



PIXLEY KA SEME DISTRICT MUNICIPALITY  
ANNUAL REPORT  
2012/13

Volume I

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# Chapter 1

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

Once again we are indeed honoured and privileged, as the Pixley ka Seme District Municipality, to report to our stakeholders, partners and communities in the region, province and country, about all our programmes and activities for the financial year 2012/13.

We indeed believe that it is a legislative and constitutional imperative for us to account to the public around how well we spent their hard-earned money in our attempt to better the lives of the people of the Pixley ka Seme District.

In our attempt to promote public participation, we took our programme “Council Meets the People” to all corners of the region even to most rural and farming areas, where people had an opportunity to interact with us around their challenges, concerns and needs. We must say that these are indeed valuable and constructive engagements where communities seriously and robustly engage us with regard to service delivery issues.

To assist local municipalities in terms of public participation, we also embark on a programme to train ward committee members around their roles and responsibilities. We also received positive feedback from these committee members with regard to how this training has assisted them to carry out their responsibilities more effectively and efficiently.

We are seriously inviting members of the public to critically and honestly read this annual report and to give us feedback with regard to the quality of the services we are rendering to our stakeholders, partners and communities.

During the next financial year we commit ourselves to double our efforts to ensure that we live up to our vision of “setting the district on a growth path for better service delivery.

PkS DM hereby declares that we are on our pathway to our future, where we acknowledge that the character of our future will be determined by how well we execute our strategy. This informed by our vision; decided by our mission; and based on our values; and so we manage & monitor our progress and through these tools our very being will so be tested

**Vision:** What we see as the future we will achieve by pursuing what we exist for

**Mission:** What we exist for

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**Values:** Who we are

**Strategy:** The above result in a clear plan of activities to be pursued to achieve the vision

Therefore PKS DM will be providing a service to our communities and clients guided by the following:

**Vision**

*“Pixley Ka Seme DM, PIONEERS of DEVELOPMENT, a HOME and FUTURE for all!!!”*

**Mission**

The Pixley Ka Seme DM will achieve its vision by:

- *Using the integrated development planning process to create a home for all in our towns, villages and rural areas;*
- *Promoting economic growth that is shared across and within communities;*
- *Providing political and administrative leadership in the development planning process*
- *Ensuring that we get the sustainable delivery of basic services right;*
- *Mainstream integrated planning in the operations of our municipalities;*
- *Focusing on integrated planning as a means of building stronger communities and building bridges between communities;*
- Values

Pixley ka Seme is committed to promoting a set of values consistent with human qualities and professional excellence, aimed at serving the community and global society. These values are:

- **Integrity;** Our organisation will be viewed by those, both within and without, as honest and upstanding
  
- **Excellence;** We are never satisfied with yesterday’s way of doing things and are always looking for new ways to do our work better, faster, smarter and we do it best always
  
- **Inspiring;** We will always seek to create an environment where others may learn, grow and be fulfilled and reach their full potential

- **Caring;** We will always be sincere and be truthful to ourselves and our clients. We will live for each other as a team.
  
- **Respect;** We will show respect, trust and loyalty to our colleagues and clients by dealing with them in an open and honest manner
  
- **Resourceful;** We shall use all our resources to demonstrate our capabilities and service excellence in order to stay relevant in our market place
  
- **Total Quality Management;** Everything we do will be to the best quality, we will put in place all systems aimed ensuring that
  
- **Commitment to the spirit of the African Renaissance;** Everything we that we will be done with the understanding that it for the good of just our South African Community but for the renewal of Africa at large.
  
- **Quality transformational leadership;** We will be exemplary at all times and strive to be good ambassadors of the organisation

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**CLR JZ LOLWANA  
EXECUTIVE MAYOR**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

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## EXECUTIVE SUMMARY

The administration of the Pixley Ka Seme District Municipality is divided into different components in order to effectively execute its mandate.

- Units, with manager as executing officers
  
- These units operate from the Department of the Municipal Manager. The specific Units are viz:
  - Local Economic Development
  - Communications
  - Office of the Executive Mayor
  - Office of the Municipal Manager
  - Internal Audit Unit
  
- Departments with Senior Managers as executing officers
  - Shared Services
  - Corporate Services
  - Technical Services
  - Office of the CFO (Financial Department)

Specifically the units can be broken down as follows:

### **Local Economic Development**

This unit provides support to local municipalities, business, sector departments, development finance institutions, agencies, non-governmental organisations and other relevant bodies, by creating an enabling environment for growth and development in the District. The objectives of the unit are:

- To promote Local Economic Development in the region
- Create an enabling economic environment for investment
- Increase SMME promotion

### **Communications**

The Communication Unit has four broad areas of Focus aimed at providing communication services to communities, municipalities, district departments, various stakeholders, partners, internal staff members and the public with the purpose of achieving the developmental objectives. These areas include:

- Communication Forums,
- Internal and External Communication Campaigns,
- Capacity Building and

- 
- Creating Access through communications
  - The objectives of the unit include:
  - To give communications coverage to the programmes and projects of the Executive Mayor and Councillors
  - To make the District Municipality relevant by communicating its key programmes
  - To provide communications support to the Local Municipalities by communicating their programmes and projects

### **Office of the Executive Mayor**

This office serves as a very important interface between the Office of the Municipal Manager and the political-office bearers, led by the Executive Mayor. The objectives of the unit are:

- To provide assistance and advice to local municipalities on service-delivery challenges.
- To advise on implementation of municipal turn-around strategies
- To support to local municipalities on establishment, training and sustenance of ward-committees
- To help with the realization of Operation Clean Audit 2014

### **Shared Services**

The Department has three main focus areas and these are planning, human resources support and environmental health support. The objectives of the Department are:

- To support the planning and implementation management process of local municipalities within the district.
- To assist municipalities with compilation of WSP and sometimes compilation of WSP and sometimes compile WSP when necessary
- To provide performance management related support to municipalities.
- To provide Human Resource Management related support to municipalities
- To ensure effective provision of environmental health services
- To ensure the Management of Service partnerships.

### **Corporate Services**

The department has six main focus areas and these are support and social services, good governance and public participation, administrative support to other departments and council, disaster management, legal services and basic service delivery. The objective of the department is:

To ensure that the municipality is provided with efficient and effective support services in relation to Human Resource, Legal, Support Services and the delivery of Basic Services.

Payroll administration and Contract Management

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## **Technical Services**

The department has seven main focus areas and these are Financial Management, Project Identification / Feasibility process, Contract Management, Monitoring Database. Project Monitoring and Evaluation, Operation and Planned Maintenance and Community Liaison / Development. The objective of the department is:

To provide new and refurbished infrastructure for previously disadvantage communities, through the different infrastructure grants

Housing is also delivered from this department

To assist Local Municipalities with the Contract Management of the infrastructure projects and with Operation and Maintenance of Water, Sanitation, Internal Roads and Storm water assets.

