested in RFI 55 of 2012 (due on the 4th of October 2012), however no information has been received to date: • Please provide us with correspondence between National Treasury and the municipality relating to the overspending on the Municipal Infrastructure Grant (MIG) in the 2010/11 financial year. Management representation letter confirming that the municipality did not fund any capital expenditure through MIG in the year under review	Disclaimer	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously.	P.J. Cloete/MM	Municipal Manager	Municipal Manager	Municipal Manager	28-Feb-13
164	COAF 89	During the audit of property, plant and equipment, it was noted that there was a difference between the asset useful lives as recorded in the fixed asset register and the useful lives recorded in the financial statements	Disclaimer	Misstatement in AFS	Management should review the fixed asset register and the AFS to ensure that	G. De Jager	Finance	Finance	Finance	31-Mar-13
165	COAF 59	Management did not submit the information requested in RFI 58 around employee costs sent on the 3th of October 2012 and which was due on the 4th of October 2012	Disclaimer	Misstatement in AFS	Management should ensure that there is a proper document retrieval system in place to ensure that documents requested by the AGSA can be easily submitted for audit purposes	N. Sikunana	Finance	Finance	Expenditure	31-Mar-13
166	COAF 83	The Municipality's leave policy prescribes that employees may accumulate annual leave days up to a maximum of 48 days. Employees accumulated annual leave days in excess of 48 days, which were not forfeited and as a result were included in the provision for leave calculation	Disclaimer	Misstatement in AFS	Management should ensure that human resources policies are implemented, monitored and reviewed effectively.	M. Ramasehla	Corporate Services	Corporate Services	Human Resource	15-Feb-13
167	COAF 83	The total salary packages used in calculating the leave provision per the client schedule were different from the salary packages per the salary scales	Disclaimer	Misstatement in AFS	Management should ensure that correct salary scales are used in calculating the annual leave provision.	N. Sikunana/G. De Jager	Finance	Finance	Finance	31-Mar-13
168	COAF 83	leave provision differ from the leave balances recalculated per the AGSA	Disclaimer	Misstatement in AFS	Management should implement adequate controls to ensure that leave records are updated, and captured on the system timeously.	M. Ramasehla	Corporate Services	Corporate Services	Human Resource	15-Feb-13
169	COAF 87	The municipality's leave liability is disclosed as a provision and not an accrual. This is in contradiction of GRAP 19.	Disclaimer	Misstatement in AFS	Management should ensure that they adhere to requirements of applicable accounting standards	G. De Jager	Finance	Finance	Finance	30-Apr-13
170	COAF 58	During the audit of Expenditure information (journals) was requested in RFI 78 of 2012 (due 12 October 2012), however no information has been received to date	Disclaimer	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously.	L. Manakaza	Finance	Finance	BTO	31-Mar-13
171	COAF 59	Management did not respond to the request for information no 81 around employee costs sent on the 11th of October 2012 and which was due on the 12th of October 2012	Disclaimer	Misstatement in AFS	Management should ensure that there is a proper document retrieval system in place in order to be able to submit the information required by the AGSA for audit purposes.	N. Sikunana	Finance	Finance	Expenditure	31-Mar-13
172	COAF 67	During the planning stage of the audit it was noted that loss control forms part of the internal audit plan for the 2011/12 year, however there was no evidence that the internal audit unit reported on the loss control.	Disclaimer	Internal control	Management must ensure that the Internal Audit unit complies with the requirements of the MFMA and resources are provided to the unit to enable them to execute their duties.	Robotji	Municipal Manager	Municipal Manager	Internal Audit	31-Mar-13
173	COAF 60	During the audit of Expenditure we requested journals that were passed to transfer the selected sample of grant funded expenditure to revenue in RFI 82 of 2012 (due 15 October 2012), however no information has been received to date	Disclaimer	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously.	Intern at BTO	Finance	Finance	BTO	31-Mar-13
174	COAF 78	Per inspection of the VAT 201 submissions, discussions with management and inspection of the statement of account received directly from SARS, it was noted that the VAT 201 forms for the months of June, July and August 2012 were not submitted to the South African Revenue Service (SARS) for assessment.	Disclaimer	Non-compliance with laws and regulations	Management should ensure that adequate controls are in place to facilitate the prompt and timeous submission of VAT 201 forms before they are due in order to avoid interest and penalties being incurred as a result of late or non submissions	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
175	COAF 87	Note 16 to the financial statements, cash and cash equivalents and call investments deposits have been grouped together, as opposed to being individually disclosed.	Disclaimer		Disclosure should be made of the banking institution where investments are held	Intern at BTO	Finance	Finance	BTO	31-Mar-13
176	COAF 63	During the audit of Cash and Bank, the audit of suspense accounts could not be performed as the suspense accounts were not included in the audit file	Disclaimer	Internal control	Management should ensure that the documents requested by the AG are submitted timeously	G. De Jager	Finance	Finance	Finance	30-Jun-13

177	COAF 83	The calculation of the leave payout was not based on an employee's basic salary, excluding benefits.	Disclaimer	Misstatement in AFS	Management should ensure that the correct rates are used in the calculation of leave payouts due to employees.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
178	COAF 62	During the audit of the financial statements and comparison with the consultant lead schedules, it was identified that the following general ledger accounts were not included in the financial statements	Disclaimer		Management should ensure that they submit valid reasons and explanations of where the above accounts are processed in the financial statements	G. De Jager	Finance	Finance	Finance	30-Jun-13
179	COAF 77	During the audit of cash and cash equivalents, it was noted that for certain accounts there is a variance between the cash book balance as per the bank reconciliation and the cash book balance in the annual financial statement	Disclaimer	Misstatement in AFS	Management must ensure that the amounts as reflected in the AFS are accurate. The bank balance amount per the AFS must agree to the amount per the cashbook balance reconciled to the bank statement.	G. De Jager	Finance	Finance	Finance	30-Jun-13
180	COAF 81	During the audit of investment properties, it was noted that no insurance cover was taken out for the municipality's investment properties.	Disclaimer	Internal control	Management must ensure that all investment properties are adequately insured	Z. Mejeni	Finance	Finance	Finance	28-Feb-13
181	COAF 77	During the audit of cash and cash equivalents, it was noted that there are inadequate controls over the monitoring of R/D cheques	Disclaimer	Misstatement in AFS	Management must ensure that adequate controls are implemented over R/D cheques as follows: The R/D cheques account in the general ledger must be cleared timeously; Returned cheques register must be maintained and updated for payments from debtors	Z. Dlova	Finance	Finance	Finance	31-Mar-13
182	COAF 64	Related parties: Declarations not received	Disclaimer	Non-compliance with laws and regulations	Management should ensure that declarations are in place for all Councillors and Senior Officials in the Municipality thus ensuring compliance with the relevant legislation.	P.J. Cloete	Municipal Maanager	Municipal Maanager	Legal and Compliance	28-Feb-13
183	COAF 65	During the audit of the cash flow statement in the AFS, we were unable to recalculate numerous amounts reflected therein.	Disclaimer	Misstatement in AFS	Management must re-perform the cash flow statement to ensure full compliance with GRAP 2.	G. De Jager	Finance	Finance	Finance	04-Feb-13
184	COAF 65	During the audit of consumer deposits, we were unable to determine the completeness of the Consumer deposits as reflected in the AFS.	Disclaimer	Misstatement in AFS	Management must implement adequate controls over the maintenance of a consumer deposits register	L. Matshoba	Finance	Finance	Revenue	28-Feb-13
186	COAF 87	During the audit of cash and bank, it was noted that the balance of some bank accounts on the trial balance did not agree to the bank confirmation letters obtained from the bank	Disclaimer	Misstatement in AFS	Management should obtain monthly bank statements from the bank and update the cashbooks with all transactions processed in the bank accounts.	Intern at BTO	Finance	Finance	BTO	28-Feb-13
187	COAF 66	During the audit of Cash and Bank, the closing balances for the following bank accounts could not be verified as the information was not included in the audit file	Disclaimer	Misstatement in AFS	Management should ensure that the documents requested by the AG are submitted timeously	Intern at BTO	Finance	Finance	BTO	28-Feb-13
188	COAF 77	the municipality did not maintain a register of unidentified receipts. It was further noted that the Unidentified Receipts account in the general ledger has not been cleared since January 2012	Disclaimer	Internal control	Management should ensure that unidentified receipts are monitored and cleared timeously.	L. Matshoba	Finance	Finance	Revenue	28-Feb-13
189	COAF 82	During the audit of receivables, it was noted that the owners of some properties from the deeds search differ to the debtor billed on the Sebata system. The address on the conlog system does not always agree to the address per the valuation roll	Disclaimer	Misstatement in AFS	Management should ensure that controls are in place to ensure that debtors are billed for services relating to properties owned by them.	L. Matshoba/M. Mazibuko	Finance/IPED	Finance/IPED	Revenue/Town Planning	31-Mar-13
190	COAF 84	During the audit of employee costs, it was noted that the general ledger and payroll differ	Disclaimer	Misstatement in AFS	Management should ensure that monthly reconciliations are performed between the payroll and general ledger. Detailed explanations with supporting documentation between the differences in the accounts should accompany any submissions to the AGSA	N. Sikunana	Finance	Finance	Expenditure	15-Feb-13
191	COAF 78	there was over expenditure on the grants detailed below dating back to the 2009/10 financial year. No grant monies have been received from the grantors since the 2009/10 financial year.	Disclaimer	Misstatement in AFS	Management should ensure that approval is obtained for any overspending on grants to ensure that the amounts are recoverable	G. De Jager	Finance	Finance	Finance	31-May-13
192	COAF 83	A recalculation of the accrual for staff bonuses revealed the differences	Disclaimer	Misstatement in AFS	Management should ensure that there are adequate controls in place to ensure that the accrual for staff bonuses is correctly raised.	G. De Jager	Finance	Finance	Finance	04-Feb-13

193	COAF 83	There were no leave forms for the current year for the certain employees selected, in their files	Disclaimer	Misstatement in AFS	Management should ensure that they update employee leave files timeously	M. Ramasehla	Corporate Services	Corporate Services	Human Resource	28-Feb-13	
194	COAF 72	We obtained the Water Service Contract between Chris Han District Municipality (CHDM) and Emalahleni Local Municipality (ELM) signed on 01 July 2011 for the provision of water services. CHDM is the Water Service Authority (WSA) and ELM is the Water Service Provider (WSP) and deficiencies were identified on analysis of the contract:	Disclaimer	Misstatement in AFS	Management should ensure that any contracts entered into by the municipality are thoroughly reviewed and analysed before signing and accepting the terms of the contract.	Municipal Manager	Municipal Manager	Municipal Manager	Legal and Compliance	15-Feb-13	
195	COAF 72	During the audit, the Water Service Contract dated 01 July 2011 between Chris Han District Municipality (CHDM) and Emalahleni Local Municipality (ELM) was obtained from the municipality. The contract stipulated that CHDM will be acting as the Water Service Authority (WSA) and ELM will be the Water Service Provider (WSP). The contract was analysed using GRAP 9 as a basis for principal vs. agent relationship. One of the key distinctions between an agent vs. principal relationship and a service provider vs. principal relationship is in an agency relationship there is a third party involved (in ELM's case the water service recipients) and in the service provider situation, there are no third parties.	Disclaimer	Misstatement in AFS	<ol style="list-style-type: none"> ELM (WSP) acts as an agent on behalf of CHDM (WSA) as CHDM remains exposed to the significant risks of the supply of water to consumers, despite having transferred some risk to ELM. CHDM has a legal responsibility of supplying water to its consumers in its jurisdiction. ELM acquires water on CHDM's behalf and distributes it to their consumers at a tariff rate approved by CHDM. Losses related to water purchased for CHDM, other than those specified in the agreement, are borne by the district. The WSP may claim payment of an administration fee within the expenditure budget for the provision of water services and debt collection on behalf of the WSA and record the receipt of the grant from CHDM. The WSP and WSA will have revenue, expenditure, assets and liabilities, but the nature of this would vary in their respective accounting records. The WSP may record in their accounting records Revenue from the asset maintenance service provided to CHDM; Salary expenditure in respect of the people employed by WSP to perform the management (agency) function; Salary expenditure in respect of the people employed by WSP to carry out the asset maintenance service and Accounts receivable with CHDM for any outstanding management (agency) fees and asset maintenance services. The WSA will reflect the following in their accounting records: <ul style="list-style-type: none"> Water infrastructure assets Asset maintenance expenditure Water inventory asset, including costs of purchase, costs of conversion, etc. Cost of sales expenditure Accounts receivable with 3rd parties supplied with water Sale of water revenue 						
			Disclaimer		Management (agency) fee expenditure in respect of the water service management and debt collection performed by ELM on behalf of CHDM						
196	COAF 67	The municipality submitted their AFS on 25 September 2012, and not 31 August which is two months after the end of the financial year	Disclaimer	Misstatement in AFS	Management must ensure that the AFS are submitted within two months after the end of the financial year.	G. De Jager	Finance	Finance	Finance	22-Aug-13	
197	COAF 83	The provision for performance bonuses calculated by the Municipality differed from the recalculated provision. These differences are as a result of different remuneration packages used in the calculations.	Disclaimer	Misstatement in AFS	Management should ensure that there are controls in place which allows for the correct remuneration packages in place to be used in the calculation of the performance bonuses	G. De Jager	Finance	Finance	Finance	04-Feb-13	
198	COAF 68	Receivables: Non submission of information RF187	Disclaimer		Management should ensure that documentation requested by the AG is submitted timeously.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13	
199	COAF 79	Procurement and Contract Management: Non-compliance on awards below R10 000	Disclaimer	Non-compliance with laws and regulations	Management should ensure compliance with SCM Regulations so as to avoid irregular expenditure	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
200	COAF 79	Procurement and Contract Management: Non-compliance on awards between R10 000 and R30 000	Disclaimer	Non-compliance with laws and regulations	Management should ensure compliance with SCM Regulations so as to avoid irregular expenditure.	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
201	COAF 79	Procurement and Contract Management: Non-compliance on competitive bidding process	Disclaimer	Non-compliance with laws and regulations	Management should ensure compliance with SCM Regulations so as to avoid irregular expenditure	All Senior Managers	All Directorates	All Directors	All Sections/Departments	28-Feb-12	
202	COAF 81	During the audit of post employment benefits, it was noted that the monthly contributions made by the employer towards post employment benefits per the general ledger did not agree to the amounts per the payment vouchers	Disclaimer	Misstatement in AFS	Management should ensure that there are sufficient controls designed and implemented regarding the inputting of information. The amount per the general ledger must agree to the amount per the payment vouchers.	G. De Jager	Finance	Finance	Finance	04-Feb-13	
203	COAF 74	Payment vouchers for contributions to the Cape Joint and Municipal Councilors Pension Funds for August 2012 submitted by the municipality as per the request for information	Disclaimer	Misstatement in AFS	Management should implement controls such as daily reconciliations of submissions and requests, which are reviewed by a senior personnel.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13	

204	COAF 83	During the audit of employee costs, some discrepancies on PAY of employees and their pay slips were identified and the recalculated amount.	Disclaimer	Misstatement in AFS	Management should ensure that the payroll system used to calculate PAYE reflects the correct rates per the South African Revenue Services	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
205	COAF 83	During the audit of employee cost it was noted that there is no telephone allowance policy in place governing the issue of telephone allowances to employees.	Disclaimer	Internal control	Management should ensure that policies are developed and implemented timeously	P.J. Cloete	Municipal Maanager	Municipal Maanager	Legal and Compliance	31-Mar-13
206	COAF 83	During the audit of employee costs, it was noted that gross salaries paid to employees did not agree to the gross salaries disclosed on the IRP5's	Disclaimer	Misstatement in AFS	Management should ensure that all required information is recorded in the IRP 5 forms.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
207	COAF 83	During the audit of employee costs, it was noted that there were discrepancies with regard to the calculation of overtime	Disclaimer	Misstatement in AFS	Management should implement controls to ensure that overtime is correctly calculated, prior to being paid out to employees	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
208	COAF 71	1. Compliance: Non-submission of information RFI90	Disclaimer	Non-compliance with laws and regulations	Management should ensure that documentation requested by the AG is submitted timeously	PJ Cloete/G. De Jager	MM/Finance	MM/Finance	Legal and Compliance	31-Mar-13
209	COAF 84	As per note 35 to the AFS, no disciplinary steps or criminal proceedings were taken to recover unauthorised, irregular or fruitless and wasteful expenditure. Furthermore, Council meeting minutes where it was resolved that unauthorised and irregular expenditure would be written off for the year under review was not provided for audit purposes.	Disclaimer	Non-compliance with laws and regulations	Management must ensure that irregular, fruitless and wasteful expenditure are reported to the mayor, MEC for Local government and the Auditor-General as required by the MFMA. Processes and procedures for identifying unauthorised, irregular and fruitless and wasteful expenditure must be developed and adequately implemented	G. De Jager	Finance	Finance	Finance	31-Mar-13
210	COAF 87	During the audit of prior period errors, it was noted that some amounts disclosed in the statement of financial position in the 2010/11 AFS did not agree to the comparatives in the 2011/12 AFS after taking into account the prior period errors disclosed in the AFS	Disclaimer	Misstatement in AFS	Management must ensure that all prior period errors are processed to the general ledger and the disclosure in the AFS is accurate and complete.	G. De Jager	Finance	Finance	Finance	30-Jun-13
211	COAF 78	The SARS VAT 217e forms were inspected for evidence of interest and penalties. The following transactions could not be found in the general ledger	Disclaimer	Non-compliance with laws and regulations	submission of VAT 201's to SARS to ensure that no interest and penalties are incurred which will translate into fruitless and wasteful expenditure being incurred by the Municipality. Management must ensure that the interest and penalties incurred are raised in the general ledger and disclosed as such in the AFS.	Dlova Z	Finance	Finance	Expenditure	28-Feb-13
212	COAF 78	During the audit the high level review of the AFS, the following were noted: 1. The adjustments relating to the expiration of Directive 4 have been incorrectly reflected as a correction of prior period error under various components. This should be reflected as a change in accounting policy. 2. Prior period errors have been incorrectly disclosed as a separate line item in notes for the various components. This should only be included in the Prior period errors note and the statement of changes in net assets.	Disclaimer	Non-compliance with laws and regulations	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors.	G. De Jager	Finance	Finance	Finance	30-Jun-13

213	COAF 82	During the audit of receivables, it was noted that provision for bad debts disclosed in the annual financial statements differs to the AGSA's recalculations based on the municipality's assumptions. The municipality's provision for impairment is determined by the payment percentage for the last 12 months on all debts outstanding for more than 30 days. The payment percentage rate was determined by the AGSA using information supplied by the municipality	Disclaimer	Misstatement in AFS	Management should ensure that all calculations are reviewed by senior municipal personnel before processed in the general ledger.	G. De Jager	Finance	Finance	Finance	30-Jun-13												
214	COAF 82	During the review of receivables it was note that the amount disclosed in the annual financial statements as Chris Hari Debtor does not agree to the amount as per debtors confirmation obtained from Chris Hari District Municipality	Disclaimer	Misstatement in AFS	Management should ensure that monthly debtor's reconciliations are performed to ensure that the correct amounts are disclosed in the accounting records. All discrepancies must be followed up timeously.	G. De Jager	Finance	Finance	Finance	04-Feb-13												
215	COAF 82	Paragraph 18.1 of the Credit Control Policy states that in the in the event of a debtor failing to make payment in terms of an agreement referred to in Section 15, a notice shall be served on the debtor informing him: 1. that payments in terms of the agreement have not been received; 2. of the full amount outstanding in terms of the agreement; 3. that unless full payment of the outstanding instalments are received within a period of 14 days from the date of such notice, the Municipality reserves the right to cancel the agreement, claim all outstanding amounts from the debtor and discontinue the service in respect of which the agreement was concluded.	Disclaimer		Management is to ensure that discontinuance letters are issued to long outstanding debtors to ensure recoverability of debt owed.	L. Matshoba	Finance	Finance	Revenue	15-Feb-13												
216	COAF 82	During the audit of receivables, it was noted that some councillors had debts owed to the municipality for longer than 3 months for rates and services	Disclaimer	Non-compliance with laws and regulations	Management must ensure that all debt owed by councillors for rates and services is collected within 3 months.	Dlova Z	Finance	Finance	Revenue	28-Feb-13												
217	COAF 76	During the audit of Receivables, the certain information was requested in RFI 92 of 2012 and due on 24th October 2012, but was not submitted	Disclaimer	Internal control	Management should ensure that documentation requested by the AG is submitted timeously	N. Sikunana	Finance	Finance	Expenditure	31-Mar-13												
218	COAF 78	During the audit it was identified that the municipality does not have a process in place to identify any events after reporting date that require disclosure to be made in the financial statements.	Disclaimer	Misstatement in AFS	Management is to ensure that there are formal processes in place to identify possible events after reporting date and that these are appropriately disclosed in the AFS.	G. De Jager	Finance	Finance	Finance	31-Mar-13												
219	COAF 78	Provide all supporting documents for instances where funds due to the Municipality in terms of the DoRA have been delayed or withheld. Information to include reasons for the delays	Disclaimer	Misstatement in AFS	Management should ensure that the information requested by the AGSA is submitted timeously.	L. Matshoba	Finance	Finance	Revenue	15-Feb-13												
220	COAF 78	During the high level review of the AFS, it was noted that no mention was made of the AFS being prepared on the going concern basis in the notes to the financial statements.	Disclaimer		Management must disclose in the AFS the basis of the preparation of the AFS and disclose the following if it is a going concern: "The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business."	G. De Jager	Finance	Finance	Finance	30-Jun-13												
221	COAF 84	There was no evidence to determine if the municipality provided job descriptions for the current year under review for its staff establishment as per section 66 of Municipal Systems Act	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the municipality complies with the required legislation.	P.J. Cloete	Corporate Services	Corporate Services	Human Resources	28-Feb-13												
222	COAF 82	During the audit of receivables, it was noted that the following have been disclosed as debtors with credit balances in the AFS: <table border="1"> <thead> <tr> <th>VOTE</th> <th>DEBTOR</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>1230/4132/0000</td> <td>H O D INSURANCE (FIRST LINK)</td> <td>(155,960.45)</td> </tr> <tr> <td>2160/5715/0000</td> <td>OVER/UNDERBANKING:</td> <td>(284.96)</td> </tr> <tr> <td>Total</td> <td></td> <td>(156,245.41)</td> </tr> </tbody> </table>	VOTE	DEBTOR	AMOUNT	1230/4132/0000	H O D INSURANCE (FIRST LINK)	(155,960.45)	2160/5715/0000	OVER/UNDERBANKING:	(284.96)	Total		(156,245.41)	Disclaimer	Misstatement in AFS	Management must implement adequate controls to ensure that credit Accounts receivable balances are reflected under Account payable.	G. De Jager	Finance	Finance	Finance	30-Jun-13
VOTE	DEBTOR	AMOUNT																				
1230/4132/0000	H O D INSURANCE (FIRST LINK)	(155,960.45)																				
2160/5715/0000	OVER/UNDERBANKING:	(284.96)																				
Total		(156,245.41)																				
223	COAF 82	During the audit of receivables, it was noted that some indigence subsidy applications were not approved. The applications are processed without any approval of Councillors, Ward Committees, Council staff or its accredited agents.	Disclaimer	Internal control	Management should ensure that all applications for indigence subsidies are approved by the Councillors, Ward Committees, Council staff or its accredited agents before submission.	N. Qondela	Municipal Manager	Municipal Manager	FBE Section	28-Feb-13												

223	COAF 82	During the audit of receivables, it was noted that some indigence subsidy applications were not approved. The applications are processed without any approval of Councillors, Ward Committees, Council staff or its accredited agents.	Disclaimer	Internal control	Management should ensure that all applications for indigence subsidies are approved by the Councillors, Ward Committees, Council staff or its accredited agents before submission.	N. Qondela	Municipal Manager	Municipal Manager	FBE Section	28-Feb-13
224	COAF 82	During the audit of receivables, it was noted that the free water usage for indigent debtors is not monitored to ensure that it is limited to subsidies granted to them.	Disclaimer	Internal control	Management should implement controls to ensure that indigent debtors' water consumption is limited to the subsidies granted. Management must take monthly meter readings of total water consumed by the various indigent debtors.	L. Matshoba	Finance	Finance	Revenue	30-Jun-13
225	COAF 82	During the audit of receivables, it was identified that the certain disclosure pertaining to departmental debtors was not disclosed in Note 13 of the financial statements	Disclaimer	Misstatement in AFS	Management must amend the AFS to include the disclosure of the debts owed by organs of state.	G. De Jager	Finance	Finance	Finance	30-Jun-13
226	COAF 82	During the audit of receivables, it was noted that the municipality did not notify the National Treasury of outstanding payments due by organs of state for more than 30 days	Disclaimer	Non-compliance with laws and regulations	Management is to closely monitor payments due by organs of state and timeously notify the National Treasury of accounts in arrears for more than 30 days.	L. Matshoba	Finance	Finance	Revenue	31-Mar-13
227	COAF 84	During the audit of compliance on revenue management, it was noted that the municipal council did not adopt by-laws which give effect to the implementation and enforcement of the following policies: 1. Tariff policy 2. Credit control and debt collection policy 3. Rates policy	Disclaimer	Non-compliance with laws and regulations	Management should ensure that all by-laws are presented to municipal council for adoption and approval at the start of the financial year.	PJ Cloete	Municipal Manager	Municipal Manager	Legal and Compliance	31-Mar-13
228	COAF 81	During the audit of other receivables, it was noted that the municipality has not accounted for the administration fee income from the district municipality for the 2012 year	Disclaimer	Misstatement in AFS	Management should ensure that the water service contract is revised and clearly documents the method of calculation of the administration fee. The financial statements should record this amount as part of their revenue and receivables.	G. De Jager	Finance	Finance	Finance	04-Feb-13
229	COAF 81	During the audit of Other Receivables from non-exchange transactions, it was identified that the municipality made staff loans to councillors and municipal officials	Disclaimer	Non-compliance with laws and regulations	Management should ensure that controls are in place to ensure compliance with legislation. Action plans should be drawn up to recover amounts due by councillors and officials	L. Matshoba	Finance	Finance	Revenue	28-Feb-13
230	COAF 83	During the audit of employee costs, it was noted that the acting allowances for employees were overstated	Disclaimer	Misstatement in AFS	Management should implement controls to ensure that the amounts reflected in the annual financial statements are supported by valid and accurate documentation.	Dlova Z	Finance	Finance	Expenditure	28-Feb-13
231	COAF 84	The Municipality does not have a system in place to address grievances	Disclaimer	Non-compliance with laws and regulations	Management should ensure that there is a system in place to address grievances	PJ Cloete	Corporate Services	Corporate Services	Human Resources	31-Mar-13
232	COAF 84	There are no signed performance agreements in place for all key management officials.	Disclaimer	Non-compliance with laws and regulations	Management should ensure that the municipality complies with the applicable legislation.	Municipal Manager	Municipal Manager	Municipal Manager	Municipal Manager	15-Feb-13
233	COAF 84	During the audit of compliance on revenue management, it was identified that some debtors were not billed for service charges - refuse on a monthly basis for the entire financial year 2011/12	Disclaimer	Misstatement in AFS	Management should ensure that debtors are billed for all service charges on a monthly basis and a review of the individual debtors' statements is performed to ensure completeness of billing.	L. Matshoba	Finance	Finance	Revenue	28-Feb-13
234	COAF 84	During the audit it was noted that the Municipal Manager and section 57 Managers do not meet the minimum competency levels as required by GNR493	Disclaimer	Non-compliance with laws and regulations	Management should ensure that all section 57 Managers and Municipal Managers meet the minimum competency requirements of their respective positions	Mayor	Council	Council	Council	15-Feb-13
235	COAF 84	During the audit of Human Resource compliance, it was noted that the performance agreements are silent on substandard performances by senior management.	Disclaimer	Non-compliance with laws and regulations	Management should ensure that performance agreements address substandard performances by senior management	Municipal Manager	Municipal Manager	Municipal Manager	Municipal Manager	30-Jun-13
236	COAF 81	During the audit of funds and reserves, it was noted that the municipality has not paid over Workmen's Compensation to the Compensation Commissioner since 2005	Disclaimer	Non-compliance with laws and regulations	Management must furnish the Compensation Commissioner with returns as required by S82 of the Compensation for Occupational Injuries and Diseases Act as amended by Compensation for Occupational Injuries and Diseases Amendment Act, No 61 of 1997 for the years 2005 until 2012. Furthermore, a provision must be raised for all outstanding amounts and be disclosed in the AFS.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
		During the audit of Investment property, the following was noted: 1. The adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a correction of prior								

236	COAF 81	During the audit of funds and reserves, it was noted that the municipality has not paid over Workmen's Compensation to the Compensation Commissioner since 2005	Disclaimer	Non-compliance with laws and regulations	Management must furnish the Compensation Commissioner with returns as required by S82 of the Compensation for Occupational Injuries and Diseases Act as amended by Compensation for Occupational Injuries and Diseases Amendment Act, No 61 of 1997 for the years 2005 until 2012. Furthermore, a provision must be raised for all outstanding amounts and be disclosed in the AFS.	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
237	COAF 81	During the audit of Investment property, the following was noted: 1. The adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a correction of prior period error. This should be reflected as a change in accounting policy. 2. The prior period error has been incorrectly disclosed in the Investment property note as a separate line item. This should only be included in the Prior period errors note and the statement of changes in nett assets.	Disclaimer	Misstatement in AFS	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors.	G. De Jager	Finance	Finance	Finance	30-Jun-13
238	COAF 89	During the audit it was noted that Unauthorised, Fruitless and Wasteful expenditure amounting to R74 695 925 and R77 383 respectively were incurred during the year under audit and was not recovered from the responsible officials.	Disclaimer	Non-compliance with laws and regulations	Management must ensure that any unauthorised, irregular or fruitless and wasteful expenditure is recovered from the person liable	G. De Jager	Finance	Finance	Finance	28-Feb-13
239	COAF 82	Reconciliation was performed between the general ledger submitted on 1 October and 11 October 2012. No differences exist between these general ledgers, which are now in agreement to the trial balance submitted on 11 October 2012. Using the lead schedules provided by the consultants, the amounts in the general ledger were traced to the annual financial statements to ensure accuracy thereof. Differences	Disclaimer	Misstatement in AFS	Management should ensure that the annual financial statements and general ledger are in complete agreements, prior to submission of the annual financial statements to the AGSA for audit purposes.	G. De Jager	Finance	Finance	Finance	30-Jun-13
240	COAF 84	Collective Agreement on Conditions of Services for the Eastern Cape Division: paragraph 16.1.4; prescribes that – Vacant posts on a Municipality's permanent staff establishment should be filled within 6 (six) unless there is a compelling reason not to do so	Disclaimer	Non-compliance with laws and regulations	Management must be more proactive in identifying and recruiting individuals to fill these vacant positions, to ensure that the municipality's overall skill level improves.	Municipal Manager	Municipal Manager	Municipal Manager	Municipal Manager	28-Feb-13
241	COAF 84	During the audit of compliance on revenue management, it was identified that the municipality was not transferring vehicle registration fees collected on behalf of the Department of Transport at least on a weekly basis.	Disclaimer	Non-compliance with laws and regulations	Management must implement controls to ensure that all funds collected on behalf of another organ of state are transferred at least on a weekly basis.	L. Matshoba	Finance	Finance	Revenue	28-Feb-13
242	COAF 84	During the audit of revenue management compliance, it was noted that some properties are shown without their physical addresses and ownership details	Disclaimer	Non-compliance with laws and regulations	Management must review the valuation roll to ensure it complies with Municipal Properties Act.	L. Matshoba	Finance	Finance	Revenue	28-Feb-13
243	COAF 89	During the audit of property, plant, equipment, it was noted that the municipality did not maintain the title deeds for all the properties reflected on their fixed asset register. By performing the title deed search we noted that the some land and buildings on the fixed asset register did not appear on the	Disclaimer	Misstatement in AFS	The municipality must ensure that they obtain and maintain the title deeds for all the properties that are reflected on their annual financial statements.	M. Mazibuko	IPED	IPED	IPED	31-Mar-13
245	COAF 84	During the testing of Human Resource Compliance, it was found that the Community Services Manager acted as the Chief Financial Officer for the period 1 October 2011 to 28 February 2012.	Disclaimer	Non-compliance with laws and regulations	Management should ensure that all applicable laws, regulations and acts are adhered to.	Municipal Manager	Municipal Manager	Municipal Manager	Municipal Manager	15-Feb-13
246	COAF 84	During the audit of Human Resource Compliance, it was noted that the Municipality placed an advertisement in the "Sunday Times" and "Daily Dispatch" newspapers advertising the position of Chief Financial Officer. The advertisement, which cost R28 871 was withdrawn before the closing date at a penalty of R9 818. Management did not give reasons for withdrawing the advertisement. The advertisement was placed in the "Sunday Times" and "Daily Dispatch" for a second time at a cost of R25 048. The initial advertisement is considered fruitless and wasteful expenditure.	Disclaimer	Misstatement in AFS	Management should ensure that there are adequate controls in place to avoid fruitless and wasteful expenditure being incurred.	Municipal Manager	Municipal Manager	Municipal Manager	Municipal Manager	15-Feb-13

248	COAF 83	During the high level review of the AFS, it was noted that the following GRAP standards that are issued and effective have been disclosed as being issued, but not yet effective and early adopted by the municipality in the AFS: GRAP 2 - Cash Flow Statements (as revised in 2010) GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010) GRAP 4 - The Effects of changes in Foreign Exchange Rates (as revised in 2010) GRAP 10 - Financial Reporting in Hyperinflationary Economies (as revised in 2010) GRAP 11 - Construction Contracts (as revised in 2010) GRAP 14 - Events After the Reporting Date (as revised in 2010) GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010) GRAP 100 - Non-current Assets held for Sale and Discontinued Operations (as revised in 2010)	Disclaimer	Misstatement in AFS	Management must ensure that the various applications of the GRAP standards are completely and accurately disclosed in the AFS	G. De Jager	Finance	Finance	Finance	30-Jun-13
249	COAF 85	During the audit of expenditure, it was noted that not all payment vouchers were authorised by the responsible delegated official	Disclaimer	Internal control	Management should ensure controls are in place to ensure that payments are approved by delegated officials before the payment is released	N. Sikunana	Finance	Finance	Expenditure	28-Feb-13
250	COAF 85	During the audit of expenditure it was noted that the following were made in respect of electrification project and the electricity assets were not capitalised.	Disclaimer	Misstatement in AFS	Management should ensure that all assets are identified and capitalised at the end of the financial year.	Mkyuana	Technical	Technical	Technical	15-Feb-13
251				Internal control						
252	COAF 89	The audit report on the financial statements for the year ended 30 June 2011 contained a disclaimer of opinion as a result of material misstatements and significant uncertainties in the prior year. It is not known if management has corrected the misstatements identified from the prior year as the requested supporting documentation was not submitted.	Disclaimer	Misstatement in AFS	Management should ensure that misstatements identified in the prior financial year are investigated and appropriate amendments to the annual financial statements are included for the comparative figures	G. De Jager	Finance	Finance	Finance	30-Jun-13
253	COAF 89	During the audit of property, plant and equipment, it was noted that some infrastructure assets recorded in the fixed asset register are not municipal assets	Disclaimer	Misstatement in AFS	Management must ensure that the assets reflected on the fixed asset register are only those of the municipality	G. De Jager	Finance	Finance	Finance	30-Apr-13
254	COAF 89	During the audit of property, plant and equipment, it was noted that some infrastructure assets were duplicated on the fixed asset register	Disclaimer	Misstatement in AFS	Management must ensure that assets only appear once on the fixed assets	G. De Jager	Finance	Finance	Finance	30-Apr-13
255	COAF 89	During the audit of Unauthorised, Irregular, Fruitless and Wasteful Expenditure, it was noted that the amount paid to the CFO support of R391 950 as per the contract is considered to be fruitless and wasteful as certain services stipulated in the contract were not performed	Disclaimer	Non-compliance with laws and regulations	Management should ensure that reasonable care is taken to prevent fruitless and wasteful expenditure. Fruitless and wasteful expenditure that has been incurred should be disclosed in the AFS	G. De Jager	Finance	Finance	Finance	31-Mar-13
256	COAF 89	During the audit of compliance: internal audit, it was noted that the internal audit reports on their audits were not submitted quarterly to the municipal manager and the performance audit committee.	Disclaimer	Non-compliance with laws and regulations	Management must ensure that they submit information to the internal audit unit timeously so that the internal audit reports can be submitted to the municipal manager and the performance audit committee on a quarterly basis.	Municipal Manager	Municipal Manager	Municipal Manager	Internal Audit	15-Feb-13
257	COAF 89	During the audit of compliance: HR management it was noted that there was no evidence that performance evaluations were performed during the current year	Disclaimer	Non-compliance with laws and regulations	Management must ensure that performance appraisals are performed on an annual basis for the Municipal Manager and all section 56 managers.	Municipal Manager	Municipal Manager	Municipal Manager	Municipal Manager	15-Feb-13
258	COAF 89	During the audit of property, plant and equipment, it was noted that the recalculated depreciation charge for the year differs to the amount per the fixed asset register	Disclaimer	Misstatement in AFS	Management must ensure that the depreciation charge calculations on the fixed asset register are accurate. The fixed asset register must be reviewed by management prior to submission for audit	G. De Jager	Finance	Finance	Finance	30-Apr-13
259	COAF 90	During the audit it was noted that the R36.6m of irregular expenditure identified by the auditors in the previous years was written off by council without adequate investigations. The irregular expenditure related mostly to non-compliance with SCM regulations	Disclaimer	Non-compliance with laws and regulations	Management should ensure that irregular expenditure is investigated before being written off					
260	COAF 90	During the audit some differences between the opening balance per the current year general ledger and the comparative figures in the AFS were noted During the audit, the following expenditure relating to water	Disclaimer	Misstatement in AFS						

258	COAF 89	During the audit of property, plant and equipment, it was noted that the recalculated depreciation charge for the year differs to the amount per the fixed asset register	Disclaimer	Misstatement in AFS	Management must ensure that the depreciation charge calculations on the fixed asset register are accurate. The fixed asset register must be reviewed by management prior to submission for audit	G. De Jager	Finance	Finance	Finance	30-Apr-13
259	COAF 90	During the audit it was noted that the R36.6m of irregular expenditure identified by the auditors in the previous years was written off by council without adequate investigations. The irregular expenditure related mostly to non-compliance with SCM regulations	Disclaimer	Non-compliance with laws and regulations	Management should ensure that irregular expenditure is investigated before being written off					
260	COAF 90	During the audit some differences between the opening balance per the current year general ledger and the comparative figures in the AFS were noted	Disclaimer	Misstatement in AFS						
261		During the audit, the following expenditure relating to water services was not budgeted for and was not included as unauthorised expenditure in the disclosure note in the financial statements	Disclaimer	Non-compliance with laws and regulations	Management must ensure that the unauthorised expenditure is disclosed in the AFS.	L. Manakaza	Finance	Finance	BTO	28-Feb-13
262	COAF91	There are no formal processes in place to identify subsequent events.	Disclaimer		Management must ensure that the financial statements are adjusted to reflect the above non-adjusting subsequent event in accordance with the requirements of GRAP 14	G. De Jager	Finance	Finance	Finance	30-Jun-13
			Disclaimer							

COMPONENT B: PERFORMANCE ISSUES OF 2011/2012

For the period 2011/2012 the following documents are provided:

- Auditor General's Report 2011/2012
- Audit Committee Report 2011/2012
- MPAC Oversight Report 2011/2012
- Audit Action Plan 2011/2012

• Auditor General's Report 2011/2012

ANNEXURE D



REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON EMALAHLENI MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Emalahleni Municipality set out on pages 566 to 647, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

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

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and General notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. 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

4. I draw attention in respect of these matters:

Corresponding figures

In my previous audit report dated 30 November 2011, I was unable to express an audit opinion on the financial statements of the municipality for the year ended 30 June 2011. This was due to significant uncertainties and a limitation of scope on the audit. It is not known if adjustments have been effected to the financial statements to correct the matters raised in the previous audit report as sufficient appropriate audit evidence was not submitted. The prior year uncertainties and scope restrictions have an effect on the accumulated surplus and statement of financial position items. The municipality has not addressed the issues raised in the previous audit report as required by section 131 (1) of the MFMA.

Unauthorised expenditure

Unauthorised expenditure incurred during the current year of R74.7 million (2011: R2.5 million) is disclosed in note 35.1 to the financial statements. I am unable to verify this amount as sufficient appropriate documentation was not submitted. Additional unauthorised expenditure of R4.2 million was identified during the audit process. The municipality did not submit all requested information and numerous errors were identified within the accounting records. The budget of the municipality was also not submitted for audit. I am unable to confirm this amount by alternative means. As a result, I am unable to conclude on the full extent of the unauthorised expenditure incurred during the year.

Irregular expenditure

Section 125(2) of the MFMA requires the financial statements of the municipality to disclose material irregular expenditure that occurred during the financial year. Audited payments amounting to R5.5 million (2011: R18.3 million) were irregular as they were made in contravention of the supply chain management requirements. The amount was not disclosed as irregular expenditure in note 35.3 to the financial statements. It was not practical to determine the full extent of the understatement as there was no system of control in place to identify all irregular expenditure incurred.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure incurred during the year of R24 824 is disclosed in note 35.2 to the financial statements. I am unable to verify this amount as sufficient appropriate documentation was not submitted. Additional fruitless and wasteful expenditure of R430 639 was identified during the audit process. The municipality did not submit all requested information and numerous errors were identified within the accounting records. I am unable to confirm this amount by alternative means. As a result, I am unable to conclude on the full extent of the fruitless and wasteful expenditure incurred during the year.

Cash and cash equivalents

Cash and cash equivalents is disclosed in the statement of financial position and note 16 to the financial statements. Cash at banks of R30.2 million indicated in the general ledger does not agree to the amount of R45.6 million confirmed by the banks and I am unable to reconcile an amount of R15.4 million by alternative means.

A cash suspense account of R12 million is included in call investment deposits in note 16 to the financial statements. The municipality did not clear this account during the year. This account is utilised to record transactions that could not be adequately identified and balance the bank reconciliations without any investigations into the nature of these transactions. In addition, these transactions could not be supported by sufficient and appropriate audit evidence. I am unable to confirm the cash suspense account by alternative means.

The municipality did not submit sufficient appropriate audit evidence for cheques presented for payment subsequent to year end amounting to R482 263. I am unable to confirm which financial year these payments relate to by alternative means.