## **Office of the Chief Financial Officer**

The department has eight main focus areas and these are financial administration/monitoring, collecting revenue, expenditure management, salaries (Councilors & Officials), supply chain management, financial reporting, project administration and financial administrative assistance to B's. The objective of the department is:

To on a professional basis support our clients (internally & externally)

## **Internal Coordination**

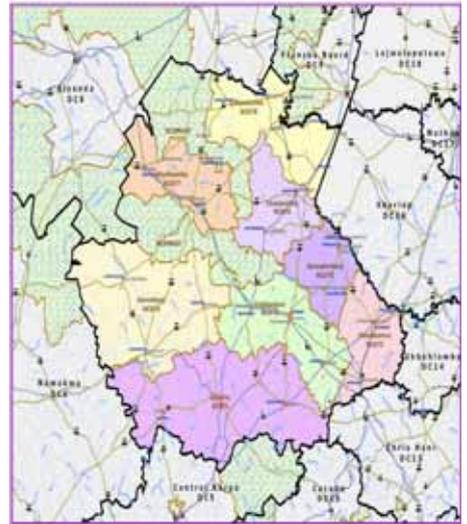
The Municipal Manager holds senior management meetings with all Senior Managers on a regular basis to plan and strategize for programme implementation. The Municipal Manager also holds regular meetings with the heads of the units within the various Departments to solicit the successes and challenge and promote mutual learning for improved performance. The Municipal Manager further holds meetings with all employees of the District Municipality, twice a year as part of the process of the development of a strong corporate culture within the organisation. He also holds regular separate meetings with the Office of the Mayor. (Executive Mayor)

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## OVERVIEW OF THE MUNICIPALITY

The Pixley ka Seme District lies in the south-east of the Northern Cape Province and shares its borders with three other provinces, namely, the Free State province to the east, the Eastern Cape to the south-east and the Western Cape to the south-west. It is one of five district municipalities in the province and is the second largest covering a total surface area of 102 727 km<sup>2</sup>.

It consists of 8 category “B” municipalities, namely: Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu. Emthanjeni is the largest and Renosterberg the smallest of these municipalities.



**Emthanjeni Municipality:** comprising of the three towns De Aar, Britstown and Hanover. De Aar is the second most important railway junction in the country. When the railway line was built from Cape Town to Kimberley, the administration bought a large portion of the farm, De Aar, meaning coincidentally “artery”, after underground water supply, envisaged as large life-giving veins of water.

**Ubuntu Municipality:** comprising of three towns that is Victoria West, Loxton and Richmond. The N12 and N1 pass through this municipality and have a great tourism potential. The preliminary study in the district’s Mining Strategy highlights that the municipality is endowed with uranium deposits.

**Umsobomvu Municipality:** This municipality comprises of three towns, that is, Colesberg, Norvalspont and Noupoort. N1 and N9 traverse through the municipality. It shares borders with other municipalities in the Eastern Cape and Free State Provinces. In the district this municipality is among the municipalities that hold massive tourism potential.

**Kareeberg Municipality:** This municipality comprises of three towns, that is, Carnarvon, Van Wyksvlei and Vosburg. The municipal area is the heart of the Karoo and the predominant economic activity is livestock farming. The possibilities of having Kilometre Array Telescope benefit the landscape of the municipality that is characterised by clear skies and less pollution. This municipality is an entry point to the Western Cape Province from the Northern parts of the country.

**Renosterberg Municipality:** is located on the banks of the Orange River. The municipality was formed through the amalgamation of three towns, that is, Petrusville,

Vanderkloof and Phillipstown. The municipality covers approximately 553 000 ha of land and forms about 5% of the total area of the district.

**Thembelihle Municipality:** This municipality is also located on the banks of the Orange River. The municipality was formed through the amalgamation of three towns, that is, Hopetown, Strydenburg and Orania. The outcome of the dispute regarding Orania has not yet been decided upon and the uncertainty still exists as to where Orania is demarcated. N12 cuts through this municipal area and is a major boost to the economies of Hopetown and Strydenburg.

**Siyancuma Municipality:** This municipality hosts the confluence of the Vaal and the Orange River. It comprises in the main of three towns, that is, Campbell, Douglas and Griekwastad and has densely populated rural settlement called Smitchdrift. The municipal area is richly endowed with precious and semi-precious stones, that is, diamonds and tiger's eye. Beneficiation of tiger's eye is on the high impact project identified in the District Growth and Development Strategy. The municipality has a great tourism potential.

**Siyathemba Municipality:** This municipality is located on the banks of the Orange River and boasts with massive and high scale irrigation farming, the river not only adds agricultural value to the municipality but also boosts massive tourism and economic potential. The municipality comprises of three towns, that is, Marydale, Prieska and Niekerkshoop. The municipality has massive potential for mining activities of both precious and semi-precious stones, the municipality also has the Alkantpan testing area where international and national ammunition testing is done.

The composition of the population plays a cardinal role in the development of any geographical area. Population growth and trends affects the economic, social and physical development within an area through the provision of and demand for services and goods.

**Table 2.1: Population size, 2012**

LEVEL	Geographical Location	Population (2011)
NATIONAL	South Africa	51,769,798
PROVINCIAL	Northern Cape	1,145,710
DISTRICT	John Taolo Gaetsewe	224,778
	Namakwa	115,797

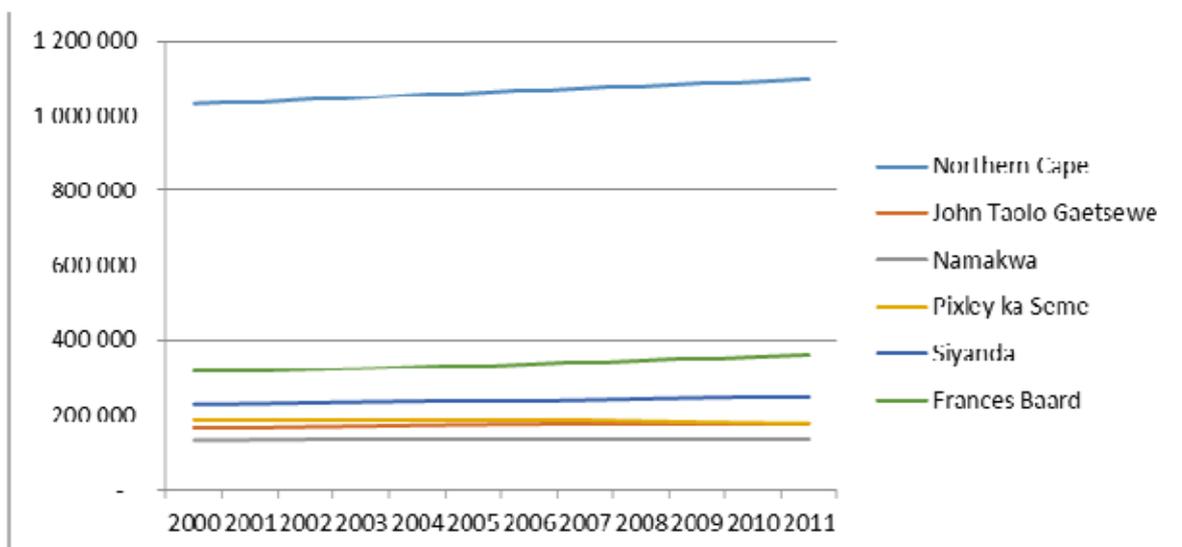
	Pixley ka Seme	186,293
	Siyanda	236,754
	Frances Baard	382,088