As a result of the above findings, I am unable to determine the extent to which cash and cash equivalents of R42.4 million (2011: R43.8 million) may be misstated. I am also unable to determine the effect on the other account balances or classes of transactions contained in the financial statements.

Revenue

Interest earned on outstanding receivables as disclosed in the statement of financial performance is R5.6 million (2011: R2.2 million). The municipality did not apply the correct interest rate during the year on outstanding receivables. The interest on receivables is also being calculated by the debtors system without taking into account the *in duplum* rule in section 103 (5) of the National Credit Act, 2005 (Act No. 34 of 2005), which states that interest stops accumulating when the unpaid interest equals the outstanding capital. I am unable to confirm the effect of the above on interest earned on outstanding receivables by alternative means.

The rates revenue of R3.4 million (2011: R2.3 million) is disclosed in the statement of financial performance and note 17 to the financial statements. As no reconciliation of the valuation roll was performed, the valuation roll did not agree to the details on the debtors' system. I am unable to confirm this amount by alternative means.

Water revenue of R3.1 million is included in service charges of R14.7 million as disclosed in the statement of financial performance and note 19 to the financial statements. I was unable to verify the amount due to supporting documentation not being submitted for audit

purposes. I am unable to confirm if the water revenue is properly recorded by alternative means.

Interest earned on external investments disclosed in the statement of financial performance of R1.9 million does not agree to the amount of R2.5 million confirmed by the banks and I am unable to reconcile an amount of R600 000 by alternative means.

Electricity revenue amounting to R5.8 million (2011: R5.3 million) is included in service charges of R14.7 million as disclosed in the statement of financial performance and note 19 to the financial statements. The municipality's debtor's system failed to fully integrate with the accounting system. I am unable to confirm the electricity revenue by alternative means.

Documentation supporting transactions totaling R220 798 was not submitted for audit. I am unable to confirm these transactions by alternative means.

As a result of the above findings, I am unable to determine whether any adjustments relating to revenue of R125.7 million (2011: R97.7 million) as disclosed in the statement of financial performance and notes 17, 18, 19 and 20 to the financial statements is necessary.

GRAP 13, *Leases*, states that lease revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The municipality did not account for operating lease revenue on the straight line basis during the financial year. Consequently, rental of facilities and equipment as disclosed in the statement of financial performance is understated by R896 697. Additionally, operating lease asset as disclosed in the statement of financial position and note 15 to the financial statements is understated by the same amount.

Receivables from exchange transactions

The net trade receivables from exchange transactions balance of R27.1 million is disclosed in the statement of financial position and note 13 to the financial statements. The municipality's debtors as disclosed in note 13 to the financial statements could not be verified as a title deed search failed to provide evidence over the existence of certain debtors. I am unable to confirm these debtors by alternative means.

As a result of the matter raised in paragraph 21 I am unable to verify if the amount raised as a provision for impairment as disclosed in note 13 to the financial statements of R71.4 million (2011: R22.4 million) and the relating debt impairment of R45.2 million as disclosed in the statement of financial performance and note 23 to the financial statements is adequate.

In terms of IAS 39, *Financial Instruments*, trade and other receivables should be stated at their present value in the financial statements as at year end, with the difference between the nominal amount and the present value recognised as interest income over the financing period. I am unable to determine the effect on receivables and accumulated surplus, even after performing alternative procedures, as not all debtors have been included on the municipality's debtors system and the debtors system failed to fully integrate with the accounting system.

Documentation supporting debtors' balances totalling R513 624 was not submitted for audit purposes. I am unable to confirm these balances by alternative means.

An amount of R25 million is disclosed in note 13 to the financial statements as owing by the district municipality. A confirmation obtained directly from the district municipality did not agree to this amount. The municipality did not reconcile the difference of R21.3 million. I am unable to confirm this debt by alternative means.

The water services contract between the municipality and the district municipality states that a management fee is payable by the district municipality for the services provided by the municipality. The management fee was not received or raised by the municipality in the current year. The preparer of the contract omitted the annexure which states the determination of the amount of the management fee. I am unable to confirm the amount of the management fee accrual by alternative means.

As a result of the above findings, I am unable to determine whether any adjustment relating to receivables from exchange transactions of R27.1 million (2011: R29.2 million) as disclosed in the statement of financial position and note 13 to the financial statements is necessary.

Debtors with credit balances amounting to R156 245 have been included in receivables from exchange transactions. The municipality did not reclassify these as payables from exchange transactions. Consequently, receivables from exchange transactions are understated by R156 245. Additionally, payables from exchange transactions are understated by the same amount.

Property, plant and equipment

Ownership of land and buildings disclosed in the statement of financial position and in note 9 to the financial statements of R13.9 million (2011: R14.2 million) could not be confirmed as title deeds could not be obtained for certain properties. I am unable to confirm these properties by alternative means.

Infrastructure assets included in the amount of R268.9 million (2011: R286.1 million) as disclosed in the statement of financial position and note 9 to the financial statements could not be physically verified. Some infrastructure assets were duplicated on the fixed asset register. The municipality could not provide confirmation of the rights to certain infrastructure assets. I am unable to obtain sufficient appropriate audit evidence for the cost per unit used in the fair valuing of infrastructure assets. I am unable to confirm these assets by alternative means.

Documentation supporting additions during the year of R740 535 was not submitted by the municipality. I am unable to confirm these transactions by alternative means.

Depreciation amounting to R19.8 million is included in the statement of financial performance, note 9 and note 24 to the financial statements. The municipality could not provide sufficient appropriate audit evidence to confirm some asset's useful lives and residual values. I am unable to confirm the depreciation charge by alternative means.

The municipality has incorrectly accounted for missing assets of R577 880 as impaired assets. This was due to council resolution not being obtained to dispose of the assets prior to the preparation of the financial statements. Infrastructure assets and land and buildings as disclosed in the financial statements do not agree to the amount per the general ledger. Both balances differ by R14.9 million. The municipality did not provide a reconciliation of this difference. I am unable to confirm this difference by alternative means.

GRAP 21, *Impairment of Non-Cash Generating Assets*, and GRAP 26, *Impairment of Cash Generating Assets*, prescribes that an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset. The municipality did not assess its assets for possible impairment at year end. I am unable to confirm if any assets are impaired at year end by alternative means.

As a result of the above findings, I am unable to determine whether any adjustments relating to property, plant and equipment in the financial statements is necessary.

Deregistered motor vehicles have been included in the municipality's fixed asset register. The municipality did not remove these motor vehicles from their fixed asset register upon disposal of the motor vehicles. Consequently, other assets included in property, plant and equipment is overstated by R3.8 million and expenditure is understated by the same amount.

Investment property

Ownership of investment properties disclosed in the statement of financial position and in note 10 to the financial statements of R6 million could not be confirmed as title deeds could not be obtained for certain properties. It is not possible to confirm these properties by alternative means.

Some properties identified during a title deeds search could not be traced to the investment properties register or the fixed assets register. I am unable to determine which of these properties are investment properties. It is not possible to confirm investment properties by alternative means.

GRAP 16, *Investment Property*, encourages entities to disclose the fair value of investment property when this is materially different from the carrying amount when accounting for investment properties on the cost model. The municipality did not perform a fair value calculation of their investment properties in the current year. As a result, I am unable to determine if the fair value of investment properties is materially different from the carrying amount and cannot conclude if the fair value should be disclosed in the financial statements.

As a result of the above findings, I am unable to determine if any adjustments relating to the amount of R25 million (2011: R25 million) as disclosed in the statement of financial position and note 10 to the financial statements is necessary.

Expenditure

Other expenditure comprising debt impairment, depreciation and amortisation, impairments, repairs and maintenance, actuarial losses, finance charges, bulk purchases, other operating grant expenditure and general expenses of R131.3 million as disclosed in the statement of financial performance and notes 23, 24, 25, 26, 27 and 28 to the financial statements do not agree to the balance of R130.8 million per the general ledger. The municipality did not reconcile the difference of R500 000 between the financial statements and the accounting records. The municipality's records did not permit the application of alternative procedures. I am unable to determine the effect on the other account balances or classes of transactions contained in the financial statements.

Documentation supporting transactions amounting to R7.6 million was not submitted for audit. I am unable to confirm these transactions by alternative means.

Sufficient appropriate documentation was not submitted to support the transfer of grant expenditure amounting to R6.7 million to revenue. I am unable to confirm this amount by alternative means.

The municipality did not disclose operating lease expenditure in accordance with the requirements of GRAP 13, *Leases*, which prescribes certain additional disclosures to that of GRAP 104, *Financial Instruments*. I am unable to determine how the municipality's operating lease expenditure should be disclosed as sufficient appropriate audit evidence was not submitted.

As a result of the above findings, I am unable to determine whether any adjustment to other expenditure of R131.3 million (2011: R62.9 million) in the financial statements is necessary.

The municipality did not claim input VAT on some transactions. The full value of the tax invoice was processed to expenditure. Consequently, expenditure is overstated and VAT is understated by R49 339.

GRAP 17, *Property, Plant and Equipment*, prescribes that the cost of an item of property, plant and equipment shall be recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity. General expenditure is disclosed in the statement of financial performance and note 28 to the financial statements. Included in this amount is an amount of R3.5 million, incurred in respect of an electrification project for the construction of electricity assets. This amount has been incorrectly expensed and should be capitalised as the revenue associated with the assets is an economic benefit that flows to the municipality. The municipality has recognised revenue from the sale of prepaid electricity in the accounting records derived from these electricity assets and property, plant and equipment is, thus, understated by the above amount.

Payables from exchange transactions

Sufficient appropriate audit evidence was not submitted to support payables from exchange transactions of R6.5 million (2011: R3.7 million) disclosed in the statement of financial position and note 6 to the financial statements. I am unable to confirm this balance by alternative means. Consequently, I am unable to determine whether any adjustment relating to payables from exchange transactions in the financial statements is necessary.

Value added taxation (VAT)

VAT receivable of R3 million is disclosed in the statement of financial position and note 8 to the financial statements. The municipality's debtor's system failed to fully integrate with the accounting system. In addition numerous uncorrected misstatements were identified during the audit due to disagreements or limitations placed on the audit. I am unable to confirm the balance for VAT receivable by alternative means. Consequently, I am unable to determine whether any adjustments to VAT receivable of R3 million (2011: R12.1 million) in the financial statements is necessary.

Employee related costs

Employee related costs of R40.6 million and remuneration of councillors of R8.3 million is disclosed in the statement of financial performance and notes 21 and 22 to the financial statements. The municipality's payroll system reflecting an amount of R19.3 million failed to fully integrate with the accounting system which reflects a credit amount of R65 508. I am unable to reconcile the difference of R19.3 million by alternative means.

Sufficient appropriate audit evidence was not submitted for contributions to pension funds amounting to R76 370. I am unable to confirm these transactions by alternative means.

Leave payouts to employees during the year amounted to R553 262. Some leave payouts were calculated using the incorrect salary rates. Consequently, employee related costs is overstated by R115 308 and staff debtors are understated by the same amount. The requested applications for leave payouts by staff were not submitted in all cases. I am unable to confirm the leave payouts by alternative means.

As a result of the above findings, I am unable to determine whether any adjustments relating to employee related costs of R48.9 million (2011: R27 million) as disclosed in the financial statements is necessary.

The municipality did not comply with the upper limits of salaries for councillors as determined by Government Gazette 34869. Councillors were overpaid during the financial year. As a result, remuneration of councillors of R8.3 million as disclosed in the statement of financial performance and note 22 to the financial statements is overstated by R255 755. In addition, staff debtors are understated by the same amount.

Employee benefits

Employee benefits of R3.5 million is included in the statement of financial position and note 2 to the financial statements. I am unable to assess the work of the expert who performed the actuarial valuation as sufficient appropriate audit evidence was not submitted. I am unable to confirm this benefit by alternative means.

As a result of the above finding, I am unable to determine whether any adjustment relating to employee benefits of R3.5 million (2011: R2.6 million) as disclosed in the statement of financial position and note 2 to the financial statements is necessary.

Provision for performance bonuses of R1.9 million and the staff bonuses accrual of R674 343 is disclosed in current employee benefits in the statement of financial position and note 5 to the financial statements. The municipality incorrectly calculated bonuses to the value of R462 561. Consequently, current employee benefits is understated by R462 561 and employee related costs in the statement of financial performance is understated by the same amount.

Provision for staff leave amounting to R3.1 million is disclosed in current employee benefits in the statement of financial position and note 5 to the financial statements. GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets* defines a provision as a liability of uncertain timing or amount. It further defines an accrual as liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. The municipality has incorrectly classified amounts accrued for vacation leave as a provision instead of an accrual in the financial statements. In addition, the municipality used the incorrect salary scales and leave days when calculating the leave provision for some employees. Incorrect leave days were used as leave days taken by staff were not updated on the system. The provision for staff leave listing did not agree to the amount per the financial statements. I am unable to confirm the provision by alternative means. Consequently, I am unable to determine whether any adjustment relating to provision for staff leave in the financial statements is necessary.

Provisions

The provision for rehabilitation of landfill sites of R2.7 million (2011: R2.6 million) is disclosed in the statement of financial position and note 3 to the financial statements. The municipality did not provide for their best estimate of the expenditure required to settle the present obligation of the expected future costs to rehabilitate the landfill site in accordance with GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets*. The municipality has only provided for costs incurred for the volume of landfill sites used to date and have not considered the time value of money. It was not possible to confirm the provision by alternative means. Consequently, I am unable to determine whether any adjustment relating to this provision in the financial statements is necessary.

The municipality did not pay Workmen's Compensation to the Compensation Commissioner since 2005 as required by the Compensation for Occupational Injuries and Diseases Act as amended by Compensation for Occupational Injuries and Diseases Amendment Act, No 61 of 1997. The estimated amount owing including interest was not raised as a provision in accordance with GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets*. As a result, provisions as disclosed in the statement of financial position and note 3 to the financial statements and expenditure as disclosed in the statement of financial performance is understated by an amount of R17.6 million.

Commitments

Capital commitments of R516 455 (2011: nil) is disclosed in note 37 to the financial statements. Sufficient appropriate audit evidence was not submitted to support the information disclosed in the financial statements. I am unable to confirm the committed expenditure by alternative means. As a result, I am unable to determine the full extent of the misstatement of commitments.

Material losses

Distribution losses relating to the supply of electricity and water were not monitored during the year and were not disclosed in the financial statements as required by section 125(2)(d) of the MFMA. As a result, even after performing alternative procedures, sufficient appropriate audit evidence was not submitted to ascertain the full extent of any distribution losses to be reported.

Cash flow statement

Cash and cash equivalents as disclosed in the statement of financial position, cash flow statement and note 16 to the financial statements is R42.4 million (2011: R42.8 million). Presentation of a cash flow statement, summarising the entity's operating, investing and financing activities, is required by GRAP 2, *Cash Flow Statements*. Reconciliations of cashbook balances to the bank statements received for bank accounts held by the municipality for the year were not adequately prepared for all cashbook accounts. I cannot reconcile a difference of R15.4 million between the general ledger and amounts confirmed by the banks. The municipality has included a cash suspense account amounting to R12

million (2011: R15.4 million) in the total cash and cash equivalents disclosed in the statement of financial position, cash flow statement and note 16 to the financial statements.

Amounts used in the presentation of the cash flow statement were not classified correctly in terms of GRAP 2. The accounting records of the municipality are incomplete and inaccurate and as a result I am unable to conclude on the full extent of the errors within this statement. It is estimated that the net cash flows from operating activities is overstated by R11.9 million and the net cash flows from financing activities is overstated by R516 519.

As a result of the above findings, I am unable to confirm if the cash flow statement fairly presents the cash inflows and cash outflows of the municipality for the year.

Departmental debtors

Section 123(1)(b)(ii) of the MFMA requires the financial statements of a municipality to disclose information on any allocations made by the municipality to any other organ of state. The municipality did not disclose information relating to amounts owed by government departments in the financial statements. The accounting records are incomplete as the debtors system did not fully integrate with it. I am unable to satisfy myself as to the departmental debtors to be disclosed in the financial statements by alternative means. Consequently, I am unable to determine the departmental debtors to be disclosed in the financial statements.

Change in accounting policy

GRAP 3, *Accounting Policies, Change in Accounting Estimates and Errors*, prescribes that a change in the accounting treatment, recognition or measurement of a transaction, event or condition within a basis of accounting is regarded as a change in accounting policy. The municipality incorrectly accounted for the expiration of Directive 4, *Transitional Provisions for Medium and Low Capacity Municipalities*, as a prior period error instead of a change in accounting policy. Consequently, the financial statements of the municipality have not correctly accounted for the change in accounting standards.

Accumulation of immaterial uncorrected misstatements

Sufficient appropriate audit evidence was not submitted and I am therefore unable to confirm or verify the following elements making up the statement of financial position and the statement of financial performance by alternative means:

- Consumer deposits
- Inventory
- Unspent conditional government grants and receipts
- Operating lease assets
- Staff debtors

As a result, I am unable to determine whether any adjustments to these elements were necessary.

Disclaimer of opinion

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.

Additional matters

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

Material inconsistencies in other information included in the annual report

At the time of issuing this audit report, the 2011/12 annual report had not been finalised.

Unaudited supplementary schedules

The supplementary information set out on pages 69 to 72 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Withdrawal from the audit engagement

Discrepancies in the accounting records and conflicting or missing evidence indicate the possibility that the financial statements may contain material misstatements resulting from fraud. Requested documentation supporting transactions/balances/disclosure items were not submitted by management on numerous occasions which has resulted in a scope limitation. I am unable to determine if these transactions/balances/disclosure items contained material misstatements, whether from fraud or error. If it were not for the legislation that requires me to perform the audit of the municipality, I would have withdrawn from the engagement in terms of the International Standards on Auditing (ISAs).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

6. 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

7. The annual performance report included in the annual report was not presented in time for audit and consequently my finding below is limited to the procedures performed on the strategic planning and performance management documents.
8. The information could not be assessed to determine whether performance 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*.

Compliance with laws and regulations

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

Budget

Sufficient appropriate audit evidence was not submitted to assess if the 2011/12 annual budget was approved by the council before the start of the financial year, as required by section 16(1) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if expenditure was incurred that was not budgeted for / in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if quarterly reports were submitted to the council on the implementation of the budget and/or financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if unforeseeable and/or unavoidable expenditure provided for in the annual budget was incurred without being appropriated in an adjustment budget, in contravention of section 29(2)(d) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if expenditure was approved as unforeseen and unavoidable which was considered by the council/board but not included in the approved annual budget / was intended to ratify irregular or fruitless and

wasteful expenditure, in contravention of Municipal Budget and Reporting Regulation 71(2) / 73(2).

Sufficient appropriate audit evidence was not submitted to assess if the total unforeseen and unavoidable expenditure incurred exceeded 5% of own revenue / the greater of R 5 million or 4% of own revenue / R15 million, in contravention of Municipal Budget and Reporting Regulation 72.

Sufficient appropriate audit evidence was not submitted to assess if the 2011/12 adjustment budget was approved by the council, as required by Municipal Budget and Reporting Regulation 25 / 50.

Sufficient appropriate audit evidence was not submitted to assess if revisions to the service delivery and budget implementation plans were approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if monthly budget statements were submitted to the mayor as required by section 71(1) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the accounting officer assessed the first half of the financial year performance of the municipality, as required by section 72(1) and 72(1)(a)(ii) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the annual budget of the municipality is based on the development priorities and objectives as well as the performance targets set by the municipality in its IDP as required by regulation 6 of the Municipal Planning and Performance Management Regulations, 2001.

Annual financial statements, performance and annual report

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 in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.

The accounting officer did not submit the financial statements for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the 2010/11 annual report was tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if a written explanation was submitted to council setting out the reasons if there was a delay in the tabling of the 2010/11 annual report in the council, as required by section 127(3) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the accounting officer made the 2010/11 annual report public immediately after the annual report was tabled in the council, as required by section 127(5)(a) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the municipal council adopted an oversight report, containing comments on the annual report, within two months from the date on which the 2010/11 annual report was tabled, as required by section 129(1) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the accounting officer made public the council's oversight report on the 2010/11 annual report within seven days of its adoption, as required by section 129(3) of the MFMA.

Strategic planning and performance

Sufficient appropriate audit evidence was not submitted to assess if the municipal council adopted a single, inclusive and strategic plan for the development of the municipality within the prescribed period after the start of its elected term as required by section 25 of the MSA.

Sufficient appropriate audit evidence was not submitted to verify that the municipality adopted 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 the different role players as required by section 38, 39, 40 and 41 of the MSA read with regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Sufficient appropriate audit evidence was not submitted to assess if the accounting officer of the municipality assessed the performance of the municipality during the first half of the financial year by 25 January, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan as required by section 72(1)(a)(ii) of the MFMA .

Audit committee

Sufficient appropriate audit evidence was not submitted to assess if the audit committee advised the council / political office bearers / accounting officer and/or management staff on matters relating to internal financial control and internal audit, risk management , accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the audit committee advised the council / political office bearers / accounting officer and the management staff on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the audit committee advised the council / political office bearers / accounting officer and the management staff on matters relating to compliance with the MFMA, Division of Revenue Act (Act No. 5 of 2012) (DoRA) and other applicable legislation, as required by section 166(2)(a)(vii) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the audit committee reviewed 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, DoRA and other applicable legislation, as required by section 166(2)(b) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the audit committee responded to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.

Sufficient appropriate audit was not submitted to assess whether the audit committee met at least four times a year, as required by section 166(4)(b) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess whether the audit committee was constituted, as required by section 166(4)(a) and 166(5) of the MFMA as it could not be determined if the following requirements were adhered to:

- The audit committee consisted of:
 - a. at least three persons with appropriate experience
 - b. the majority of audit committee members were not in the employ of the municipality or municipal entity.
- The audit committee members were appointed by the council.
- The chairperson of the audit committee was not in the employ of the municipality.
- No councillor was a member of an audit committee.

Sufficient appropriate audit evidence was not submitted to assess if a performance audit committee was in place and if the audit committee established in terms of MFMA section

166(1) was used for this function, as required by Municipal Planning and Performance Management Regulation 14(2)(a).

Sufficient appropriate audit evidence was not submitted to assess if the performance audit committee was constituted as required by Municipal Planning and Performance Management Regulation 14(2), as it could not be determined if the following requirements were adhered to:

- The performance audit committee consisted of at least three members.
- The majority of the members of the performance audit committee were not involved in the municipality as a councillor or an employee.
- The chairperson of the committee:
 - a. was appointed by the council
 - b. was not an employee of the municipality
 - c. was not a councillor of the municipality
- The performance audit committee included at least one person who has expertise in performance management.

Sufficient appropriate audit evidence was not submitted to assess if the performance audit committee met at least twice during the financial year, as required by Municipal Planning and Performance Management Regulation 14(3)(a).

Sufficient appropriate audit evidence was not submitted to assess whether the performance audit committee reviewed the municipality's performance management system and/or made recommendations to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(ii).

Sufficient appropriate audit evidence was not submitted to assess if the performance audit committee reviewed all the quarterly internal audit reports on performance measurement, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(i).

Sufficient appropriate audit evidence was not submitted to assess if the performance audit committee submitted at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(iii).

Internal audit

The internal audit unit did not submit quarterly reports on their audits to the municipal manager, as required by Municipal Planning and Performance Management Regulation 14(1)(c).

Procurement and contract management

Sufficient appropriate audit evidence was not submitted to assess if goods and services with a transaction value of below R200 000 were procured by means of obtaining the required price quotations, as required by Supply Chain Management (SCM) regulation 17(a) & (c).

Sufficient appropriate audit evidence was not submitted to assess if quotations were accepted from prospective providers who are registered on the list of accredited prospective providers and who meet the listing requirements prescribed by the SCM policy as required by SCM regulation 16(b) and 17(b).

Sufficient appropriate audit evidence was not submitted to assess if goods and services of a transaction value above R500 000 were procured by means of inviting competitive bids and/ or that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulation 19(a) and 36(1).

Sufficient appropriate audit evidence was not submitted to assess if bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM regulation 27(2)(a). (Ex201)

Sufficient appropriate audit evidence was not submitted to assess if bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM regulation 27(3).

Sufficient appropriate audit evidence was not submitted to assess if invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2).

Sufficient appropriate audit evidence was not submitted to assess if bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2).

Sufficient appropriate audit evidence was not submitted to assess if contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by SCM Regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.

Sufficient appropriate audit evidence was not submitted to assess if bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).

Sufficient appropriate audit evidence was not submitted to assess if awards were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).

Sufficient appropriate audit evidence was not submitted to assess if councillors of the municipality participated in committees evaluating or approving tenders/quotations or attended meetings of committees evaluating or approving tenders/quotations, in contravention of section 117 of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act (PPPFA) and SCM regulation 28(1)(a).

Sufficient appropriate audit evidence was not submitted to assess if contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its regulations.

Sufficient appropriate audit evidence was not submitted to assess if contracts and quotations were awarded to bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of PPPFA.

Sufficient appropriate audit evidence was not submitted to assess if contracts were only extended or modified after tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if all extension or modification to contracts were approved by a properly delegated official, as required by SCM Regulation 5.

The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the contract performance and monitoring measures and methods were sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if the contract and quotations were awarded to providers that are listed on the National Treasury's database as persons prohibited from doing business with the public sector, in contravention of SCM regulation 38(1)(c).

Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Sufficient appropriate audit evidence was not submitted to assess if awards were made to providers who are persons in the service of the municipality and whose directors/ principal shareholders are persons in service of the municipality in contravention of SCM regulations 44. Furthermore, it could not be determined if the provider failed to declare that he/she was in the service of the municipality/municipal entity, as required by SCM regulation 13(c).

Sufficient appropriate audit evidence was not submitted to assess if 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 regulation 44.

Sufficient appropriate audit evidence was not submitted to assess if persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality disclosed such interest, as required by SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the MSA and the code of conduct for staff members issued in terms of the MSA.

Sufficient appropriate audit evidence was not submitted to assess if persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality disclosed such interest, as required by SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the MSA and the code of conduct for staff members issued in terms of the MSA.

Sufficient appropriate audit evidence was not submitted to assess if SCM officials or other SCM role players who or whose close family members/ partners/ associates had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract, in contravention of SCM regulation 46(2)(f).

Sufficient appropriate audit evidence was not submitted to assess if the accounting officer implemented measures to combat the abuse of the SCM system as per the requirements of SCM regulation 38(1) because it could not be determined if awards were made to providers who:

- during the last five years, failed to perform satisfactorily on a previous contract with the municipality or municipal entity or other organ of state;
- committed a corrupt or fraudulent act in competing for the contract;
- abused the SCM system of the municipality;
- had been convicted of fraud or corruption during the past five years.

Sufficient appropriate audit evidence was not submitted to assess if allegations of fraud, corruption, improper conduct and failure to comply with the supply chain management system laid against officials and/or role player in the SCM system were investigated as required by SCM Regulation 38(1)(b).

Sufficient appropriate audit evidence was not submitted to assess if appropriate action was taken against officials and role player in the supply chain management system where investigations proved fraud and/or corruption and/or improper conduct and/or failure to comply with the supply chain management system, as required by SCM regulation 38(1)(b).

Sufficient appropriate audit evidence was not submitted to assess if a list of accredited prospective providers was in place for procuring goods and services through quotations as required by SCM regulation 14(1)(a).

Sufficient appropriate audit evidence was not submitted to assess if the prospective providers list for procuring goods and services through quotations was updated at least

quarterly to include new suppliers that qualify for listing, and prospective providers were invited to apply for such listing at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).

Sufficient appropriate audit evidence was not submitted to assess if the municipality implemented an SCM policy as required by section 111 of the MFMA.

Expenditure management

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.

Payments were made without the approval of the accounting officer or a properly authorised official as required by section 11(1) of the MFMA.

An effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was not in place as required by section 65(2)(a) / 99 of the MFMA.

An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred / accounted for creditors / accounted for payments made, as required by section 65(2)(b) of the MFMA.

The accounting officer did not take effective steps to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if unauthorised, irregular and fruitless and wasteful expenditure was recovered from the liable person, as required by section 32(2) of the MFMA.

The accounting officer did not always report to the South African Police Service cases of alleged irregular expenditure that constituted a criminal offence / theft and fraud that occurred in the municipality / losses suffered as a result of criminal conduct, as required by section 32(6) of the MFMA.

Transfer of funds and conditional grants

Sufficient appropriate audit evidence was not submitted to assess if the transfers of Emalahleni Municipality were made in terms of the section 15(2) of the DoRA, as it could not be determined if the following requirements were adhered to:

- A payment schedule was entered into with the entity or other sphere of government that will be performing the function.
- The payment schedule was approved by National Treasury.
- The transfer was approved in the budget / published DoRA framework.
- The goods and services were procured in accordance with the supply chain management policy.
- Adequate documentation for the payment was received.
- The receiving officer certified to the National Treasury that:
 - a. the transfer was not an attempt to artificially inflate its spending estimates.
 - b. there were good reasons for the advance payment or transfer.
- The National Treasury approved the advance payment or transfer.

Revenue management

A tariff policy on the levying of fees for municipal services provided by the municipality was not adopted, as required by section 74(1) of the MSA and section 62(1)(f)(i) of MFMA.

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.

A policy on the levying of rates on rateable property within the municipality was not adopted, as required by section 3(1) of the Property Rates Act and section 62(1)(f)(ii) of MFMA.

A tariff policy on the levying of fees for municipal services provided by the municipality was not adopted, as required by section 74(1) of the MSA and section 62(1)(f)(i) of MFMA.

Sufficient appropriate audit evidence was not submitted to assess if revenue had been reconciled on a weekly basis, as required by 64(2)(h) of the MFMA.

Asset management

An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Financial misconduct

Sufficient appropriate audit evidence was not submitted to assess if all allegations of misconduct were tabled before council, as required by Disciplinary Regulations for Senior Managers 5(2).

Sufficient appropriate audit evidence was not submitted to assess if the council appointed an independent investigator to investigate all allegations where there were reasonable cause to believe an act of misconduct has been committed, as required by Disciplinary Regulations for Senior Managers 5(3)(a).

Sufficient appropriate audit evidence was not submitted to assess if disciplinary proceedings were instituted by the council, where appropriate, after considering the report/s of the investigator/s, as required by Disciplinary Regulations for Senior Managers 5(6).

Sufficient appropriate audit evidence was not submitted to assess if the resolutions of council on all disciplinary proceedings included determinations as to whether the alleged misconduct was of a serious or of a less serious nature, as required by Disciplinary Regulations for Senior Managers 5(7)(a).

Sufficient appropriate audit evidence was not submitted to assess if independent and external presiding officers were appointed for all the disciplinary procedures, as required by Disciplinary Regulations for Senior Managers 5(7)(b)(i).

Sufficient appropriate audit evidence was not submitted to assess if all instances of financial misconduct were reported to the South African Police, as required by section 62(1)(e) and Disciplinary Regulations for Senior Managers 8(4).

Sufficient appropriate audit evidence was not submitted to assess if disciplinary hearings commenced within three months of the resolution to institute disciplinary action, as required by Disciplinary Regulations for Senior Managers 10(1)(a).

Sufficient appropriate audit evidence was not submitted to assess if all instances of financial misconduct, where sanctioned were imposed, were reported to the MEC for Finance, as required by Disciplinary Regulations for Senior Managers 12(3).

Sufficient appropriate audit evidence was not submitted to assess if investigations were instituted into all allegations of financial misconduct against officials of the municipality, as required by section 171(4)(a) of the MFMA.

Sufficient appropriate audit evidence was not submitted to assess if disciplinary proceedings were instituted against officials of the municipality, when investigations warranted such a step, as required by section 171(4)(b) of the MFMA.

Internal control

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

Leadership

The leadership control objective relates mainly to the provision of effective leadership and the exercising of oversight responsibility regarding financial and performance reporting and compliance and related internal controls, ensuring competent staff are employed and relevant policies and procedures are in place.

A lack of monthly monitoring and oversight was noted resulting in additional interventions to be taken after the financial year to improve the audit outcome. It is evident from findings during the audit process that the accounting officer and management did not exercise effective oversight over reporting, compliance with laws and regulations and internal control. A key indicator at this level is the fact that the external audit findings of the prior year have not all been addressed, resulting in repetitive findings and unattended weaknesses in the control environment. An audit action plan has been developed, but the implementation of it as agreed between management and MPAC did not occur.

Management did not respond to 76% (198 of 262) of the findings raised during the audit. As a result, these findings remain uncleared and have a negative effect on the audit opinion. In addition, key officials of the municipality were not available throughout the audit. Management have not assisted in implementing the commitments made by Council in achieving clean administration.

An appropriate attitude towards reporting against predetermined objectives was not demonstrated, as controls over the development of performance targets, processes and controls to ensure that reporting of actual performance against targets were not implemented.

Although the municipality appointed a chief accountant during the year, the overall vacancy rate remained high at 43%. The CFO position was vacant for the majority of the year with various senior managers acting in the position without the necessary qualifications. Positions critical to service delivery remained vacant from the prior year.

Management has not adequately prioritised the Information Technology (IT) function which includes the formation of a formal IT governance framework, strategic plan and steering committee. This has had a negative effect on the accounting records with various independent operating systems failing to fully integrate with the accounting system during the year.

Financial and performance management

The financial and performance management control objective relates mainly to the preparation of quality financial statements and performance reports which are supported by appropriate record keeping and information systems.

It was evident during the audit process that important information was not identified and captured in a form and time frame to support financial and performance reporting. This resulted in delays to provide requested information in a timely manner and material amendments to the financial statements resulting from the audit. These shortcomings are further indicative that the financial statements were not adequately reviewed prior to the submission for audit.

The municipality relies heavily on computerised information systems to perform their statutory, financial management, reporting and administrative functions. The fact that some manual and automated controls, although designed, were not in all instances implemented to ensure that the transactions have occurred, are authorised and are completely and accurately processed is reason for concern. It was also noted that some manual and automated controls have not been designed at all. In addition, it should be noted that systems are inappropriate in all instances to facilitate the preparation of financial statements and performance reports.

Monthly reconciliations were not always prepared as required and have resulted in unidentified variances in numerous transactions/balances/disclosure items. Controls over suspense accounts are weak as these remain uncleared from prior years with additional transactions processed to these accounts in the current year.

Compliance with laws and regulations remains an issue with an increase in non-compliance noted in the current year. Sufficient appropriate audit evidence was also not always submitted to enable an assessment of compliance with various laws and regulations.

Governance

The governance control objective relates mainly to the involvement of the audit committee and internal audit in the identification and management of risk (including information technology) and fraud prevention.

The municipality did not assess its risks on a regular basis and the impact of risks on the general control environment which has potentially affected the financial and performance reporting and monitoring of compliance.

Although the requested information was not submitted to allow us to assess the effectiveness of the audit committee, the repeat of prior year findings, lack of fraud prevention plan and non-submission of information by the municipality during the audit indicates that the audit committee was not effective during the year.

East London

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

• **Audit Committee Report 2011/2012**

ANNEXURE E



**NORTHERN CLUSTER SHARED AUDIT COMMITTEE
CHRIS HANI DISTRICT MUNICIPALITY**

**DRAFT REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE COMMITTEE AND
COUNCIL**

We are pleased to present our report for the financial year ended 30 June 2012.

Audit Committee Members and Attendance

We have documented the changes in membership and clarity in this regard will reflect as the background is read. Meetings were held on:

30 August 2011
6 October 2011
12 December 2011
13 March 2012
27 June 2012

Change to the Audit Committee Composition

The Northern Cluster Audit Committee was established through Chris Hani District Municipality in order to establish and cluster all the Municipalities into groups so as to ensure the creation of an effective and efficient audit committee with shared resources. The cluster consists of Emalahleni, Lukhanji & Sahkisizwe Local Municipalities.

The establishment and functioning of the Cluster and all matters related thereto are managed through a Cluster contract signed by all three parties together with separate contracts with each individual member.

The Committee consisted of 3 members as per the contract, consisting of the Chair, Tracey Putzier, and 2 members. During the 2010/2011 period the members Vaughn Hartley and Gerrie Groenewald resigned leaving only the Chair and effectively rendering the cluster committee powerless to act without a quorum.

This occurred at a critical time for the municipality and at a point where its audit function was most vital. Treating this as a matter of urgency, and recognizing that the normal process of recruiting committee members would not be possible in the short term, the Municipal Managers of the member municipalities addressed the crisis by resolving to

co-opt 2 members to the Cluster committee, so that the Audit Committee could meet its statutory obligations.

Simultaneously an advert was prepared and placed for interested parties to submit CV's to become members of the Northern Cluster Audit Committee of CHDM.

The interim committee consisted of: Mr P.J. Cloete, Ms Tracey Putzier and Mr Frans Bothma up to and including the end of August 2012.

On 31 August 2012, after advertising the positions and conducting interviews, the new audit committee and performance audit committee was appointed for a further three years and consisted of the independent members Ms Putzier, Mr Bothma and a new member, Mr Loyiso Galada. The Legal & Compliance Manager sits on the committee as an official and the Internal Auditor reports directly to the Audit Committee and is the main source of reports from which the audit committee executes its mandate.

The Municipal Manager, Chief Financial Officer and the Auditor-General attend meetings by standing invitation as well as Senior Managers when items arise that are relevant to their departments . In the year under review the Honourable Mayor, Chairperson MPAC, and the Finance Councillor all attended some of our meetings.

Meetings were scheduled to take place quarterly. The cluster although beneficial in most respects presents many challenges in terms of meeting co-ordination. It is difficult to set a date that suits all parties. In light of this several meetings were either delayed or postponed because of non-availability. The absence of a Chief Financial Officer was also problematic.

The Chairperson has, by standing invitation of Council, attended the quarterly meetings of Council to table a report to the Council on the work of the Audit Committee in the last quarter. The Quarterly meeting of July 2012 however could not be attended due to the scheduled date of Council as set out in the Calendar of Council being moved at short notice. The Audit committee regrets this and request the Speaker to ensure that the dates as set in the calendar of Council and adopted by the Council are adhered to for future meetings.

The audit committee records its appreciation for the invitation as this has addressed the issue of a lack of communication between the audit committee and council, which was raised in prior years. We look forward to a continued improvement to building this relationship.

AUDIT COMMITTEE RESPONSIBILITY

We report that we have adopted appropriate terms of reference in our Terms of reference in line with the requirements of Section 51 (1) (a) of the PFMA and Treasury Regulations 27.1. We further report that we have conducted our affairs in compliance with these terms of reference. The Charter and Audit plan for the committee will be tabled at the next Audit Committee meeting for adoption.

Evaluation of Annual Financial Statements

These financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy and in a manner required by the MFMA.

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and Council;
- Reviewed the Auditor-General report and management's response thereto;
- Reviewed the selection of accounting policies and practices;
- Reviewed the effectiveness of the internal control systems;
- Reviewed the effectiveness of internal audit;
- Reviewed the risk areas of the Municipality's operations to be covered in the scope of internal and external audits;
- Reviewed the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Reviewed the accounting and auditing concerns identified as a result of internal and external audits;
- Reviewed the Municipality's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

The Audit Committee concurs, accepts the Auditor General conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

ADDITIONAL COMMENTS:

The Effectiveness of Internal Controls

In line with the PMFA, MFMA, and Corporate Governance requirements, Internal Audit provided the Audit Committee and management with reports pertaining to the appropriateness and effectiveness or not of internal controls. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the internal Auditors, the Audit report on the Annual Financial Statements and the management report of the Auditor-General, it was noted that there were shortfalls in the effectiveness of the internal controls primarily because of shortfalls in the staffing capacity, a factor that is often linked to staff numbers in a small entity. It should be noted that regrettably this was reported in the prior year report too and the capacity issues remain problematic and must be addressed.

Action plans were developed by the Management of the Municipality to respond to matters dealt with in the Auditor-General's previous years report. The Audit Committee requested that updates on the action plans be tabled for discussion at each Audit Committee. Unfortunately the report required the Audit Committees attention for the whole duration of the year under review and still at the end, not all items were addressed.

The Quality of Annual Management and Monthly / Quarterly Reports Submitted In Terms of the MFMA

The quarterly reports prepared and issued were of concern to the Audit committee due to the lack of/poor content raising questions as to the credibility of the data arising due to the instability within the department of Finance due to the absence of the CFO. A great difference has been noted since the appointment of the CFO on the 01st May 2012 and the Audit Committee looks forward to working closely with the CFO but cautions the Council that the capacity issues within the department must be addressed to ensure the CFO is provided with the necessary support.

Risk Management

The Municipality has established a Risk Management Charter Committee, developed and adopted a risk management strategy and charter and the Audit Committee is in the process of reviewing the plans for the new financial year.

Evaluation of Annual Financial Statements

The Audit Committee was briefed on the Annual Financial Statements 2011/2012 and was able to advise Council of the assessment of the CFO and Accounting Officers report on the late submission of the Statements reflecting the growth in the role and functioning of the committee as a resource to Council.

The Committee received the Annual Financial Statements on the 20 August 2012 and was able to have fruitful interaction with the CFO on the statements and records its appreciation with the professional manner in which the statements have been prepared and were reported.

Internal Audit

We are satisfied that the internal audit function is operating as effectively as it can given their limited resources and that it has addressed the risks pertinent to the Municipality in the audits.

The capacity and grading of the internal auditor however remain a big concern. The Audit Committee is of the view that this unit requires more staff and at a more senior level. The risk areas are high and to adequately address risks within the municipality, the unit needs to be capacitated urgently. Submissions pertaining to this have been made in reports to council and by the Auditor General. Concerns in particular relate to areas where specialized or technical knowledge is required to perform certain audits. The budget allocation is also insufficient to adequately address all risks highlighted in the various risk assessments. This vacuum leaves the municipality exposed as not all risks are being addressed in the annual audit plans.

Auditor-General

The Audit Committee has interacted on a regular basis with the office of the Auditor General and in particular records its appreciation to Mr Purushotoman for his assistance and input to the Audit Committee as the senior manager from the office of the AG responsible for Emalahleni Municipality. The Audit Committee has requested that they be notified of and invited to the critical meetings reporting on the progress of the current Audit underway and the AG has confirmed that this will be implemented.

MPAC

The MPAC Chair has a standing invitation to the meetings of the committee. It is particularly gratifying to report on the strong relationship established between the committee and MPAC and the positive that this relationship has had on the effective functioning of both committees and their ability to advise and guide council and we look forward to building on this relationship in the year ahead.

Conclusion

It is a pleasure to be able to report to Council the progress made in ensuring that we are functioning as an effective audit committee of the Council and to note the steps taken to address the serious problems that were identified within the Finance department.