Source: Stats SA, Census 2011

Table 2.1 illustrates that the population of the Northern Cape Province was approximately 1.15 million people in 2011. Frances Baard was the largest DM by population with almost 400,000 people during 2011.

Following Frances Baard with 33.3% of the provincial population was Siyanda (20.7%), JTG (19.6%) Pixley (16.3%) and Namakwa (10.1%).

#### Population Growth

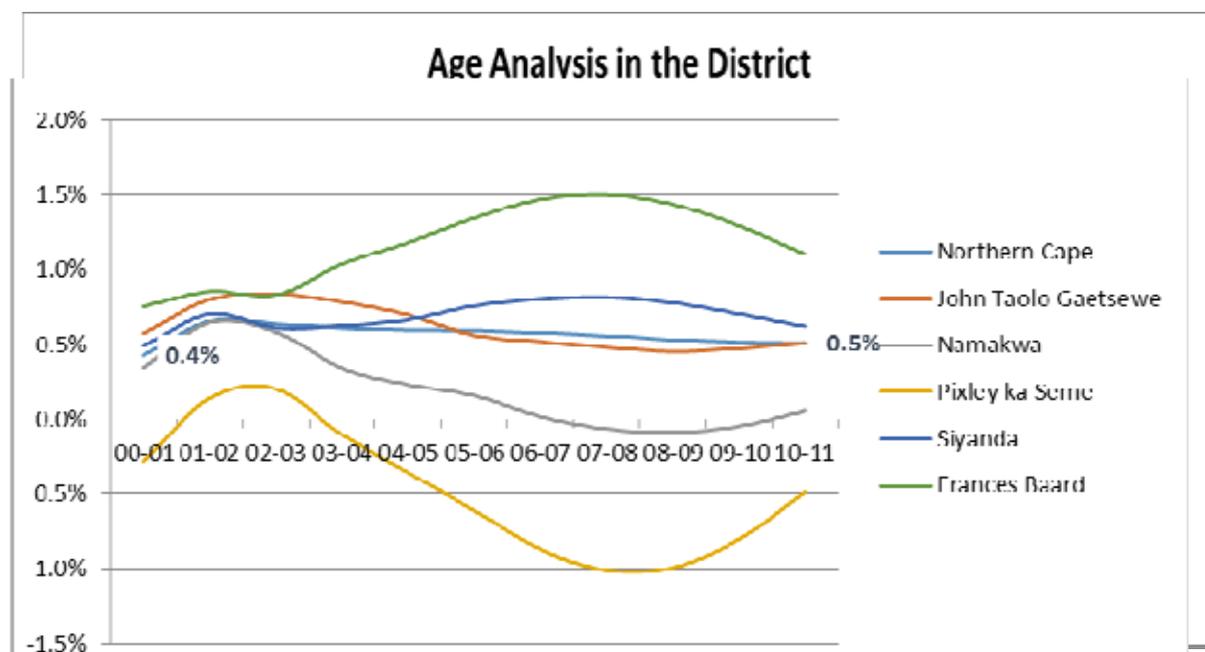


Source: Stats SA delivered by Quantec Easy Data, 2012

Population numbers in the Northern Cape Province have been increasing since 2000 as illustrated by figure 2.1. In 2000 the provincial population stood at just over 1 million which increased over the following 11 years to almost 1.1 million. All the DMs experienced an increase in population numbers apart from Pixley. The population of Pixley decreased slightly from 186,660 in 2000 to 186,293 in 2011.

The average population density of the province was 2.9 people per square kilometre (km<sup>2</sup>) in 2011. The population density was the highest in the FBDM with 26.5 people per km<sup>2</sup>, and lowest in the Namakwa DM with 1.1 people per km<sup>2</sup>.

## Population Growth Trends, 2000 - 2011



Source: Stats SA delivered by Quantec Easy Data, 2012

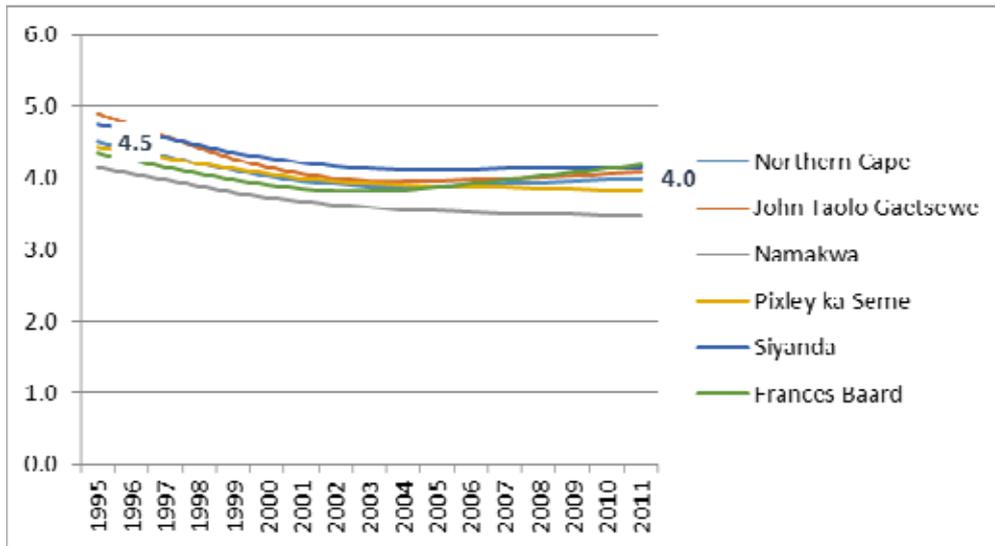
### HOUSEHOLD POPULATION

The size of the population and the number of households are key considerations in determining the current and future needs of the Northern Cape Province population. These needs are expressed in the demand for infrastructural and social services, including water, sanitation, and electricity, housing and health care. The Northern Cape Province had an estimated number of **274,491 households** in 2011 and a larger average household size (4.0) than in the rest of South Africa (3.8). Although household growth rates have been slowing down, household numbers has had a positive Compounded Average Growth Rate (CAGR) on provincial and district level from 1995 – 2011. The increase in household numbers in the province coupled with the increase in disposable income levels could result in greater consumption, which in turn stimulates local production and as a result the local and provincial economies. Figure 2.3 illustrates the household sizes on Provincial and district level from 1995 – 2011.

It can be concluded from Figure 2.3 that the average household size in the Northern Cape Province has decreased since 1995. Besides the population increase, the main factors that affect household size includes, the change in age structure and incidence rate, or the likelihood of people of a certain age to start new households. The smaller average household size in the Namakwa and the Pixley DMs will place increased pressure on authorities for the provision of infrastructure and social services. In the Frances Baard DM the demand for

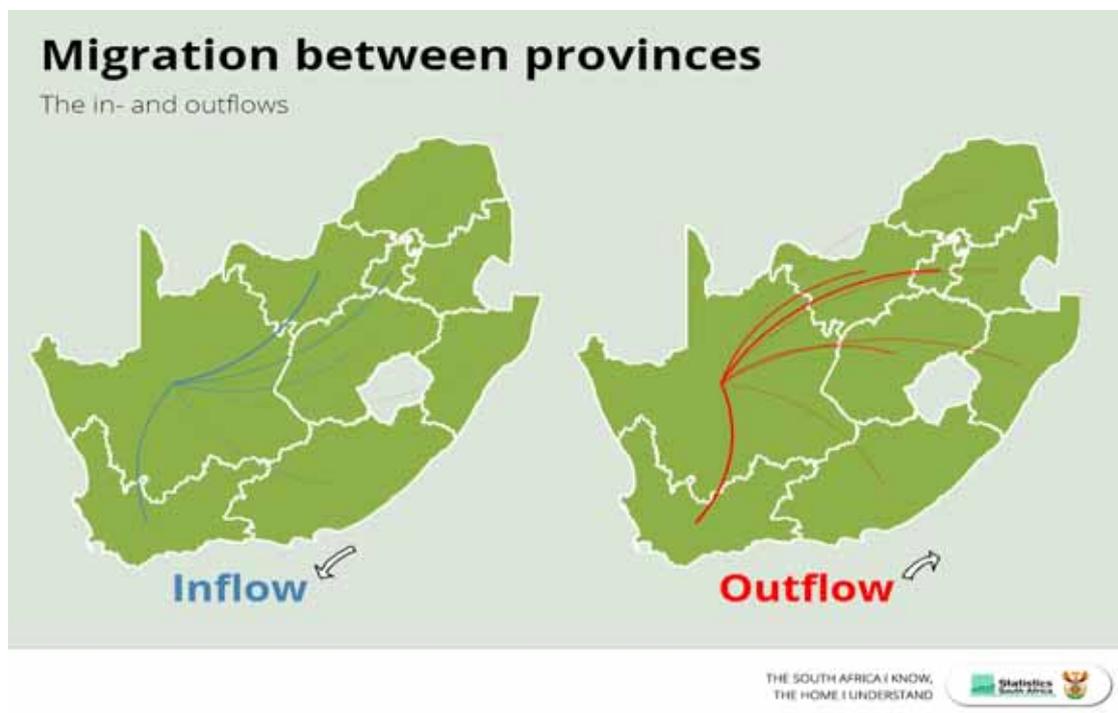
infrastructure and social services will be proportionally lower than the rest of the province. Unemployment will have a bigger impact in Frances Baard as a result of the larger household sizes in the municipality.