However we must emphasize the need to build on this momentum by ensuring that the Internal Audit and Finance department are further capacitated by the appointment of the required staff to critical posts.

In closing allow me to acknowledge the outgoing Municipal Manager, Mr Nkosinathi James Kwepile, who as the accounting officer has worked tirelessly to assist the committee in its work and deliberations. The fruits of your hard work in taking heed of the crisis in finance and starting the turn around process is bearing fruit and your contribution to Emalahleni Municipality will still be felt long after your departure and for this we thank you.

**TRACEY PUTZIER
AUDIT COMMITTEE CHAIR
NORTHERN CLUSTER.**

• MPAC OVERSIGHT REPORT 2011/2012

Annexure F

TO BE INSERTED

- **AUDIT ACTION
PLAN 2011/2012**

Annexure G



Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
	COAF 1	Planning documents as requested in RFI 1 and 3 of 2012 were not received.	Internal control	Management should ensure that the documents requested by the AG are submitted timeously.	All Directors	All Sections/Departments	28-Feb-12
2	COAF 1	The municipality does not have proper filing systems in place to ensure the management and retrieval of supporting documentation.	Internal control	Management should ensure that the documents requested by the AG are submitted timeously.	All Directors	All Sections/Departments	28-Feb-12
3	COAF 2	During the planning phase of the audit, all the documents as requested in RFI 4 of 2012 were not received	Internal control	Management should ensure that the documents requested by the AG are submitted timeously.	All Directors	All Sections/Departments	28-Feb-12
4	COAF 3	During the planning phase of the audit the documents as requested in RFI 5 of 2012 were not received	Misstatement in performance report	Management should ensure that the documents requested by the AG are submitted timeously	All Directors	All Sections/Departments	28-Feb-12

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
5	COAF 10	During the audit of Employee costs it was noted that the organogram for the 11/12 year was not approved by council		Management should ensure that the organogram for the current year is approved by council	All Directors	All Sections/Departments	28-Feb-12
6	COAF 10	During the planning stage on the audit of Employee costs, it was noted that the municipality does not conduct exit interviews for employees on their resignations.	Internal control	Management should ensure that exit interviews are conducted for employees leaving the municipality	All Directors	All Sections/Departments	28-Feb-12
7	COAF 10	During the audit of employee costs, it was identified that the February 2012 attendance register for the finance department of the municipality was inadequately monitored as there was no signature by the head of department as evidence of review	Internal control	Management should ensure that the attendance registers are monitored and signed by the heads of department as evidence of review. Heads of departments should verify the correctness of the information completed by the employee	All Directors	All Sections/Departments	28-Feb-12

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
8	COAF 10	During the planning phase of the audit of Employee costs, we noted that the leave form for an employee who had taken annual leave was not signed as approved from senior officials.	Internal control	Management should ensure that annual leave is pre-approved by the relevant official and the leave form is signed as evidence of review before the employee takes the leave.	All Directors	All Sections/Departments	28-Feb-12
9	COAF 10	During the planning stage of the audit of Employee related costs, it was noted that the February 2012 payroll reconciliation was not signed as evidence of review by the Chief Financial Officer	Internal control	Management should ensure that the reconciliations are signed as reviewed by the Chief Financial Officer and filed appropriately	Finance	Expenditure	28-Feb-13
10	COAF 10	During the planning phase of the audit on Employee Costs, an employee's application of leave form was inspected and it was identified that the Human Resources Officer did not sign the form as evidence of confirmation on the availability of leave days before it was approved.	Internal control	Management should confirm the availability of leave days prior to approval of leave and should complete the relevant section on the leave form as evidence of confirmation.	All Directors	All Sections/Departments	28-Feb-12

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
11	COAF 17	During the audit of Creditors, the information requested on RFI 24 due on 10 September was not submitted	Internal control	Management should ensure that the document requested by the AG is submitted timeously	All Directors	All Sections/Departments	28-Feb-12
12	COAF 11	During the planning stage of the audit of Expenditure, we noted that the some purchases orders were not signed as evidence of review and authorisation by the relevant official.	Internal control	Management should ensure that the orders are authorised and approval form are signed as evidence for authorisation by the responsible official before the payment is processed.	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
13	COAF 8	During the planning phase of the audit of Revenue, on review of journals prepared during the financial year we noted that the following journal was not authorised by the Chief Financial Officer before it was captured on the system. They were not signed as evidence of authorisation. There is also no evidence that the journal output printouts are reviewed by the Chief Financial Officer after it is captured by the Budget Officer as they were not signed as evidence of second review.	Internal control	Management should ensure that journals are authorised before and after it is captured on the system and signed as evidence of review by the Chief Financial Officer.	Finance	BTO	28-Feb-13
14	COAF 9	During the planning phase of the audit of Cash and cash equivalents, it was noted that there was no evidence of review by the Chief Financial Officer on the investment register.	Internal control	Management should ensure that Investment register is signed with the date by management as evidence of review	Finance	BTO	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
15	COAF 11	During the planning stage of the audit of Expenditure, it was noted that the some payments made to suppliers were not authorised by the Chief Financial Officer (CFO). The payment documentation is not signed as evidence of authorisation.	Internal control	Management must ensure that all payments are authorised and signed by the Chief Financial Officer before the payment is made to the supplier	Finance	Expenditure	28-Feb-13
16	COAF 11	During the planning stage of the audit on Procurement, it was identified that there is no evidence that a tender sampled was advertised in the local newspaper inviting the public to tender	Non-compliance with laws and regulations	Management should ensure that copies of adverts are retained in adequate filing system and submitted for audit purposes timeously	Finance	Supply Chain	28-Feb-13
17	COAF 11	During the planning stage of the audit on Procurement, it was identified that there is no evidence that the specifications for a tender (sampled) were compiled by the specifications committee.	Non-compliance with laws and regulations	Management should ensure that all specifications for formal tenders are compiled by the bid specification committee and a record of minutes be kept as evidence	Finance	Supply Chain	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
18	COAF 11	During the planning stage of the audit on Procurement, it was identified that the bid adjudication committee of the municipality is not well represented as it does not include a member from the supply chain office and the Chief Financial Officer.	Non-compliance with laws and regulations	Management should ensure that an official from the supply chain office and the chief financial officer are included in the bid adjudication committee	Municipal Manager	Legal and Compliance	15-Feb-13
19	COAF 85	During the audit of expenditure, it was identified that for certain payments made, the quantities recorded on the invoice did not agree to the quantities on the purchase orders and / or requisition forms	Internal control	Management should ensure that adequate controls are in place to ensure that staff reconciles quantities on invoices against the respective order forms to avoid unnecessary costs.	Finance	Expenditure	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
20	COAF 8	During the planning stage on the audit of the Agency Account, it was noted that the following selected account of Vaal Maseru Busdiens EDMS was incorrectly credited with R1 686.59 instead of R421.65 which was received from the customer	Misstatement in AFS	Management should ensure that staff accurately process receipts from customers on their accounts and an adequate review by senior officials is done on the ledger to ensure the correct processing of transactions. Suspense accounts should be investigated and cleared on a monthly basis	Finance	Revenue	28-Feb-13
21	COAF 8	During the planning phase of the audit of Revenue, it was identified there is no evidence that exception reports on metered readings are generated each month, reviewed and errors corrected	Internal control	Management should ensure that exception reports are generated and filed with regard to billing of customers	Finance	Revenue	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
22	COAF 8	During the planning stage of the audit of revenue and receivables, it was noted that there are no reconciliations performed between the valuation roll and total value of property charged on the system	Internal control	Management is to ensure that reconciliation between the valuation rolls and total value of property on Sebata system is performed.	Finance	Revenue	28-Feb-13
23	COAF 8	During the planning phase of the audit of Revenue, it was identified that the daily reconciliations between daily receipts on conlog system and amount banked was inadequately done as the reconciling figures were not investigated and cleared. It was also identified that these reconciliations were not reviewed by a senior official.	Internal control	Management should ensure that daily reconciliations between the conlog system and amount banked are correctly done by staff and reviewed by a senior official.	Finance	Revenue	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
24	COAF 8	During the planning stage of the audit of Receivables, the monthly reconciliations between the consbill and the ledger were not submitted for audit.	Internal control	Management should ensure that the monthly reconciliations performed are submitted for audit purposes within the stipulated timeframes	Finance	Revenue	28-Feb-13
25	COAF 8	During the planning phase of the audit of revenue, it was identified that interest on outstanding debtors was incorrectly calculated	Misstatement in AFS	Management should ensure that Sebata system is configured with the correct interest rate to ensure accuracy of interest on debtors' accounts.	Finance	Revenue	28-Feb-13
26	COAF 85	During the audit of expenditure it was identified that for the sample of payment vouchers selected, the price on the invoice differed from the price recorded on the purchase orders and / or requisition forms	Internal control	Management should ensure that adequate controls are in place to ensure that the price of goods and services ordered or requisitioned are checked against the invoices, before the voucher is authorized for payment.	Finance	Expenditure	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
27	COAF 85	During the audit of expenditure, it was identified that for the supplier selected there was no evidence to indicate that the supplier was registered for VAT purposes as there was no invoice attached with the payment voucher. Furthermore, a VAT vendor search was performed on the SARS website and there were no records identified for the supplier. The municipality has however claimed an input VAT on the purchase	Internal control	Management should ensure that VAT is claimed from registered VAT vendors with valid tax invoices in terms of the VAT Act.	Finance	Expenditure	04-Feb-13
28	COAF 9	During the planning phase of the audit of cash and cash equivalents, it was identified that the municipality does not exercise sufficient segregation of duties in its day to day functions. It was noted that the cashier receipts money received from customers, processes it on Sebata and occasionally banks the money.	Internal control	Management should ensure that appropriate segregation of duties is put in place between the receiving and recording of cash from customers	Finance	Revenue	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
29	COAF 12	<p>During the planning phase of the audit, the following issues were identified with regards to the fixed assets system:</p> <ol style="list-style-type: none"> 1. When assets are purchased, the Supply Chain Management Officer checks the assets received against the invoice, however there is no evidence that this check is performed. 2. There are no reconciliations performed between the fixed asset register and the general ledger. 3. Fixed asset register is not maintained timeously. <p>Misappropriation of assets –asset count is only performed at year end. Asset may be removed from the custody of the municipality and only detected at year end.</p> <ol style="list-style-type: none"> 5. Electronic asset register is only updated at year end. 	Internal control	Management needs to ensure that adequate controls are maintained over the fixed asset system.	Finance	Assets	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
30	COAF 9	During the planning phase of the audit of Cash and cash equivalents, it was noted that there is no evidence of when the monthly Standard bank reconciliations were reviewed by the Chief Financial Officer	Internal control	Management should ensure that the date of when the bank reconciliations are reviewed is documented clearly on the reconciliations	Finance	BTO	28-Feb-13
31	COAF 9	During the planning phase of the audit of Cash and cash equivalents, deficiencies were noted with regards to the payment voucher selected	Internal control	Management must ensure that all payments are adequately authorized by the appropriate levels of management. Consultants should not be allowed to authorize payments in the absence of the CFO	Finance	Expenditure	28-Feb-13
32	COAF 4	During the audit of compliance, the following information requested on RFI 13 due on 23 August was not submitted	Non-compliance with laws and regulations	Management should ensure that documentation requested by the AG is submitted timeously.	Community Service	Waste Management	28-Feb-13
33	COAF 10	During the planning phase on the audit of Employee costs, it was identified that the Expenditure Accountant has access to make amendments in the employees master file database and is also responsible for making payments to employees	Internal control	Management should ensure that personnel's' user functions are restricted on the system on a least privilege basis	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
34	COAF 5	During the planning stage of the audit, the formation requested on RFI 11 due on 24 August was not submitted	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	All Directors	All Sections/Departments	28-Feb-12
35	COAF 6	During the audit of Procurement and contract management, the information requested on RFI 6 due on 20 August was not submitted	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	All Directors	All Sections/Departments	28-Feb-12
36	COAF 9	During the planning stage of the audit of Cash and cash equivalents, it was noted that the cheque selected was signed by a consultant	Internal control	Management should ensure that the authorized bank signatories are full time employees of the Municipality	All Directors	All Sections/Departments	28-Feb-12

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
37	COAF 8	<p>During the planning stage of the audit on Revenue and Receivables it is noted that the following policies were not reviewed and adopted by Council for the 2011/12 financial year.</p> <ol style="list-style-type: none"> 1. Rates and Tariff Policy 2. Credit Control Policy Cash and Investment Policy 4. Indigent Support Policy 	Non-compliance with laws and regulations	Management should ensure that all policies are presented to council for adoption and approval at the start of the financial year.	Corporate Services	Human Resources	31-Mar-13
38	COAF 8	During the planning stage on the audit of revenue and receivables, it was noted that the 6kl free water services was not taken in account when billing the indigent debtor selected	Internal control	Management should ensure that the indigent debtors are not billed in their respective debtors' statement	Municipal Manager	FBE	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
39	COAF 10	During the planning phase of the audit of Employee Costs, on review of journals prepared during the financial year we noted that the following journal was not authorised by the Chief Financial Officer before it was captured on the system. They were not signed as evidence of authorisation. There is also no evidence that the journal output printouts are reviewed by the Chief Financial Officer after it is captured by the Budget Officer as they were not signed as evidence of second review	Internal control	Management should ensure that journals are authorised before and after it is captured on the system and signed as evidence of review by the Chief Financial Officer.	Finance	BTO	28-Feb-13
40	COAF 7	During the planning stage of the audit, the year end journals for all the components was requested on RFI 15 of 2012 due on 04 September and the journals were not submitted for audit purposes	Internal control	Management should ensure that the documents requested by the AG is submitted timeously	Finance	BTO	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
41	COAF 86	<p>During the audit of expenditure it was noted that the municipality does not have a separate bank account for unspent conditional grants.</p> <p>Furthermore, it was noted that the municipality's conditional grants register does not indicate the following:</p> <ul style="list-style-type: none"> Opening balances of unspent grants transferred from the previous year. the portion of grants transferred to revenue the unspent conditional grants at year - end 	Non-compliance with laws and regulations	<p>Management should ensure that conditional grants register include the following:</p> <p>The opening balances of unspent grants transferred from the previous year; The portion of grants transferred to revenue and; Unspent conditional grants at year-end</p> <p>Management should ensure that a separate bank account for unspent conditional grants is maintained.</p>			
42	COAF15	During the audit of procurement and contract management, the information requested on RFI 21 due on 10 September was not submitted	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
43	COAF 82	During the audit of receivables, it was identified that the municipality did not hand over debtor's accounts that were outstanding for more than 90 days for collection to attorneys. All debts exceeding 90 days amount to R91 899 443.	Non-compliance with laws and regulations	Management must ensure that controls are implemented to recover amounts for more than 90 days from debtors to ensure compliance with the Credit Control Policy			
44	COAF 15	During the audit of procurement and contract management, the information requested on RFI 21 due on 10 September was not submitted	Internal control	Management should ensure that the documents requested by the AG is submitted timeously.	Finance	Supply Chain	31-Mar-13
45	COAF 19	During the audit of Predetermined Objectives, the information requested in RFI 27 of 2012 and due on 14th September 2012, but was not received	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously.	FDP/IPED	FDP/IPED	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
46	COAF 79	Through inspection of the supporting documentation attached to the payment voucher, no evidence could be obtained that procurement for transactions between R10 000 and R200 000 was performed through invitation of 3 formal written quotations from suppliers	Internal control	The supply chain management function should be closely monitored to ensure that SCM regulations and policies are adhered to. Management should not approve the procurement of any goods where the required number of quotes is not obtained	All Directors	All Sections/Departments	28-Feb-12
47	COAF 83	During the audit of employee costs, it was identified through inspection of the rental agreement that the amount per rental agreement did not agree to the amount deducted from payroll	Misstatement in AFS	Management should ensure that the deductions per the payroll agree to the signed rental agreement between the Municipality and the employee	MM/Finance	Revenue/Legal & Compliance	28-Feb-13
48	COAF 18	During the audit of Expenditure, the information requested in RFI 18 of 2012 due on 7 September 2012 was not submitted	Internal control	Management should ensure that the documents requested by the AG is submitted timeously	All Directors	All Sections/Departments	28-Feb-12

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
49	COAF 14	During the audit of Expenditure, the information requested in RFI 22 of 2012 due on 6 September 2012 was not submitted		Management should ensure that the documents requested by the AG are submitted timeously.	Finance	Expenditure	31-Mar-13
50	COAF 13	During the audit of Revenue, information requested in RFI 17 due on 7 September 2012 was not submitted	Internal control	Management should ensure that documentation requested by the AG is submitted timeously.	Finance	Revenue	31-Mar-13
51	COAF 16	During the audit of Revenue, the information requested in RFI 23 of 2012 due on 10 September was not submitted. The PC 06 report reflecting all debtors accounts with their capital balances outstanding and interest owing for the year ended 30 June 2012 in excel/text format.		Management should ensure that documentation requested by the AG is submitted timeously	Finance	Revenue	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
52	COAF 75	During the audit of revenue it was noted that the municipality was not monitoring the distribution losses relating to electricity on a monthly basis	Internal control	Management should ensure that revenue distribution losses are monitored on a monthly basis and any significant variances followed up timeously. Any distribution losses must be disclosed in the financial statements.	Finance	Revenue	31-Mar-13
53	COAF 75	During the review of electricity tariffs it was noted that the Municipality deviated from the tariffs approved by NERSA	Non-compliance with laws and regulations	Management must implement tariffs approved by NERSA. Approval must be obtained from NERSA for any deviations from the set tariffs.	Finance	Revenue	31-Mar-13
54	COAF 20	During the audit of revenue the following information was requested but not submitted within the Municipality and Grazing camps requested in RFI 20 of 2012 supporting the rentals received from the debtor to ascertain whether the revenue is received as per the conditions of the contact and was due on 10/09/12	Non-compliance with laws and regulations	Management have taken note of the audit finding and the related recommendation. The grazing camps contract cannot be found at this stage and will be submitted once located	Municipal Manager	Legal and Compliance	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
55	COAF 83	The Municipality has not been able to fill several senior vacant posts and has been unable to procure certain skills	Misstatement in performance report	Management should ensure that all vacancies are budgeted for, advertised and filled accordingly in order to effectively implement the Integrated Development Plan objectives and meet the service delivery targets.	All Directors	All Sections/Departments	28-Feb-12
56	COAF 83	During the audit it was noted that the Municipality did not have the budget for the certain appointments made.	Internal control	Management should ensure that the budget is used as it was originally intended for	All Directors	All Sections/Departments	28-Feb-12

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
57	COAF 77	<p>During the audit of cash and cash equivalents, the following were noted with regard to the Standard Bank reconciliations for May 2012 for both the operating account and the primary account:</p> <p>The May bank reconciliation opening cash book balance did not agree to the April 2012 closing cash book balance</p> <p>The closing bank statement balance as per the bank reconciliation did not agree to the closing balance as per the 2012 bank statement</p>	Internal control	Management must ensure that all amounts on the monthly bank reconciliations are correct. The official approving the bank reconciliations must check the amounts to supporting documentation during the review process.	Finance	Finance	31-Mar-13
58	COAF 77	During the audit of cash and cash equivalents, it was noted that the bank statement balance per the bank reconciliation for June 2012 did not agree to the closing balance as per the June bank statement	Internal control	Management must ensure that the bank reconciliations are prepared from bank statements received from the bank and not statements printed off the internet as there may be timing differences in the captured amounts reflecting on internet statements	Finance	Finance	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
59	COAF 89	During the audit of Property, plant and equipment, it was noted that no input VAT was claimed for some repairs and maintenance transactions	Misstatement in AFS	Management must ensure that input VAT is claimed if the municipality has been charged input VAT on the supplier invoice and they should not claim input VAT if they have transacted with a non VAT vendor	Finance	Expenditures	04-Feb-13
60	COAF 75	During the audit of revue, it was noted that an interest on debtors is incorrectly calculated. As per the credit control policy interest is calculated as follows: The outstanding amount less previous month's interest multiplied by the i-rate /2 (i being prime rate plus 1% where prime rate – 10%)	Misstatement in AFS	Management should ensure that Sebata system is configured with the correct interest rate to ensure accuracy of interest on debtor's accounts	Finance	Revenue	31-Mar-13
61	COAF 75	During the audit of revenue, it was noted that revenue from rental of facilities and equipment is not recognized on a straight-line basis over the term of the lease agreement. Instead it is recognized on a cash basis at the end of each month.	Misstatement in AFS	Management must ensure that lease revenue is accounted for as per the GRAP standards and the municipality's accounting policy	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
62	COAF 21	During the audit of Procurement and contract management, the certain information was requested in RFI 28 of 2012, with a due date of 17 September 2012, but was not received.	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously.	Municipal Manager	Legal and Compliance	31-Mar-13
63	COAF 85	During the audit of expenditure, it was noted that for the transactions recorded in the general ledger the amounts could not be agreed to supporting documentation	Misstatement in AFS	Management should ensure that transactions recorded in the accounting system are accurately processed and supported by valid documentation.	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
64	COAF 85	During the audit of expenditure, it was identified that the payment vouchers were approved by a consultant appointed by the municipality.	Internal control	Management should ensure that controls are in place to ensure that payments are only approved by delegated municipal officials.	Finance	Finance	04-Feb-13
65	COAF 85	During our audit of expenditure, it was noted that the invoices were dated before the purchase order / requisition form dates	Internal control	Management should ensure that controls are in place to ensure that order forms are completed before the items are procured by performing a review of payment vouchers with all required supporting documentation before authorising the payment	Finance	Finance	04-Feb-13
66	COAF 85	During the audit of expenditure, it was noted that for the following invoices, there was no evidence that the goods and services were received in good order as the invoices were not signed	Misstatement in AFS	Management should ensure that controls are in place to ensure that invoices are signed as evidence that goods and services are received in good order	Finance	Expenditures	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
67	COAF 85	During the audit of expenditure, it was identified that for the certain payments there was no input VAT claimed on the transaction	Misstatement in AFS	Management must ensure that input VAT is claimed if the municipality has been charged input VAT on the supplier invoice	Finance	Finance	04-Feb-13
68	COAF 85	During our audit of expenditure, it was noted that the transactions were incorrectly classified within the expenditure vote(misallocation)	Misstatement in AFS	Management should ensure that controls are in place to ensure that expenditure is incurred for the intended purpose of the vote	Finance	Finance	04-Feb-13
69	COAF 89	During the audit of repairs and maintenance, it was noted that some invoices did not have a signed goods received note/delivery note attached to ensure that the goods/services were received in good order	Internal control	GRV/delivery notes should be signed upon receipt of the goods or service and attached to the relevant invoice	Finance	Expenditures	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
70	COAF 77	During the audit of cash and cash equivalents, it was noted that the previous Chief Financial Officer is still an authorised signatory on the ABSA account despite the fact that she is no longer an employee of the municipality	Internal control	Management must ensure that the previous CFO is removed from the list of authorised signatories at the bank with immediate effect. In future, management must ensure that officials are removed from the list of authorised signatories as soon as they leave the employ of the municipality	Finance	Finance	04-Feb-13
71	COAF 75	During the audit of revenue, it was noted that the municipality did not update the master valuation roll and the Conlog system with the details of the new owner of a property after this had been registered with deeds office	Internal control	Management should closely monitor the registration of property transfers and update the valuation roll and the Conlog system with the new owners details to ensure that the correct debtor is billed.	Finance	Revenue	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
72	COAF 75	During the audit of revenue, it was noted that the Conlog system is not updated timeously with amendments to the values of properties to ensure correct rates and taxes are charged throughout the year.	Internal control	Management should ensure the Conlog system is reconciled monthly with additions and deductions to the valuation roll to ensure correct billing of rates revenue	Finance	Revenue	28-Feb-13
73	COAF 25	During the audit of Cash and Bank, the f information requested in RFI 35 of 2012 due on 21 September 2012 was not submitted	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG is submitted timeously	Finance	Finance	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
74	COAF 26	The municipality submitted a draft annual performance report for the 2011/12 year, but did not submit a final annual performance report with the financial statements. Furthermore, there was no submission of portfolio of evidence with the report.	Misstatement in performance report	Management is to ensure that a final copy of the annual performance report with the portfolio of evidence is submitted with the financial statements within two months after year end.	Corporate Services	Human Resources	28-Feb-13
75	COAF 24	During the audit of Compliance, the information requested in RFI 30 of 2012 and due on 20th September 2012, but was not received	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously.	Municipal Manager	Internal Audit	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
76	COAF 22	During the audit of Compliance, the information requested in RFI 31 of 2012 and due on 20th September 2012, but was not received	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously	MM/Council	MM/Council	31-Mar-13
77	COAF 23	During the audit of Compliance, the information requested in RFI 32 of 2012 and due on 20th September 2012, but was not received	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously	Municipal Manager	Municipal Manager	30-Apr-13
78	COAF 27	During the audit of Compliance, the information requested in RFI 33 of 2012 and due on 21st September 2012, but was not received		Management should ensure that the documents requested by the AG are submitted timeous	Municipal Manager	Internal Audit	31-Mar-13
79	COAF 27	During the audit of Compliance, the information requested in RFI 36 of 2012 and due on 21st September 2012, but was not received	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously	FDP/IPED	FDP/IPED	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
80	COAF 28	Cleared	Misstatement in performance report	Cleared			
81	COAF 32	During the audit of predetermined objectives, it was noted that the SDBIP for 2011/12 year does not set out input and output indicators in respect of each of the development priorities and objectives set in the IDP	Misstatement in performance report	Management should ensure that those adequate controls are implemented to ensure compliance with the provisions of the Act and the regulations	IPED	IPED	31-Mar-13
82	COAF 32	During the audit of predetermined objectives, we noted that the SDBIP does not indicate service delivery targets and performance indicators for each quarter for all objectives for the 2011/12 financial year.	Misstatement in performance report	Management must ensure that the SDBIP includes service delivery targets and performance indicators for each quarter for all objectives	IPED	IPED	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
83	COAF 32	During the audit of predetermined objectives, it was identified that majority of the objectives in the IDP were not aligned with the annual performance report (APR) for the 2011/12 year. Furthermore, we were unable to identify these objectives in the SDBIP for 2011/12 year.	Misstatement in performance report	Management should ensure that the objectives as set in the IDP are aligned with the SDBIP and annual performance reports	IPED	IPED	31-Mar-13
84	COAF 29	The audit file received with the financial statements did not contain detailed breakdowns for the following expenditure line items: -Repairs and Maintenance -Finance Charges -Bulk Purchase -Other Operating Gran Expenditure		Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information in the audit file	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
85	COAF 29	<p>The audit file submitted with the financial statements did not contain the following:</p> <p>A detailed breakdown for the Payables from exchange transactions account balance</p> <p>An appropriate creditors listing for the 201/11 and 2011/12 financial years (i.e. creditors listing generated by the municipality, showing amounts due to each creditor as a yet year end)</p> <p>A period-end reconciliations of creditors sub-Ledger to the general ledger (control account)</p> <p>RECOILIATIONS OF ACCOUNTS payable balance for the year under review</p> <p>a summary of the accruals at year end (accruals listing)</p>	Misstatement in AFS	Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information in the audit file	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
86	COAF 30	During the audit of Revenue, the information requested in RFI 42 of 2012 and due on 26th September 2012, but was not received	Non-compliance with laws and regulations	Management should ensure that documentation requested by the AG is submitted timeously.	Finance	Revenue	31-Mar-13
87	COAF 89	During the audit of property, plant and equipment, it was noted that a certain asset was incorrectly classified as Land and Buildings:	Misstatement in AFS		Finance	Finance	04-Feb-13
88	COAF 75	During the audit of revenue, it was identified that the number of properties included in the Sebata system did not agree to the number of properties per the valuation roll submitted for audit	Misstatement in AFS	Management must ensure that the number of properties per the valuation roll is reconciled to the number of properties per the Sebata system to ensure complete monthly billing.	Finance	Revenue	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
89	COAF 31	During the audit of Procurement and contract management, the supplier sub-ledger was requested in RFI 45 of 2012, with a due date of 28 September 2012, but was not received.	Internal control	Management should ensure that the document requested by the AG is submitted timeously	Finance	Supply Chain	31-Mar-13
90	COAF 79	During the audit of procurement and contract management, it was noted that the risk assessment of the SCM system was not performed during the year under review	Internal control	Management should ensure that a risk assessment of the SCM processes is performed, as required by the SCM regulations	Municipal Manager	Internal Audit	30-Apr-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
91	COAF 89	During the audit of property, plant and equipment, it was noted that the amounts reflected in note 9 to the financial statements did not agree with the amounts per the trial balance	Misstatement in AFS	Adequate controls should be in place to ensure that amounts are accurately processed to the financial statements. Management must ensure that the values per the trial balance agree to the financial statements	Finance	Finance	04-Feb-13
92	COAF 33	During the audit of Irregular, Unauthorised and Fruitless and wasteful expenditure, the supporting schedule for the disclosure note were requested in RFI 52 of 2012, with a due date of 03 October 2012, but was not received	Internal control	Management should ensure that the documents requested by the AG are submitted timeously	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
93	COAF 69	<p>During the audit of Accounts payable the following were noted:</p> <p>the date of receipt of invoice is not documented on some of the invoices.</p> <p>Using the invoice date as the invoice receipt date as no creditor's statements were submitted, it was noted that some invoices were not paid within 30 days.</p>	Non-compliance with laws and regulations	Management must ensure that date of receipt of the invoice is documented on all invoices. Furthermore, management must implement adequate controls to ensure that creditors are paid within 30 days of receipt of the invoice or statement	Finance	Finance	04-Feb-13
94	COAF 75	During the audit of revenue it was noted that the recorded revenue from electricity in the general ledger does not agree to the reasonability calculations performed/amount per Conlog system	Misstatement in AFS	Management must ensure that transactions from the Conlog system are accurately processed to Sebata system and reconciliations are performed on a monthly basis in order to identify and rectify errors timeously	Finance	Revenue	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
95	COAF 34	During the audit of revenue it was identified that the October 2011 Eskom bulk purchase invoice was not submitted for audit purposes	Internal control	Management should ensure that documentation requested by the AG is submitted timeously.	Finance	Expenditure	28-Feb-13
96	COAF 34	During the audit of Revenue, it was noted that the municipality did not submit the investment register as part of audit file for 2011/12 year	Internal control	Management should ensure that all supporting documents are provided in the audit file.	Finance	BTO	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
97	COAF 73	During the audit of Fixed Assets, the contracts register for capital projects of the municipality, was requested in RFI 85 of 2012, and was not submitted	Misstatement in AFS	Management should ensure that the documents requested by the AGSA are submitted timeously.	Technical	Technical	28-Feb-13
98	COAF 35	<p>During the audit of Leave pay-outs and gratuities, the following relevant information was not submitted with the audit file for the 21011/12 financial year:</p> <p>the calculations for annual leave pay-outs made during the 2012/11 financial year, showing the employees paid and the amounts paid.</p> <p>the leave gratuity calculations for the 2011/12 financial year</p> <p>Leave pay-out on termination of employment for the e2011/12 financial year, showing the employees paid and amounts paid.</p>		Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information in the audit file.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
99	COAF 36	During the audit of Finance Leases: NRG Office Solutions (Pty) Ltd, the amounts included in the Finance Lease calculation could not be vouched to supporting documentation, as they were not included in the audit file	Misstatement in AFS	Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information in the audit file.	Finance	Finance	30-Jun-13
100	COAF 39	During the audit of Compliance, the information requested in RFI 48 of 2012 and due on 04th October 2012, but was not received	Non-compliance with laws and regulations	Management should ensure that the documents requested by the AG are submitted timeously	IPED	IPED	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
101	COAF 79	During the audit of procurement and contract management, it was noted that the SCM processes relating to disputes/objections and complaints from aggrieved persons are not functional i.e. there is a system in place to monitor calls and use of suggestion boxes, however, there is no monitoring of these.	Internal control	Management must ensure that the suggestion boxes are opened frequently and that a complaints register is maintained	Finance	Supply Chain	31-Mar-13
102	COAF 37	During the audit of Irregular, Unauthorised and Fruitless and wasteful expenditure, the supporting schedule for the disclosure note were requested in RFI 52 of 2012, with a due date of 03 October 2012, but was not received	Internal control	Management should ensure that the documents requested by the AG are submitted	Finance	Expenditure	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
103	COAF 38	During the audit of Procurement and contract management, the supplier sub ledger was requested in RFI 45 due on 28 September was not submitted	Internal control	Management should ensure that the documents requested by the AG are submitted timeously	Finance	Supply Chain	31-Mar-13
104	COAF 40	During the audit, it was identified that there were differences in some of the accounts between the trial balance and general ledger submitted for auditing	Misstatement in AFS	Management should ensure that the trial balance and general ledger submitted for auditing reconcile with each other. Detailed explanations with supporting documentation between the differences in the accounts are required to be submitted.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
105	COAF 89	During the audit of Property, Plant and Equipment, it was noted that input VAT was not always claimed on additions	Internal control		Finance	Expenditure	04-Feb-13
106	COAF 89	During the audit of property, plant and equipment, we could not physically verify some infrastructure assets.	Misstatement in AFS	Management should perform a verification of its infrastructure assets and ensure that the fixed asset register is updated with the correct verification GPS Co-ordinates.	Finance	Assets	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
107	COAF 89	During the audit of fixed assets, it was noted that inadequate insurance cover was obtained for some fixed assets	Internal control	Management must ensure that all PPE are adequately insured.	Finance	Finance	31-Mar-13
108	COAF 89	During the audit of property, plant and equipment, it was noted that the municipality did not assess any of its assets for impairment at the end of the financial year	Misstatement in AFS	Management must ensure that all assets are assessed for impairment at year end	Finance	Finance	30-Apr-13
109	COAF 89	During the audit of property, plant and equipment, it was noted that municipality assets to the value of R577 880 were not identified during the municipality asset count and were subsequently incorrectly recorded on the asset register as impaired assets and not as disposed assets	Misstatement in AFS	Management should present the list of missing assets to council so that the council can pass a resolution for the disposal of those assets.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
110	COAF 86	During the audit of interest on outstanding debtors it was noted that the municipality did not apply the in duplum rule. The total accumulated interest levied against the following debtors exceeded the capital amount owing	Misstatement in AFS	Management should ensure that adequate controls are in place on the system to ensure that interest is capped once it has exceeded the capital amount owed by the debtor, in order to comply with the National Credit Act	Finance	Revenue	31-Mar-13
111	COAF 75	During the audit of revenue it was noted that the total interest earned on investments as per bank confirmations does not agree to the amount as per the general ledger	Misstatement in AFS	Management should ensure reconciliations between the accounting records and bank statements are performed on a monthly basis to ensure errors are identified and rectified timeously	Finance	BTO	31-Mar-13
112	COAF 75	During the audit of revenue it was identified that the interest earned on outstanding receivables as per the general ledger does not agree to reasonability calculations performed based on the total outstanding debtors and the approved interest rate	Misstatement in AFS	Management should ensure that the Sebata system is configured with the correct interest rate to ensure accuracy of interest on debtors accounts	Finance	Revenue	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
113	COAF 40	During the audit of financial statements, the lead schedules used to prepare the 2011/12 financial statements submitted by the consultant, did not agree to amounts disclosed in the financials	Misstatement in AFS	Management should ensure that an accurate and complete set of lead schedules that agree to the financial statements are submitted for audit purposes	Finance	Finance	30-Jun-13
114	COAF 40	During the audit of the 2011/12 financial statements, it was identified that there were differences in the opening and closing balances between the trial balance on the system and trial balance that was used to prepare the financial statements	Misstatement in AFS	Management should ensure that the trial balance used in the preparation of the financial statements and the trial balance on the system reconcile with each other. Detailed explanations with supporting documentation between the differences in the accounts are required to be submitted	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
115	COAF 87	The exemption from contributing to UIF was extended to any member of a municipal council. This is applicable retrospectively and is deemed to have come into operation on 1 April 2002.	Misstatement in AFS	Any amounts paid previously to the Department of Labour since 1 April 2002, in respect of the abovementioned public office bearers must be refunded to the public officer bearers. Any debtor raised for contributions should be reversed	Finance	Expenditure	28-Feb-13
116	COAF 87	Differences were noted between the comparative amounts for the current year and the final amounts for the prior year	Misstatement in AFS	Management should ensure that opening balances in current year agree to prior year balances. Alternatively, differences should be treated as a correction of error for the prior period	Finance	Finance	04-Feb-13
117	COAF 41	RFI 60, requesting for a breakdown of the calculations for leave payouts for selected employees was sent out on the 4th of October 2012. This RFI was due on Monday the 8th of October 2012 and the information requested was not submitted to the AGSA		Management should have proper measures in place to ensure that the amounts in the annual financial statements are supported by complete, relevant and accurate information	Finance	Expenditure	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
118	COAF 42	A payment voucher for the general ledger transaction listed was requested in RFI 56 with a due date 05 October 2012 however no information was received.	Misstatement in AFS	Management should have proper measures in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information.	Finance	Expenditure	31-Mar-13
119	COAF 44	During the audit it was noted that the municipality did not account for revenue, receivables, purchases and payables at their fair value as required by IAS 39 and the guidance provided by National Treasury.	Misstatement in AFS	Management should re-perform the fair value calculation of revenue, receivables, purchases and payables in the manner required by IAS 39 and National Treasury	Finance	Finance	04-Feb-13
120	COAF 43	The municipality could not provide a listing supporting the amounts disclosed as commitments in the annual financial statements	Misstatement in AFS	Management should ensure that a schedule for commitments is prepared and the amount of commitments at year end is properly disclosed in the financial statements.	Technical	PMU	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
121	COAF 43	During the audit work performed, it was determined via a "reasonability test", that there is an overspending on grant funding. The overspending of grant funds could be indicative of undisclosed Commitments for the Municipality	Misstatement in AFS	Management should ensure that a schedule for commitments is prepared and the amount of commitments at year end is properly disclosed in the financial statements	Technical	PMU	31-Mar-13
122	COAF 85	During the audit of expenditure it was noted that the municipality spent R7, 297,439 on plant hire instead of purchasing a plan	Internal control	Management should consider purchasing a plant instead of hiring a plant in order to ensure effective, efficient and economical usage of the municipality's resources	Technical	Roads and Stormwater	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
123	COAF 45	The request for information (RFI 57) was sent to the Municipality on the 3rd October 2012. The following information relating to "Prior Period Errors" was requested: "Supporting documentation relating to all Prior Period Errors adjusted for in the 2011/2012 financial year".	Misstatement in AFS	Management should ensure that the working papers of all consultants who process entries affecting the annual financial statement of the entity are available for inspection by the AGSA	Finance	Finance	04-Feb-13
124	COAF 50	During the audit of Unspent Conditional Grants and Receipts, it was identified that the amounts as recorded in the reconciliation provided did not agree to the amounts disclosed in the financial statements	Misstatement in AFS	Management should ensure that amounts disclosed in the financial statements agree to the reconciliations provided	Finance	BTO	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
125	COAF 81	During the audit of Investment properties, it was noted that the municipality did not retain the title deeds for all the properties reflected on their investment properties register	Misstatement in AFS	Management must ensure that they retain the title deeds for all the properties that are reflected on their investment properties register.	IPED	Town Planning	28-Feb-13
126	COAF 81	During the audit of Property, plant and equipment and Investment properties, it was noted that some properties per the title deeds search could not be traced to the Asset register	Misstatement in AFS	Management must ensure that all assets recorded on the deeds registry are recorded in the fixed asset register so as to completely and accurately account for all properties of the municipality	IPED	Town Planning	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
127	COAF 81	During the audit of investment properties, it was noted that the municipality did not determine the fair value of its properties in accordance with GRAP16. There was also no disclosure of this fact in the AFS. We are unable to determine if the fair value of investment property is materially different from the carrying amount and cannot conclude if the fair value should be disclosed in the AFS.	Misstatement in AFS	Management must perform a fair value calculation of their investment properties. Management must also ensure that the AFS are amended to comply with the requirements of GRAP16	Finance	Finance	04-Feb-13
128	COAF 83	There were differences relating to the leave provision	Misstatement in AFS	Management should review the annual financial statements together with the relevant year end journals processed, before submission of the annual financial statements for audit purposes.	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
129	COAF 75	During the audit of revenue, it was identified that the receipts numbers were missing	Internal control	Management should ensure controls are implemented to ensure that all used receipts are accounted for	Finance	Revenue	15-Feb-13
130	COAF 46	During the audit of revenue, the information requested in RFI 63 due 9 October 2012 was not submitted	Internal control	Management should ensure that documentation requested by the AG is submitted timeously	Finance	Revenue	28-Feb-13
131	COAF 50	During the audit of Unspent conditional grants and liability, it was identified that some of the closing balances, as recorded in the grant reconciliation submitted in the audit file, did not agree to the general ledger.	Misstatement in AFS	Management should ensure that amounts in the reconciliation agree to the general ledger balances. Adequate review must be performed by senior officials in the municipality of the data used in the preparation of the reconciliation.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
132	COAF 47	During the audit of inventory, it was noted that the stock sheets from the stock count performed by the municipality on 30 June 2012 were not included in the audit working paper file provided to the auditors.	Misstatement in AFS	Management must ensure that sufficient appropriate documentation is provided to the auditors to support values reflected in the AFS and this documentation is included in the audit working paper file	Corporate Service	Administration	31-Mar-13
133	COAF 48	During the audit of the cash flow statement, it was noted that the calculations supporting all values reflected on the cash flow statement and relevant note to the AFS were not included in the audit working paper file	Misstatement in AFS	Management must ensure that sufficient appropriate documentation is provided to the auditors to support values reflected in the AFS and this documentation is included in the audit working paper file.	Finance	Finance	30-Jun-13
134	COAF 49	Contingent liabilities: Amounts in the AFS do not agree to supporting documents	Misstatement in AFS	Management should ensure proper measures are in place to ensure that amounts in the annual financial statements are supported by complete, relevant and accurate information which can be made available timeously	Municipal Manager	Legal and Compliance	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
135	COAF 49	Contingent liabilities: Additional contingent liabilities identified from legal correspondence	Misstatement in AFS	The Municipality should ensure that it liaises with its legal counsel on a monthly basis to ensure that the status of all its litigation is known at the end of the financial year.	Municipal Manager	Legal and Compliance	28-Feb-13
136	COAF 51	<p>During the audit of intangible assets, the following was noted:</p> <p>The adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a change in account policy.</p> <p>the prior period error has been incorrectly disclosed in the Intangible Assets Note as a separate line item. This should only be included in the Prior Period errors note and the statement of changes in nett assets.</p> <p>The note incorrectly refers to Note 29.08 instead of 29.09</p>	Misstatement in AFS	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
137	COAF 75	During the verification process for the first quarter of the 2011/12 financial year by National Treasury, it was noted that the differences between the actual expenditure figures reported by the municipality to National Treasury and the national department administering the grant were uncovered. National Treasury viewed that as an act of financial misconduct in terms of section 171(1)(d) of the MFMA.	Internal control	Management should ensure that all reports submitted to any organ of the state be reviewed by the Chief Financial Officer to ensure accuracy of the reports and to avoid unnecessary penalties from National Treasury	Finance	Finance	30-Apr-13
138	COAF 52	During the audit of revenue the information requested in RFI 68 of 2012 due on 10 October 2012 was not submitted	Internal control	Management should ensure that documentation requested by the AG is submitted timeously.	Finance	Revenue	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
139	COAF 85	During the audit of expenditure, and through inspection of the payment vouchers provided for audit purposes and the general ledger, it was noted that less than 12 payments were made during the year under review for some recurring accounts	Internal control	Management should ensure that for recurring expenditure there are 12 payments processed on the accounting system. Management should also ensure that transactions are recorded in the correct accounting period	Finance	Expenditure	15-Feb-13
140	COAF 53	During the audit of revenue, the information requested in RFI 74 of 2012 due 10 October 2012 was not submitted	Internal control	Management should ensure that documentation requested by the AG are submitted timeously.	Finance	Revenue	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
141	COAF 70	During the audit of Provisions, it was noted that the municipality did not take into account the time value of money for future costs in the calculation of the provision for rehabilitation of landfill sites, but rather only considered the costs of rehabilitating the landfill sites based on costs for the volume of the landfill sites used to date and not take into account any future usage. This is a departure from GRAP 19 that requires that time value of money be considered for future costs that will be incurred.	Misstatement in AFS	Management should estimate the future costs of rehabilitating the landfill sites at the end of their useful lives and present value these future costs using an appropriate discount rate in order to calculate the correct provision amount. This must then be disclosed in the financial statements.	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
142	COAF 70	During the audit of provisions, it was noted that the provision amount reflected in the financial statements was not calculated in terms of the stipulated accounting policy in the financial statements. The accounting policy in the financial statements states that the provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. The provision calculation, however, was made based on the current costs that would have been incurred at year end on the actual volume of landfill sites utilized had the municipality been expected to rehabilitate the sites at year end.	Misstatement in AFS	Management must ensure that the accounting treatment applied to Provisions is in accordance with the relevant GRAP standards and the municipality's accounting policy	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
143	COAF 89	During the audit of property, plant and equipment, it was noted some motor vehicles could not be physically verified as they were deregistered although they still appear on the fixed asset register	Misstatement in AFS	Management must ensure that the fixed assets register and the general ledger only include assets still in existence and owned by the municipality	Finance	Finance	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
144	COAF 70	<p>During the audit of provisions, the following were noted:</p> <p>the municipality has changed its accounting policy from the prior year to the current year. In the prior year the accounting policy applied was in accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework. Directive 4 has fallen away during the current year and the municipality now complies fully with the requirements of GRAP 3.</p> <p>The prior period error has been incorrectly disclosed in the provisions note as a separate line item. This should only be included in the Prior period errors note and the statement of changes in nett assets.</p>	Misstatement in AFS	<p>Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors.</p>	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
145	COAF 54	During the audit of Fixed Assets, certain residual value amounts included in the fixed asset register could not be vouched to supporting documentation, as they were not included in the audit file	Internal control	Management should ensure that the documents requested by the AG are submitted timeously	Finance	Finance	30-Jun-13
146	COAF 78	<p>During the audit of finance leases the following was noted:</p> <p>1. The adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a correction of prior period error. This should be reflected as a change in accounting policy.</p> <p>The prior period error has been incorrectly disclosed in the finance lease note 11 as a separate line item. This should only be included in the Prior period errors note and the statement of changes in net assets.</p>	Misstatement in AFS	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
147	COAF 83	Some skills development levies were not paid within seven days	Non-compliance with laws and regulations	Management should ensure that there are proper controls and procedures in place to facilitate payments to SARS within the due dates prescribed by the tax authorities	Finance	Expenditure	04-Feb-13
148	COAF 55	No overtime approved forms for the selected employees were provided to the auditor		Management should ensure that documentation requested by the AG is submitted timeously.	Finance	Expenditure	28-Feb-13
149	COAF 83	An audit of "Councillors Remuneration" revealed that the Municipality paid amounts in the form of allowances to councillors, which were not prescribed in terms of the gazetted amounts set out in the "Upper Limits of Salaries".	Misstatement in AFS		Finance	Expenditure	15-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
150	COAF 83	During the audit of salaries, discrepancies with regards to salaries for mayor's and members' of the executive council were noted	Misstatement in AFS	Management must ensure that payment to councillors and mayors agree to the upper limits gazetted	Finance	Expenditure	28-Feb-13
151	COAF 89	During the audit of receivables, it was noted that the amount of debtors for service charges disclosed in the general ledger differs to the amount as per BillR	Misstatement in AFS	Management should adequately review the reconciliations between BillR and general ledger and differences noted should be cleared timeously.	Finance	Finance	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
152	COAF 89	During the audit of expenditure, we requested operating lease agreements in an email dated 8 November. However the operating lease agreements, where the municipality is the lessee, were not provided for audit purposes	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously	Municipal Manager	Legal and Compliance	15-Feb-13
153	COAF 89	During the audit of expenditure, it was noted that there is insufficient disclosure in the AFS for operating lease expenditure (operating leases where the municipality is the lessee).	Misstatement in AFS	Management must implement adequate controls to ensure that the AFS are GRAP compliant and that the AFS are reviewed before submission for audit	Finance	Finance	30-Jun-13
154	COAF 54	During the audit of Fixed Assets, the certain residual value amounts included in the fixed asset register could not be vouched to supporting documentation, as they were not included in the audit file.		Management should ensure that the documents requested by the AG are submitted timeously	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
155	COAF 56	<p>The Municipality has not included the following schedules in its annual financial statements:</p> <ul style="list-style-type: none"> Budgeted financial performance (Revenue and Expenditure by standard classification) Budgeted financial performance (Revenue and Expenditure by Municipal Vote) Budgeted financial performance (Revenue and Expenditure) Budgeted Capital Expenditure by vote, standard classification and funding e. Budgeted cash flow 	Misstatement in AFS	Management should ensure that the requirements of National Treasury are taken into account in the preparation of the annual financial statements	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
156	COAF 69	During the audit of payables, it was noted that Third Party Payables (Payroll) in Note 6 to the annual financial statements (Payables from Exchange Transactions) has a debit balance of R159 986.	Misstatement in AFS	Management must implement adequate controls to ensure that debit Accounts payable balances are reflected under Accounts receivable.	Finance	Finance	04-Feb-13
157	COAF 80		Misstatement in AFS				