**Household size dynamics (1995-2011)**

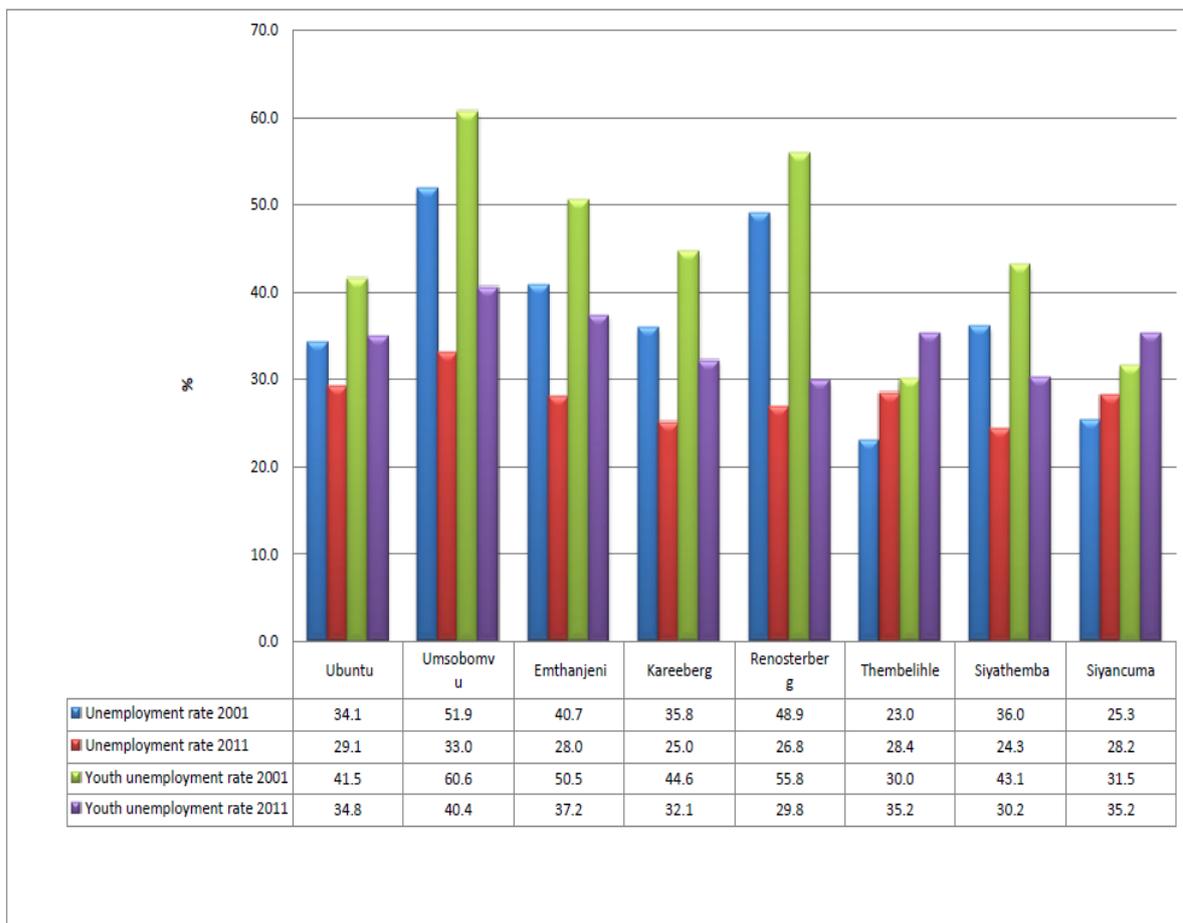


Source: Stats

SA delivered by Quantec Easy Data, 2012

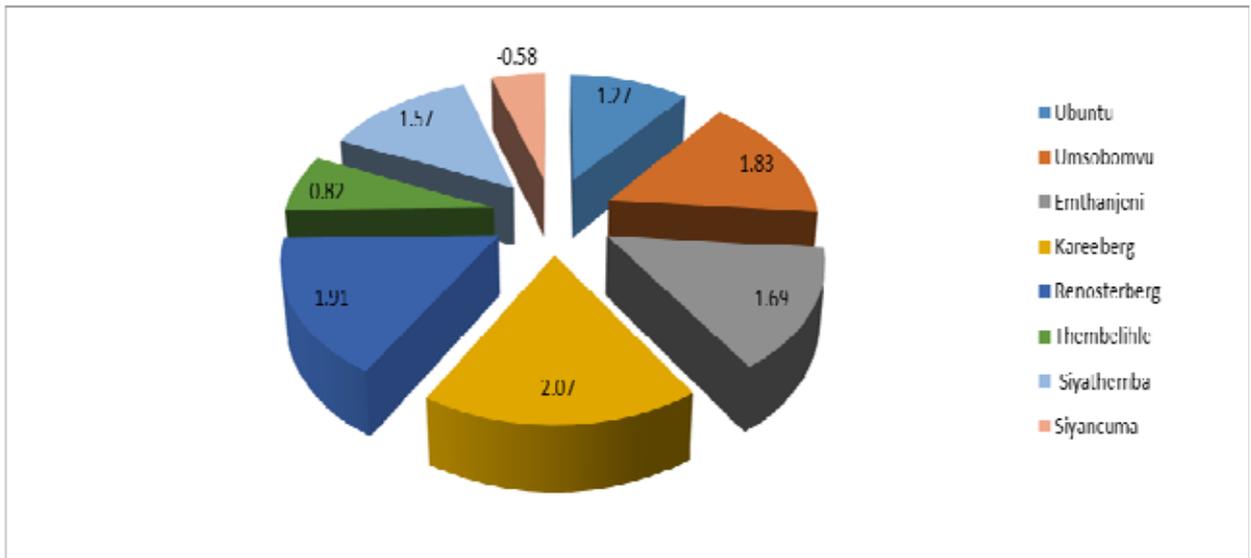


Source: StatsSA Census 2011; Unemployment in Pixley per Municipality



Source: StatsSA census 2011

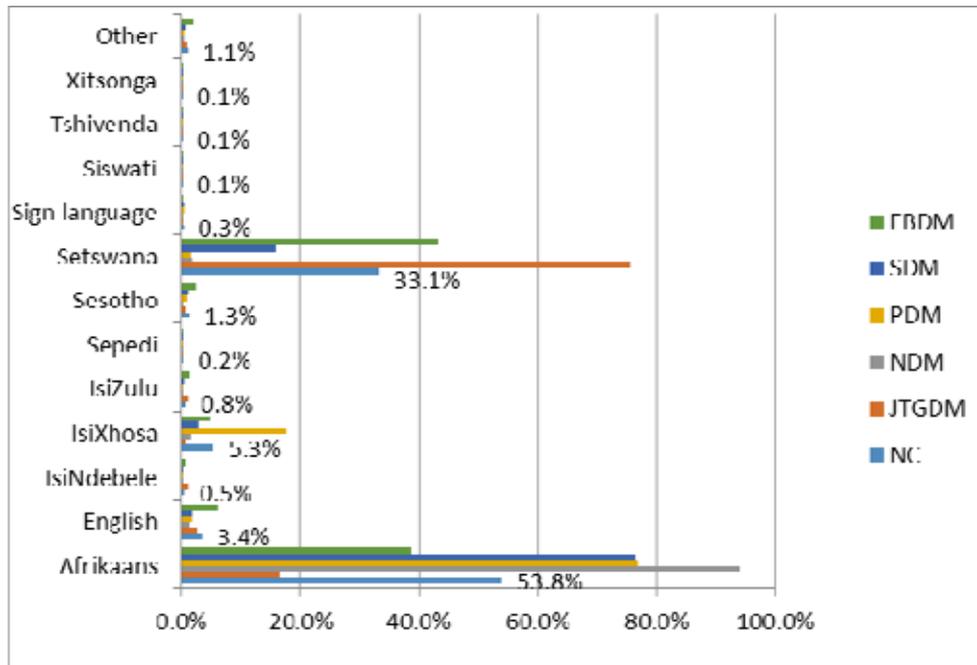
## Population Growth between 2001 and 2011



Source Stats SA 2011 Census

## Languages

Languages spoken in the Northern Cape Province, 2012



Source: Stats SA delivered by Quantec Easy Data, 2012

## Education

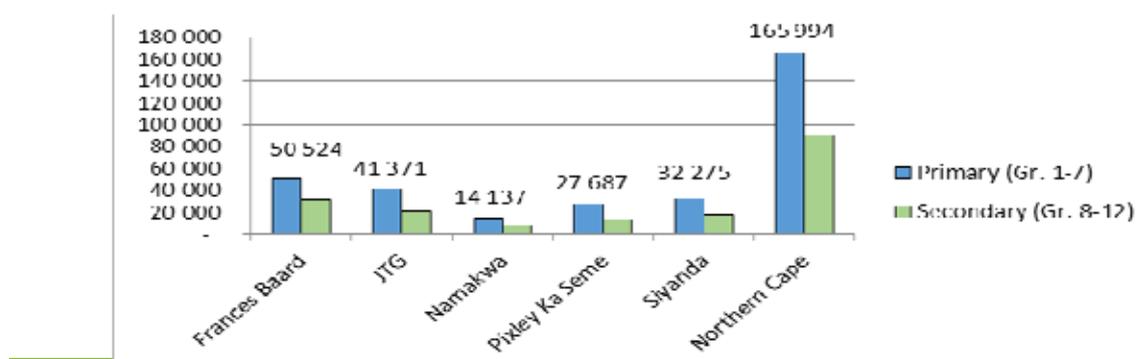
### NUMBER OF LEARNERS, EDUCATORS AND SCHOOLS

#### Number of learners, educators and schools, 2010

	LEARNERS	EDUCATORS		SCHOOLS			RATIOS		
	Total	Female	Total	Public	Private	Total	Learner: Educator	Learners : School	Educator : School
<b>Frances Baard</b>	85,463	1,955	2,829	120	6	126	30.2	678.3	22.5
<b>JTG</b>	64,631	1,503	2,116	202	4	206	30.5	313.7	10.3
<b>Namakwa</b>	23,297	571	851	80	6	86	27.4	270.9	9.9
<b>Pixley Ka Seme</b>	43,704	923	1,433	96	2	98	30.5	446.0	14.6
<b>Siyanda</b>	52,297	1,048	1,617	99	2	101	32.3	517.8	16.0
<b>NORTHERN CAPE</b>	<b>269,392</b>	<b>6,000</b>	<b>8,846</b>	<b>597</b>	<b>20</b>	<b>617</b>	<b>30.5</b>	<b>436.6</b>	<b>14.3</b>

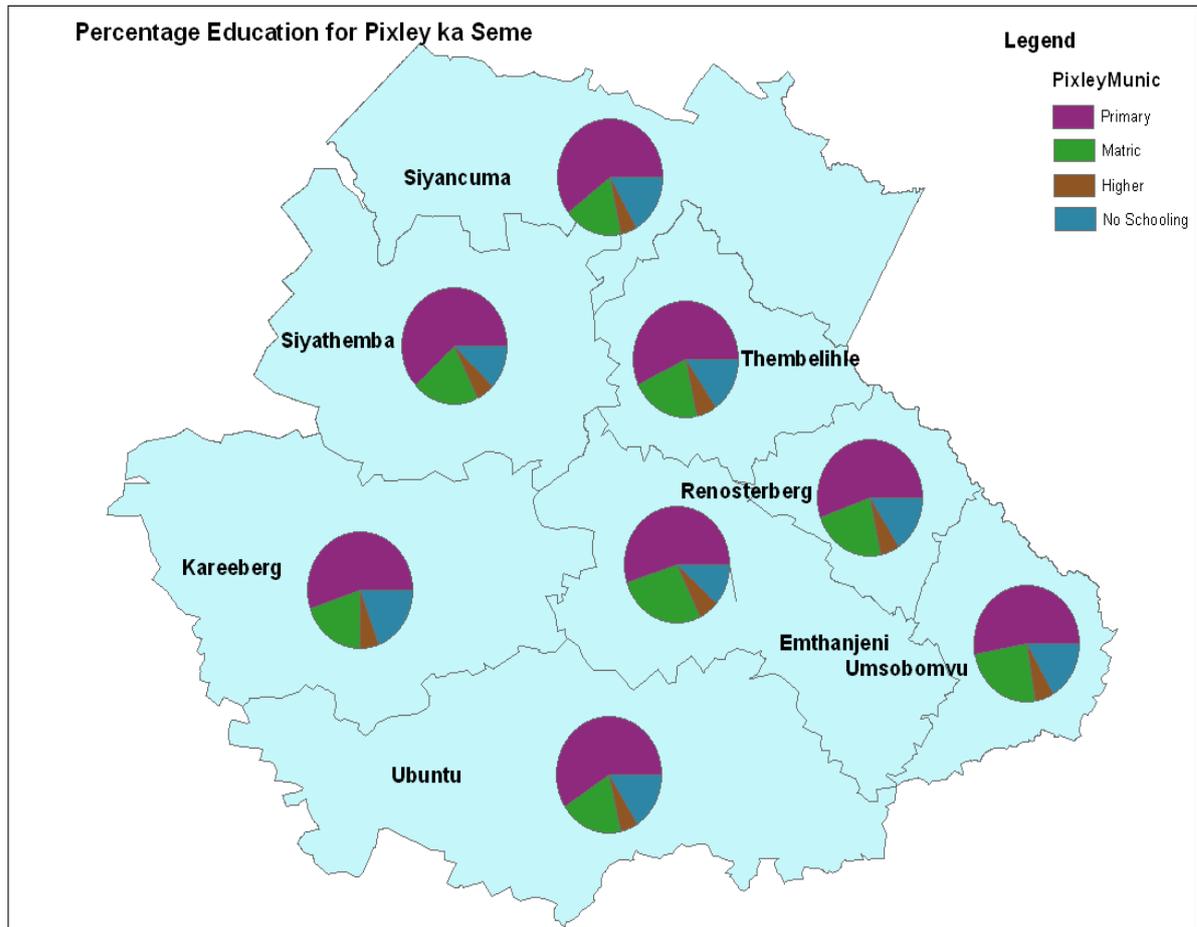
Source: Department of Basic Education, 2012