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
158	COAF 89	<p>During the audit of property, plant and equipment, the following was noted:</p> <p>the adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a correction of prior period error. This should be reflected as a change in accounting policy.</p> <p>The prior period error has been incorrectly disclosed in the property, plant and equipment assets note as a separate line item. This should only be included in the Prior period errors note and the statement of changes in net assets.</p>	Misstatement in AFS	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors	Finance	Finance	04-Feb-13
159	COAF 57	Cleared		Cleared	Finance	Revenue	

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
160	COAF 85	During the audit of operating grant expenditure it was noted that the some transactions were incorrectly classified as operating grant expenditure, however they were not funded by a grant.	Misstatement in AFS	Management should ensure that adequate controls are in place to enable accurate preparation of the financial statements.	Finance	BTO	31-Mar-13
161	COAF 85	During the audit of operating grant expenditure we could not confirm that the money was utilised for the intended purpose of the grant	Misstatement in AFS	Management should implement adequate controls of review by senior officials to ensure that money is utilised for the intended purpose of the grant.	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
162	COAF 85	During the audit of operating grant expenditure, it was noted that certain grants were not included in the conditional grants register, even though there was expenditure incurred on it:	Internal control	Management should ensure that controls are in place to ensure that the conditional grants register records all details of grants received by the municipality.	Finance	BTO	31-Mar-13
163	COAF 61	<p>During the audit of Expenditure the following information was requested in RFI 55 of 2012 (due on the 4th October 2012), however no information has been received to date:</p> <p>Please approved us with correspondence between National Treasury and the municipality relating to the overspending on the Municipal Infrastructure (MIG) in the 2010/11 financial year.</p> <p>Management representation letter confirming that the municipality did not fund any capital expenditure through MIG in the year under review.</p>	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously.	Municipal Manager	Municipal Manager	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
164	COAF 89	During the audit of property, plant and equipment, it was noted that there was a difference between the asset useful lives as recorded in the fixed asset register and the useful lives recorded in the financial statements	Misstatement in AFS	Management should review the fixed asset register and the AFS to ensure that the correct useful lives are recorded as this impacts on the accuracy of the value of property, plant and equipment recorded in the financial records	Finance	Finance	31-Mar-13
165	COAF 59	Management did not submit the information requested in RFI 58 around employee costs sent on the 3th of October 2012 and which was due on the 4th of October 2012	Misstatement in AFS	Management should ensure that there is a proper document retrieval system in place to ensure that documents requested by the AGSA can be easily submitted for audit purposes	Finance	Expenditure	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
166	COAF 83	The municipality's leave policy prescribes that employees may accumulate annual leave days up to a maximum of 48 days. Employees accumulated annual leave days in excess of 48 days, which were not forfeited and as a result were included in the provision for leave calculation.	Misstatement in AFS	Management should ensure that human resources policies are implemented, monitored and reviewed effectively.	Corporate Services	Human Resources	15-Feb-13
167	COAF 83	The total salary packages used in calculating the leave provision per the client schedule were different from the salary packages per the salary scales	Misstatement in AFS	Management should ensure that correct salary scales are used in calculating the annual leave provision.	Finance	Finance	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
168	COAF 83	Leave balances used to calculate the annual leave provision differ from the leave balances recalculated per the AGSA	Misstatement in AFS	Management should implement adequate controls to ensure that leave records are updated, and captured on the system timeously.	Corporate Services	Human Resource	15-Feb-13
169	COAF 87	The municipality's leave liability is disclosed as a provision and not an accrual. This is in contradiction of GRAP 19.	Misstatement in AFS	Management should ensure that they adhere to requirements of applicable accounting standards	Finance	Finance	30-Apr-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
170	COAF 58	During the audit of Expenditure information (journals) was requested in RFI 78 of 2012 (due 12 October 2012), however no information has been received to date	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously.	Finance	BTO	31-Mar-13
171	COAF 59	Management did not respond to the request for information no 81 around employee costs sent on the 11th of October 2012 and which was due on the 12th of October 2012	Misstatement in AFS	Management should ensure that there is a proper document retrieval system in place in order to be able to submit the information required by the AGSA for audit purposes.	Finance	Expenditure	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
172	COAF 67	During the planning stage of the audit it was noted that loss control forms part of the internal audit plan for the 2011/12 year, however there was no evidence that the internal audit unit reported on the loss control.	Internal control	Management must ensure that the Internal Audit unit complies with the requirements of the MFMA and resources are provided to the unit to enable them to execute their duties.	Municipal Manager	Internal Audit	31-Mar-13
173	COAF 60	During the audit of Expenditure we requested journals that were passed to transfer the selected sample of grant funded expenditure to revenue in RFI 82 of 2012 (due 15 October 2012), however no information has been received to date	Misstatement in AFS	Management should ensure that documentation requested by the AG is submitted timeously.	Finance	BTO	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
174	COAF 78	Per inspection of the VAT 201 submission file, discussions with management and inspection of the statement of account received directly from SARS, it was noted that the VAT 201 forms for the months of June, July and August 2012 were not submitted to the South African Revenue Service (SARS) for assessment.	Non-compliance with laws and regulations	Management should ensure that adequate controls are in place to facilitate the prompt and timeous submission of VAT 201 forms before they are due in order to avoid interest and penalties being incurred as a result of late or non submissions	Finance	Expenditure	28-Feb-13
175	COAF 87	Note 16 to the financial statements, cash and cash equivalents and call investments deposits have been grouped together, as opposed to being individually disclosed.		Disclosure should be made of the banking institution where investments are held	Finance	BTO	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
176	COAF 63	During the audit of Cash and Bank, the audit of suspense accounts could not be performed as the suspense accounts were not included in the audit file	Internal control	Management should ensure that the documents requested by the AG are submitted timeously	Finance	Finance	30-Jun-13
177	COAF 83	The calculation of the leave payout was not based on an employee's basic salary, excluding benefits.	Misstatement in AFS	Management should ensure that the correct rates are used in the calculation of leave payouts due to employees.	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
178	COAF 62	During the audit of the financial statements and comparison with the consultant lead schedules, it was identified that the following general ledger accounts were not included in the financial statements		Management should ensure that they submit valid reasons and explanations of where the above accounts are processed in the financial statements	Finance	Finance	30-Jun-13
179	COAF 77	During the audit of cash and cash equivalents, it was noted that for certain accounts there is a variance between the cash book balance as per the bank reconciliation and the cash book balance in the annual financial statement	Misstatement in AFS	Management must ensure that the amounts as reflected in the AFS are accurate. The bank balance amount per the AFS must agree to the amount per the cashbook balance reconciled to the bank statement.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
180	COAF 81	During the audit of investment properties, it was noted that no insurance cover was taken out for the municipality's investment properties.	Internal control	Management must ensure that all investment properties are adequately insured.	Finance	Finance	28-Feb-13
181	COAF 77	During the audit of cash and cash equivalents, it was noted that there are inadequate controls over the monitoring of R/D cheques	Misstatement in AFS	Management must ensure that adequate controls are implemented over R/D cheques as follows: The R/D cheques account in the general ledger must be cleared timeously; Returned cheques register must be maintained and updated for payments from debtors	Finance	Finance	31-Mar-13
182	COAF 64	Related parties: Declarations not received	Non-compliance with laws and regulations	Management should ensure that declarations are in place for all Councillors and Senior Officials in the Municipality thus ensuring compliance with the relevant legislation.	Municipal Manager	Legal and Compliance	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
183	COAF 65	During the audit of the cash flow statement in the AFS, we were unable to recalculate numerous amounts reflected therein.	Misstatement in AFS	Management must re-perform the cash flow statement to ensure full compliance with GRAP 2.	Finance	Finance	04-Feb-13
184	COAF 65	During the audit of consumer deposits, we were unable to determine the completeness of the Consumer deposits as reflected in the AFS.	Misstatement in AFS	Management must implement adequate controls over the maintenance of a consumer deposits register	Finance	Revenue	28-Feb-13
186	COAF 87	During the audit of cash and bank, it was noted that the balance of some bank accounts on the trial balance did not agree to the bank confirmation letters obtained from the bank	Misstatement in AFS	Management should obtain monthly bank statements from the bank and update the cashbooks with all transactions processed in the bank accounts.	Finance	BTO	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
187	COAF 66	During the audit of Cash and Bank, the closing balances for the following bank accounts could not be verified as the information was not included in the audit file	Misstatement in AFS	Management should ensure that the documents requested by the AG are submitted timeously	Finance	BTO	28-Feb-13
188	COAF 77	During the audit of cash and cash equivalents, it was noted that the municipality did not maintain a register of unidentified receipts. It was further noted that the Unidentified Receipts account in the general ledger has not been cleared since January 2012	Internal control	Management should ensure that unidentified receipts are monitored and cleared timeously.	Finance	Revenue	28-Feb-13
189	COAF 82	During the audit of receivables, it was noted that the owners of some properties from the deeds search differ to the debtor billed on the Sebata system. The address on the Conlog system does not always agree to the address per the valuation roll	Misstatement in AFS	Management should ensure that controls are in place to ensure that debtors are billed for services relating to properties owned by them.	Finance/IP ED	Revenue/Town Planning	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
190	COAF 84	During the audit of employee costs, it was noted that the general ledger and payroll differ	Misstatement in AFS	Management should ensure that monthly reconciliations are performed between the payroll and general ledger. Detailed explanations with supporting documentation between the differences in the accounts should accompany any submissions to the AGSA	Finance	Expenditure	15-Feb-13
191	COAF 78	During the audit of unpaid conditional grants, it was noted that there was over expenditure on the grants detailed below dating back to the 2009/10 financial year. No grant monies have been received from the grantors since the 2009/10 financial year. The municipality had not obtained approval from the grantor to overspend on the grant provided and subsequently no payment was received for the over-expenditure.	Misstatement in AFS	Management should ensure that approval is obtained for any overspending on grants to ensure that the amounts are recoverable	Finance	Finance	31-May-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
192	COAF 83	A recalculation of the accrual for staff bonuses revealed the differences	Misstatement in AFS	Management should ensure that there are adequate controls in place to ensure that the accrual for staff bonuses is correctly raised.	Finance	Finance	04-Feb-13
193	COAF 83	There were no leave forms for the current year for the certain employees selected, in their files	Misstatement in AFS	Management should ensure that they update employee leave files timeously	Corporate Services	Human Resources	28-Feb-13
194	COAF 72	We obtained the Water Service Contract between Chris Hani District Municipality (CHDM) and Emalahleni Local Municipality (ELM) signed on 01 July 2011 for the provision of water services. CHDM is the Water Service Authority (WSA) and ELM is the Water Service Provider (WSP) and deficiencies were identified on analysis of the contract:	Misstatement in AFS.	Management should ensure that any contracts entered into by the municipality are thoroughly reviewed and analysed before signing and accepting the terms of the contract.	Municipal Manager	Legal and Compliance	15-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
195	COAF 72	<p>During the audit, the Water Service Contract dated 01 July 2011 between Chris Hani District Municipality (CHDM) and Emalahleni Local Municipality (ELM) was obtained from the municipality. The contract stipulated that CHDM will be acting as the Water Service Authority (WSA) and ELM will be the Water Service Provider (WSP). The contract was analysed using GRAP 9 as a basis for principal vs. agent relationship. One of the key distinctions between an agent vs. principal relationship and a service provider vs. principal relationship is in an agency relationship there is a third party involved (in ELM's case the water service recipients) and in the service provider situation, there are no third parties.</p>	Misstatement in AFS	<p>ELM (WSP) acts as an agent on behalf of CHDM (WSA) as CHDM remains exposed to the significant risks of the supply of water to consumers, despite having transferred some risk to ELM.</p> <p>CHDM has a legal responsibility of supplying water to its consumers in its jurisdiction.</p>			

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
196	COAF 67	The municipality submitted their AFS on 25 September 2012, and not 31 August which is two months after the end of the financial year	Misstatement in AFS	Management must ensure that the AFS are submitted within two months after the end of the financial year.	Finance	Finance	22-Aug-13
197	COAF 83	The provision for performance bonuses calculated by the Municipality differed from the recalculated provision. These differences are as a result of different remuneration packages used in the calculations.	Misstatement in AFS	Management should ensure that there are controls in place which allows for the correct remuneration packages in place to be used in the calculation of the performance bonuses	Finance	Finance	04-Feb-13
198	COAF 68	Receivables: Non submission of information RFI 87		Management should ensure that documentation requested by the AG is submitted timeously.	Finance	Revenue	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
199	COAF 79	Procurement and Contract Management: Non-compliance on awards below R10 000	Non-compliance with laws and regulations	Management should ensure compliance with SCM Regulations so as to avoid irregular expenditure	All Directors	All Sections/Departments	28-Feb-12
200	COAF 79	Procurement and Contract Management: Non-compliance on awards between R10 000 and R30 000	Non-compliance with laws and regulations	Management should ensure compliance with SCM Regulations so as to avoid irregular expenditure.	All Directors	All Sections/Departments	28-Feb-12
201	COAF 79	Procurement and Contract Management: Non-compliance on competitive bidding process	Non-compliance with laws and regulations	Management should ensure compliance with SCM Regulations so as to avoid irregular expenditure	All Directors	All Sections/Departments	28-Feb-12

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
202	COAF 81	During the audit of post employment benefits, it was noted that the monthly contributions made by the employer towards post employment benefits per the general ledger did not agree to the amounts per the payment vouchers	Misstatement in AFS	Management should ensure that there are sufficient controls designed and implemented regarding the inputting of information. The amount per the general ledger must agree to the amount per the payment vouchers.	Finance	Finance	04-Feb-13
203	COAF 74	Payment vouchers for contributions to the Cape Joint and Municipal Councillors Pension Funds for August 2012 submitted by the municipality as per the request for information 70	Misstatement in AFS	Management should implement controls such as daily reconciliations of submissions and requests, which are reviewed by a senior personnel.	Finance	Expenditure	28-Feb-13
204	COAF 83	During the audit of employee costs, some discrepancies on PAY of employees and their pay slips were identified and the recalculated amount.	Misstatement in AFS	Management should ensure that the payroll system used to calculate PAYE reflects the correct rates per the South African Revenue Services	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
205	COAF 83	During the audit of employee cost it was noted that there is no telephone allowance policy in place governing the issue of telephone allowances to employees.	Internal control	Management should ensure that policies are developed and implemented timeously	Municipal Manager	Legal and Compliance	31-Mar-13
206	COAF 83	During the audit of employee costs, it was noted that gross salaries paid to employees did not agree to the gross salaries disclosed on the IRP5's	Misstatement in AFS	Management should ensure that all required information is recorded in the IRP 5 forms.	Finance	Expenditure	28-Feb-13
207	COAF 83	During the audit of employee costs, it was noted that there were discrepancies with regard to the calculation of overtime	Misstatement in AFS	Management should implement controls to ensure that overtime is correctly calculated, prior to being paid out to employees	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
208	COAF 71	1. Compliance: Non-submission of information RFI 90	Non-compliance with laws and regulations	Management should ensure that documentation requested by the AG is submitted timeously	MM/Finance	Legal and Compliance	31-Mar-13
209	COAF 84	As per note 35 to the AFS, no disciplinary steps or criminal proceedings were taken to recover unauthorised, irregular or fruitless and wasteful expenditure. Furthermore, Council meeting minutes where it was resolved that unauthorised and irregular expenditure would be written off for the year under review was not provided for audit purposes.	Non-compliance with laws and regulations	Management must ensure that irregular, fruitless and wasteful expenditure are reported to the mayor, MEC for Local government and the Auditor-General as required by the MFMA. Processes and procedures for identifying unauthorised, irregular and fruitless and wasteful expenditure must be developed and adequately implemented	Finance	Finance	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
210	COAF 87	During the audit of prior period errors, it was noted that some amounts disclosed in the statement of financial position in the 2010/11 AFS did not agree to the comparatives in the 2011/12 AFS after taking into account the prior period errors disclosed in the AFS	Misstatement in AFS	Management must ensure that all prior period errors are processed to the general ledger and the disclosure in the AFS is accurate and complete.	Finance	Finance	30-Jun-13
211	COAF 78	The SARS VAT 217e forms were inspected for evidence of interest and penalties. The following transactions could not be found in the general ledger	Non-compliance with laws and regulations	Management should implement controls around the processing and submission of VAT 201's to SARS to ensure that no interest and penalties are incurred which will translate into fruitless and wasteful expenditure being incurred by the Municipality. Management must ensure that the interest and penalties incurred are raised in the general ledger and disclosed as such in the AFS.	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
212	COAF 78	<p>During the audit the high level review of the AFS, the following were noted:</p> <p>the adjustments relating to the expiration of Directive 4 have been incorrectly reflected as a correction of prior period error under various components. This should be reflected as change in accounting policy.</p> <p>Prior period errors have been incorrectly disclosed as a separate line item in notes for the various components. This should only be included in the Prior period errors note and the statement of changes in net assets.</p>	Non-compliance with laws and regulations	Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
213	COAF 82	During the audit of receivables, it was noted that provision for bad debts disclosed in the annual financial statements differs to the AGSA's recalculations based on the municipality's assumptions. The municipality's provision for impairment is determined by the payment percentage for the last 12 months on all debts outstanding for more than 30 days. The payment percentage rate was determined by the AGSA using information supplied by the municipality	Misstatement in AFS	Management should ensure that all calculations are reviewed by senior municipal personnel before processed in the general ledger.	Finance	Finance	30-Jun-13
214	COAF 82	During the review of receivables it was note that the amount disclosed in the annual financial statements as Chris Hani Debtor does not agree to the amount as per debtors confirmation obtained from Chris Hani District Municipality	Misstatement in AFS	Management should ensure that monthly debtor's reconciliations are performed to ensure that the correct amounts are disclosed in the accounting records. All discrepancies must be followed up timeously.	Finance	Finance	04-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
215	COAF 82	<p>Paragraph 18.1 of the Credit Control Policy states that in the event of a debtor failing to make payment in terms of an agreement referred to in Section 15, a notice shall be served on the debtor informing him:</p> <p>That payments in terms of the agreement have not been received.</p> <p>of the full amount outstanding in terms of the agreement;</p> <p>that unless full payment of the outstanding installments are received within a period of 14 days from the date of such notice, the Municipality reserves the right to cancel the agreement, claim all outstanding amounts from the debtor and discontinue the service in respect of which the agreement was concluded</p>		<p>Management is to ensure that discontinuance letters are issued to long outstanding debtors to ensure recoverability of debt owed.</p>	Finance	Revenue	15-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
216	COAF 82	During the audit of receivables, it was noted that some councillors had debts owed to the municipality for longer than 3 months for rates and services	Non-compliance with laws and regulations	Management must ensure that all debt owed by councillors for rates and services is collected within 3 months.	Finance	Revenue	28-Feb-13
217	COAF 76	During the audit of Receivables, the certain information was requested in RFI 92 of 2012 and due on 24th October 2012, but was not submitted	Internal control	Management should ensure that documentation requested by the AG is submitted timeously	Finance	Expenditure	31-Mar-13
218	COAF 78	During the audit it was identified that the municipality does not have a process in place to identify any events after reporting date that require disclosure to be made in the financial statements.	Misstatement in AFS	Management is to ensure that there are formal processes in place to identify possible events after reporting date and that these are appropriately disclosed in the AFS.	Finance	Finance	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
219	COAF 78	Provide all supporting documents for instances where funds due to the Municipality in terms of the DoRA have been delayed or withheld. Information to include reasons for the delays	Misstatement in AFS	Management should ensure that the information requested by the AGSA is submitted timeously	Finance	Revenue	15-Feb-13
220	COAF 78	During the high level review of the AFS, it was noted that no mention was made of the AFS being prepared on the going concern basis in the notes to the financial statements.		<p>Management must disclose in the AFS the basis of the preparation of the AFS and disclose the following if it is a going concern:</p> <p>The annual financial statements must be prepared on the basis of account policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.</p>	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date												
221	COAF 84	There was no evidence to determine if the municipality provided job descriptions for the current year under review for its staff establishment as per section 66 of Municipal Systems Act	Non-compliance with laws and regulations	Management should ensure that the municipality complies with the required legislation.	Corporate Services	Humanc Resources	28-Feb-13												
222	COAF 82	<p>During the audit of receivables, it was noted that the following have been disclosed as debtors with credit balances in the AFS:</p> <table border="1"> <thead> <tr> <th>VOTE</th> <th>DEBTOR</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>1230/4132/0000</td> <td>HOD Insurance (First Link)</td> <td>(155,960.45)</td> </tr> <tr> <td>2160/5715/0000</td> <td>Over/Underbanking</td> <td>(284.96)</td> </tr> <tr> <td>Total</td> <td></td> <td>(156,245.41)</td> </tr> </tbody> </table>	VOTE	DEBTOR	AMOUNT	1230/4132/0000	HOD Insurance (First Link)	(155,960.45)	2160/5715/0000	Over/Underbanking	(284.96)	Total		(156,245.41)	Misstatement in AFS	Management must implement adequate controls to ensure that credit Accounts receivable balances are reflected under Account payable.	Finance	Finance	30-Jun-13
VOTE	DEBTOR	AMOUNT																	
1230/4132/0000	HOD Insurance (First Link)	(155,960.45)																	
2160/5715/0000	Over/Underbanking	(284.96)																	
Total		(156,245.41)																	

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
223	COAF 82	During the audit of receivables, it was noted that some indigence subsidy applications were not approved. The applications are processed without any approval of Councillors, Ward Committees, Council staff or its accredited agents.	Internal control	Management should ensure that all applications for indigence subsidies are approved by the Councillors, Ward Committees, Council staff or its accredited agents before submission.	Municipal Manager	FBE Section	28-Feb-13
224	COAF 82	During the audit of receivables, it was noted that the free water usage for indigent debtors is not monitored to ensure that it is limited to subsidies granted to them.	Internal control	Management should implement controls to ensure that indigent debtors' water consumption is limited to the subsidies granted. Management must take monthly meter readings of total water consumed by the various indigent debtors.	Finance	Revenue	30-Jun-13
225	COAF 82	During the audit of receivables, it was identified that the certain disclosure pertaining to departmental debtors was not disclosed in Note 13 of the financial statements	Misstatement in AFS	Management must amend the AFS to include the disclosure of the debts owed by organs of state.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
226	COAF 82	During the audit of receivables, it was noted that the municipality did not notify the National Treasury of outstanding payments due by organs of state for more than 30 days	Non-compliance with laws and regulations	Management is to closely monitor payments due by organs of state and timeously notify the National Treasury of accounts in arrears for more than 30 days.	Finance	Revenue	31-Mar-13
227	COAF 84	During the audit of compliance on revenue management, it was noted that the municipal council did not adopt by-laws which give to the implementation and enforcement of the following policies: 1. Tariff policy Credit control and debt collection policy 3. Rates policy	Non-compliance with laws and regulations	Management should ensure that all by-laws are presented to municipal council for adoption and approval at the start of the financial year.	Municipal Manager	Legal and Compliance	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
228	COAF 81	During the audit of other receivables, it was noted that the municipality has not accounted for the administration fee income from the district municipality for the 2012 year	Misstatement in AFS	Management should ensure that the water service contract is revised and clearly documents the method of calculation of the administration fee. The financial statements should record this amount as part of their revenue and receivables.	Finance	Finance	04-Feb-13
229	COAF 81	During the audit of Other Receivables from non-exchange transactions, it was identified that the municipality made staff loans to councillors and municipal officials	Non-compliance with laws and regulations	Management should ensure that controls are in place to ensure compliance with legislation. Action plans should be drawn up to recover amounts due by councillors and officials	Finance	Revenue	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
230	COAF 83	During the audit of employee costs, it was noted that the acting allowances for employees were overstated	Misstatement in AFS	Management should implement controls to ensure that the amounts reflected in the annual financial statements are supported by valid and accurate documentation.	Finance	Expenditure	28-Feb-13
231	COAF 84	The Municipality does not have a system in place to address grievances	Non-compliance with laws and regulations	Management should ensure that there is a system in place to address grievances	Corporate Services	Human Resources	31-Mar-13
232	COAF 84	There are no signed performance agreements in place for all key management officials:	Non-compliance with laws and regulations	Management should ensure that the municipality complies with the applicable legislation.	Municipal Manager	Municipal Manager	15-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
233	COAF 84	During the audit of compliance on revenue management, it was identified that some debtors were not billed for service charges - refuse on a monthly basis for the entire financial year 2011/12	Misstatement in AFS	Management should ensure that debtors are billed for all service charges on a monthly basis and a review of the individual debtors' statements is performed to ensure completeness of billing.	Finance	Revenue	28-Feb-13
234	COAF 84	During the audit it was noted that the Municipal Manager and section 57 Managers do not meet the minimum competency levels as required by GNR493	Non-compliance with laws and regulations	Management should ensure that all section 57 Managers and Municipal Managers meet the minimum competency requirements of their respective positions	Council	Council	15-Feb-13
235	COAF 84	During the audit of Human Resource compliance, it was noted that the performance agreements are silent on substandard performances by senior management.	Non-compliance with laws and regulations	Management should ensure that performance agreements address substandard performances by senior management	Municipal Manager	Municipal Manager	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
236	COAF 81	During the audit of funds and reserves, it was noted that the municipality has not paid over Workmen's Compensation to the Compensation Commissioner since 2005	Non-compliance with laws and regulations	Management must furnish the Compensation Commissioner with returns as required by S82 of the Compensation for Occupational Injuries and Diseases Act as amended by Compensation for Occupational Injuries and Diseases Amendment Act, No 61 of 1997 for the years 2005 until 2012. Furthermore, a provision must be raised for all outstanding amounts and be disclosed in the AFS.	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
237	COAF 81	<p>during the audit of Investment property, the following was noted:</p> <p>the adjustment relating to the expiration of Directive 4 has been incorrectly reflected as a correction of prior period error. This should be reflected as a change in accounting policy.</p> <p>the prior period error has been incorrectly disclosed in the Investment property note as a separate line item . This should only be included in the prior period errors note and the statement of changes in nett assets.</p>	Misstatement in AFS	<p>Management must amend the AFS to ensure compliance with the requirements of GRAP 3. Management must ensure in future that the AFS are adequately reviewed prior to submission to the auditors.</p>	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
238	COAF 89	During the audit it was noted that Unauthorised, Fruitless and Wasteful expenditure amounting to R74 695 925 and R77 383 respectively were incurred during the year under audit and was not recovered from the responsible officials.	Non-compliance with laws and regulations	Management must ensure that any unauthorised, irregular or fruitless and wasteful expenditure is recovered from the person liable	Finance	Finance	28-Feb-13
239	COAF 82	A reconciliation was performed between the general ledger submitted on 1 October and 11 October 2012. No differences exist between these general ledgers, which are now in agreement to the trial balance submitted on 11 October 2012. Using the lead schedules provided by the consultants, the amounts in the general ledger were traced to the annual financial statements to ensure accuracy thereof. Differences were noted	Misstatement in AFS	Management should ensure that the annual financial statements and general ledger are in complete agreements, prior to submission of the annual financial statements to the AGSA for audit purposes.	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
240	COAF 84	The South African Bargaining Council – Consolidated Collective Agreement on Conditions of Services for the Eastern Cape Division: paragraph 16.1.4; prescribes that – Vacant posts on a Municipality’s permanent staff establishment should be filled within 6 (six) unless there is a compelling reason not to do so	Non-compliance with laws and regulations	Management must be more proactive in identifying and recruiting individuals to fill these vacant positions, to ensure that the municipality's overall skill level improves.	Municipal Manager	Municipal Manager	28-Feb-13
241	COAF 84	During the audit of compliance on revenue management, it was identified that the municipality was not transferring vehicle registration fees collected on behalf of the Department of Transport at least on a weekly basis.	Non-compliance with laws and regulations	Management must implement controls to ensure that all funds collected on behalf of another organ of state are transferred at least on a weekly basis.	Finance	Revenue	28-Feb-13
242	COAF 84	During the audit of revenue management compliance, it was noted that some properties are shown without their physical addresses and ownership details	Non-compliance with laws and regulations	Management must review the valuation roll to ensure it complies with Municipal Properties Act.	Finance	Revenue	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
243	COAF 89	During the audit of property, plant, equipment, it was noted that the municipality did not maintain the title deeds for all the properties reflected on their fixed asset register. By performing the title deed search we noted that the some land and buildings on the fixed asset register did not appear on the deeds registry	Misstatement in AFS	The municipality must ensure that they obtain and maintain the title deeds for all the properties that are reflected on their annual financial statements.	IPED	IPED	31-Mar-13
245	COAF 84	During the testing of Human Resource Compliance, it was found that the Community Services Manager acted as the Chief Financial Officer for the period 1 October 2011 to 28 February 2012.	Non-compliance with laws and regulations	Management should ensure that all applicable laws, regulations and acts are adhered to.	Municipal Manager	Municipal Manager	15-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
246	COAF 84	During the audit of Human Resource Compliance, it was noted that the Municipality placed an advertisement in the "Sunday Times" and "Daily Dispatch" newspapers advertising the position of Chief Financial Officer. The advertisement, which cost R28 871 was withdrawn before the closing date at a penalty of R9 818. Management did not give reasons for withdrawing the advertisement. The advertisement was placed in the "Sunday Times" and "Daily Dispatch" for a second time at a cost of R25 048. The initial advertisement is considered fruitless and wasteful expenditure.	Misstatement in AFS	Management should ensure that there are adequate controls in place to avoid fruitless and wasteful expenditure being incurred.	Municipal Manager	Municipal Manager	15-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
248	COAF 83	<p>During the high level review of the AFS, it was noted that the following GRAP standards that are issued and effective have been disclosed as being issued, but not yet effective and early adopted by the municipality in the AFS.</p> <p>GRAP 2 – Cash Flow Statements (as revised in 2010)</p> <p>GRAP 3 –Accounting Policies, changes in accounting estimates and errors (as revised in 2010)</p> <p>GRAP 4-The Effects of changes in Foreign Exchange Rates (as revised in 2010)</p> <p>GRAP 10 – Financial Reporting in Hyperinflationary Economies (as revised in 2010)</p> <p>GRAP 11-Construction Contracts (as revised in 2010)</p>	Misstatement in AFS	Management must ensure that the various applications of the GRAP standards are completely and accurately disclosed in the AFS	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
		/Cont. From previous page.... GRAP 14 –Events after the Reporting Date (as revised in 2010) GRAP 19 0 Provisions Contingent Liabilities and Contingent Assets (as revised in 2010) GRAP 100 – Non-current Assets held for Sale and Discontinued Operations (as revised in 2010)					
249	COAF 85	During the audit of expenditure, it was noted that not all payment vouchers were authorised by the responsible delegated official	Internal control	Management should ensure controls are in place to ensure that payments are approved by delegated officials before the payment is released	Finance	Expenditure	28-Feb-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
250	COAF 85	During the audit of expenditure it was noted that the following were made in respect of electrification project and the electricity assets were not capitalised.	Misstatement in AFS	Management should ensure that all assets are identified and capitalised at the end of the financial year.	Technical	Technical	15-Feb-13
251			Internal control				
252	COAF 89	The audit report on the financial statements for the year ended 30 June 2011 contained a disclaimer of opinion as a result of material misstatements and significant uncertainties in the prior year. It is not known if management has corrected the misstatements identified from the prior year as the requested supporting documentation was not submitted.	Misstatement in AFS	Management should ensure that misstatements identified in the prior financial year are investigated and appropriate amendments to the annual financial statements are included for the comparative figures	Finance	Finance	30-Jun-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
253	COAF 89	During the audit of property, plant and equipment, it was noted that some infrastructure assets recorded in the fixed asset register are not municipal assets	Misstatement in AFS	Management must ensure that the assets reflected on the fixed asset register are only those of the municipality	Finance	Finance	30-Apr-13
254	COAF 89	During the audit of property, plant and equipment, it was noted that some infrastructure assets were duplicated on the fixed asset register	Misstatement in AFS	Management must ensure that assets only appear once on the fixed assets register	Finance	Finance	30-Apr-13
255	COAF 89	During the audit of Unauthorised, Irregular, Fruitless and Wasteful Expenditure, it was noted that the amount paid to the CFO support of R391 950 as per the contract is considered to be fruitless and wasteful as certain services stipulated in the contract were not performed	Non-compliance with laws and regulations	Management should ensure that reasonable care is taken to prevent fruitless and wasteful expenditure. Fruitless and wasteful expenditure that has been incurred should be disclosed in the AFS	Finance	Finance	31-Mar-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
256	COAF 89	During the audit of compliance: internal audit, it was noted that the internal audit reports on their audits were not submitted quarterly to the municipal manager and the performance audit committee.	Non-compliance with laws and regulations	Management must ensure that they submit information to the internal audit unit timeously so that the internal audit reports can be submitted to the municipal manager and the performance audit committee on a quarterly basis.	Municipal Manager	Internal Audit	15-Feb-13
257	COAF 89	During the audit of compliance: HR management it was noted that there was no evidence that performance evaluations were performed during the current year	Non-compliance with laws and regulations	Management must ensure that performance appraisals are performed on an annual basis for the Municipal Manager and all section 56 managers.	Municipal Manager	Municipal Manager	15-Feb-13
258	COAF 89	During the audit of property, plant and equipment, it was noted that the recalculated depreciation charge for the year differs to the amount per the fixed asset register	Misstatement in AFS	Management must ensure that the depreciation charge calculations on the fixed asset register are accurate. The fixed asset register must be reviewed by management prior to submission for audit	Finance	Finance	30-Apr-13

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
259	COAF 90	During the audit it was noted that the R36.6m of irregular expenditure identified by the auditors in the previous years was written off by council without adequate investigations. The irregular expenditure related mostly to non-compliance with SCM regulations.	Non-compliance with laws and regulations	Management should ensure that irregular expenditure is investigated before being written off			
260	COAF 90	During the audit some differences between the opening balance per the current year general ledger and the comparative figures in the AFS were noted	Misstatement in AFS				

Exception No.	COAF	COMAF	Classification	Recommendations:	Director	Department within the Municipality	Due date
261		During the audit, the following expenditure relating to water services was not budgeted for and was not included as unauthorised expenditure in the disclosure note in the financial statements	Non-compliance with laws and regulations	Management must ensure that the unauthorised expenditure is disclosed in the AFS.	Finance	BTO	28-Feb-13
262	COAF91	There are no formal processes in place to identify subsequent events.		Management must ensure that the financial statements are adjusted to reflect the above non-adjusting subsequent event in accordance with the requirements of GRAP 14	Finance	Finance	30-Jun-13

CLOSING SUMMARY AND CONCLUDING REMARKS

From the detailed chapters in this Annual Report, Emalahleni Local Municipality was able to report on various aspects of organisational performance, by detailing Council priorities and goals and their ability as an organisation to achieve these, notwithstanding the highlighted challenges that prevail.

Each Chapter dealt with separate issues as follows:

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

This introduced Emalahleni Municipality's political and administrative heads and related structures.

Additionally the geographical account of Emalahleni Municipality was provided (location, demographics and the like). From this it became evident that notwithstanding progress, high levels of unemployment and poverty impact on the rate base and affect the ability of the municipality to increase the revenue source.

CHAPTER 2: GOVERNANCE

Component A: Governance Structures

In this section administrative, political and governance structures were provided. Discussion ensued around Councillors, Committees of Council and related administrative changes that came into effect with a new administration.

Discussion around organizational infrastructure occurred and how this and available resources were used to address community needs.

Component B: Intergovernmental Relations

All aspects to ensure intergovernmental relations were detailed and all efforts to encourage support and attendance of interventions scheduled. Twinning arrangements continue between Emalahleni Municipality and the town of Dordrecht (in the Netherlands).

Component C: Public Accountability and Participation

The Public Participation Strategy was well applied as indicated and through the implementation of the IDP Process Plan initiatives to maximize public participation were undertaken.

Component D: Corporate Governance

A number of interventions and areas were discussed, detailing progress and challenges. These related to: Risk Management; Anti-corruption and Fraud; Supply Chain Management; By-Laws; Websites; and measurement of Public Satisfaction on Municipal Services.

All oversight committee processes were discussed and so too staff capacitation and training initiatives.

Component E: Functional Structures of all Departments

The structures relating to each functional area were detailed.

CHAPTER 3: SERVICE DELIVERY REPORTING (PERFORMANCE REPORTING PART 1)

All successes and challenges experienced by the service delivery departments was detailed. These have been examined by looking at the service delivery approach adopted, the performance measures and key successes, as well as the challenges and opportunities faced by service delivery currently.

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT REPORTING (PERFORMANCE REPORTING PART 11)

A number of components were included and information provided as follows:

Component A: Introduction to Municipal Workforce (statistics / detail)

Component B: Managing the Workforce (Reporting and Functional Structure)

Component C: Capacitation of Workforce (training and development)

Component D: Managing Municipal Workforce Expenditure (Financial aspects)

CHAPTER 5: FINANCIAL PERFORMANCE

Reporting has been provided regarding all financial management data and all aspects of reporting for compliance purposes.

CHAPTER 6: AUDITOR GENERAL FINDINGS

A detailed account of issues relating to the previous financial year together with the appropriate action taken and the current situation have been examined and reported on.

Appendices and volume 11: the Annual Financial Statements are provided as required and where possible.

CONCLUDING REMARKS

Upon examination of the detail provided it felt that this Annual Report does fully reflect the challenges facing all departments within Emalahleni Local Municipality.

Whilst highlighting successes, challenges and distinct progress in all areas of service delivery, the Annual Report of 2011 - 2012 and the Oversight Report for the same period, provide a record that clearly illustrates the progress, growth, and development of municipal services and performance of Emalahleni Local Municipality, for the period under review.

GLOSSARY



CBO	Community Based Organization
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWAF	Department of Water Affairs and Forestry
GAMAP	Generally Accepted Municipal Accounting Practices
GDP	Gross Domestic Product
GRAP	Generally Recognized Accounting Practices
IDP	Integrated Development Plan
ILGM	Institute of Local Government Management of Southern Africa
IMPRO	Institute of Municipal Public Relations Officers
LED	Local Economic Development
LGWSETA	Local Government and Related Services SETA
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NEPAD	New Partnership for Africa's Development
NGO	Non-Government Organization
SALGA	South African Local Government Association
SMME	Small, Medium and Micro Enterprises
TLC	Transitional Local Council
CHDM	Chris Hani District Municipality

CREDITS

Emalahleni Municipality wishes to thank the following people for their contributions:

- *The Honorable Mayor, Speaker and Councillors*
- *Office of the Municipal Manager*
- *Acting Chief Financial Officer*
- *Community Services Manager: Ms N P Mnyengeza*
- *Corporate Services Manager: Ms N. Lungwengwe*
- *Technical Services Manager Mr W. Mkuyana*
- *Strategic Manager: A.M. Stemela*
- *IPED Manager: N. Mntyedwana*
- *Internal Audit Division and Legal & Compliance Manager: Mr PJ Cloete*

• Appendices



- **Councillors, Committee Allocation and Council Attendance**

APPENDIX A

REFER TO CHAPTER 2, COMPONENT A(p32-44)

- **COMMITTEE AND COUNCIL PURPOSE**

APPENDIX B

REFER TO CHAPTER 2, COMPONENT A (32-44)