#### Number of Learners, 2010



Source: Department of Basic Education, 2012

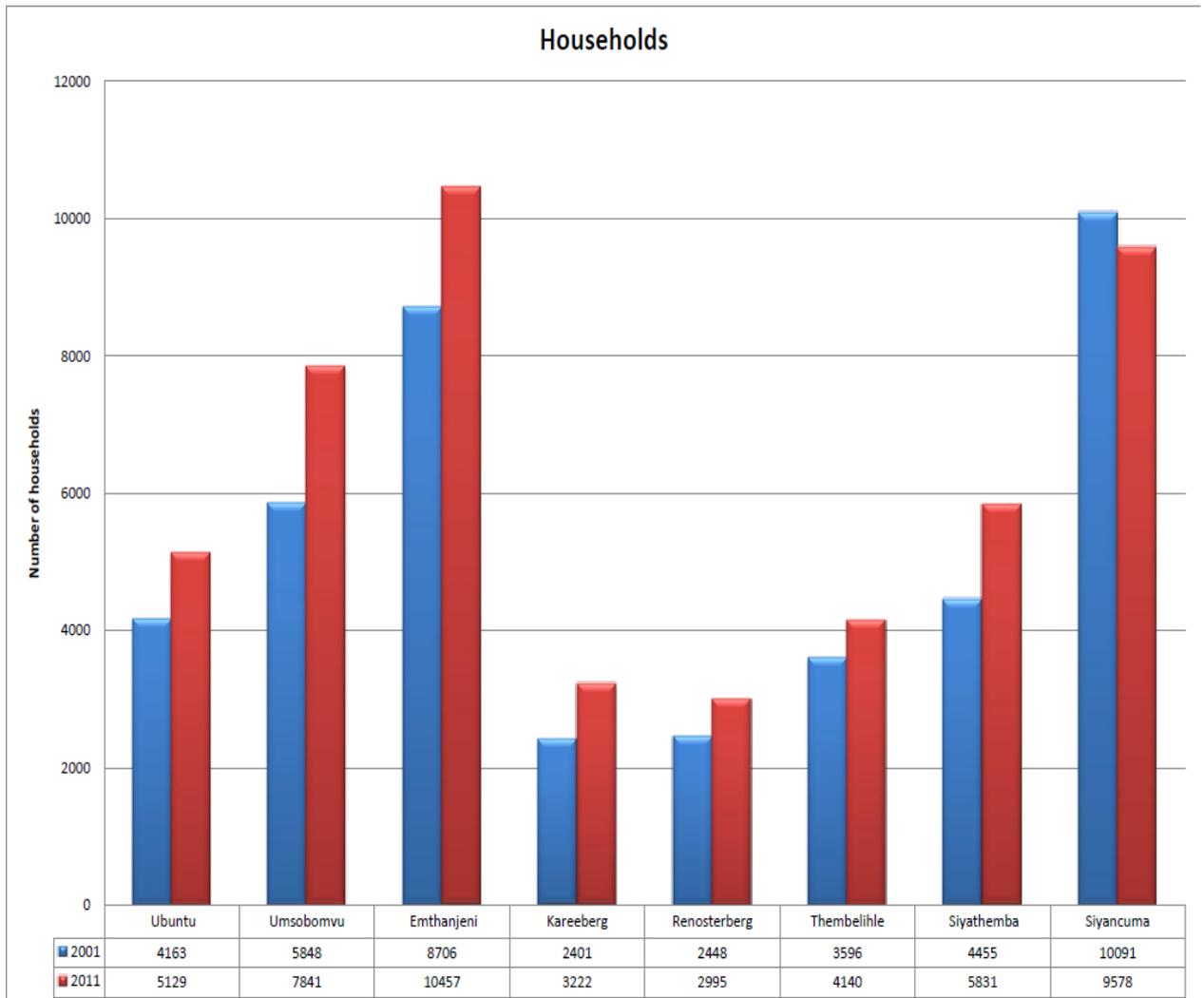
### Percentage Education in Pixley per Municipality