- **THIRD TIER ADMINISTRATIVE STRUCTURE**

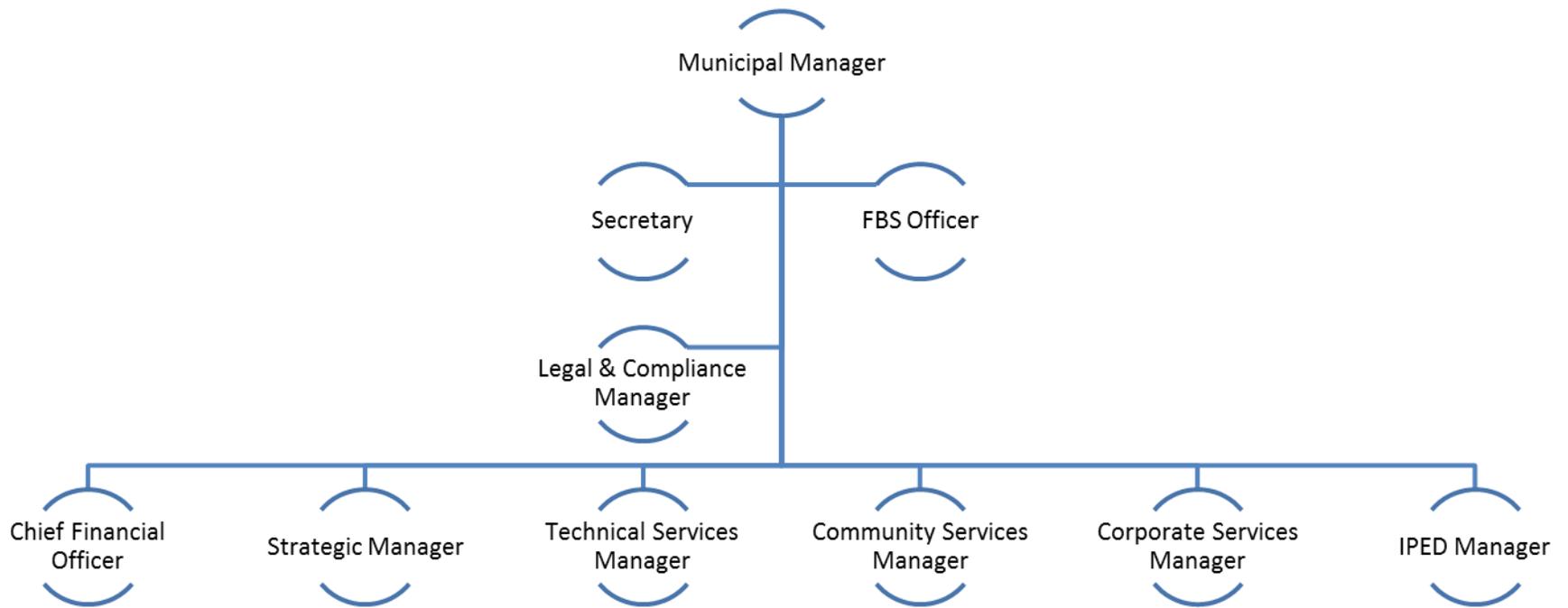
APPENDIX C



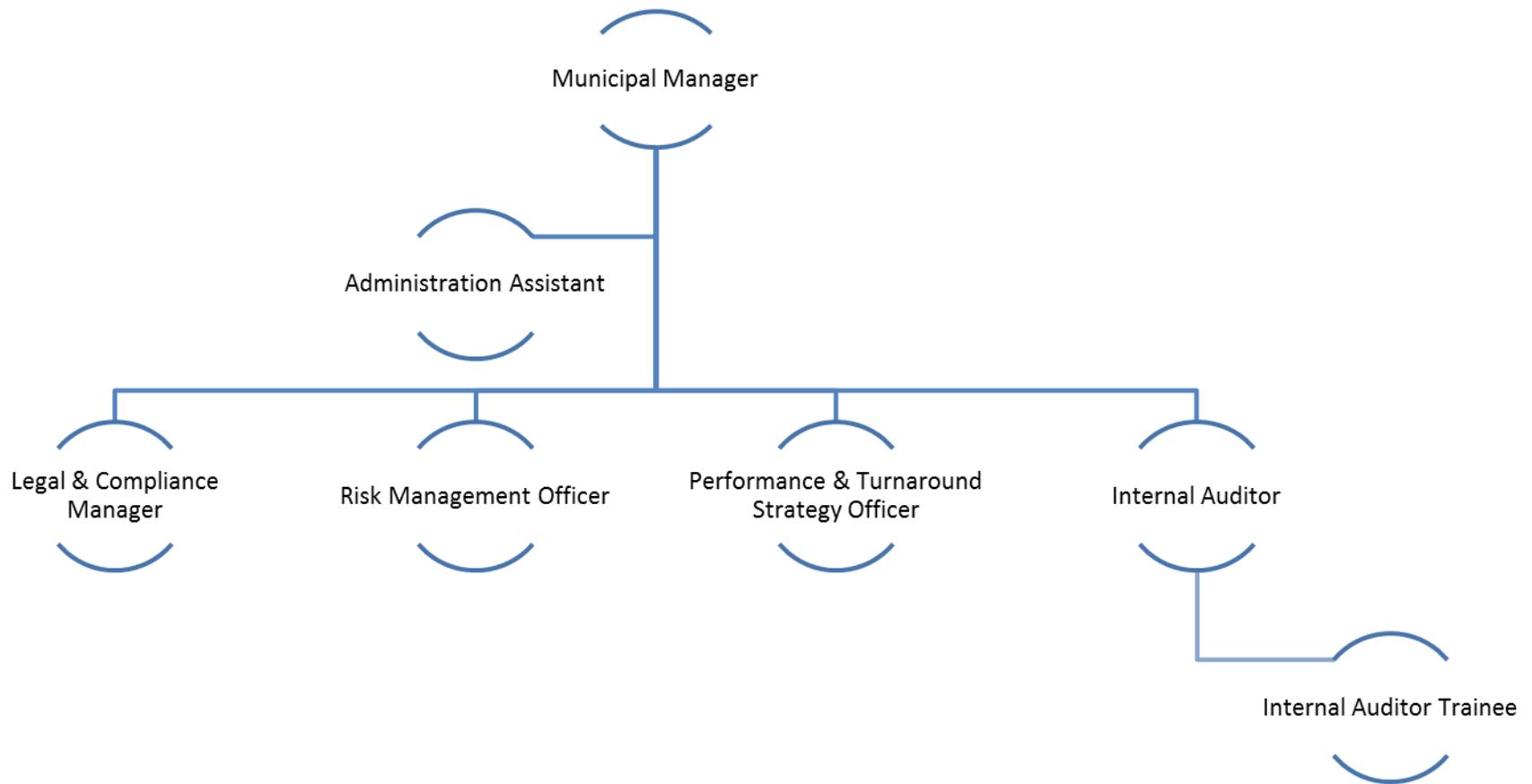


ORGANIZATIONAL STRUCTURE

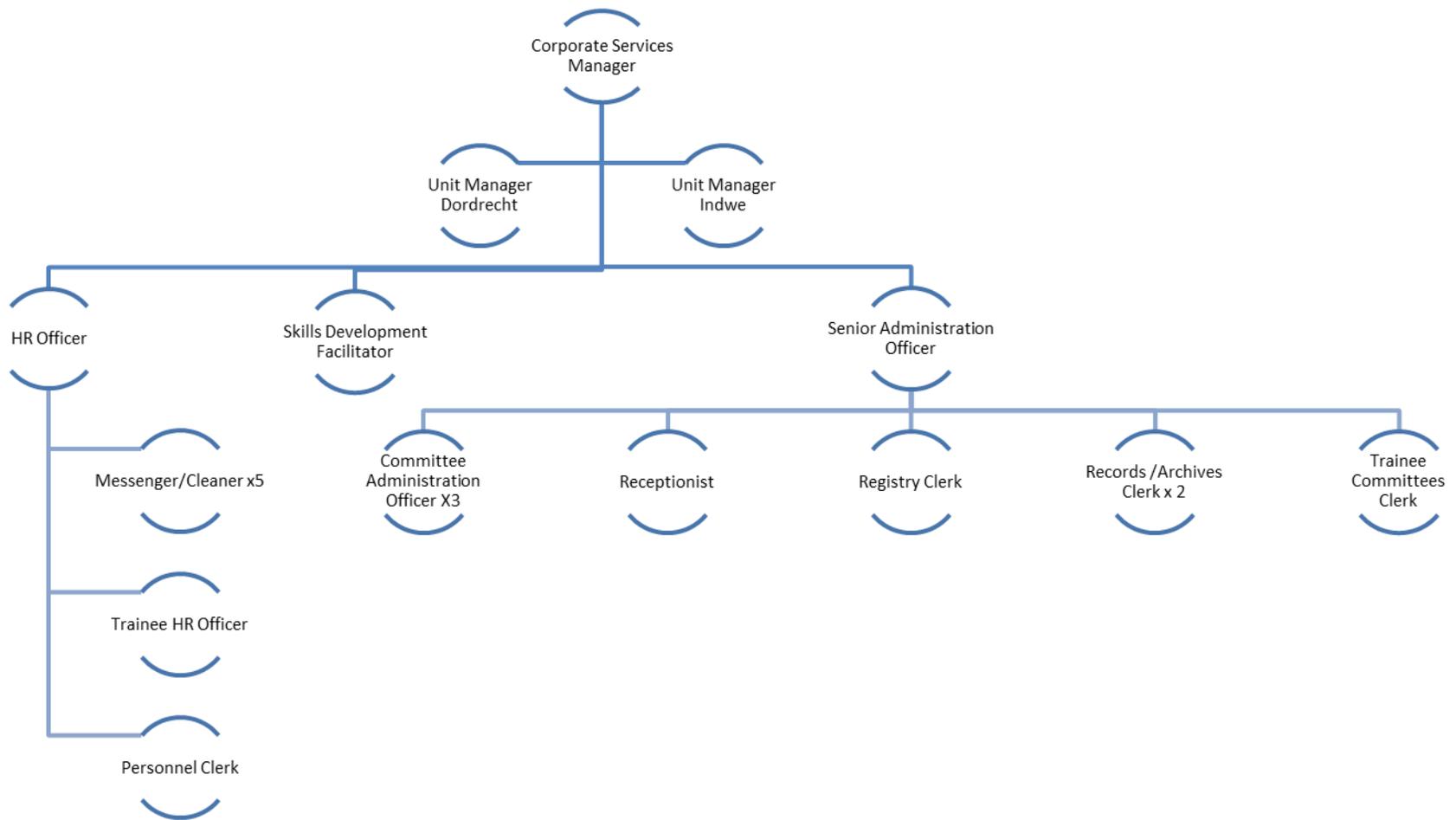
2011/2012



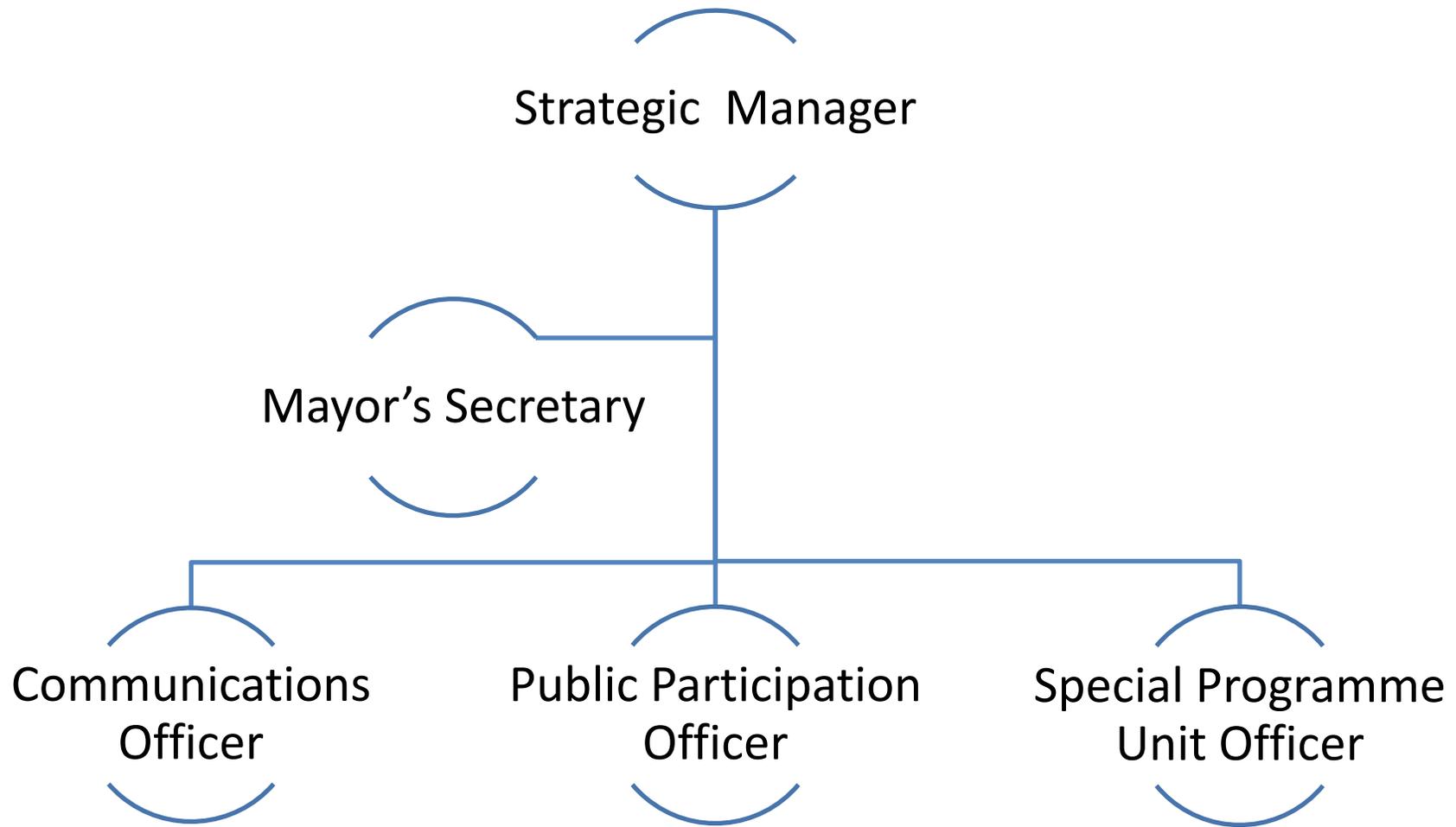
MANAGEMENT



Compliance Unit



Corporate Services



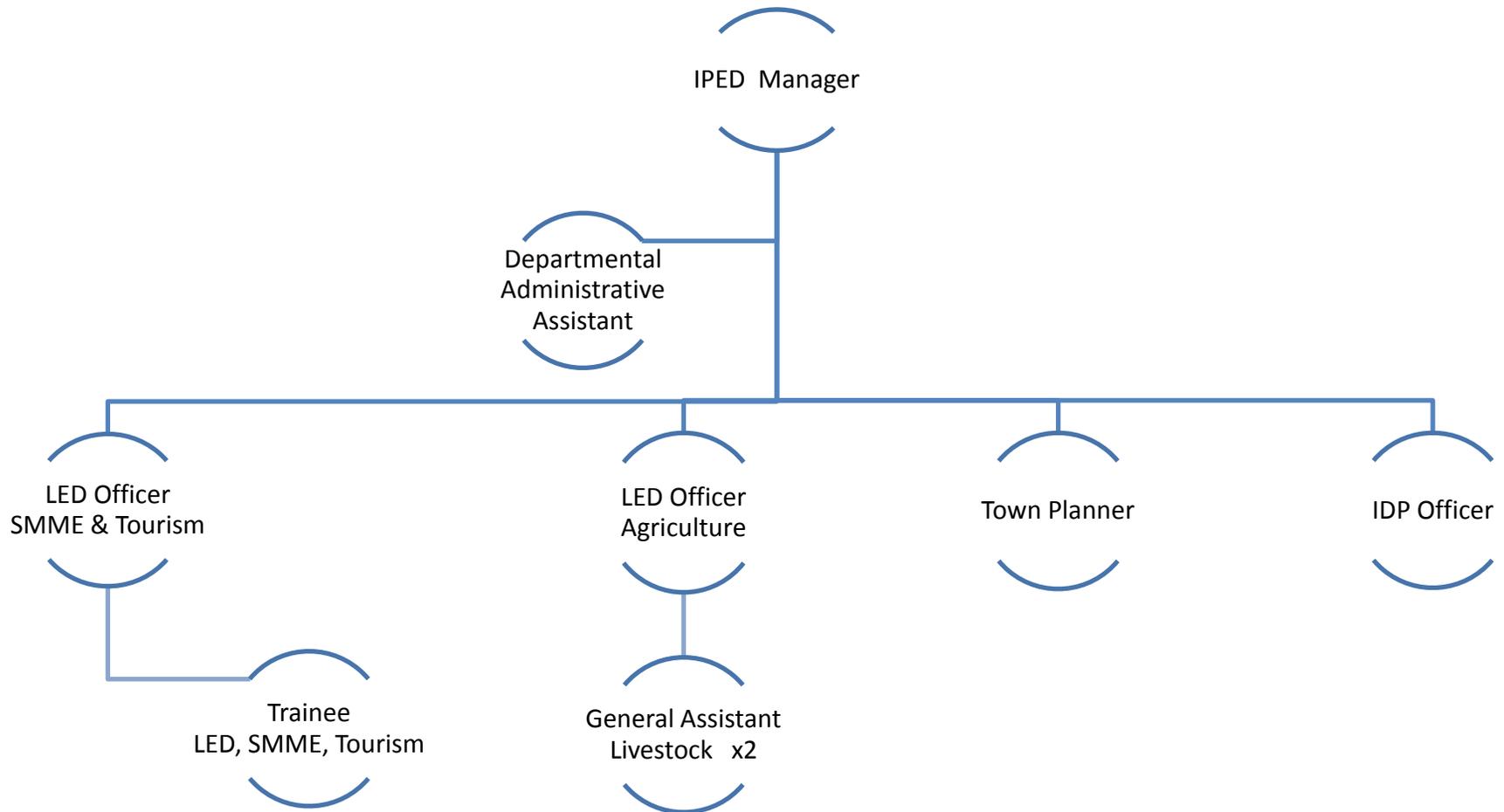
Mayor's Office

```
graph TD; SM[Strategic Manager] --- V[ ]; V --- H[ ]; H --- SS[Speakers's Secretary];
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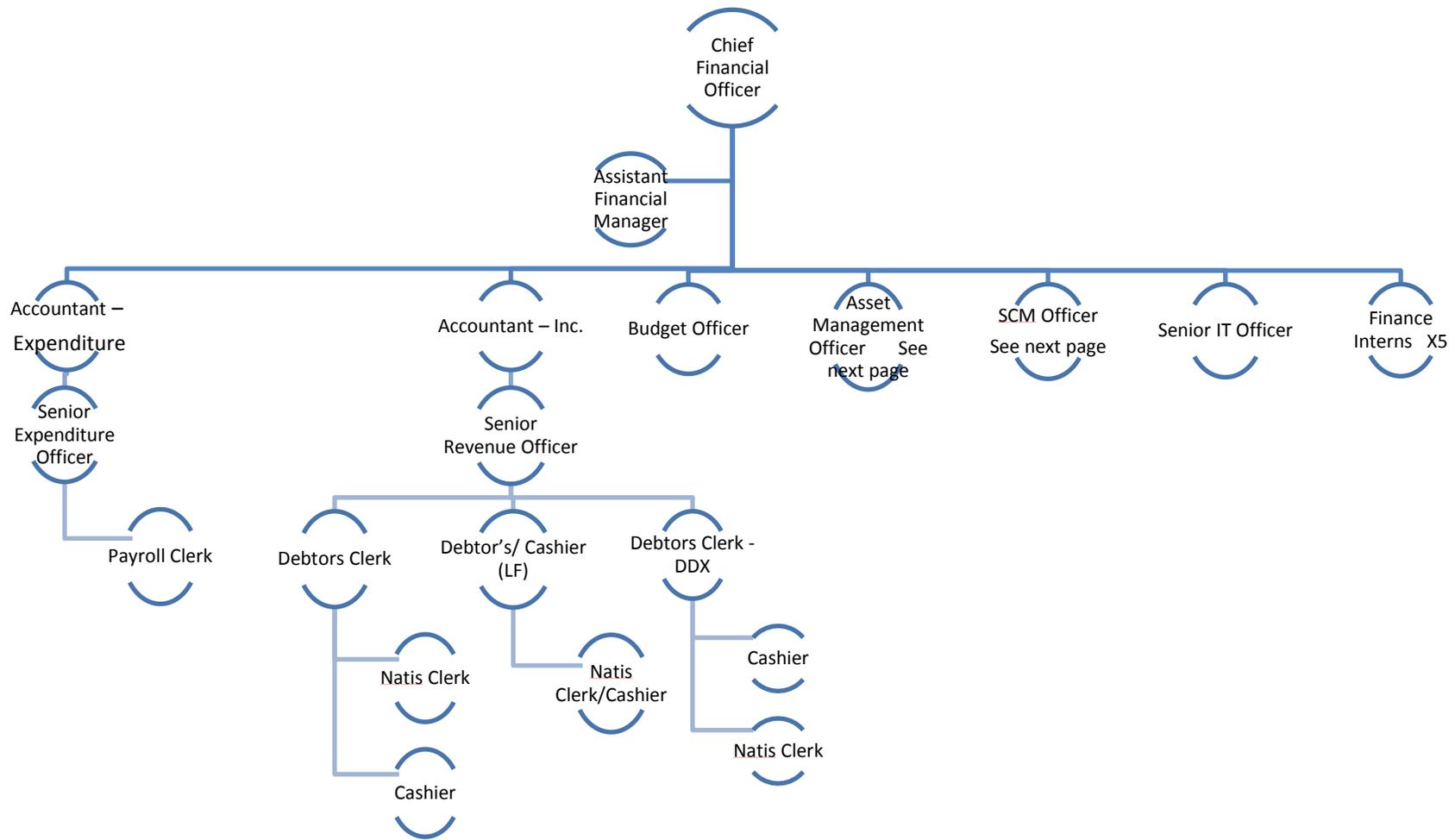
Strategic Manager

Speakers's
Secretary

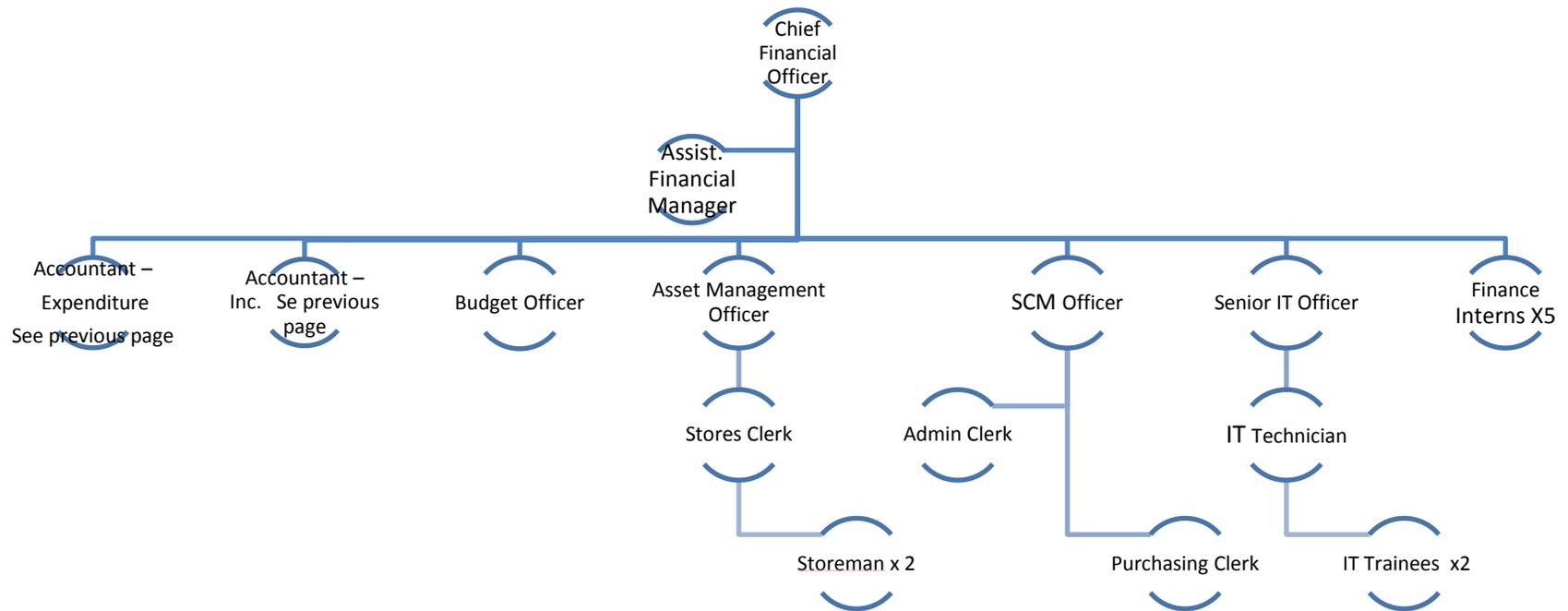
Speakers Office



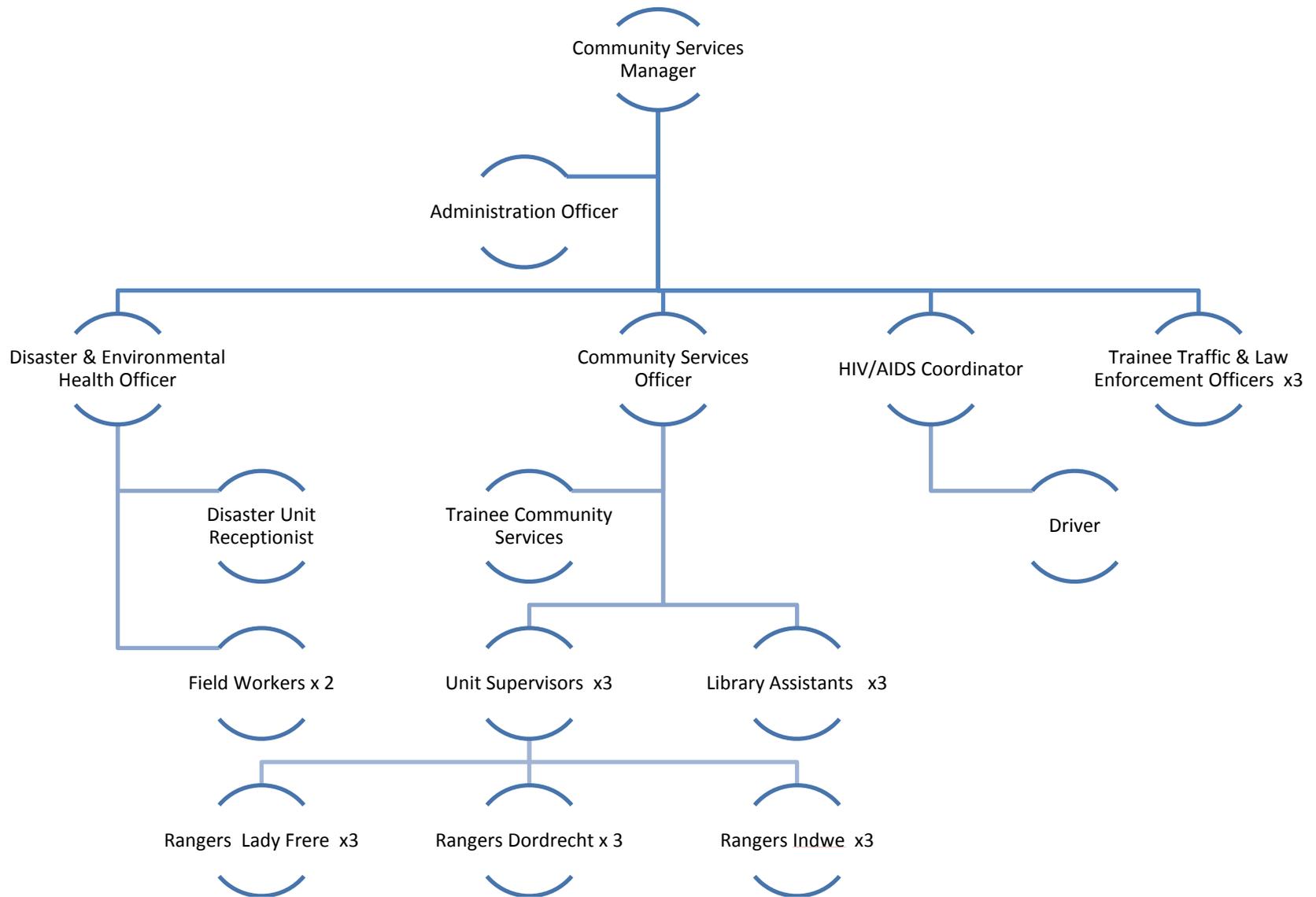
Integrated Planning & Economic Development



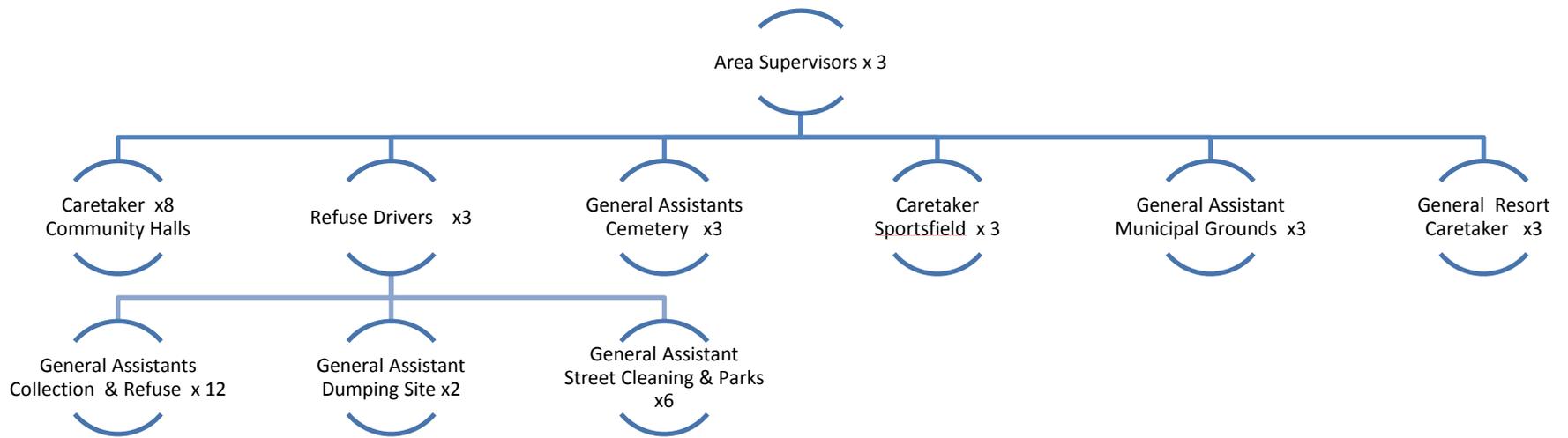
Finance



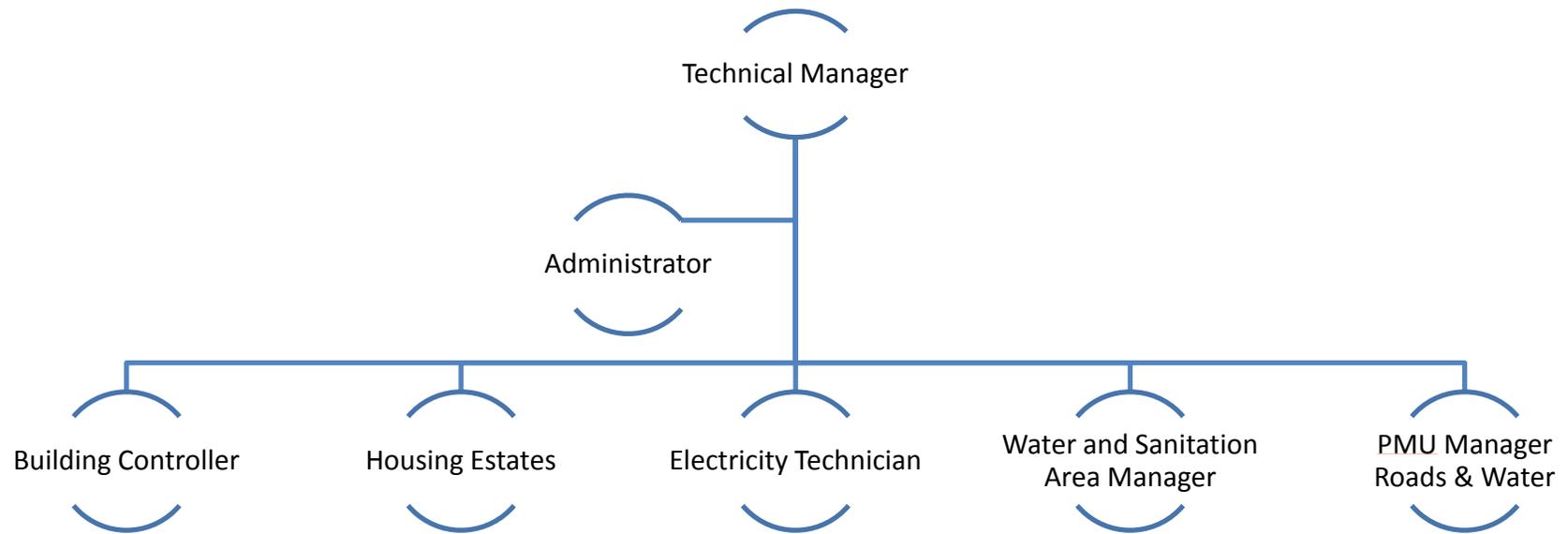
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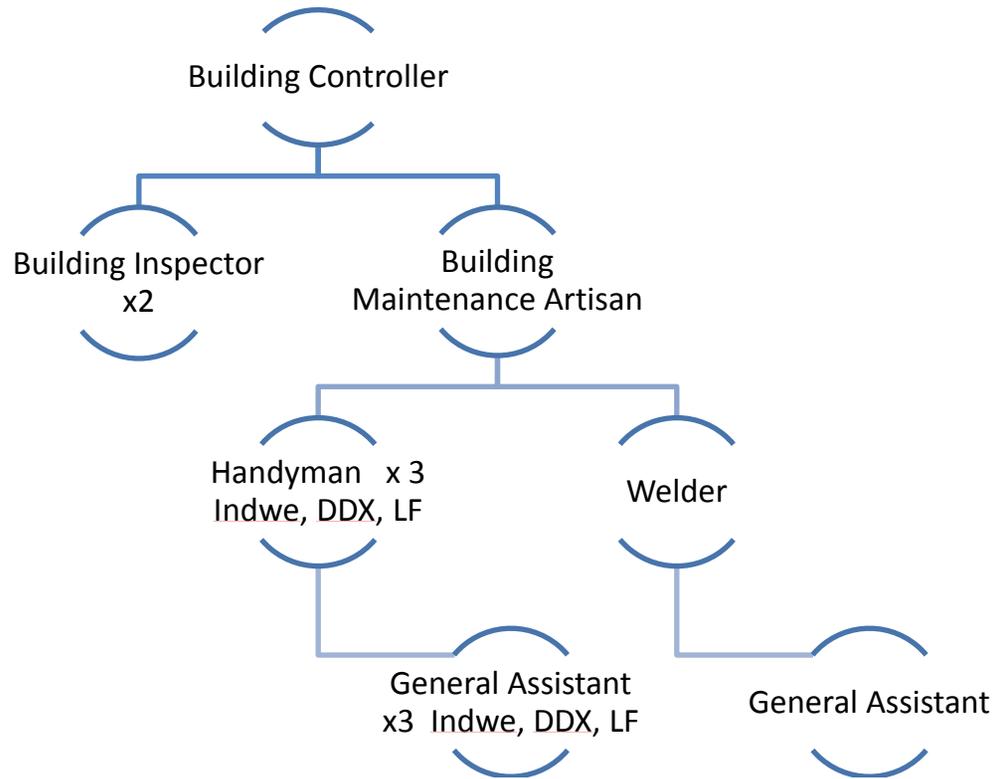
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Community Services (Cont.)



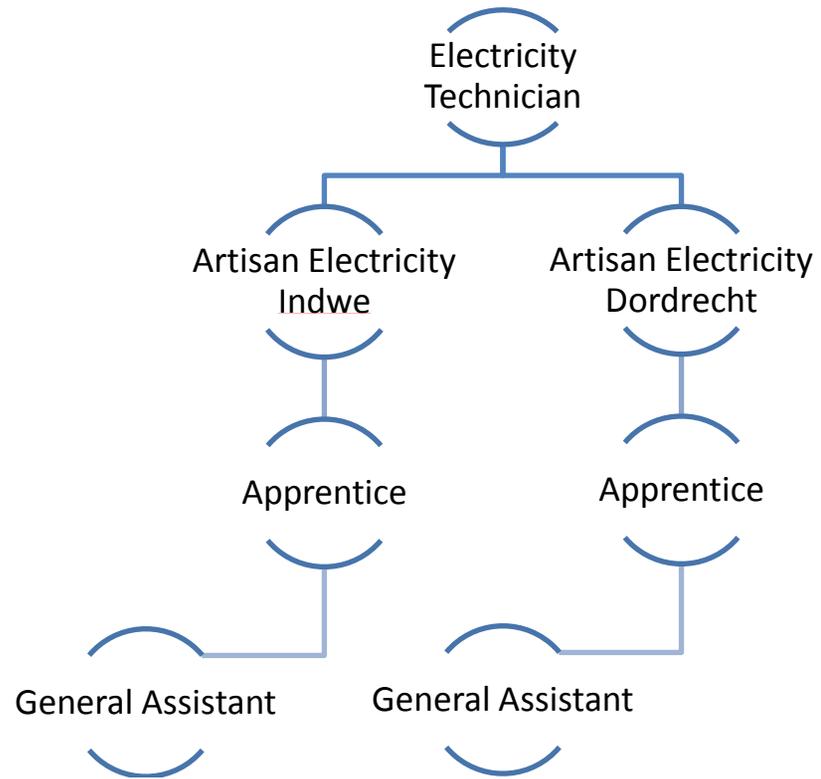
TECHNICAL SERVICES



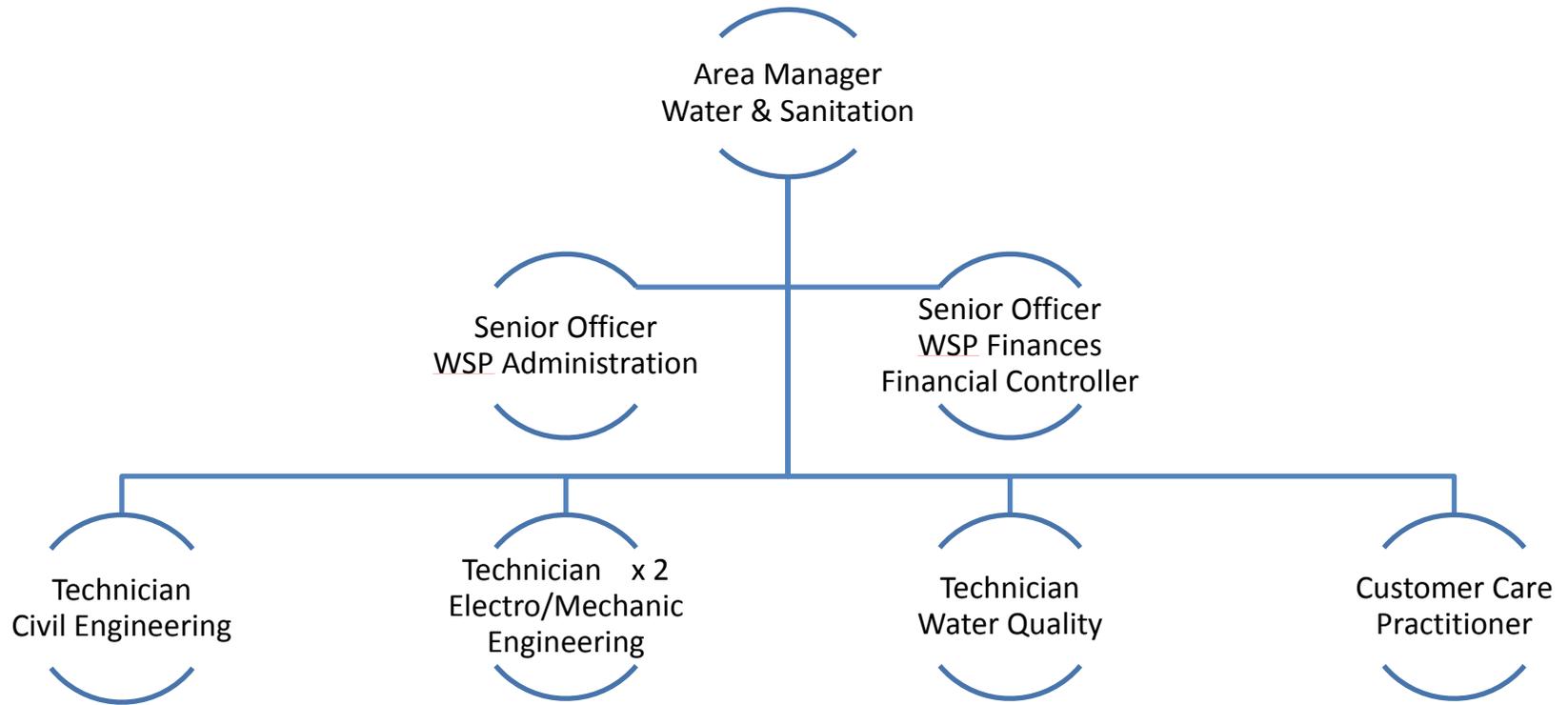
TECHNICAL SERVICES
Building Controller



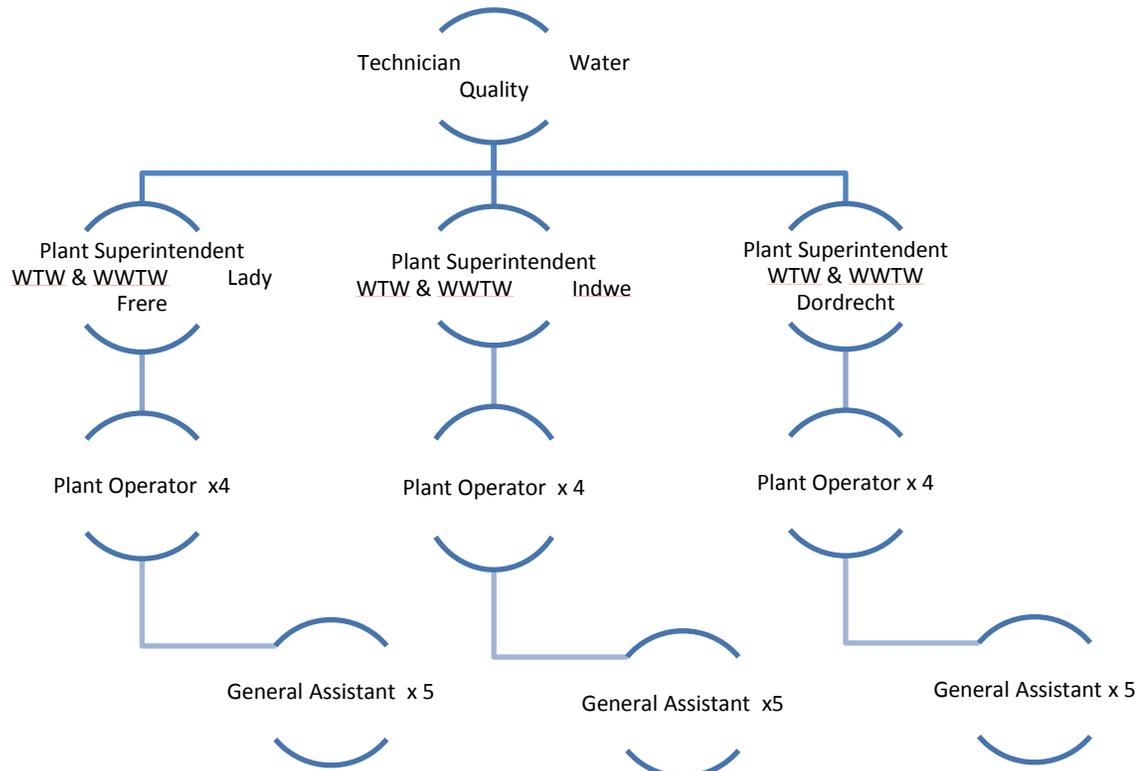
TECHNICAL SERVICES
Housing Estates



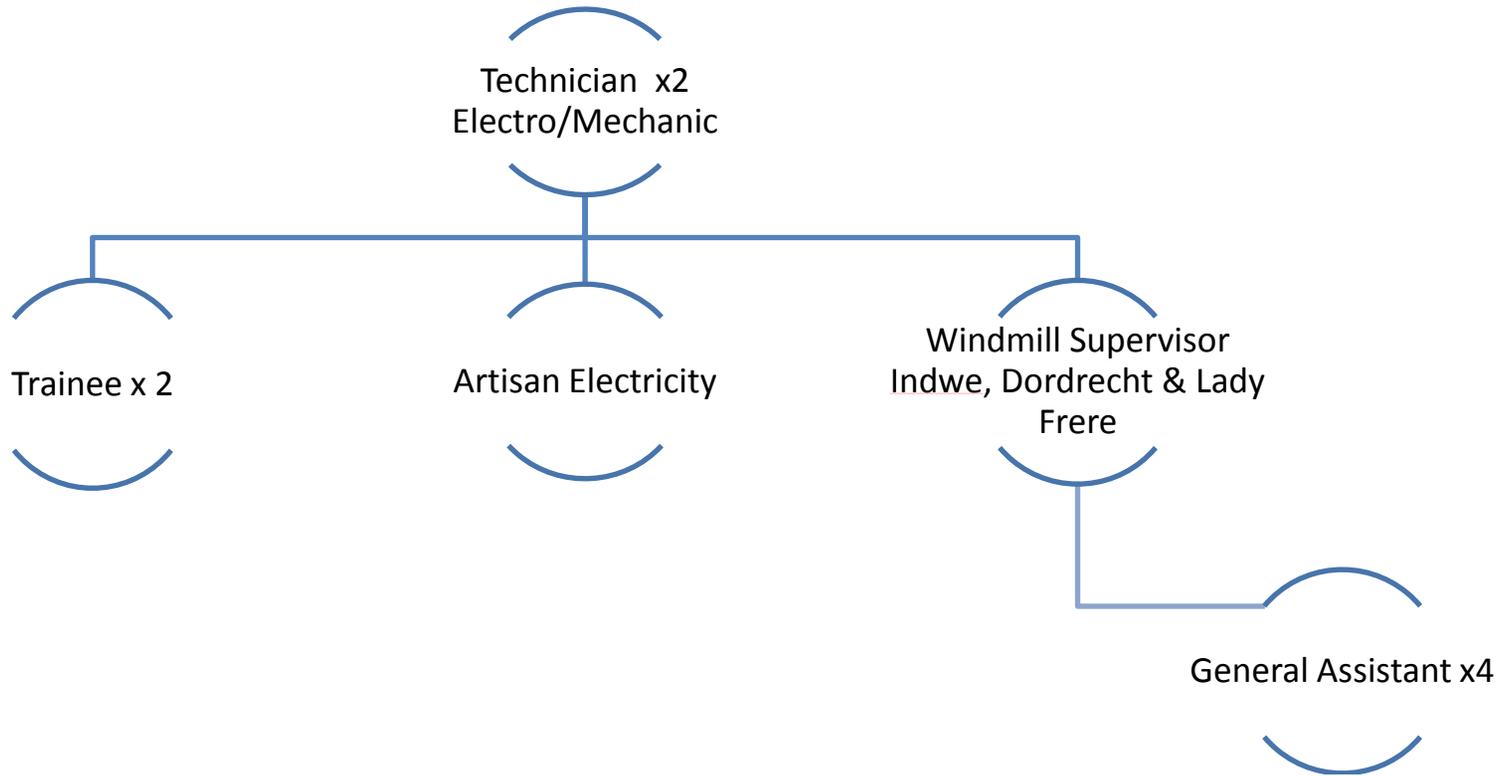
TECHNICAL SERVICES
Electricity



TECHNICAL SERVICES
Water & Sanitation



TECHNICAL SERVICES
Water & Sanitation (Cont.)



TECHNICAL SERVICES
Water & Sanitation (Cont.)

- **FUNCTIONS OF MUNICIPALITY/ENTITY**

APPENDIX D

REFER TO REFER TO CHAPTER 2, COMPONENT A, (P.32-44)

- **WARD REPORTING**

APPENDIX E

ANNUAL REPORT OUTREACH PROGRAMME 2013

The annual report was taken to the community for comments through ward public consultations us per the following program.

WARD	DATE	VENUE	TIME	DEPLOYEES
2	04-03-2013	Bengu Comm. Hall	10H00	Cllr Dlikilili, Cllr Greyling, Cllr Papiso
4	04-03-2013	Lady Frere Town Hall	10H00	Cllr Twala, Cllr Khwatshana, Cllr Godla, Cllr Papiso
5	04-03-2013	KwaMpangele	10H00	Mayor, Cllr Ndlela, Cllr Lali, Cllr Greyling
6	04-03-2013	Matyantya Hall	10H00	Speaker, Cllr Nkasela, Cllr Dlikilili
7	04-03-2013	Qonda Hoho Hall	10H00	Cllr Koni, Cllr Holani, Cllr Mani
8	04-03-2013	Vaalbank Hall	10H00	Cllr Phendu, Cllr Teka, Cllr Mnyuko

WARD	DATE	VENUE	TIME	DEPLOYEES
17	07-03-2013	KwaQayi	10H00	Cllr Mapete, Cllr Ziduli, Cllr Phendu, Cllr Bobotyana
09	07-03-2013	Zwartwater Comm. Hall	10H00	Cllr Twala, Cllr Ndlela, Cllr Peter, Cllr Mketsu
10	07-03-2013	Shearing Shed	10H00	Cllr Mani, Cllr Mooi, Cllr Nobaza, Cllr Khwatshana
11	07-03-2013	Mike Huna Comm. Hall	10H00	Cllr Kalolo, Cllr Dlikilili, Cllr Mjezu
01	07-03-2013	KwaTshatshu	10H00	Mayor, Cllr Qashani, Cllr Nkasela, Cllr Greyling
15	07-03-2013	Indwe Comm. Hall	10H00	Cllr Kraqa, Cllr Godla, Cllr Komani, Cllr Lali

WARD	DATE	VENUE	TIME	DEPLOYEES
12	05-03-2013	Ngqanda Comm. Hall	10H00	Cllr Lali, Cllr Mapete, Cllr Mooi
13	05-03-2013	Boomplaas	10H00	Cllr Mketsu, Cllr Ndlela, Cllr Godla, Cllr Twala
3	05-03-2013	Greyspan Shearing Shed	10H00	Cllr Peter, Cllr Koni, Cllr Nkasela, Cllr Greyling
14	05-03-2013		10H00	Cllr Phendu, Cllr Lali, Cllr Khwatshana
15	05-03-2013	Indwe Comm. Hall	10H00	Speaker, Cllr Dlikilili, Cllr Mjezu
16	05-03-2013	Dora Vosloo Hall	10H00	Mayor, Cllr Mani, Cllr Holani,

- **WARD INFORMATION**

APPENDIX F



WARD	COUNCILOR	VILLAGES		CONTACT NUMBER
1	NONTOMBIZANELE KONI	XONXA, NQININGANA, RODANA, MPOTULO, TSOLOKAZI, TSHATSHU, RWANTSANA, QITHI	Ward Councillor	071 8249 857
2	NOKWANDISA ZIDULI	ROMA, QUTHUBENI, TAFENI, LANTI, NJOMBELA, LUTHUTHU, LUQOLO, LIGWA, ES' QITHINI, HLATIKULU, NKOLONGA, (NGXABANE)	Ward Councillor	074 3699 259
	KHUNJULWA NKASELA		PR Councillor	071 6886 743
3	CECIL BOBOTYANA	LAMOEN, KUMAQHUBELA, GREYSPAN, HALA I, HALA 2, ZINGQOLOWENI, NTLALONTLE, QAQENI.	Ward Councillor	083 9584 046
	NTOBEKO PHENDU		PR Councillor	0797070484
4	LUMKA MAPETE	NGQOKO, CACADU AND CACADU EXT, BONGOLWETHU, LADY FRERE TOWN	Ward Councillor	071 6878 170
	VUYANI JORDAAN		PR Councillor	082 6304 337
5	NOLWANDO QASHANI	L/ F LOCATION, L/F TOWN, CUMAKALA, TOPU, MTSHEKO, KAVALA, DE - OOP, NOLUTANDO, GCINA, ZINGXONDO	Ward Councillor	071 9401 386
	ZOLEKA MKETSU		PR Councillor	0745610615
6	NONKOSIKHO PETER	SMALL FARM, EMZI, MATYHANTYA, VULINDLELA, GQEBENYA, MXHIKI, KUNDULU, GANDO, MACKAY'S NEK, KOROMANA, SOKOLANI, DLAMINI, HOLANI	Ward Councillor	083 5463 846
	SIBHA LIWANI		PR Councillor	082 7346 432
7	PRETTY NOBAZA	MAQWATINI, MNIKINA(XUSHA), LUXENI, EMAYALULWENI, BOWDEN, LALINI, MANELSPPOORT, EMAZONGOZINI, NZOLO EMANGWENI, ESIGANGENI, DUBENI KUBOZWANA, BLANGWE, FANI, MAHLATHINI	Ward Councillor	071 6886 790
	DUMISA KALOLO		PR Councillor	082 0545 133
8	LUVUYO DAVID MOOI	QHUGQWARHU, MGQUKWEBE, BHOQO, JOJWENI, NGONYAMA, EJEKENI, UPPER NGONYAMA, VAALBANK, XUSHA, BOQO, KUBHADI, BOQO, AGNES REST	Ward Councillor	083 4582 871
	NOMVELISO NYUKWANA		PR Councillor	083 6920 047
9	TEMBEKILE DUDUMASHE	ZWAARTWATER, MDENI, DUM - .DUM, GOVA, QUMBU, TABASA,	Ward Councillor	072 071 5342

	MNTUNJANI MANI	SDWANWENI, VAALBANK, ZINGCACENI, BAPTISE, DUKATOLE, MAYEYE, KWAGCINA, EZIDENGENI, NYASHE, MAGEMFANENI, PITOLI, KWABHADI, MASAKA, KUNENE, LAPESINI, ZIMPUKU, KHOHLO, MANGWENI, DUKATHOLE, GCINA	PR Councillor	073 7174 348
10	LINDILE GWEGWANA BADIKAZI TWALA KWAAIMAN MJEZU	BHANKISI, NDMANGENI, NGCALASOYI, BUFFELSDORINGS, GXOBHO-TSAWULAYO	Ward Councillor PR Councillor PR Councillor	078 521 3745 071 2123 366 082 517 5601
11	ZUKILE TEKA TANDEKA KULASHE	MUNNIKVILLE, HARRY GWALA EXT.1, HARRY GWALA EXT.2, MARAMASTAD, ZWELETEMBA, ROBINVILLE, UPPER TEMBISA	Ward Councillor PR Councillor	071 4939 831 073 2401 305
12	ZANDISILE DYONASE TANDIWE NDLELA	MT HILL, RONENI, GOMORO, NGQANDA, HALA, BAKANENI, MQITI, GOLI, NGXINGWENI, NZOLO, GXUBANA, SIDAKENI, CLINIC, MDANTSANE, QWEMPE, NEW BRIGHTON, EMJIKELWENI, GUGULETHU, LUXENI, MTUNZINI, PARADESI, NCALUKENI, BOMENI, EMJIKELWENI.	Ward Councillor PR Councillor	082 7346 272 073 3798 879
13	NOWANDISILE KRAQA NOLITHA LALI	PLATKOP, GADLUME, QOBOSHANA, TSHAMAZIMBA, GXOJENI, KUHELUSHE, BOOMPLAAS, KWASTOCKS, XHUMABHOKHWE, MBOLOMPENI, DYOBUDAKA, TALENI, TRUST	Ward Councillor PR Councillor	083 5224 246 083 5976 538
14	MZAMO GODLA NOMHLE DLIKILILI PIETER GREYLING	MHLANGA, CHIBINI, MHLANGA), BLAAUWKRANTZ, LOCATION, EMTHINI, NKENKULU, MROSHO, NTLANJENI, MANGWENI, NKALWENI, CHIBII, BONISWA, KALFONTEIN, QAQENI, BANKINI, ZWELITSHA, LAPESINI, TAFILE, UITKY K, CHANCELE, DORDRECHT TOWN, ZOLA, BONGWENI, NXOMFU, TEMBISA KUNYE NEELALI.	Ward Councillor PR Councillor PR Councillor	071 6728 333 071 6775503 082 653 4148

15	SIMON MNYUKO	MAVUYA, MZAMOMHLE, IDA, COLD STREAM, TUGELA, MANYANO.	Ward Councillor	0742292937
16	BOOTMAN KOMANI	PUMLANI, INDWE TOWN, SONWABILE, UPPER AND LOWER MGWALANA, VUKANI, GUBAHOEK, CEGCIYANA, GUBAFARM	Ward Councillor	082 2576 279
	THANDO KWATSHANA		PR Councillor	071 517 6624
17	ZAMEKILE PAPISO	MAQHASHU, PERCY, TRUST, NTSINGA, NGCUKA, STONEY CROFT, BHAKUBHA		073 243 1977
	NOTHEKANTI HOLANA		PR Councillor	0820627393

- **RECOMMENDATIONS OF THE MUNICIPAL
AUDIT COMMITTEE**

APPENDIX G

REFER: CHAPTER 6, ANNEXURE G

- **LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS**

APPENDIX H

REFER CHAPTER 4, ANNEXURE B (P. 281)

- **MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE**

APPENDIX I

REFER ANNEXURE B, CHAPTER 4, (p.281-287)

Municipality does not have any entity

- **DISCLOSURE OF FINANCIAL INTEREST**

APPENDIX J



DECLARATION OF INTEREST BY CLLRS, EMPLOYEES AND MANAGERS										
Surname	Initials	Membership of any Close Corporation	Interest in any Trust	Directorship	Partnership	Other financial intersts	Employment and Remuneration	Interest in Property	Pension	Subsidies, Grants and sponsorship by any org.
Qashani	P.	N/A	Vulisango Singene	District Member	N/A	N/A	N/A			
Mooi	P.	Khuthala Agricultural cooperatio	N/A	N/A	N/A	N/A	Dept of Education			
Dudumashe	L.D	Khuluphambene&ibuyambo	N/A	Secretary, Board member		N/A	N/A			
Gwegwana	T.R	Sikhulasonke Constructon	N/A	N/A	N/A	N/A	N/A			
Teka	L	Mzukulwane Construction	N/A	DDX General	N/A	N/A	N/A			
Godla	Z.H	N/A	N/A	N/A	N/A	Sole proprietor	N/A			
Mnyuko	M.M	Sikhuseluluntu Protection and Training Services cc (20%)	N/A	N/A	N/A	N/A	N/A			
Komani	S.T	Cooperative	N/A	Qhungqu Cooper	N/A	N/A	N/A			
Papiso	Z	N/A	N/A	N/A	N/A	N/A	N/A			
Nyukwana	N	N/A	N/A	N/A	NN	N/A	Dept of Education			
Kalolo	N.	N/A	N/A	Umsobomvu NP	N/A	NN	N/A			
Phendu	N.C	Dyakalash Transport & Trading	N/A	N/A	N/A	Phedu Transport	N/A			
Nkasela	N.	N/A	N/A	N/A	N/A	N/A	N/A			

Jordaan	K.	BYJ Construction	Family Trust	BYJ Construction	N/A	N/A	N/A			
Mani	V.B	N/A	N/A	N/A	N/A	N/A	N/A			
Kulashe	M.	DDX general	N/A	DDX General	N/A	N/A	nn			
Twala	T.G	Khuthala Agricultural cooperatio	N/A	N/A	N/A	N/A	N/A			
Mketsu	N.B	Ionikhwezi Trading	N/A	N/A	N/A	N/A	N/A			
Greyling	Z.W	Unnersal Garage C.C.	Tropposolid Trust	Queen Delta C.C	N/A	N/A	Self Employed	N/A	Yes	N/A

- **REVENUE COLLECTION PERFORMANCE**

APPENDIX K



- **REVENUE COLLECTION PERFORMANCE BY VOTE**

APPENDIX K(I)

REFER TO VOLUME 2 :ANNUAL FINANCIAL STATEMENTS

- **REVENUE COLLECTION PERFORMANCE BY SOURCE**

APPENDIX K (II)

REFER TO VOLUME 2 :ANNUAL FINANCIAL STATEMENTS

- **CONDITIONAL GRANTS RECEIVED:
EXCLUDING MIG**

APPENDIX L

REFER TO CHAPTER 5, FINANCIAL REPORT (P.310)

- **CAPITAL EXPENDITURE - NEW & UPGRADED/RENEWAL PROGRAMMES: INCLUDING MIG**

APPENDIX M

REFER CHAPTER 5, FINANCIAL REPORT P. 310

- **CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME**

APPENDIX M (I)

REFER VOLUME 2: ANNUAL FINANCIAL STATEMENTS

- **CAPITAL EXPENDITURE - UPGRADE /RENEWAL PROGRAMME**

APPENDIX M (II)

REFER VOLUME 2: ANNUAL FINANCIAL STATEMENTS

- **CAPITAL PROGRAMME BY PROJECT
CURRENT YEAR**

APPENDIX N

REFER VOLUME 2: ANNUAL FINANCIAL STATEMENTS

- **CAPITAL PROGRAMME BY PROJECT BY
WARD BY CURRENT YEAR**

APPENDIX O

REFER VOLUME 2: ANNUAL FINANCIAL STATEMENTS

- **SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

APPENDIX P



- **SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

APPENDIX Q



- **DECLARATION OF LOANS AND GRANTS MADE**

APPENDIX R

REFER CHAPTER 5, FINANCIAL REPORT p. 310

Note: Emalahleni Municipality did not make any donations or transfer any grants to any person, institution or association.

**APPENDIX A - Unaudited
EMALAHLENI MUNICIPALITY
SCHEDULE OF LONG-TERM LIABILITIES AS AT 30 JUNE 2012**

Long-Term Liabilities	Rate	Loan Number	Redeemable	Balance at 30 June 2011	Correction	Balance at 30 June 2011 Restated	Received during the period	Adjustments	Interest portion payable at period end	Redeemed or written off during the period	Balance at 30 June 2012
HIRE PURCHASE											
Standard Bank	9.00%	43454526/0005	2017/05/15				204 360		1 230	3 007	201 353
Standard Bank	9.00%	43454526/0006	2017/05/15				306 430		3 400	2 991	303 439
Standard Bank	9.00%	43454526/0007	2017/06/01				333 420		3 700	3 254	330 166
Total Hire Purchase				-	-	-	844 210	-	8 330	9 251	834 959
LEASE LIABILITY											
Computer Equipment - Copiers	19.58 %		2012/02/01	95 505	(10 335)	85 169			8 420	85 169	-
NRG Office Solutions (Pty) Ltd	32.04 %		2015/03/20	-	-	-	593 860		46 621	31 011	562 849
Total Lease Liabilities				95 505	(10 335)	85 169	593 860	-	55 041	116 180	562 849
TOTAL LONG-TERM LIABILITIES				95 505	(10 335)	85 169	1 438 070	-	63 371	125 431	1 397 808

- **APPENDIX S**
- **DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71**

2011/2012

It is to be noted that not all s71 returns were submitted timeously for 2011/2012, nor were these submitted in the correct format.

Notwithstanding, this was corrected during June 2012 and all returns were completed and uploaded as required.

- **APPENDIX T**
- **NATIONAL & PROVINCIL OUTCOME FOR LOCAL GOVERNMENT**

2011/2012

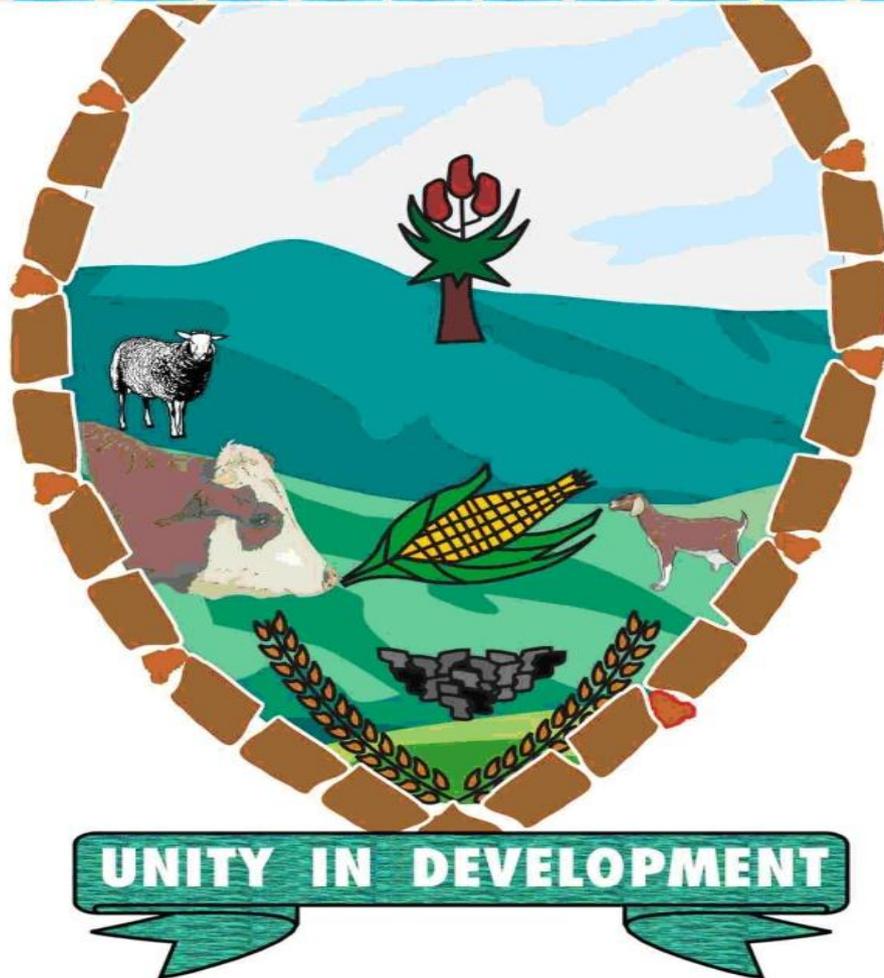


- **Volume II**
ANNUAL FINANCIAL
STATEMENTS

2011/2012



EMALAHLENI MUNICIPALITY



[

FINANCIAL STATEMENTS

30 JUNE 2012

EMALAHLENI MUNICIPALITY

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EMALAHLENI MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012
GENERAL INFORMATION

NATURE OF BUSINESS

Emalahleni Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Emalahleni Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Emalahleni Municipality includes the following towns and surrounding rural areas:

Dordrecht
Indwe
Lady Frere

MUNICIPAL MANAGER

NJ Kwepile

CHIEF FINANCIAL OFFICER

GP De Jager

REGISTERED OFFICE

Emalahleni Municipality; 37 Indwe Road; Lady Frere; 5410

AUDITORS

Office of the Auditor General

PRINCIPLE BANKERS

Standard Bank; 92 Cathcart RD; Queenstown; 5320

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

EMALAHLENI MUNICIPALITY

MEMBERS OF THE EMALAHLENI MUNICIPALITY

COUNCILLORS

Nyukwana, N.	Executive Mayor	ANC	Proportional
Kalolo, D.S.	Speaker	ANC	Proportional
Liwani, S.	Chief Whip	ANC	Proportional
Jordaan, V.	Councillor	ANC	Proportional
Koni, N.F.	Councillor	ANC	Ward
Mnyuko, S.	Councillor	ANC	Ward
Dlikilili, N.	Councillor	ANC	Proportional
Holana, N.	Councillor	ANC	Proportional
Mapete, P.	Councillor	ANC	Ward
Godla, M.	Councillor	ANC	Ward
Mooi, L.	Councillor	ANC	Ward
Lali, N.	Councillor	ANC	Proportional
Phendu, N.	Councillor	ANC	Proportional
Qashani, N.	Councillor	ANC	Ward
Twala, B.P.	Councillor	ANC	Proportional
Dudumashe, T.R.	Councillor	ANC	Ward
Ziduli, N.	Councillor	ANC	Ward
Teka, Z.H.	Councillor	ANC	Ward
Ndlela, T.R.	Councillor	ANC	Proportional
Peter, N.	Councillor	ANC	Ward
Kulashe, T.	Councillor	ANC	Proportional
Mani, M.	Councillor	ANC	Proportional
Dyonase, Z.	Councillor	ANC	Ward
Bobotyana, H.C.	Councillor	ANC	Ward
Kraqa, N.	Councillor	ANC	Ward
Mjezu, K.	Councillor	UDM	Proportional
Nkasela, K.	Councillor	ANC	Proportional
Greyling, P.	Councillor	DA	Proportional
Nobaza, P.	Councillor	ANC	Ward
Gwegwana, L.	Councillor	ANC	Ward
Komani, B.	Councillor	ANC	Ward
Papiso, Z.	Councillor	ANC	Ward
Mketsu, Z.	Councillor	COPE	Proportional
Kwatshana, T.	Councillor	PAM	Proportional

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 72 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

NJ Kwepile
MUNICIPAL MANAGER

Date

EMALAHLENI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

		30 JUNE 2012	30 JUNE 2011
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		18 468 657	16 176 033
Government - operating		72 148 295	60 537 208
Government - capital		1 425 468	23 016 997
Interest		7 521 872	3 774 483
Payments			
Suppliers and employees		(98 392 218)	(73 331 700)
Finance charges	25	(340 445)	(216 303)
Cash generated by operations	30	831 629	29 956 718
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(2 998 199)	(25 938 563)
Net Cash from Investing Activities		(2 998 199)	(25 938 563)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(125 431)	(105 609)
New loans raised		844 210	-
(Decrease)/Increase in Consumer Deposits		118 385	(52 290)
Net Cash from Financing Activities		837 164	(157 898)
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		-1 329 406	3 860 257
Cash and Cash Equivalents at the beginning of the year		43 756 996	39 896 739
Cash and Cash Equivalents at the end of the year	31	42 427 590	43 756 996
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		-1 329 406	3 860 257

EMALAHLENI MUNICIPALITY
Annual Financial Statements
for the year ended 30 June
REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of Emalahleni Municipality for the fiscal year 2011/2012")

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

The Municipality is now compliant with the requirements of GRAP. It has been a long, difficult and very expensive process, the worth of which is at best minimal. In times when municipalities are battling to balance their budgets and when there is little or no local economic growth, to be able to know what the depreciated replacement cost of a pipe buried three metres under the ground beggars belief. It was once said that municipal financials were opaque and there was truth in that statement, but in making them less opaque and embracing transparency, we have assumed that people will understand them better and, even more so, that they actually care about what they are reading. People, just like banks and credit agencies, want to know what the budget is, what the debtors are like and have you got cash to pay your creditors. Nothing we have done in the last six years, in order to reach GRAP compliance, changes that.

2. KEY FINANCIAL INDICATORS

The economic downturn and the Eskom issues continue to play havoc with good financial management. The economy has been battered of late and all indications are that it will get worse before it gets better.

This is not because of bad or incompetent management, but because it is the nature of the business and the economy. I would therefore hope that National and Provincial bureaucrats take heed of this fact before making any incorrect or ill-conceived statements or judgements.

Financial Statement Ratios:

INDICATOR	30 June 2012	30 June 2011
Surplus / (Deficit) for the year before Appropriations	(53 533 785)	1 069 132
Accumulated Surplus / (Deficit) at the end of the Year	449 466 802	503 000 587
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	22.54%	27.99%
Remuneration of Councillors	4.59%	6.89%
Debt Impairment	25.10%	8.07%
Depreciation and Amortisation	11.16%	20.17%
Collection costs	0.00%	0.00%
Impairments	0.32%	0.00%
Repairs and Maintenance	3.29%	2.52%
Actuarial losses	0.19%	0.20%
Unamortised Discount - Interest paid	0.00%	0.00%
Finance Charges	0.19%	0.22%
Bulk Purchases	5.38%	7.55%
Contracted services	0.00%	0.00%
Grants and Subsidies	0.00%	0.00%
Stock Adjustments	0.00%	0.00%
Operating Grant Expenditure	6.21%	11.22%
General Expenses	21.02%	15.16%
Loss on disposal of Property, Plant and Equipment	0.00%	0.00%
Fair Value Adjustments	0.00%	0.00%
Current Ratio:		
Creditors Days	21	3
Debtors Days	1 705	2 012

One indicator needing comment is that of repairs and maintenance. In recent years there has been made much comments as to how low this ration is. It should be noted that the ratio improvement has been achieved despite the massive increases in Eskom charges.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2012 are as follows:

DETAILS	Actual 2011/2012 R	Actual 2010/2011 R	Percentage Variance %	Budgeted 2011/2012 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	503 000 587	501 931 454	0.21%	-	-
Operating income for the year (incl. gains in disposal of assets)	126 720 943	97 665 056	29.75%	143 180 308	-11.50%
Appropriations for the year				-	
	629 721 530	599 596 511	5.02%	143 180 308	339.81%
Expenditure:					
Operating expenditure for the year	180 254 728	96 595 924	86.61%	112 565 634	60.13%
Sundry transfers			0.00%	-	-
Closing surplus / (deficit)	449 466 802	503 000 587	-10.64%	-	-
	629 721 530	599 596 511	5.02%	112 565 634	459.43%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the 2010/2011 year amounted to R 3 592 058. Full details of Property, Plant and Equipment are disclosed in note 9 to the Annual Financial Statements.

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	28 June	27 June
Capital Replacement Reserve	#DIV/0!	3.67%
External Loans	#DIV/0!	34.20%
Finance Leases	#REF!	#REF!
Capitalisation Reserve	#REF!	#REF!
Grants and Subsidies	#DIV/0!	53.00%
Public Contributions	#DIV/0!	9.13%

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget

DETAILS	30 June 2010
<i>Variance per Category:</i>	
Budgeted surplus before appropriations	22 359 000
Revenue variances	51 917 660
Expenditure variances:	
Exec & Council	(1 728 400)
Corporate	(797 292)
Finance	1 987 676
Strategy	804 789
Planning	12 368 259
Community	(280 038)
Electricity	(4 373 349)
Technical	(4 678 203)
Actual surplus before appropriations	77 580 102

DETAILS	ACTUAL 30 JUNE 2012	BUDGET 30 JUNE 2012	VARIANCE
<i>Variance per Service Segment:</i>			
Budgetted Surplus before appropriations			
Council	14 552 919	16 037 829	-9%
Executive	6 044 935	5 109 012	18%
Corporate Services	9 622 563	10 461 322	- 8%
Strategic Services			
Budget & Treasury	14 196 109	11 904 654	19%
Community Services	7 117 346	6 107 514	17%
Housing	1 554 499	1 150 564	35%
IPED	5 211 920	7 840 448	-34%
Technical Services			
Environmental Protection			
Waste Management/Refuse	12 513 061	3 338 240	275%
Roads and Transport	31 925 977	16 634 622	92%
Water & Sanitation	61 877 781	18 093 975	242%
Electricity	15 637 617	15 887 455	-2%
(deficit)	180 254 728	112 565 634	
Net surplus for the year	(53 533 785)		

Details of the operating results per segmental classification of expenditure and of operational results per category of expenditure, together with an explanation of variances of more than 10% from budget, are included in Note 34.2

5.2 Capital Budget

DETAILS	Actual 2009/2010 R	Budgeted 2009/2010 R	Variance actual/ budgeted R
Executive & Council	354 366	296 000	58 366
Corporate	202 106	132 000	70 106
Finance	3 232 534	761 130	2 471 404
Strategy	-	-	-
Planning	6 354 691	11 814 000	(5 459 309)
Community	586 588	1 760 690	(1 174 102)
Electricity	5 529 305	7 584 000	(2 054 695)
Technical	37 129 640	35 385 180	1 744 460
	53 389 230	57 733 000	(4 343 770)

Details of the results per segmental classification of capital expenditure are included in Appendix C, together with an explanation of variances of more than 5% from budget, are included in Note 41

5. LONG TERM LIABILITIES

	2012 R	2011 R
The outstanding amount of Long-term Liabilities as at 30 June was:	1 397 808	85 169
New loans taken up during the financial year to enable to finance part of its capital requirements.		

Refer to Appendix "A" of AFS for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	6 227 101	5 191 906
Provision for Post-Retirement Benefits	2 697 236	2 195 155
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	821 387	418 729
Provision for Rehabilitation of Landfill-sites	2 708 478	2 578 022
Provision for Clearing of Alien Vegetation	-	-
	6 227 101	5 191 906

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.
Refer to Notes number 2 and 3 of the AFS for more detail

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:		2012	2011
Consumer Deposits	Note number 4	152 813	34 428
Current Employee benefits	Note number 5	5 874 146	3 003 348
Provisions	Note number 8	-	-
Payables from exchange transactions	Note number 6	6 498 802	3 737 969
Unspent Conditional Government Grants and Receipts	Note number 7	3 138 174	4 397 734
Current Portion of Long-term Liabilities	Note number 11	292 965	85169
		<u>15 956 901</u>	<u>11258649</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

	2012	2011
The net value of Intangible Assets is: Note 11	<u>285 698</u>	<u>427558</u>

9. PROPERTY, PLANT AND EQUIPMENT

	2012	2011
The net value of Property, Plant and Equipment is: Note 9	<u>367 142 242</u>	<u>3 84000517</u>

10. CASH AND CASH EQUIVALENTS

	2012	2011
Note 16: Call Investments	26 516 748	36 375
Bank Accounts	15 904 328	7 374
Cash Float	6 515	651

These investments (Call Investments) are ring-fenced for most instances to cover grant and other capital commitments.

11. CURRENT ASSETS

Current Assets are made up as follows:		2012	2011
Inventory	Note number 12	373 402	288 194
Receivables from exchange transactions	Note number 13	27 137 665	4 275 529
Receivables from non-exchange transactions	Note number 14	1 565 449	3 812 342
Unpaid Conditional Government Grants and Receipts	Note number 7	5 663 272	3 394 022
Operating Lease Asset	Note number 15	76 042	100 935
Taxes	Note number 8	3 075 757	12 122 970
Cash and Cash Equivalents	Note number 6	42 427 590	43 756 996
		472 755 646	519 451 142

Refer to the indicated Note numbers for more detail.

12. INTER-GOVERNMENTAL GRANTS

The municipality plays the major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

13. EVENTS AFTER THE REPORTING DATE AND DISCLOSURES

All events subsequent to the date of the financial statements for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

15. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.

G P DE JAGER
CHIEF FINANCIAL OFFICER
25 SEPTEMBER 2012

EMALAHLENI MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2012 R	2011 R
NET ASSETS AND LIABILITIES			
Net Assets		449 466 802	503 000 587
Accumulated Surplus/(Deficit)		449 466 802	503 000 587
Non-Current Liabilities		7 331 944	5 191 906
Long-term Liabilities	1	1 104 842	-
Employee benefits	2	3 518 623	2 613 884
Non-Current Provisions	3	2 708 478	2 578 022
Current Liabilities		15 956 901	11 258 649
Consumer Deposits	4	152 813	34 428
Current Employee benefits	5	5 874 146	3 003 348
Payables from exchange transactions	6	6 498 802	3 737 969
Unspent Conditional Government Grants and Receipts	7	3 138 174	4 397 734
Current Portion of Long-term Liabilities	1	292 965	85 169
Total Net Assets and Liabilities		472 755 646	519 451 142
ASSETS			
Non-Current Assets		392 436 469	409 540 810
Property, Plant and Equipment	9	367 142 242	384 000 517
Investment Property	10	25 008 529	25 112 735
Intangible Assets	11	285 698	427 558
Current Assets		80 319 178	109 910 332
Inventory	12	373 402	247 775
Receivables from exchange transactions	13	27 137 665	29 227 349
Receivables from non-exchange transactions	14	1 565 449	1 925 808
Unpaid Conditional Government Grants and Receipts	7	5 663 272	22 581 392
Operating Lease Asset	15	76 042	48 042
Taxes	8	3 075 757	12 122 970
Cash and Cash Equivalents	16	42 427 590	43 756 996
Total Assets		472 755 646	519 451 142

EMALAHLENI MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011	2011	2011
	Notes	Actual	Restated	Correction of Error	Previously reported
		R	R	R	R
REVENUE					
Revenue from Non-exchange Transactions		77 066 196	85 859 269	30 082 508	53 712 189
Taxation Revenue		3 397 136	2 264 464	(1 032 286)	1 232 178
Property rates	17	3 397 136	2 264 464	(1 032 286)	1 232 178
Transfer Revenue		73 573 763	83 554 205	31 074 194	52 480 011
Government Grants and Subsidies - Capital	18	1 425 468	23 016 997	(29 463 014)	52 480 011
Government Grants and Subsidies - Operating	18	72 148 295	60 537 208	60 537 208	-
Other Revenue		95 297	40 600	40 600	-
Actuarial Gains		-	40 600	40 600	-
Fines		632	-	-	-
Reversal of Debt Impairment		94 665	-	-	-
Revenue from Exchange Transactions		49 654 748	11 805 788	(218 903)	12 024 691
Service Charges	19	14 743 226	6 873 927	(446 107)	7 320 034
Rental of Facilities and Equipment		739 147	606 473	(15 689)	622 162
Interest Earned - external investments		1 911 317	1 588 615	-	1 588 615
Interest Earned - outstanding debtors		5 610 555	2 185 868	(12 300)	2 198 167
Licences and Permits		4 783	2 137	2 137	-
Agency Services		324 512	233 633	209 873	23 760
Other Income	20	26 321 208	315 135	43 182	271 953
Total Revenue		126 720 943	97 665 056	29 863 605	65 736 879
EXPENDITURE					
Employee related costs	21	40 637 379	27 039 501	398 629	26 640 872
Remuneration of Councillors	22	8 269 699	6 654 362	(6 960)	6 661 323
Debt Impairment	23	45 237 255	7 791 769	-	7 791 769
Depreciation and Amortisation	24	20 118 519	19 480 249	19 480 249	-
Impairments		577 880	-	-	-
Repairs and Maintenance		5 927 343	2 438 136	30 668	2 407 468
Actuarial losses	2	348 806	197 974	197 974	-
Finance Charges	25	340 445	216 303	195 505	20 798
Bulk Purchases	26	9 699 328	7 290 551	-	7 290 551
Other Operating Grant Expenditure	27	11 199 724	10 842 446	10 842 446	-
Administration and Management Fees paid		-	-	283 870	(283 870)
General Expenses	28	37 898 351	14 644 633	(10 049 691)	24 694 324
Total Expenditure		180 254 728	96 595 924	21 372 689	75 223 235
NET SURPLUS/(DEFICIT) FOR THE YEAR		(53 533 785)	1 069 132	8 490 915	(9 486 355)

EMALAHLENI MUNICIPALITY

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE
2012**

	Accumulated Surplus/(Deficit)	Total
	R	R
Balance at 1 JULY 2010	255 114 781	255 114 781
Correction of error/Change in accounting policy	246 816 673	246 816 673
Restated Balance at 1 JULY 2010	501 931 454	501 931 454
Net Surplus for the year	1 069 132	1 069 132
Balance at 30 JUNE 2011	503 000 587	503 000 587
Net Deficit for the year	(53 533 785)	(53 533 785)
Balance at 30 JUNE 2012	449 466 802	449 466 802

EMALAHLENI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	30 JUNE 2012 R	30 JUNE 2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		18 468 657	16 176 033
Government - operating		72 148 295	60 537 208
Government - capital		1 425 468	23 016 997
Interest		7 521 872	3 774 483
Payments			
Suppliers and employees		(98 392 218)	(73 331 700)
Finance charges	25	(340 445)	(216 303)
Cash generated by operations	30	831 629	29 956 718
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(2 998 199)	(25 938 563)
Net Cash from Investing Activities		(2 998 199)	(25 938 563)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(125 431)	(105 609)
New loans raised		844 210	-
(Decrease)/Increase in Consumer Deposits		118 385	(52 290)
Net Cash from Financing Activities		837 164	(157 898)
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		-1 329 406	3 860 257
Cash and Cash Equivalents at the beginning of the year		43 756 996	39 896 739
Cash and Cash Equivalents at the end of the year	31	42 427 590	43 756 996
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		-1 329 406	3 860 257

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8,10 and 11 of GRAP 3 (Revised – February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 2 (Revised – Feb 2010)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised – Feb 2010)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised – Feb 2010)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 10 (Revised – Feb 2010)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised – Feb 2010)	Construction Contracts	1 April 2011
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 14 (Revised – Feb 2010)	Events after the reporting date	1 April 2011
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 19 (Revised – Feb 2010)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21 (Original – Mar 2009)	Impairment of non-cash-generating assets	1 April 2012
GRAP 23 (Original – Feb 2008)	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 26 (Original – Mar 2009)	Impairment of cash-generating assets	1 April 2012
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
GRAP 100 (Revised – Feb 2010)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011

GRAP 104 (Original – Oct 2009)	Financial Instruments	1 April 2012
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 20	Related Parties	Unknown

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

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required 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 notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material 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. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure.

1.6. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 (Revised – March 2012) paragraph 11 to 14 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

1.7. 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:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	Consolidated and Separate Financial Statements The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.	1 April 2011
GRAP 7 (Revised – Mar 2012)	Investments in Associate This Standard prescribes the accounting treatment for investments in joint ventures where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets. No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

<p>GRAP 8 (Revised – Nov 2010)</p>	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	<p>1 April 2011</p>
<p>GRAP 18 (Original – Feb 2011)</p>	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>Information to a large extent is already included in the appendices to the annual financial statements which do not form part of the audited financial statements.</p>	<p>Unknown</p>
<p>GRAP 24 (Original – Nov 2007)</p>	<p>Presentation of Budget Information in Financial Statements</p> <p>This Standard requires a comparison of budget mounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. The Standard also requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts.</p> <p>Information to a large extent is already included in the notes to the annual financial statements and the impact is assessed to not be significant.</p>	<p>1 April 2012</p>
<p>GRAP 103 (Original – July 2008)</p>	<p>Heritage Assets</p> <p>The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.</p> <p>No adjustments necessary as the Municipality has no significant heritage assets other than the assets currently accounted for in terms of GRAP 17.</p>	<p>1 April 2012</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	<p>Unknown</p>

GRAP 106 (Original – Nov 2010)	Transfer of Functions Between Entities Not Under Common Control The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107 (Original – Nov 2010)	Mergers The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
IGRAP 12	Jointly Controlled Entities non-monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.8. RESERVES

1.8.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8.2 *Valuations Reserve*

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation.

1.9. LEASES

1.9.1 *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 (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) 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 and 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 de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9.2 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 de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.

- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.10 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential 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 of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a 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 possible.

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.
- (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.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised..

1.13. EMPLOYEE BENEFITS

(a) *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in

the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(e) Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(f) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

(g) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14. BORROWING COSTS

Borrowing costs 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 amount of borrowing costs that the Municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. 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. . Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 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. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. 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 assets 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.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated 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.

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for

use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	100
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
		Specialised plant and Equipment	10-15
<u>Community</u>		Other plant and Equipment	2-5
Buildings	100	Landfill sites	15
Recreational Facilities	20-30	Quarries	25
Security	5	Emergency equipment	10
Halls	20-100	Computer equipment	3
Libraries	20-100		
Parks and gardens	15-20		
Other assets	15-20		
<u>Finance lease assets</u>			
Office equipment	5		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed 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.

1.15.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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 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.

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. 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.

1.16.3 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. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	5
Computer Software Licenses	5

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed 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.

1.16.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and 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. Property with a currently undetermined usage, is also classified as investment property.

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 measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Cost Model

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

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	100

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference

between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.18. NON-CURRENT ASSETS HELD FOR SALE

1.18.1 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.

1.18.2 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.

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the

asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.19.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's 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 recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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 (net of depreciation or amortisation) had no impairment loss been

recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.20. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated 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.

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.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable 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.

1.21.2 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. 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.

In general, the basis of allocating cost to inventory items is the first in first out method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.22.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 Payables and Annuity Loans

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

1.22.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. 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, highly liquid deposits and net

of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

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.

1.22.3 De-recognition of Financial Instruments

1.22.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23. REVENUE

1.23.1 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.

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.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, is a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset.

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, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

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.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the

taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.23.2 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. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, is a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . 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. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

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 points per property.

Service charges relating to sanitation (sewerage) 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. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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 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 are 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.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. The following are regarded as related parties of the reporting entity:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the management of the reporting entity or its controlling entity.
- (b) An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified who has control or joint control over the reporting entity and has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Management includes all persons having the authority and responsibility for planning, directing and controlling the activities of the entity, including:

- (a) all members of the governing body of the reporting entity;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the entity;

- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the entity; and
- (d) the senior management team of the entity, including the chief executive officer or permanent head of the entity, unless already included in (a).

1.25. 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 a 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 (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. 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, and (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 (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.29. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making

assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 2 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end.

Professional engineers were utilised to determine the cost of rehabilitation as on date of reporting, as well as the percentage used of each cell within the landfill site.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end; that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using 5 days worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.31. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.32. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1	LONG-TERM LIABILITIES	2012	2011			
		R	R			
	Capitalised Lease Liability - At amortised cost	562 849	85 169			
	Hire Purchase	834 959	-			
		1 397 808	85 169			
	Less: Current Portion transferred to Current Liabilities	292 965	85 169			
	Capitalised Lease Liability - At amortised cost	151 406	85 169			
	Hire Purchase	141 560	-			
	Total Long-term Liabilities - At amortised cost	1 104 842	-			
	Balance previously reported		95 505			
	Correction of error Lease liability - Refer to note 29.01		(10 336)			
			85 169			
	The obligations under finance leases are scheduled below:		Minimum lease payments			
	Amounts payable under finance leases:					
	Payable within one year	310 526	93 590			
	Payable within two to five years	543 421	-			
	Payable after five years	-	-			
		853 947	93 590			
	Less: Future finance obligations	(291 098)	(8 420)			
	Present value of lease obligations	562 849	85 169			
	Leases are secured by property, plant and equipment - Note 9					
	The capitalised lease liability consist out of the following contracts:					
	<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
	Stannic	Olivetti - D Copia 800	13.75%	10%	5 Years	01/02/2012
	NRG Office Solutions (Pty) Ltd	3 x Kyocera FS 3640	32.04%	0%	3 Years	20/03/2015
	NRG Office Solutions (Pty) Ltd	2 x Powis Fastback Model 20	32.04%	0%	3 Years	20/03/2015
	NRG Office Solutions (Pty) Ltd	2 x Taskalfa 3500i	32.04%	0%	3 Years	20/03/2015
	NRG Office Solutions (Pty) Ltd	1 x Taskalfa 6550ci	32.04%	0%	3 Years	20/03/2015
	NRG Office Solutions (Pty) Ltd	1 x Taskalfa 8000i	32.04%	0%	3 Years	20/03/2015
	The obligations under hire purchase agreements are scheduled below:				Minimum hire purchase payments	
	Amounts payable under hire purchase agreements:					
	Payable within one year		210 976		-	
	Payable within two to five years		825 324		-	
	Payable after five years		-		-	
			1 036 300		-	
	Less: Future finance obligations		(201 341)		-	
	Present value of hire purchase obligations		834 959		-	
	Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.					

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		R	R
2	EMPLOYEE BENEFITS		
	Post Retirement Benefits - Refer to Note 2.1	2 697 236	2 195 155
	Long Service Awards - Refer to Note 2.2	821 387	418 729
	Total Non-current Employee Benefit Liabilities	3 518 623	2 613 884
	Balance previously reported		-
	Correction of error - Refer to note 29.02		2 613 884
			2 613 884
		2012	2011
		R	R
	<u>Post Retirement Benefits</u>		
	Balance 1 July	2 218 688	1 720 963
	Contribution for the year	307 648	173 123
	Interest Cost	196 505	155 387
	Expenditure for the year	(23 533)	(28 759)
	Actuarial Loss/(Gain)	18 928	197 974
	Total post retirement benefits 30 June	2 718 236	2 218 688
	Less: Transfer of Current Portion - Note 5	(21 000)	(23 533)
	Balance 30 June	2 697 236	2 195 155
	<u>Long Service Awards</u>		
	Balance 1 July	807 042	675 901
	Contribution for the year	212 044	168 023
	Interest Cost	54 696	41 789
	Expenditure for the year	(388 313)	(38 071)
	Actuarial Loss/(Gain)	329 878	(40 600)
	Total long service 30 June	1 015 347	807 042
	Less: Transfer of Current Portion - Note 5	(193 960)	(388 313)
	Balance 30 June	821 387	418 729
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	3 025 730	2 396 864
	Contribution for the year	519 692	341 146
	Interest cost	251 201	197 176
	Expenditure for the year	(411 846)	(66 830)
	Actuarial Loss/(Gain)	348 806	157 374
	Total employee benefits 30 June	3 733 583	3 025 730
	Less: Transfer of Current Portion - Note 5	(214 960)	(411 846)
	Balance 30 June	3 518 623	2 613 884
2.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as		
	In-service (employee) members	62	62
	In-service (employee) non-members	111	111
	Continuation members (e.g. Retirees, widows, orphans)	1	2
	Total Members	174	175
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	2 477 293	2 022 025
	Continuation members	240 943	196 663
	Total Liability	2 718 236	2 218 688
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2010	2009
		R	R
	In-service members	1 568 418	
	Continuation members	152 545	
	Total Liability	1 720 963	-

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2	EMPLOYEE BENEFITS (CONTINUE)				
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:				
	Bonitas; Hosmed LA Health Samwumed; and Key health.				
			2012	2011	
	Key actuarial assumptions used:		%	%	
	i) Rate of interest				
	Discount rate		8.44%		
	Health Care Cost Inflation Rate		7.15%		
	Net Effective Discount Rate		1.20%		
	ii) Mortality rates				
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.				
	iii) Normal retirement age				
	It has been assumed that in-service members will retire at age 60 for females and 65 for males, which then implicitly allows for expected rates of early and ill-health retirement.				
			2012	2011	
			R	R	
	The amounts recognised in the Statement of Financial Position are as follows:				
	Present value of fund obligations		2 718 236	2 218 688	
	Total Liability		2 718 236	2 218 688	
	The fund is entirely unfunded.				
	The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).				
	Reconciliation of present value of fund obligation:				
	Present value of fund obligation at the beginning of the year		2 218 688	1 720 963	
	Total expenses		480 620	299 751	
	Current service cost		307 648	173 123	
	Interest Cost		196 505	155 387	
	Benefits Paid		(23 533)	(28 759)	
	Actuarial (gains)/losses		18 928	197 974	
	Present value of fund obligation at the end of the year		2 718 236	2 218 688	
	Less: Transfer of Current Portion - Note 5		(21 000)	(23 533)	
	Balance 30 June		2 697 236	2 195 155	
	Sensitivity Analysis on the Accrued Liability				
			In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
	Assumption				% change
	Central Assumptions		2.477	0.241	2.718
	The effect of movements in the assumptions are as follows:				
			In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
	Assumption	Change			% change
	Health care inflation	1%	2.986	0.259	3.245
	Health care inflation	-1%	2.073	0.224	2.297
	Post-retirement mortality	-1 year	2.567	0.253	2.820
	Average retirement age	-1 year	2.752	0.241	2.993
	Withdrawal Rate	-50%	2.714	0.241	2.955

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2	EMPLOYEE BENEFITS (CONTINUE)	2012	2011
2.2	Long Service Bonuses		
	The Long Service Bonus plans are defined benefit plans.		
	As at year end, the following number of employees were eligible for Long Service Bonuses.	185	185
	Key actuarial assumptions used:	2012	2011
		%	%
	i) Rate of interest		
	Discount rate	6.16%	
	General Salary Inflation (long-term)	5.97%	
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.18%	
		2012	2011
		R	R
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	1 015 347	807 042
	Net liability	1 015 347	807 042
	The liability in respect of periods commencing prior to the comparative year has		
		2010	2009
		R	R
		2008	
		R	R
	Total Liability	675 901	-
		2012	2011
		R	R
	Reconciliation of present value of fund obligation:		
	Present value of fund obligation at the beginning of the year	807 042	675 901
	Total expenses	(121 573)	171 741
	Current service cost	212 044	168 023
	Interest Cost	54 696	41 789
	Benefits Paid	(388 313)	(38 071)
	Actuarial (gains)/losses	329 878	(40 600)
	Present value of fund obligation at the end of the year	1 015 347	807 042
	Less: Transfer of Current Portion - Note 5	(193 960)	(388 313)
	Balance 30 June	821 387	418 729
	Sensitivity Analysis on the Unfunded Accrued Liability		
	Assumption	Change	Liability (R)
	Central assumptions		1.015
	General salary inflation	1.00%	1.072
	General salary inflation	-1.00%	0.964
	Average retirement age	-2 yrs	0.918
	Average retirement age	+2 yrs	1.089
	Withdrawal rates	-50.00%	1.229
			% change
			6%
			-5%
			-10%
			7%
			21%

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2	EMPLOYEE BENEFITS (CONTINUE)															
	2.3	Retirement funds														
		The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.														
		As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.														
		Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.														
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">CAPE JOINT PENSION FUND</th> <th style="text-align: center;">Contributing members</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">The contribution rate payable is 9% by members and 18% by Council.</td> <td style="text-align: center;">40</td> </tr> </tbody> </table>	CAPE JOINT PENSION FUND	Contributing members	The contribution rate payable is 9% by members and 18% by Council.	40										
CAPE JOINT PENSION FUND	Contributing members															
The contribution rate payable is 9% by members and 18% by Council.	40															
			2012	2011												
			R	R												
		Contributions paid recognised in the Statement of Financial Performance	923 187	803 572												
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">CAPE RETIREMENT FUND</th> <th style="text-align: center;">Contributing members</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">The contribution rate payable is 9% by members and 18% by Council.</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>	CAPE RETIREMENT FUND	Contributing members	The contribution rate payable is 9% by members and 18% by Council.	-										
CAPE RETIREMENT FUND	Contributing members															
The contribution rate payable is 9% by members and 18% by Council.	-															
			2012	2011												
			R	R												
		Contributions paid recognised in the Statement of Financial Performance	-	184 528												
		<u>DEFINED CONTRIBUTION FUNDS</u>														
		Council contribute to the South African Local Authorities Pension Fund, Municipal Councillors Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.														
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Last Actuarial Valuation</th> <th style="text-align: center;">Contributing members</th> </tr> </thead> <tbody> <tr> <td><u>South African Local Authorities Pension Fund</u></td> <td style="text-align: center;">2011/06/30</td> <td style="text-align: center;">64</td> </tr> <tr> <td><u>Municipal Councillors Pension Fund</u></td> <td style="text-align: center;">2009/06/30</td> <td style="text-align: center;">34</td> </tr> <tr> <td><u>SAMWU National Provident Fund</u></td> <td style="text-align: center;">2008/06/30</td> <td style="text-align: center;">75</td> </tr> </tbody> </table>		Last Actuarial Valuation	Contributing members	<u>South African Local Authorities Pension Fund</u>	2011/06/30	64	<u>Municipal Councillors Pension Fund</u>	2009/06/30	34	<u>SAMWU National Provident Fund</u>	2008/06/30	75		
	Last Actuarial Valuation	Contributing members														
<u>South African Local Authorities Pension Fund</u>	2011/06/30	64														
<u>Municipal Councillors Pension Fund</u>	2009/06/30	34														
<u>SAMWU National Provident Fund</u>	2008/06/30	75														
		The funding level for SALA pension fund had improved from the previous valuation date (96% as at 30 June 2010) to 98% as at 30 June 2011. The fund's actuary recommended that the participating employers continue to contribute at the rate of 20.78% which prevailed prior to the 30 June 2011 valuation.														
		Note: The results of the actuarial valuations dated 30 June 2008 for SAMWU National Provident Fund and 30 June 2009 for Municipal Councillors Pension Funds are not yet available.														
		Contributions paid recognised in the Statement of Financial Performance														
		Sala Pension Fund	987 355	893 976												
		Municipal Councillors Pension Fund	617 295	610 439												
		SAMWU National Provident Fund	1 006 124	819 145												
			2 610 773	2 323 560												

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

3	NON-CURRENT PROVISIONS	2012	2011
		R	R
	Provision for Rehabilitation of Landfill-sites	2 708 478	2 578 022
	Total Non-current Provisions	2 708 478	2 578 022
	Balance previously reported		8 823 336
	Correction of error - Refer to note 29.03		(6 245 314)
			2 578 022
	<p>The Municipality operate on three landfill sites. The in year actual operational costs is expensed in the statement of financial position. The provision is calculated in order to finance the rehabilitation cost of each cell when it reaches 100% capacity. The expected cash flow outflow; within one year; relates to all three sites of the case of all three sites there is already a shortcoming in the day to day operations of the sites these cost is represented by the short-term portion of the non-current provision. The landfill sites in operation are Lady Frere; Dordrecht and Indwe.</p>		
		2012	2011
		R	R
	<u>Landfill Sites</u>		
	Balance 1 July	2 578 022	2 447 566
	Contribution for the year	130 456	130 456
	Total provision 30 June	2 708 478	2 578 022
	<u>Less:</u> Transfer of Current Portion to Current Provisions - Note	-	-
	Balance 30 June	2 708 478	2 578 022
	<p>The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:</p>		
		<u>Lady Frere</u>	<u>Dordrecht</u>
		<u>Indwe</u>	
	Total area (m ²)	7 772	36 956
	Capacity use of total area (%)	50.0%	23.6%
	Current cell in operation (m ²)	7 772	17 453
	Capacity use of existing cell (%)	50.0%	50.0%
	<p>The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life. Total cost of rehabilitation of the current cell in operation and estimated date of decommission of the cell are as follows:</p>		
		<u>Estimated decommission date</u>	<u>Rehabilitation cost of cell in use</u>
	<u>Location</u>		<u>2012</u>
			<u>R</u>
	Lady Frere landfill site is located approximately 2.0km west off Indwe road R 394	2017	1 624 823
	Dordrecht landfill site is located off R56 about 900m after the Dordrecht town to Queenstown Route	2017	2 921 468
	Indwe landfill site is located east off R56 approximately 260m before the town of Indwe	2027	870 665
			5 416 957
4	CONSUMER DEPOSITS		
	Electricity	-	34 428
	Water	152 813	-
	Total Consumer Deposits	152 813	34 428
	<p>The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.</p>		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

5	CURRENT EMPLOYEE BENEFITS	2012 R	2011 R
	Current Portion of Post Retirement Benefits - Note 2	21 000	23 533
	Current Portion of Long-Service Provisions - Note 2	193 960	388 313
	Provision for Staff Leave	3 119 600	1 066 568
	Provision for Performance Bonuses	1 865 244	1 183 423
	Staff Bonuses accrued	674 343	341 512
	Total Current Employee Benefits	5 874 146	3 003 348
	Balance previously reported		-
	Correction of error - Refer to note 29.04		3 003 348
			3 003 348
	The movement in current employee benefits is reconciled as follows:		
	<u>Provision for Staff Leave</u>		
	Balance at beginning of year	1 066 568	1 066 568
	Contribution to current portion	2 606 294	582 798
	Expenditure incurred	(553 262)	(582 798)
	Balance at end of year	3 119 600	1 066 568
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is a possibility of reimbursement based on trends in the past.		
	<u>Provision for Performance Bonuses</u>		
	Balance at beginning of year	1 183 423	827 652
	Contribution to current portion	681 821	610 337
	Expenditure incurred	-	(254 566)
	Balance at end of year	1 865 244	1 183 423
	Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. The evaluations for 2010; 2011 and 2012 are outstanding.		
	<u>Staff Bonuses accrued</u>		
	Balance at beginning of year	341 512	341 512
	Contribution to current portion	1 509 755	1 497 099
	Expenditure incurred	(1 176 924)	(1 497 099)
	Balance at end of year	674 343	341 512
	Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.		
6	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	3 627 185	488 557
	Third party payables (Payroll)	(159 986)	23 605
	Payments received in advance	339 227	61 757
	Sundry Deposits	22 823	11 216
	Sundry Creditors	2 669 552	3 152 834
	Total Trade Payables	6 498 802	3 737 969
	Balance previously reported		26 162 967
	Correction of error - Refer to note 29.05		(22 424 998)
			3 737 969
	Payables are being recognised net of any discounts.		
	Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary		
	The carrying value of trade and other payables approximates its fair value. All payables are unsecured. Sundry deposits include hall, tender and other general deposits. The Municipality did not default on any of their payables		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2012 R	2011 R
	Unspent Grants	3 138 174	4 397 734
	National Government Grants	893 176	1 294 200
	Provincial Government Grants	1 781 400	2 098 215
	District Municipality	463 598	499 469
	Other Grants	-	505 850
	Less: Unpaid Grants	5 663 272	22 581 392
	National Government Grants	3 931 248	21 534 018
	Provincial Government Grants	1 047 374	1 047 374
	District Municipality	-	-
	Other Grants	684 650	-
	Total Conditional Grants and Receipts	(2 525 098)	(18 183 658)
	Balance previously reported		26 442 858
	Correction of error - Refer to note 29.06		(44 626 516)
			(18 183 658)
	See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
	Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
8	TAXES		
	VAT RECEIVABLE/(PAYABLE)	11 819 772	14 862 925
	Less: Provision for impairment of receivables	(8 744 015)	(2 739 955)
	NET VAT RECEIVABLE/(PAYABLE)	3 075 757	12 122 970
	VAT is receivable/payable on the cash basis.		
	Balance previously reported		9 491 665
	Correction of error - Refer to note 29.13		(2 631 305)
			12 122 970

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

9	PROPERTY, PLANT AND EQUIPMENT (CONTINUE)	2012 R	2011 R
	No assets pledged as security.		
	Impairment of property plant and equipment for the year		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Land and Buildings	(118 731)	-
	Other	(459 149)	-
		(577 880)	-
	The impairments occurred due assets not found when performing the asset count. The value of the impairment is equal to the carrying value as at the end of the reporting date.		
	No Reversal of impairment charges took place during the year of reporting.		
	Cumulative impairment charges included in major balances		
	Land and Buildings	(118 731)	-
	Other	(459 149)	-
		(577 880)	-
	Effect of changes in accounting estimates		
	No effect change in accounting estimate took place.		
10	INVESTMENT PROPERTY	2012 R	2011 R
	Net Carrying amount at 1 July	25 112 735	25 216 657
	Cost	25 424 500	25 424 500
	Accumulated Depreciation	(311 765)	(207 843)
	Accumulated Impairment	-	-
	Acquisitions	-	-
	Disposals	-	-
	Depreciation for the year	(104 206)	(103 922)
	Impairment	-	-
	Transfers to/from other classes	-	-
	Net Carrying amount at 30 June	25 008 529	25 112 735
	Cost	25 424 500	25 424 500
	Accumulated Depreciation	(415 971)	(311 765)
	Accumulated Impairment	-	-
	Since the previous reporting date the following Investment Property were measured in accordance with GRAP 16 and restated retrospectively:		
	Cost	25 424 500	25 424 500
	Accumulated Depreciation	-415 971	-311 765
	Total not previously recognised now restated retrospectively	25 008 529	25 112 735
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		R	R
11	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	427 558	569 030
	Cost	707 359	707 359
	Accumulated Amortisation	(279 801)	(138 329)
	Amortisation	(141 859)	(141 472)
	Net Carrying amount at 30 June	285 698	427 558
	Cost	707 359	707 359
	Accumulated Amortisation	(421 660)	(279 801)
	Balance previously reported		690 480
	Correction of error - Refer to note 29.08		(262 922)
			427 558
	The following material intangible assets are included in the carrying value above		
		Carrying Value	
		2012	2011
		R	R
	<u>Description</u>		
		<u>Remaining Amortisation</u>	
		<u>Period</u>	
	ABBD Creative Suite 4 (software)	3 years	8 685
	Document management system	2 years	12 070
			415 488
	No intangible asset was asessed having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.		
12	INVENTORY		
	Maintenance Materials - At cost	217 555	247 775
	Water – at cost	155 847	-
	Total Inventory	373 402	247 775
	The FIFO method was applied. The inventory system is currently manually operated and all calculations for that matter were performed manually. An implementation plan for a computerised inventory system was developed and implementation has commenced. The system will be fully operational by the end of June 2013.		
	No inventory assets were pledged as security for liabilities.		
13	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2012	2011
		R	R
	Electricity	1 977 227	1 594 624
	Water	20 357 942	-
	Refuse	21 508 191	17 490 809
	Sewerage	25 023 687	-
	Rental	311 278	221 104
	Other Consumer Debtors	3 963 238	4 098 097
	Chris Hanani Debtor	25 018 837	28 099 531
	Sundry Receivables	357 379	62 883
	Total Receivables from Exchange Transactions	98 517 779	51 567 048
	Less: Provision for Impairment	(71 380 114)	(22 339 699)
	Total Net Receivables from Exchange Transactions	27 137 665	29 227 349
	Balance previously reported		1 117 112
	Correction of error - Refer to note 29.1		28 110 237
			29 227 349
	Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. The outstanding consumer accounts are secured by the consumer deposits paid only.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

13	RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continue)	2012	2011
		R	R
	Ageing of Receivables from Exchange Transactions:		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	72 390	51 778
	31 - 60 Days	61 384	50 417
	61 - 90 Days	58 533	58 009
	+ 90 Days	1 784 920	1 474 446
	Total	1 977 227	1 634 650
	<u>(Water): Ageing</u>		
	Current (0 - 30 days)	376 976	
	31 - 60 Days	366 797	
	61 - 90 Days	357 735	
	+ 90 Days	19 256 435	
	Total	20 357 942	-
	<u>(Refuse): Ageing</u>		
	Current (0 - 30 days)	359 098	321 951
	31 - 60 Days	346 408	332 507
	61 - 90 Days	340 249	328 248
	+ 90 Days	20 462 436	16 971 613
	Total	21 508 191	17 954 319
	<u>(Sewerage): Ageing</u>		
	Current (0 - 30 days)	479 300	
	31 - 60 Days	463 223	
	61 - 90 Days	457 398	
	+ 90 Days	23 623 766	
	Total	25 023 687	-
	<u>(Rental): Ageing</u>		
	Current (0 - 30 days)	13 628	-
	31 - 60 Days	9 928	-
	61 - 90 Days	9 524	-
	+ 90 Days	278 198	221 104
	Total	311 278	221 104
	<u>(Other): Ageing</u>		
	Current (0 - 30 days)	0	-
	31 - 60 Days	0	-
	61 - 90 Days	0	-
	+ 90 Days	3 962 847	4 098 097
	Total	3 962 848	4 098 097
	<u>(Total): Ageing</u>		
	Current (0 - 30 days)	1 301 392	373 730
	31 - 60 Days	1 247 740	382 924
	61 - 90 Days	1 223 440	386 257
	+ 90 Days	69 368 601	22 765 260
	Total	73 141 173	23 908 170
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	22 339 699	18 219 955
	Contribution to provision/(Reversal of provision)	43 207 137	5 023 178
	VAT portion of Contribution/(Reversal)	5 833 279	(903 434)
	Bad Debts Written Off	(0)	(0)
	Balance at end of year	71 380 114	22 339 699
	The Provision for Impairment could be allocated between the different classes of receivables as follows:		
	Electricity	1 276 298	1 370 963
	Water	17 407 579	(33 262)
	Refuse	18 673 233	14 899 624
	Sewerage	21 654 067	(14 219)
	VAT	8 744 015	2 739 955
	Other	3 624 922	3 376 638
		71 380 114	22 339 699
	Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

14	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2012 R	2011 R
	Rates	15 842 045	14 172 286
	Other Receivables	36 109	36 109
	Other Receivables	36 109	36 109
	Total Receivables from Non-Exchange Transactions	15 878 153	14 208 395
	Less: Provision for Impairment	(14 312 704)	(12 282 586)
	Total Net Receivables from Non-Exchange Transactions	1 565 449	1 925 808
	Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.		
	Ageing of Receivables from Non-Exchange Transactions:		
	(Rates): Ageing		
	Current (0 - 30 days)	851 032	191 753
	31 - 60 Days	304 181	347 825
	61 - 90 Days	291 408	342 613
	+ 90 Days	14 395 424	12 072 899
	Total	15 842 045	12 955 089
	Reconciliation of Provision for Impairment		
	Balance at beginning of year	12 282 586	9 513 996
	Contribution to provision/(Reversal of provision)	2 030 118	2 768 591
	Bad Debts Written Off	-	-
	Balance at end of year	14 312 704	12 282 586
	The entire provision for bad debts relates to the outstanding rates balance.		
	Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
15	OPERATING LEASE ARRANGEMENTS		
	The Municipality as Lessor (Asset)		
	Balance on 1 July	48 042	10 381
	Movement during the year	28 000	37 661
	Balance on 30 June	76 042	48 042
	At the Statement of Financial Position date, where the municipality acts as a Lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	378 037	342 864
	1 to 5 Years	383 463	669 768
	More than 5 Years	326 198	417 929
	Total Operating Lease Arrangements	1 087 698	1 430 562
	Balance previously reported		
	Correction of error - Refer to note 29.12		64 010
			(15 968)
			48 042
	The Municipality does not engage in any sub-lease arrangements.		
	The Municipality did not receive any contingent rent during the year		
	Certain of the Municipality's properties are leased to third parties to generate rental income. Leases receipts escalate annually on average by 10%. Lease agreements are non-cancellable and have terms from 3 to 10 years.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

16	CASH AND CASH EQUIVALENTS	2012	2011
		R	R
	<u>Assets</u>		
	Call Investments Deposits	26 516 748	36 375 592
	Bank Accounts	15 904 328	7 374 889
	Cash Floats	6 515	6 515
	Total Cash and Cash Equivalents - Assets	42 427 590	43 756 996
	Cash and cash equivalents comprise of cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The Municipality has the following bank accounts:		
	<u>Current Accounts</u>	2012	2011
		R	R
	Standard Bank - Current Account - 082-665-958	14 233 412	6 682 509
	Standard Bank - Current Account - 082-630-631	480 761	519 760
	First National Bank - Current Account - 620-4898-6428	1 190 154	172 619
		15 904 328	7 374 889
	All accounts is cleared daily to Primary Bank Account; current account 082-665-958.		
	Standard Bank - Current Account - 082-665-958		
	Cash book balance at beginning of year	6 682 509	13 778 803
	Cash book balance at end of year	14 233 412	6 682 509
	Bank statement balance at beginning of year	6 915 554	13 778 803
	Bank statement balance at end of year	14 233 412	6 915 554
	Standard Bank - Current Account - 082-630-631		
	Cash book balance at beginning of year	519 760	170 618
	Cash book balance at end of year	480 761	519 760
	Bank statement balance at beginning of year	520 452	946 813
	Bank statement balance at end of year	470 464	520 452
	First National Bank - Current Account - 620-4898-6428		
	Cash book balance at beginning of year	172 619	529 311
	Cash book balance at end of year	1 190 154	172 619
	Bank statement balance at beginning of year	124 388	529 311
	Bank statement balance at end of year	1 412 947	124 388
17	PROPERTY RATES		
	<u>Actual</u>		
	Rateable Land and Buildings	3 901 445	5 267 942
	Residential, Commercial Property, State Agricultural	3 901 445	5 267 942
	Less: Rebates	(504 309)	(3 003 478)
	Total Assessment Rates	3 397 136	2 264 464
	<u>Valuations</u>		
	Rateable Land and Buildings:		
	Residential	305 855 050	
	Agricultural	8 486 200	
	Government	75 524 000	
	Business & Commercial	107 474 400	
	Municipal	64 496 000	
	Exempt Properties	13 302 400	
	Total Assessment Rates	575 138 050	
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.		
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

18	GOVERNMENT GRANTS AND SUBSIDIES	2012 R	2011 R
	Unconditional Grants	61 056 000	51 329 916
	Equitable Share	61 056 000	51 329 916
	Conditional Grants	12 517 763	32 224 289
	Grants and subsidies	12 517 763	32 224 289
	Subsidies	-	-
	Total Government Grants and Subsidies	73 573 763	83 554 205
	Government Grants and Subsidies - Capital	1 425 468	23 016 997
	Government Grants and Subsidies - Operating	72 148 295	60 537 208
		73 573 763	83 554 205
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Equitable share	61 056 000	51 329 916
	Budget and Treasury	2 765 626	2 586 073
	Community Services	55 871	36 500
	Corporate Services	90 236	113 986
	Council	480 163	1 213 057
	Electricity	5 134 100	4 345 900
	Executive	120 000	-
	IPED	1 574 490	258 776
	Roads Transport	1 867 704	23 669 997
	Water and Sanitation	429 573	-
		73 573 763	83 554 205
	The municipality does not expect any significant changes to the level of grants.		
18.1	Equitable share		
	Opening balance	-	-
	Grants received	61 056 000	51 329 916
	Conditions met - Operating	(61 056 000)	(51 329 916)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
18.2	Local Government Financial Management Grant (FMG)		
	Opening balance	290 100	35 315
	Grants received	1 500 000	1 250 000
	Conditions met - Operating	(1 911 202)	(995 215)
	Conditions met - Capital	-	-
	Conditions still to be met	(121 102)	290 100
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
18.3	Municipal Systems Improvement Grant (MSIG)		
	Opening balance	-	840 858
	Grants received	790 000	750 000
	Conditions met - Operating	(854 424)	(1 590 858)
	Conditions met - Capital	-	-
	Conditions still to be met	(64 424)	-
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
18.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	(21 534 018)	(1 557 021)
	Grants received	19 217 000	3 040 000
	Conditions met - Operating	(3 236)	-
	Conditions met - Capital	(1 425 468)	(23 016 997)
	Conditions still to be met	(3 745 722)	(21 534 018)
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

18	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2012 R	2011 R
18.5	Housing Grant		
	Opening balance	(1 017 968)	(1 017 968)
	Grants received	-	0
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	(1 017 968)	(1 017 968)
	Housing grants was utilised for the development of even; erection of top structures and the installing of basic service infrastructure; for example Water; Streets and Sewerage.		
18.6	Integrated National Electrification Grant (INEP)		
	Opening balance	1 004 100	2 350 000
	Grants received	4 480 000	3 000 000
	Conditions met - Operating	(5 134 100)	(4 345 900)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	350 000	1 004 100
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
18.7	Other Grants		
	Opening balance	3 074 128	2 951 547
	Grants received	2 189 323	53 727 817
	Conditions met - Operating	(3 189 333)	(53 605 235)
	Conditions met - Capital	-	-
	Conditions still to be met	2 074 119	3 074 128
	Various grants were received from other spheres of government (e.g. Library fund and Extended Public Works Program)		
18.8	Total Grants		
	Opening balance	(18 183 658)	3 602 731
	Grants received	89 232 323	113 097 732
	Conditions met - Operating	(72 148 295)	(111 867 124)
	Conditions met - Capital	(1 425 468)	(23 016 997)
	Conditions still to be met/(Grant expenditure to be recovered)	(2 525 098)	(18 183 658)
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	3 138 174	4 397 734
	Unpaid Conditional Government Grants and Receipts	(5 663 272)	(22 581 392)
		(2 525 098)	(18 183 658)
19	SERVICE CHARGES		
	Electricity	5 817 222	5 373 374
	Water	3 101 353	(7 424)
	Refuse removal	2 686 094	2 559 099
	Sewerage and Sanitation Charges	3 815 148	(440 610)
		15 419 817	7 484 439
	Less: Rebates	(676 591)	(610 512)
	Total Service Charges	14 743 226	6 873 927
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
20	OTHER INCOME		
	Administration charges	191 576	1 619
	Cemetery Fees	29 437	26 796
	Chris Hani DM (Water & Sanitation)	25 969 634	-
	Duplicate documents	21 963	12 319
	Pound Fees	41 015	39 222
	Registrations	1 264	1 422
	Sundry Income	66 319	233 757
	Total Other Income	26 321 208	315 135
	Sundry income represents sundry income such as cleaning of sites, private work		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

21	EMPLOYEE RELATED COSTS	2012 R	2011 R
	Salaries and Wages	25 605 034	17 316 514
	Annual bonus	1 604 078	1 024 866
	Contributions for UIF, pensions and medical aids	4 948 041	3 776 430
	Housing Subsidy	584 722	451 993
	Leave Reserve Fund	2 635 835	582 798
	Long service awards	212 044	168 023
	Overtime	1 313 739	823 717
	Post Employment Health	307 648	173 123
	Performance bonus	681 821	610 337
	Skills development levy	303 273	202 170
	Travel, motor car, telephone, assistance and other allowances	2 441 143	1 909 531
		40 637 379	27 039 501
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	40 637 379	27 039 501
	Municipal Manager and all other Senior Managers are appointed on fixed term contracts.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager</i>		
	Annual Remuneration	517 882	489 068
	Performance Bonuses	-	56 229
	Back dated remuneration	37 414	34 809
	Leave encashment	63 685	-
	Travel, motor car, telephone, assistance and other allowances	203 375	192 096
	Contributions to UIF, Medical and Pension Funds	132 925	123 528
	Total	955 281	895 730
	<i>Remuneration of the Manager Technical Services</i>		
	Annual Remuneration	472 050	414 775
	Performance Bonuses	-	35 850
	Back dated remuneration	-	30 489
	Leave encashment	29 380	-
	Travel, motor car, telephone, assistance and other allowances	172 786	163 200
	Contributions to UIF, Medical and Pension Funds	136 888	127 581
	Total	811 104	771 895
	<i>Remuneration of the Manager Corporate Services</i>		
	Annual Remuneration	469 256	414 775
	Performance Bonuses	-	50 283
	Back dated remuneration	32 880	30 489
	Travel, motor car, telephone, assistance and other allowances	172 786	163 200
	Contributions to UIF, Medical and Pension Funds	136 887	127 581
	Total	811 810	786 328
	<i>Remuneration of the Chief Financial Officer</i>		
	Annual Remuneration	327 975	465 373
	Performance Bonuses	-	44 696
	Back dated remuneration	15 563	30 489
	Leave encashment	82 851	-
	Travel, motor car, telephone, assistance and other allowances	109 513	132 719
	Contributions to UIF, Medical and Pension Funds	84 114	107 468
	Total	620 015	780 744
	<i>Remuneration of the Manager Community Services</i>		
	Annual Remuneration	439 212	450 775
	Acting Allowance	50 032	-
	Back dated remuneration	32 880	30 489
	Leave encashment	38 194	26 461
	Travel, motor car, telephone, assistance and other allowances	172 786	127 200
	Contributions to UIF, Medical and Pension Funds	136 912	127 581
	Total	870 016	762 506
	<i>Remuneration of the Manager IPED Services</i>		
	Annual Remuneration	439 212	414 775
	Performance Bonuses	-	11 640
	Back dated remuneration	32 880	30 489
	Leave encashment	49	-
	Travel, motor car, telephone, assistance and other allowances	172 786	163 200
	Contributions to UIF, Medical and Pension Funds	136 839	127 581
	Total	781 766	747 685
	<i>Remuneration of the Manager Strategic Services</i>		
	Annual Remuneration	439 212	414 775
	Performance Bonuses	-	55 870
	Back dated remuneration	32 880	30 489
	Travel, motor car, telephone, assistance and other allowances	172 786	163 200
	Contributions to UIF, Medical and Pension Funds	135 006	127 581
	Total	779 885	791 915

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
22 REMUNERATION OF COUNCILLORS		
Mayor	631 983	593 980
Speaker	509 604	479 738
Chief Whip	264 769	-
Executive Committee Members	1 537 547	1 200 473
Councillors	5 325 797	4 380 171
Total Councillors' Remuneration	8 269 699	6 654 362
<i>In-kind Benefits</i>		
The Mayor and Speaker are full-time. The Mayor and Speaker are provided with offices and secretarial support at the cost of the Council. The Mayor has use of a Council owned vehicle and a driver for official duties.		
23 DEBT IMPAIRMENT		
Trade Receivables from exchange transactions - Note 13	43 207 137	5 023 178
Trade Receivables from non-exchange transactions - Note 14	2 030 118	2 768 591
Total Contribution to Debt Impairment	45 237 255	7 791 769
24 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	19 872 453	19 234 855
Investment Property	104 206	103 922
Intangible Assets	141 859	141 472
	20 118 519	19 480 249
25 FINANCE CHARGES		
Bank Overdraft	-	20 798
Long service awards	54 696	41 789
Long-term Liabilities	89 244	(1 671)
Post Employment Health	196 505	155 387
Total finance charges	340 445	216 303
26 BULK PURCHASES		
Electricity	9 699 328	7 290 551
Total Bulk Purchases	9 699 328	7 290 551
27 OTHER OPERATING GRANT EXPENDITURE		
Operating grant expenditure per vote		
Budget and Treasury	2 548 733	2 428 907
Community Services	188 063	47 859
Corporate Services	69 974	77 999
Council	939 034	1 366 583
Electricity	4 503 596	3 812 193
Housing Services	5 400	20 400
IPED	2 232 565	1 189 086
Roads Transport	258 476	1 899 419
Water and Sanitation	453 883	-
Total Operating grant expenditure	11 199 724	10 842 446

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

28	GENERAL EXPENSES	2012 R	2011 R
	Advertisements	188 396	88 897
	Auditors Remuneration	1 638 748	2 307 627
	Bank Charges	171 552	152 294
	Chris Hanu DM (Capital items)	3 055 284	-
	Cleaning	145 723	118 921
	Conferences and Seminars	617 581	372 765
	Consulting and Professional fees	2 715 359	1 466 796
	Contribution: Restoration cost landfill sites	130 456	130 456
	Fuel and oil	2 691 091	633 769
	Insurance	569 107	460 716
	Lease rentals on operating lease	525 302	747 779
	Marketing	120 342	121 081
	New Connections	678 957	-
	Operational cost: Landfill site	3 467 081	968 176
	Plant Hire	8 865 896	(51 991)
	Printing and stationery	751 985	565 814
	Protective Clothing	142 619	117 510
	Public participation	448 860	-
	Security	1 088 279	567 373
	Software expenses	-	201 170
	Special Community Projects; example Youth day	597 927	283 279
	Subscription and Membership fees	264 764	229 681
	Telephone and fax	443 507	692 967
	Training	566 577	645 630
	Transport and freight	653 720	436 703
	Travel - local	2 965 761	2 391 514
	Ward Committee cost	841 998	-
	Water samples	646 039	(1 277)
	General Expenses	2 905 439	996 983
	General Expenses	37 898 351	14 644 633

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

29	CORRECTION OF ERROR IN TERMS OF GRAP 3		
29.01	LONG-TERM LIABILITIES		
	Balance previously reported		95 505
	Correction of finance lease liability - Refer to note 1		(10 336)
			85 169
	The period of the amortisation tables and lease agreement differed.		
29.02	EMPLOYEE BENEFITS		
	Balance previously reported		-
	Reclassification of Non-current employee benefits - Refer to note 2		1 218 637
	Correction of Non-current employee benefits (Continued Medical aid) - Refer to note 2		331 033
	First time implementation of Long Service awards - Refer to note 2		1 064 214
			2 613 884
	Reclassification of current provisions as Employee benefits (Non-current) and correcting the provision for continued medical aid as well as the first time recognition of Long Service Awards.		
29.03	PROVISIONS (Non- Current and Current)		
	Balance previously reported		8 823 336
	Reclassification of current employee benefits (Prorata bonuses) - Refer to note and note 5		(341 512)
	Reclassification of non-current provision (Landfill sites) - Refer to note and note 3		
	Correction of the provision for Landfill sites) - Refer to note 3		(5 903 802)
			2 578 022
	Reclassification of current provisions as a non-current provision and correcting the provision for landfill sites rehabilitations.		
29.04	CURRENT EMPLOYEE BENEFITS		
	Balance previously reported		-
	Reclassification of prorata bonus provisions to current employee benefits - Refer to note 5		341 512
	Reclassification of accrued leave provision to current employee benefits - Refer to note 5		1 066 568
	First time recognition of current portion of non current employee benefits - Refer to note 5		411 846
	First time recognition of other current employee benefits - Refer to note 5		1 183 423
			3 003 348
	Reclassification of the prorata bonuses; accrued leave; and current portions of non current employee benefits. The reclassifications are from payables and provisions. Performance bonuses has been recognised for the first time.		
29.05	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Balance previously reported		26 162 967
	Clearing and recalssification of the cash suspense - Refer to note 6		(21 504 723)
	Reclassified accrued leave as current employee benefits - Refer to note 6 and to note 5		(1 066 568)
	Recognition and correction of payments received in advance - Refer to note 5		61 757
	Corrections of trade payables - Refer to note 5		84 536
			3 737 969
	Reclassification of payables; clearing and correction of trade payables.		
29.06	UNSPENT GOVERNMENT GRANTS AND SUBSIDIES		
	Balance previously reported		26 442 858
	Previously reported as Prepayments now reported as unpaid government grants and subsidies - Refer to note 7		(7 204 905)
	Revenue equal to expenditure not recognised prior to 1 July 2010 - Refer to note 7		(6 240 350)
	Revenue equal to expenditure not recognised for 2010/2011 - Refer to note 7		(31 181 261)
			(18 183 658)
	Some of the unspent Government grants and subsidies was previously reported as prepayments. The recognition of the revenue equal to the value of expenditure that met the conditions of the grant; was not performed correctly.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

29	CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continue)	
		2011
29.07	PROPERTY, PLANT AND EQUIPMENT	R
	Balance previously reported	223 845 426
	Writing back of original cost once identification and measurement of existing assets after 30 June 2008 - Refer to note 9	(164 098 776)
	Measurement of assets not in the capital asset register at deemed cost - Refer to note 9	379 626 624
	Reclassification of intangible assets - Refer to note 9 and note 29.09	(16 879)
	First time recognition of depreciation on property plant and equipment prior to 1 July 2010 - Refer to note 9	(36 121 023)
	Recognition of depreciation charges for 2010/2011 - Refer to note 9	(19 234 855)
		384 000 517
	Implementation of GRAP 17 as well as to ensure that all property, plant and equipment is identified and measured.	
29.08	INVESTMENT PROPERTY	
	Balance previously reported	-
	First time identification and measurement of properties registered in the name of the Municipality - Refer to note 10	25 424 500
	First time recognition of depreciation on investment properties prior to 1 July 2010 - Refer to note 10	(207 843)
	Recognition of depreciation charges for 2010/2011 - Refer to note	(103 922)
		25 112 735
29.09	INVESTMENT PROPERTY	
	Balance previously reported	690 480
	Reclassification from PPE - Refer to notes 11; 9 and 29.07	16 879
	First time recognition of amortisation on intangible assets prior to 1 July 2010 - Refer to note 11	(138 329)
	Recognition of amortisation charges for 2010/2011 - Refer to note 11	(141 472)
		427 558
29.10	RECEIVABLES FROM EXCHANGE TRANSACTIONS	
	Balance previously reported	1 117 112
	Reclassification from receivables from non exchange transactions - Refer to note 13	27 467 847
	Correction of general ledger accounts - Refer to note 13	642 389
		29 227 349
	Mainly represented by the reclassification of Chris Hani District Municipality debt as receivables from exchange transactions.	
29.11	RECEIVABLES FROM NON EXCHANGE TRANSACTIONS	
	Balance previously reported	29 393 661
	Difference between prior financial statements and trail balance	(5)
	Reclassification of debtors- Refer to note 13; 14 and note 29.1	(27 467 847)
	Correction of general ledger accounts - Refer to note 14	-
		1 925 808
	The 2011 AFS and the trail balance did not balance and the receivables from exchange was out. The reclassification is mainly the Chris Hani District Municipality	
29.12	OPERATING LEASE ARRANGEMENTS	
	Balance previously reported	64 010
	Correction of prior year calculations - Refer to note 15	(15 968)
		48 042
	Based on the available information the operating leases was recalculated .	
29.13	TAXES	
	Balance previously reported	9 491 665
	Debt impairment prior periods and 2010/2011- Refer to note 8	(2 739 955)
	Corrections due to reconciliation of payables - Refer to note 8	5 371 260
	Balance of Taxes - Current Liabilities	12 122 970
	The net amount of VAT has been reported in the Statement of Financial Position. The VAT portion on exchange and non-exchange receivables treated in the past as an expenditure item in the position of financial performance was corrected.	

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

29	CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continue)		
			2011
29.15	STATEMENT OF CHANGES IN NETT ASSETS		R
	Balance previously reported		255 114 781
	Cash and cash equivalents		28 841 897
	Current employee benefits		(827 652)
	Employee benefits		(1 178 227)
	Intangible assets		(121 450)
	Investment property		25 216 657
	Long-term liabilities		8 664
	Non-current provisions		7 002 434
	Operating lease arrangements		(103)
	Property, plant and equipment		179 533 796
	Receivables from exchange transactions		(684 863)
	Taxes		2 739 955
	Unspent conditional government grants and receipts		6 265 467
	Unspent public contributions		20 098
			501 931 454
			2012
			R
30	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH		2011
			R
	Surplus/(Deficit) for the year	(53 533 785)	1 069 132
	Adjustments for:		
	Depreciation/Amortisation	20 118 519	19 480 249
	Impairment Loss	577 880	-
	Contributions to Non-Current Provisions	901 349	471 602
	Debt Impairment	45 237 255	7 791 769
	Finance charges	-	197 176
	Grants Received	89 232 323	113 097 732
	Grant Expenditure	(73 573 763)	(134 884 121)
	Operating lease income accrued	(28 000)	(37 764)
	Operating Surplus/(Deficit) before changes in working capital	29 280 584	7 343 150
	Changes in working capital	(28 448 955)	(10 552 394)
	Increase/(Decrease) in Payables from exchange transactions	2 760 832	209 516
	Increase/(Decrease) in Employee benefits	2 655 838	288 941
	Increase/(Decrease) in Taxes	9 047 212	(6 313 247)
	(Increase)/Decrease in Inventory	(125 627)	764 541
	(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(42 787 211)	(5 502 146)
	Cash generated/(absorbed) by operations	831 629	(3 209 244)
31	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 16	26 516 748	36 375 592
	Cash Floats - Note 16	6 515	6 515
	Bank - Note 16	15 904 328	7 374 889
	Total cash and cash equivalents	42 427 590	43 756 996
32	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 31	42 427 590	43 756 996
	Less:	42 427 590	43 756 996
	Unspent Committed Conditional Grants - Note 7	3 138 174	4 397 734
	Resources available for working capital requirements	39 289 416	39 359 262
	Allocated to:		
	Employee Benefits Reserve	9 392 769	5 617 232
	Non-Current Provisions Reserve	2 708 478	2 578 022
	Resources available for working capital requirements	27 188 168	31 164 007
33	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 1	1 397 808	85 169
	Used to finance property, plant and equipment - at cost	(1 397 808)	(85 169)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

34	BUDGET COMPARISONS	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
34.1	Operational				
	Revenue by source				
	Property Rates	3 397 136	1 972 680	1 424 456	72%
	Government Grants and Subsidies - Capital	1 425 468	-	1 425 468	100%
	Government Grants and Subsidies - Operating	72 148 295	93 633 094	(21 484 798)	-23%
	Fines	632	-	632	100%
	Reversal of Debt Impairment	94 665	-	94 665	100%
	Service Charges	14 743 226	15 179 508	(436 282)	-3%
	Rental of Facilities and Equipment	739 147	802 758	(63 611)	-8%
	Interest Earned - external investments	1 911 317	1 265 000	646 317	51%
	Interest Earned - outstanding debtors	5 610 555	3 978 828	1 631 727	41%
	Licences and Permits	4 783	2 790	1 993	71%
	Agency Services	324 512	13 455 330	(13 130 818)	-98%
	Other Income	26 321 208	12 890 320	13 430 888	104%
		126 720 943	143 180 308	(16 459 364)	-11%
	Expenditure by nature				
	Employee Related Costs	40 637 379	31 560 523	(9 076 856)	29%
	Remuneration of Councillors	8 269 699	9 408 811	1 139 112	-12%
	Debt Impairment	45 237 255	748 900	(44 488 355)	5940%
	Depreciation and Amortisation	20 118 519	2 950 000	(17 168 519)	582%
	Impairments	577 880	-	(577 880)	-100%
	Repairs and Maintenance	5 927 343	5 870 654	(56 689)	1%
	Actuarial losses	348 806	-	(348 806)	-100%
	Finance Charges	340 445	25 873	(314 572)	1216%
	Bulk Purchases	9 699 328	10 200 000	500 672	-5%
	Other Operating Grant Expenditure	11 199 724	16 742 737	5 543 013	-33%
	Administration and Management Fees paid	37 898 351	-	(37 898 351)	-100%
	General Expenses	-	35 058 137	35 058 137	100%
		180 254 728	112 565 634	(67 689 094)	60%
	Net Surplus for the year	(53 533 785)	30 614 674	(84 148 459)	-275%
		2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
34.2	Expenditure by Vote				
	Budget and Treasury	14 196 109	11 904 654	2 291 455	19%
	Community Services	7 117 346	6 107 514	1 009 832	17%
	Corporate Services	9 622 563	10 461 322	(838 759)	-8%
	Council	14 552 919	16 037 829	(1 484 909)	-9%
	Electricity	15 637 617	15 887 455	(249 838)	-2%
	Executive	6 044 935	5 109 012	935 923	18%
	Housing Services	1 554 499	1 150 564	403 935	35%
	IPEd	5 211 920	7 840 448	(2 628 528)	-34%
	Refuse	12 513 061	3 338 240	9 174 821	275%
	Roads Transport	31 925 977	16 634 622	15 291 355	92%
	Water and Sanitation	61 877 781	18 093 975	43 783 806	242%
		180 254 728	112 565 634	67 689 094	60%

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

34	BUDGET COMPARISONS (CONTINUE)				
	The cost driver of the unauthorised expenditure and contributing amount per cost driver are listed in the table below:				
	Vote	Cost driver of the unauthorised	Amount		
	Budget and Treasury	Debt impairment	1 842 089		
		Leave provision	244 767		
		Actuarial losses	348 806		
		Impairment of assets	390 286		
	Community Services	Depreciation charges	913 235		
		Impairment of assets	118 815		
	Executive	Basic Salaries	509 519		
		Leave Provision	184 667		
		Performance Bonus Provision	321 579		
	Housing Services	Employee related cost; incl leave post retirement; long service and accrued leave contributions	297 624		
		Debt impairment	62 430		
		General expenses	36 909		
		Finance charges	11 900		
	Refuse	Debt impairment	3 474 709		
		Operational cost of land fill sites	3 467 081		
		Contribution: Rehabilitation cost of landfill sites	130 456		
		Employee related cost; incl leave and basic salaries with basic salaries as the largest contributor.	2 368 726		
	Roads Transport	Depreciation charges	17 071 539		
	Water and Sanitation	Debt impairment	39 109 127		
		Capital items CHDM	3 055 284		
		Employee related cost	930 665		
		General expenses and Repairs & maintenance	1 254 332		
	The municipality does not expect any significant changes to the level of grants.				
		2012	2012	2012	2012
		R	R	R	(%)
		(Actual)	(Budget)	(Variance)	
34.3	Capital expenditure by vote				
	Budget and Treasury	260 642	513 820	(253 178)	-49%
	Community Services	492 724	175 050	317 674	181%
	Corporate Services	533 985	450 000	83 985	19%
	Council	306 132	-	306 132	100%
	Executive	5 449	-	5 449	100%
	IPED	38 260	61 820	(23 560)	-38%
	Refuse		480 000	(480 000)	-100%
	Roads Transport	1 954 867	863 310	1 091 557	126%
		3 592 058	2 544 000	1 048 058	41%
	The unauthorised expenditure mainly relates to the three new vehicles financed by means of a hire purchase hire agreement at Standard bank whilst the finance leases of the new copiers was the second biggest contributor.				
35	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			2011	2010
				R	R
35.1	Unauthorised expenditure				
	Reconciliation of unauthorised expenditure:				
	Opening balance			2 757 950	257 950
	Unauthorised expenditure for the year - capital			1 804 796	
	Unauthorised expenditure for the year - operating			72 891 128	2 500 000
	Written off by council			(2 757 950)	
	Transfer to receivables for recovery			-	-
	Unauthorised expenditure awaiting authorisation			74 695 925	2 757 950
	Unauthorised expenditure on operating votes is mainly due to depreciation and debt impairment charges				
	Incident	Disciplinary steps/criminal proceedings			
	<i>Over expenditure on approved operational and capital budget.</i>	<i>None; report will be presented to Council</i>			

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

35	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2012	2011
		R	R
35.2	Fruitless and wasteful expenditure		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	52 559	-
	Fruitless and wasteful expenditure the year	24 824	52 559
	Written off by council	-	-
	Transfer to receivables for recovery	-	-
	Fruitless and wasteful expenditure awaiting further action	77 383	52 559
	Incident	Disciplinary steps/criminal proceedings	
	Interest was paid to Eskom and Telkom	None	52 559
	Interest was paid to Eskom and Telkom	None	-
		24 824	-
		24 824	52 559
35.3	Irregular expenditure		
	Reconciliation of irregular expenditure:		
	Opening balance	36 600 000	18 300 000
	Irregular expenditure for the year	-	18 300 000
	Written off by council	(36 600 000)	-
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting further action	-	36 600 000
	Incident	Disciplinary steps/criminal proceedings	
	SCM procedures not followed	None	
		-	-
36	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
36.1	Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
	Opening balance	68 268	66 608
	Council subscriptions	400 000	238 937
	Amount paid - current year	(400 000)	(170 669)
	Amount paid - previous years	-	(66 608)
	Balance unpaid (included in creditors)	68 268	68 268
36.2	Audit fees - [MFMA 125 (1)(c)]		
	Opening balance	(2 307 628)	281 454
	Current year audit fee	215 534	
	External Audit - Auditor-General	1 939 775	429 816
	Amount paid - current year	1 433 315	(2 307 627)
	Amount paid - previous year	228 962	(281 454)
	Balance unpaid (included in creditors)	(429 816)	(2 307 628)
36.3	VAT - [MFMA 125 (1)(c)]		
	Opening balance	(5 381 071)	98 108
	Amounts received - current year	9 055 556	1 404 665
	Amounts received - previous years	5 381 071	(98 108)
	Amounts claimed - current year	(8 502 621)	(6 785 736)
	Closing balance - (Receivable) / Payable	552 935	(5 381 071)
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
36.4	PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
	Opening balance	-	
	Current year payroll deductions and Council Contributions	4 958 804	5 123 896
	Amount paid - current year	(4 958 804)	(5 123 896)
	Balance unpaid (included in creditors)	-	-
36.5	Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
	Opening balance		-
	Current year payroll deductions and Council Contributions	3 885 889	2 787 426
	Amount paid - current year	(3 885 889)	(2 787 426)
	Balance unpaid (included in creditors)	-	-

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

36	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)				
36.6	Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]				
	The following Councillors had arrear accounts for more than 90 days as at 30 June:				
				2012	2011
				R	R
				Outstanding more than 90 days	Outstanding more than 90 days
	Godla, M.			535	543
	Komani, B.			76 391	80 567
	Total Councillor Arrear Consumer Accounts			76 926	81 109
36.8	Other non-compliance (MFMA 125(2)(e))				
	Requirement	Relevant Legislation	Non-compliance		
	The Accounting Officer must submit by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury a statement on the state of the municipality's budget	MFMA Sec. 71(1)	Not all the Section 71 reports were submitted on time.		
	The monthly budget statement must comply with the requirements of the MFMA.	MFMA Sec. 71(2)	The monthly budget statements submitted do not comply with the all legislative requirements.		
	The mid-year budget and performance assessment report must be submitted by 25 January, to: i) the Mayor ii) the National Treasury iii) the relevant Provincial Treasury	MFMA sec. 72(1)(b)	The mid-year budget and performance assessment was submitted to the Mayor by 25 January and submitted to National Treasury and the relevant provincial treasury thereafter. However the format did meet all legislative requirements.		
	The Municipal Manager must place certain documents on a municipal website.	MSA sec. 21A and MFMA sec. 75	The website was only developed towards the end of May beginning June 2012		
	The Municipality must prepare and submit the financial statements within two months after the financial year end.	MFMA Sec. 126(1)	The annual financial statements for 2012 will be submitted on 21 September 2012 to AG; whilst the 2011 set was submitted within the timeframes.		
	The mid-year budget and performance assessment report must be placed on the municipality's website by 31 January.	Municipal budget and reporting regulation 5 (GNR 393 of 17 April 2009)	The mid-year budget and performance assessment was not placed on the municipality's website.		
	The Municipal Manager must make public the approved adjustment budget within 10 working days after the Council approved the adjustment budget.	Municipal budget and reporting regulation 26(1) (GNR 393 of 17 April 2009)	No audit evidence exists to confirm that the adjustment budget was made public within 10 working days after council approval.		
	The monthly budget statements must be placed on the municipality's website.	Municipal budget and reporting regulation 34(1) (GNR 393 of 17 April 2009)	Monthly budget statements were not placed on the municipality's website.		
37	CAPITAL COMMITMENTS			2012	2011
				R	R
	Commitments in respect of capital expenditure:				
	Approved and contracted for:				
	Infrastructure			516 455	-
				516 455	-
	Approved but not yet contracted for			-	-
	Total			516 455	-
	This expenditure will be financed from:				
	Government Grants			516 455	-
	Total			516 455	-

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

38	FINANCIAL RISK MANAGEMENT			
		<p>The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.</p>		
	(a) Foreign Exchange Currency Risk			
		The municipality did not engage in one foreign currency transaction.		
	(b) Price risk			
		The municipality is not exposed to price risk.		
	(c) Interest Rate Risk			
		As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
		The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
		The municipality did not hedge against any interest rate risks during the current year.		
		The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
		1% (2010 - 0.5%) Increase in interest rates	410 233	218 327
		0.5% (2010 - 0.5%) Decrease in interest rates	(205 116)	(218 327)
	(d) Credit Risk			
		Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.		
		Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.		
		Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.		
		The credit quality of receivables are assessed on individual debtors basis. The accounts are then impaired on a individual basis based on the risk profile/credit quality associated with that individual account.		
		All rates and services are payable within 30 days from invoice date. Refer to note 13 and 14 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 13 for balances included in receivables that were re-negotiated for the period under review.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

38	FINANCIAL RISK MANAGEMENT (CONTINUE)			
	Balances past due not impaired:			
		2012	2012	2011
		%	R	%
				2011
				R
	<u>Non-Exchange Receivables</u>			
	Rates and other receivables	100.00%	1 565 449	100.00%
				1 925 808
	<u>Exchange Receivables</u>			
	Electricity	1.92%	522 248	0.11%
	Water	1.89%	513 302	0.13%
	Refuse	0.81%	220 705	1.73%
	Sewerage	1.25%	338 050	0.06%
	Other	94.13%	25 543 360	97.98%
		100.00%	27 137 665	100.00%
				29 227 349
	No receivables are pledged as security for financial liabilities.			
	Due to the short term nature of receivables the carrying value disclosed in note 13 and 14 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.			
	The provision for bad debts could be allocated between the different classes of debtors as follows:			
		2011	2011	2010
		%	R	%
				2010
				R
	<u>Non-Exchange Receivables</u>			
	Rates and other receivables	100.00%	14 312 704	100.00%
				12 282 586
	<u>Exchange Receivables</u>			
	Electricity	2.04%	1 454 980	7.00%
	Water	27.80%	19 844 640	-0.17%
	Refuse	29.82%	21 287 486	76.03%
	Sewerage	34.58%	24 685 636	-0.07%
	Other	5.75%	4 107 373	17.21%
		100.00%	71 380 114	100%
				22 339 699
	No debts were written-off.			
	The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.			
	The entity has no non-current investment transactions.			
	The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.			
	The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.			
	All receivables are individually evaluated annually at Balance Sheet date for impairment.			
	Financial assets exposed to credit risk at year end are as follows:		2012	2011
			R	R
	Receivables from exchange transactions		27 137 665	29 227 349
	Receivables from non-exchange transactions		1 565 449	1 925 808
	Cash and Cash Equivalents		42 427 590	43 756 996
	Unpaid conditional grants and subsidies		5 663 272	22 581 392
			76 793 976	97 491 545

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

38	FINANCIAL RISK MANAGEMENT (CONTINUE)				
	(e) Liquidity Risk				
	Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.				
	The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.				
	The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.				
		Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
	2012				
	Long Term liabilities - Finance Lease Liability	310 526	543 421	-	-
	Capital repayments	151 406	411 443		
	Interest	159 121	131 978		
	Long Term liabilities - Hire purchase Lease Liability	210 976	825 324	-	-
	Capital repayments	141 560	693 399	-	-
	Interest	69 416	131 925	-	-
	Trade and Other Payables	6 159 574	-	-	-
	Unspent conditional government grants and receipts	3 138 174	-	-	-
	Cash and Cash Equivalents	-			
		9 819 251	1 368 745	-	-
38	FINANCIAL RISK MANAGEMENT (CONTINUE)				
		Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
	2011				
	Long Term liabilities - Finance Lease Liability	93 590	-	-	-
	Capital repayments	85 169	-	-	-
	Interest	8 420	-	-	-
	Long Term liabilities - Hire purchase Lease Liability	-	-	-	-
	Capital repayments			-	-
	Interest			-	-
	Trade and Other Payables	3 676 212	-	-	-
	Unspent conditional government grants and receipts	4 397 734	-	-	-
	Cash and Cash Equivalents	-			
		8 167 536	-	-	-

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

39	FINANCIAL INSTRUMENTS	2012 R	2011 R
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
39.1	Financial Assets		
	Classification		
	Investments		
	Fixed Deposits	-	-
	Receivables		
	Receivables from exchange transactions	27 137 665	29 227 349
	Receivables from non-exchange transactions	1 565 449	1 925 808
	Other Receivables		
	Government Subsidies and Grants	5 663 272	22 581 392
	Short-term Investment Deposits		
	Call Deposits	26 516 748	36 375 592
	Bank Balances and Cash		
	Bank Balances	15 904 328	7 374 889
	Cash Floats and Advances	6 515	6 515
		76 793 976	97 491 545
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	76 793 976	97 491 545
	At amortised cost	76 793 976	97 491 545
39	FINANCIAL INSTRUMENTS (CONTINUE)		
39.2	Financial Liability		
	Classification		
	Long-term Liabilities		
	Annuity Loans	-	-
	Capitalised Lease Liability	411 443	-
	Hire Purchase	693 399	-
	Payables from exchange transactions		
	Trade Payables	3 627 185	488 557
	Third party payables (Payroll)	(159 986)	23 605
	Payments received in advance	339 227	61 757
	Sundry Deposits	22 823	11 216
	Sundry Creditors	2 669 552	3 152 834
	Other Payables		
	Government Subsidies and Grants	3 138 174	4 397 734
	Current Portion of Long-term Liabilities		
	Capitalised Lease Liability	151 406	85 169
	Hire Purchase	141 560	-
		11 034 784	8 220 873
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	11 034 784	8 220 873
40	EVENTS AFTER THE REPORTING DATE		
	The municipality has no events after reporting date during the financial year ended 2011/2012.		
41	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
42	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

43	CONTINGENT LIABILITY			
	Claim against Council	-	-	
	Estimate legal Fees	-	-	
	The Municipality represented by SALGA is currently reviewing the court case outcome which could result in costs being awarded against Council if the claimant is successful in their action. The following is the estimate exposure:			
	IMATU / SALGA - TASK implementation	1 130 204		
		1 130 204	-	
	IMATU won a court case against SALGA for not implementing the TASK evaluation results on the correct salary scales. SALGA is currently reviewing the court case outcome. The financial exposure is estimated at 2% additional salary increases to all permanent staff members.			
	The municipality does not have permits or licenses for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.			
44	RELATED PARTIES			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.			
44.1	Related Party Loans			
	None			
44.2	Compensation of key management personnel			
	The compensation of key management personnel is set out in note 21 to the Annual Financial Statements.			
44.3	Other related party transactions			
	No purchases were made during the year where Councillors or staff have an interest.			
45	FINANCIAL SUSTAINABILITY			
	The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:			
	Financial Indicators			
	The current ratio decreased from 9.76:1 to 5.03:1 in the period of reporting.			
	The average debtors' payment days decreased from 63 days to 76 days. The debtors impairment ratio increased to 75 % from the previous years 53%.			
	No bank overdraft was utilised; the net cash situation as at 30 June 2012 is R 42427590 positive.			
	Other Indicators			
	Possible outflow of resources due the contingent liability disclosed in note 43			

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

9 PROPERTY, PLANT AND EQUIPMENT						
9.1 30 JUNE 2012						
Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Leased Assets R	Other Assets R	Total R
Carrying value at 1 July 2011	14 211 455	286 128 714	77 611 809	49 114	5 999 425	384 000 517
Cost	14 651 066	337 365 434	79 746 162	368 860	7 224 873	439 356 395
Original Cost	14 651 066	337 365 434	79 746 162	368 860	7 224 873	439 356 395
Accumulated Depreciation	(439 611)	(51 236 721)	(2 134 353)	(319 746)	(1 225 448)	(55 355 878)
Original Cost	(439 611)	(51 236 721)	(2 134 353)	(319 746)	(1 225 448)	(55 355 878)
Acquisitions	-	1 492 150	-	593 860	1 506 048	3 592 058
Impairments	(118 731)	-	-	-	(459 149)	(577 880)
Impairments	(118 731)	-	-	-	(459 149)	(577 880)
Depreciation	(151 706)	(18 688 363)	(778 436)	216 284	(470 232)	(19 872 453)
Normal Depreciation	(151 706)	(18 688 363)	(778 436)	216 284	(470 232)	(19 872 453)
Carrying value at 30 June 2012	13 941 018	268 932 501	76 833 373	859 257	6 576 092	367 142 242
Cost	14 651 066	338 857 585	79 746 162	962 719	8 730 921	442 948 453
Original Cost	14 651 066	338 857 585	79 746 162	962 719	8 730 921	442 948 453
Accumulated Impairments	(118 731)	-	-	-	(459 149)	(577 880)
Original Cost	(118 731)	-	-	-	(459 149)	(577 880)
Accumulated Depreciation	(591 317)	(69 925 084)	(2 912 789)	(103 462)	(1 695 679)	(75 228 331)
Original Cost	(591 317)	(69 925 084)	(2 912 789)	(103 462)	(1 695 679)	(75 228 331)

EMALAHLENI MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

9.2	30 JUNE 2011						
Reconciliation of Carrying Value		Land and Buildings R	Infrastructure R	Community R	Leased Assets R	Other Assets R	Total R
Carrying value at 1 July 2010		14 232 391	279 656 505	77 253 336	122 886	6 031 691	377 296 809
Cost		14 523 366	313 027 785	78 643 939	368 860	6 853 882	413 417 832
Original Cost		353 017	163 057 084	29 392 548	368 860	4 718 476	197 889 984
Correction of Error - Note - 29.07		(353 017)	(137 614 291)	(22 393 993)	-	(3 737 476)	(164 098 776)
Deemed cost - Note - 29.07		14 523 366	287 584 992	71 645 384	-	5 872 882	379 626 624
Accumulated Depreciation		(290 975)	(33 371 280)	(1 390 603)	(245 974)	(822 192)	(36 121 023)
Original Cost		-	-	-	-	-	-
Correction of Error - Note - 29.07		(290 975)	(33 371 280)	(1 390 603)	(245 974)	(822 192)	(36 121 023)
Acquisitions		127 700	10 117 670	1 102 223	-	370 990	11 718 583
Capital under Construction		-	14 219 980	-	-	-	14 219 980
Depreciation		(148 636)	(17 865 441)	(743 750)	(73 772)	(403 256)	(19 234 855)
Depreciation previously not recorded		(148 636)	(17 865 441)	(743 750)	(73 772)	(403 256)	(19 234 855)
Carrying value at 30 June 2011		14 211 455	286 128 714	77 611 809	49 114	5 999 425	384 000 517
Cost		14 651 066	337 365 434	79 746 162	368 860	7 224 873	439 356 395
Original Cost		14 651 066	337 365 434	79 746 162	368 860	7 224 873	439 356 395
Accumulated Depreciation		(439 611)	(51 236 721)	(2 134 353)	(319 746)	(1 225 448)	(55 355 878)
Original Cost		(439 611)	(51 236 721)	(2 134 353)	(319 746)	(1 225 448)	(55 355 878)

**APPENDIX A - Unaudited
EMALAHLENI MUNICIPALITY
SCHEDULE OF LONG-TERM LIABILITIES AS AT 30 JUNE 2012**

Long-Term Liabilities	Rate	Loan Number	Redeemable	Balance at 30 June 2011	Correction	Balance at 30 June 2011 Restated	Received during the period	Adjustments	Interest portion payable at period end	Redeemed or written off during the period	Balance at 30 June 2012
HIRE PURCHASE											
Standard Bank	9.00%	43454526/0005	2017/05/15				204 360		1 230	3 007	201 353
Standard Bank	9.00%	43454526/0006	2017/05/15				306 430		3 400	2 991	303 439
Standard Bank	9.00%	43454526/0007	2017/06/01				333 420		3 700	3 254	330 166
Total Hire Purchase				-	-	-	844 210	-	8 330	9 251	834 959
LEASE LIABILITY											
Computer Equipment - Copiers	19.58 %		2012/02/01	95 505	(10 335)	85 169			8 420	85 169	-
NRG Office Solutions (Pty) Ltd	32.04 %		2015/03/20	-	-	-	593 860		46 621	31 011	562 849
Total Lease Liabilities				95 505	(10 335)	85 169	593 860	-	55 041	116 180	562 849
TOTAL LONG-TERM LIABILITIES				95 505	(10 335)	85 169	1 438 070	-	63 371	125 431	1 397 808

**APPENDIX B - Unaudited
EMALAHLENI MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
MUNICIPAL VOTES CLASSIFICATION**

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
58 841 434	(17 469 197)	41 372 237	Budget and Treasury	70 162 701	(14 196 109)	55 966 593
721 667	(5 583 224)	(4 861 557)	Community Services	1 099 840	(7 117 346)	(6 017 506)
191 101	(9 002 610)	(8 811 509)	Corporate Services	90 236	(9 622 563)	(9 532 327)
1 213 057	(11 605 407)	(10 392 350)	Council	480 163	(14 552 919)	(14 072 756)
9 427 374	(13 269 954)	(3 842 580)	Electricity	10 673 653	(15 637 617)	(4 963 965)
-	(4 778 506)	(4 778 506)	Executive	120 000	(6 044 935)	(5 924 935)
-	(1 260 842)	(1 260 842)	Housing Services	-	(1 554 499)	(1 554 499)
259 938	(3 780 122)	(3 520 184)	IPED	1 577 934	(5 211 920)	(3 633 986)
3 456 222	(4 506 199)	(1 049 977)	Refuse	3 967 449	(12 513 061)	(8 545 612)
24 011 449	(25 238 327)	(1 226 879)	Roads Transport	2 276 791	(31 925 977)	(29 649 186)
(457 184)	(101 537)	(558 720)	Water and Sanitation	36 272 176	(61 877 781)	(25 605 605)
						-
97 665 056	(96 595 924)	1 069 132	Sub Total	126 720 943	(180 254 728)	(53 533 785)
-	-	-		-	-	-
97 665 056	(96 595 924)	1 069 132	Total	126 720 943	(180 254 728)	(53 533 785)

**APPENDIX C - Unaudited
EMALAHLENI MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
1 213 057	(16 383 913)	(15 170 856)	Executive and Council	600 163	(20 597 854)	(19 997 691)
58 841 434	(17 469 197)	41 372 237	Budget and Treasury Office	70 162 701	(14 196 109)	55 966 593
191 101	(9 238 800)	(9 047 700)	Corporate Services	90 236	(9 859 401)	(9 769 165)
259 938	(3 780 122)	(3 520 184)	Planning and Development	1 577 934	(5 211 920)	(3 633 986)
-	-	-	Health	-	-	-
718 731	(4 553 668)	(3 834 938)	Community and Social Services	1 095 522	(6 026 096)	(4 930 574)
-	(1 260 842)	(1 260 842)	Housing	-	(1 554 499)	(1 554 499)
66 059	(316 728)	(250 669)	Public Safety	645 123	(546 412)	98 711
2 936	(793 365)	(790 429)	Sport and Recreation	4 318	(854 412)	(850 095)
-	-	-	Environmental Protection	-	-	-
3 456 222	(4 506 199)	(1 049 977)	Waste Management	3 967 449	(12 513 061)	(8 545 612)
(448 083)	(45 507)	(493 590)	Waste Water Management	5 373 757	(27 625 680)	(22 251 923)
24 011 449	(25 238 327)	(1 226 879)	Road Transport	2 276 791	(31 925 977)	(29 649 186)
(9 100)	(56 030)	(65 130)	Water	30 898 419	(34 252 101)	(3 353 682)
9 361 315	(12 953 226)	(3 591 911)	Electricity	10 028 530	(15 091 206)	(5 062 675)
-	-	-	Other	-	-	-
-	-	-		-	-	-
97 665 056	(96 595 924)	1 069 132	Total	126 720 943	(180 254 728)	(53 533 785)

**APPENDIX D – Unaudited
EMALAHLENI MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2011	Grants Received	Opex during the year Transferred to revenue	Capex during the year Transferred to revenue	Balance 30 JUNE 2012	Unspent 30 JUNE 2012 Current Liability	Unpaid 30 JUNE 2012 Current Asset
	R	R	R	R	R	R	R
<u>National Government Grants</u>							
Equitable share	-	61 056 000	61 056 000	-	-	-	-
Local Government Financial Management Grant (FMG)	290 100	1 500 000	1 911 202	-	-121 102	-	121 102
Municipal Infrastructure Grant (MIG)	21 534 018	19 217 000	3 236	1 425 468	-3 745 722	-	3 745 722
Municipal Systems Improvement Grant (MSIG)	-	790 000	854 424	-	-64 424	-	64 424
Department of Water affairs and forestry (DWAF)	-	472 748	429 573	-	43 176	43 176	-
Integrated National Electrification Grant (INEP)	1 004 100	4 480 000	5 134 100	-	350 000	350 000	-
Extended Public Works Program (EPWP) Town Revitalisation	-	439 000	439 000	-	-	-	-
	-	500 000	-	-	500 000	500 000	-
<u>Provincial Government Grants</u>							
Housing Grant	-1 017 968	-	-	-	-1 017 968	-	1 017 968
IDP	316 815	-	316 815	-	-	-	-
LED	1 781 400	67 175	67 175	-	1 781 400	1 781 400	-
Library	-29 405	-	-	-	-29 405	-	29 405
MSP	-0	-	-	-	-0	-	0
<u>District Municipality Grants</u>							
Food Program	413 598	-	-	-	413 598	413 598	-
HIV Aids	35 871	20 000	55 871	-	0	0	-
Audit	-	120 000	120 000	-	-	-	-
SPU	-	480 163	480 163	-	-	-	-
Other	50 000	-	-	-	50 000	50 000	-
<u>Other Grants</u>							
LGSETA	-	90 236	90 236	-	-	-	-
Eliitheni Coal Mine	505 850	-	1 190 500	-	-684 650	-	684 650
Total	-18 183 658	89 232 323	72 148 295	1 425 468	-2 525 098	3 138 174	5 663 272

APPENDIX D - Unaudited
EMALAHLENI MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2010	Correction of Error	Balance 1 JULY 2010	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2011
	R	R	R	R	R	R	R	R
National Government Grants								
Equitable share			-	51 329 916		51 329 916	-	-
Local Government Financial Management Grant (FMG)	35 315		35 315	1 250 000		995 215	-	290 100
Municipal Infrastructure Grant (MIG)	-1 557 021		-1 557 021	3 040 000		-	23 016 997	-21 534 018
Municipal Systems Improvement Grant (MSIG)	840 858		840 858	750 000		1 590 858	-	-
Department of Water affairs and forestry (DWAF)			-	-		-	-	-
Integrated National Electrification Grant (INEP)	2 350 000		2 350 000	3 000 000		4 345 900	-	1 004 100
Extended Public Works Program (EPWP)	870 499	870 499	-	653 000		653 000	-	-
Town Revitalisation	-		-				-	-
Provincial Government Grants								
Housing Grant	-971 267	46 701	-1 017 968	0		-	-	-1 017 968
IDP	357 020		357 020	-0		40 205	-	316 815
LED	1 599 972	100 000	1 499 972	500 000		218 571	-	1 781 400
Library	-29 405		-29 405	-0		-	-	-29 405
MSP			-	-0		-	-	-0
Planning & Development			-	-		-	-	-
Ward Committee training			-	-		-	-	-
Cleaning program			-	-		-	-	-
Various other	3 439 517	3 439 517				-	-	-
District Municipality Grants								
Food Program	413 598		413 598	-		-	-	413 598
HIV Aids	98 927		98 927	36 500		99 557	-	35 871
Audit			-	-		-	-	-
SPU			-	-		-	-	-
Transfer	1 264 708	1 264 708	-	-		-	-	-
Other			-	50 000		-	-	50 000
Other Grants								
IEC				1 150 000		1 150 000	-	-
LGSETA			105 585	8 401		113 986	-	-
Caregivers	518 925	518 925	-	-		-	-	-
Elitheni Coal Mine	505 850		505 850	-		-	-	505 850
Total	9 737 495	6 240 350	3 602 731	61 767 816	-	60 537 208	23 016 997	-18 183 658
National Government Grants								
	2 539 650.56	870 499.00	1 669 151.56	60 022 915.47	0.00	58 914 888.53	23 016 996.64	-20 239 818.14
Provincial Government Grants								
	4 395 836.06	3 586 217.42	809 618.64	499 999.31	0.00	258 776.26	0.00	1 050 841.69
District Municipality								
	1 777 233.80	1 264 708.49	512 525.31	86 500.17	0.00	99 556.75	0.00	499 468.73
Other Grants								
	1 024 775.00	518 925.00	611 435.00	1 158 401.41	0.00	1 263 986.41	0.00	505 850.00
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Error								
Other Grants								
Development McGregor Bridge (Silver Strand)			-					-