Source: Stats SA Census: 2011

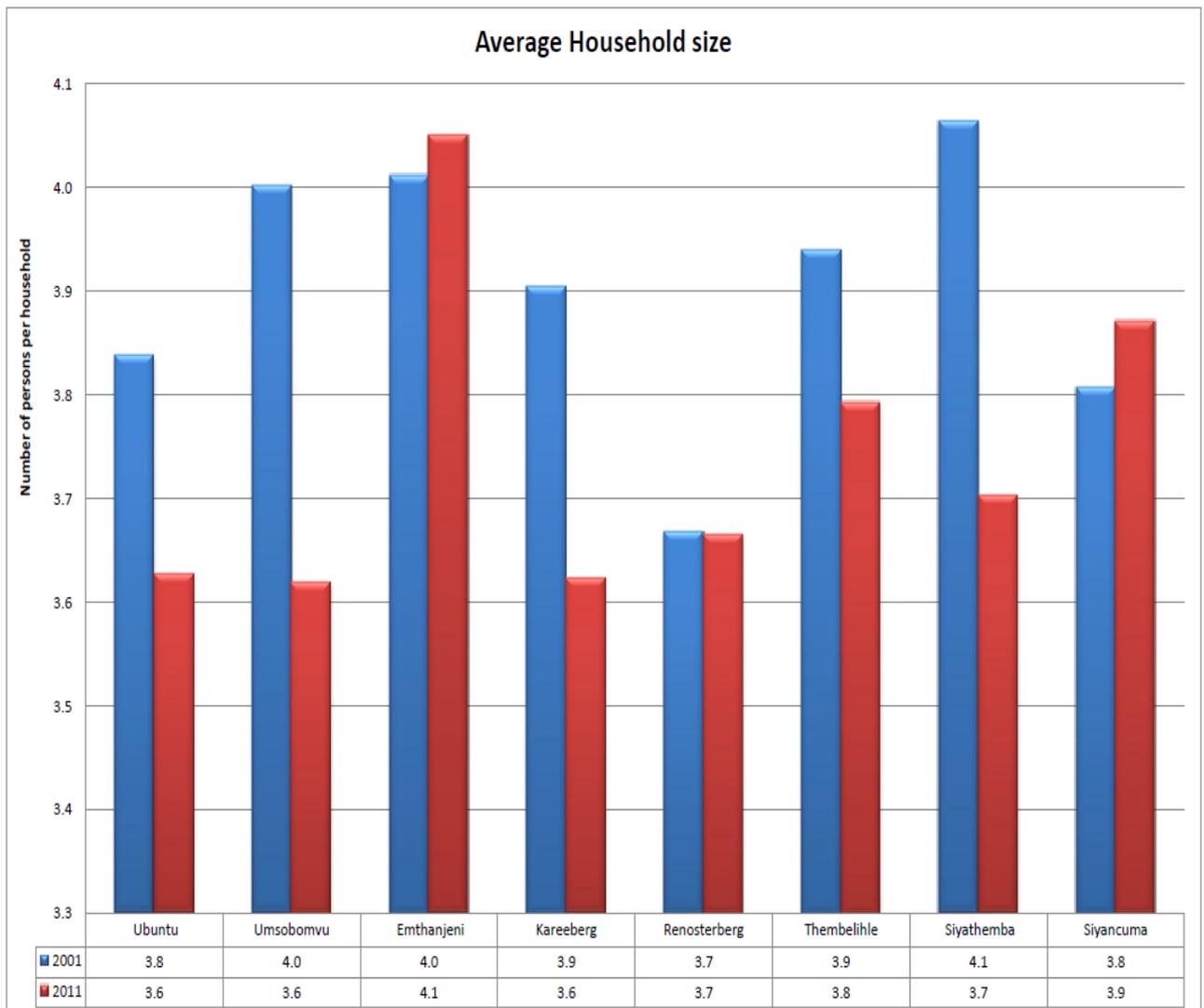
## Households

### Households as per 2001 and 2011



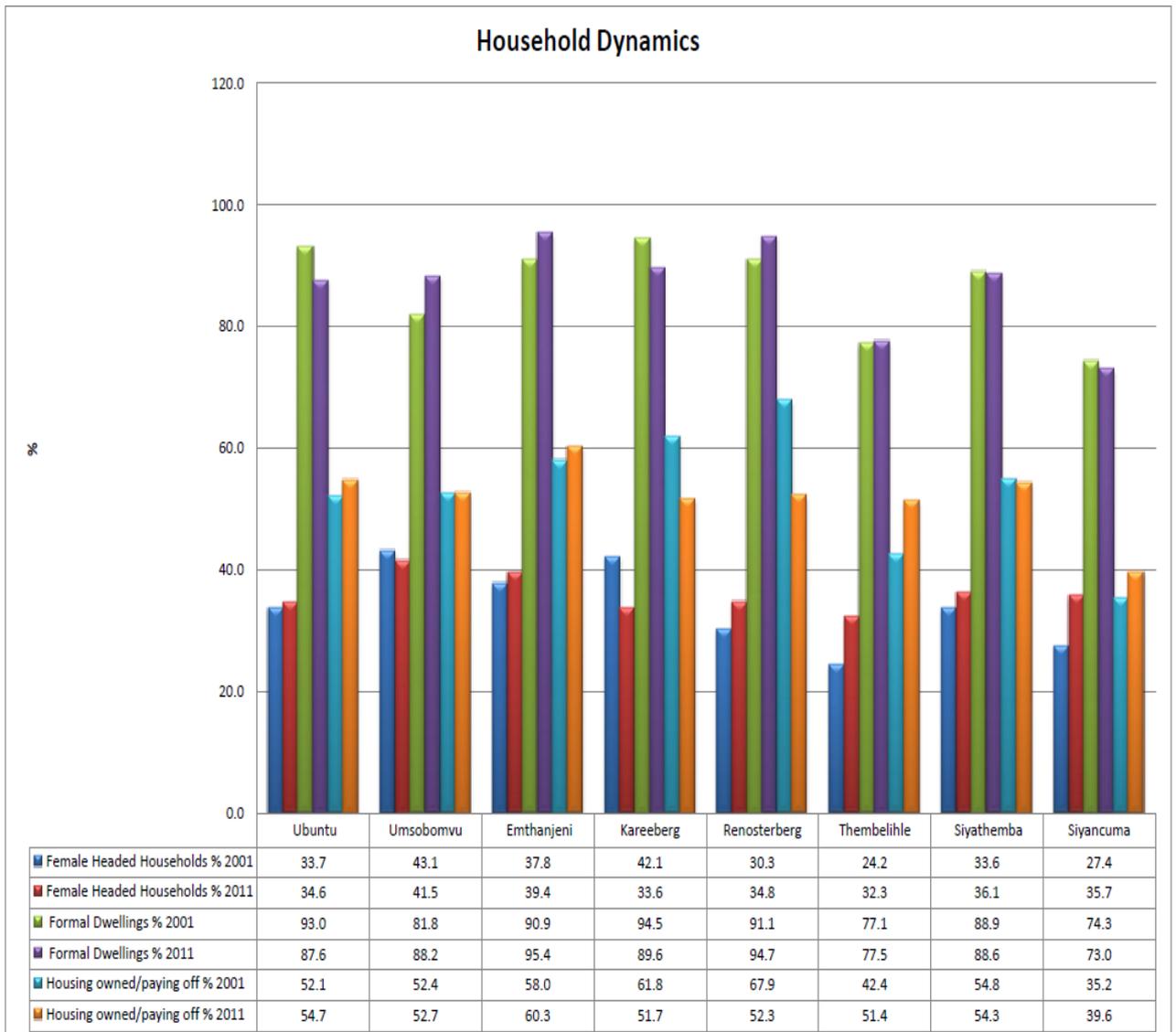
Source: Stats SA Census 2011

## Average Household Size



Source: Stats SA Census 2011

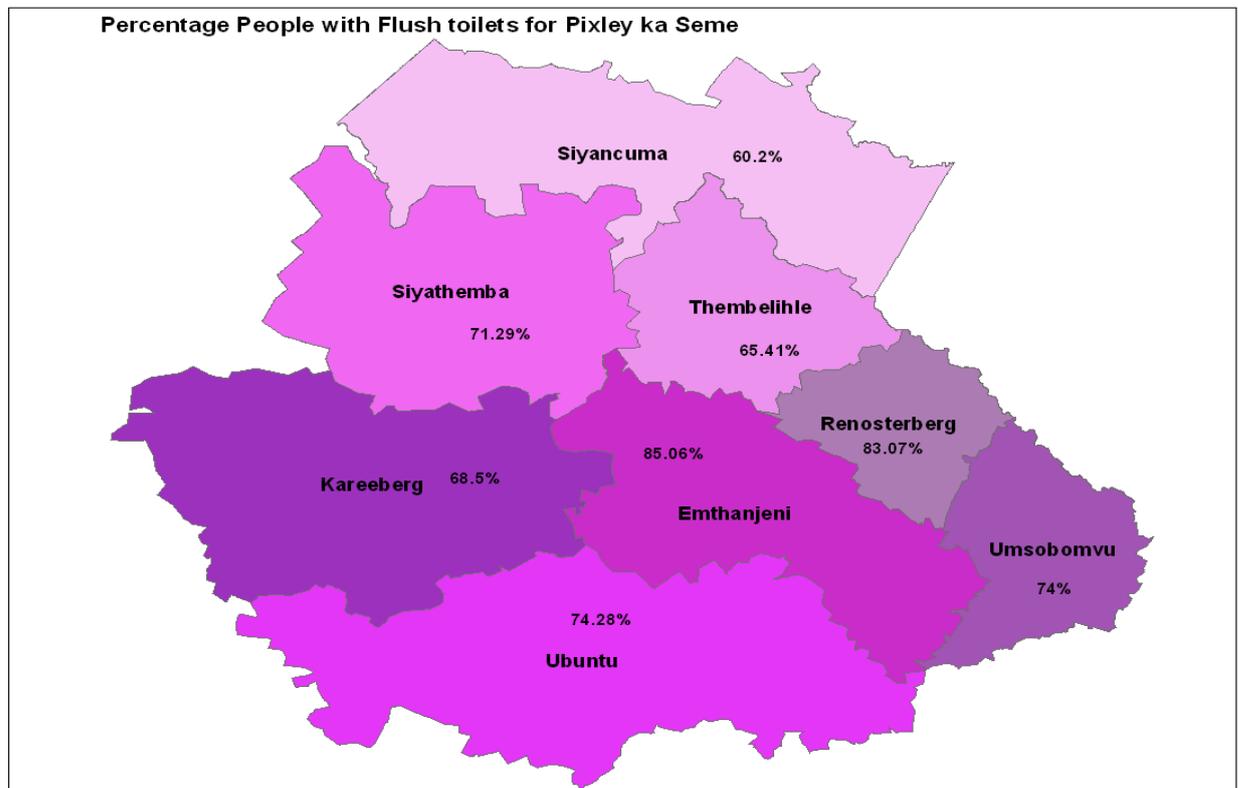
## Household Dynamics



Source: Stats SA Census 2011

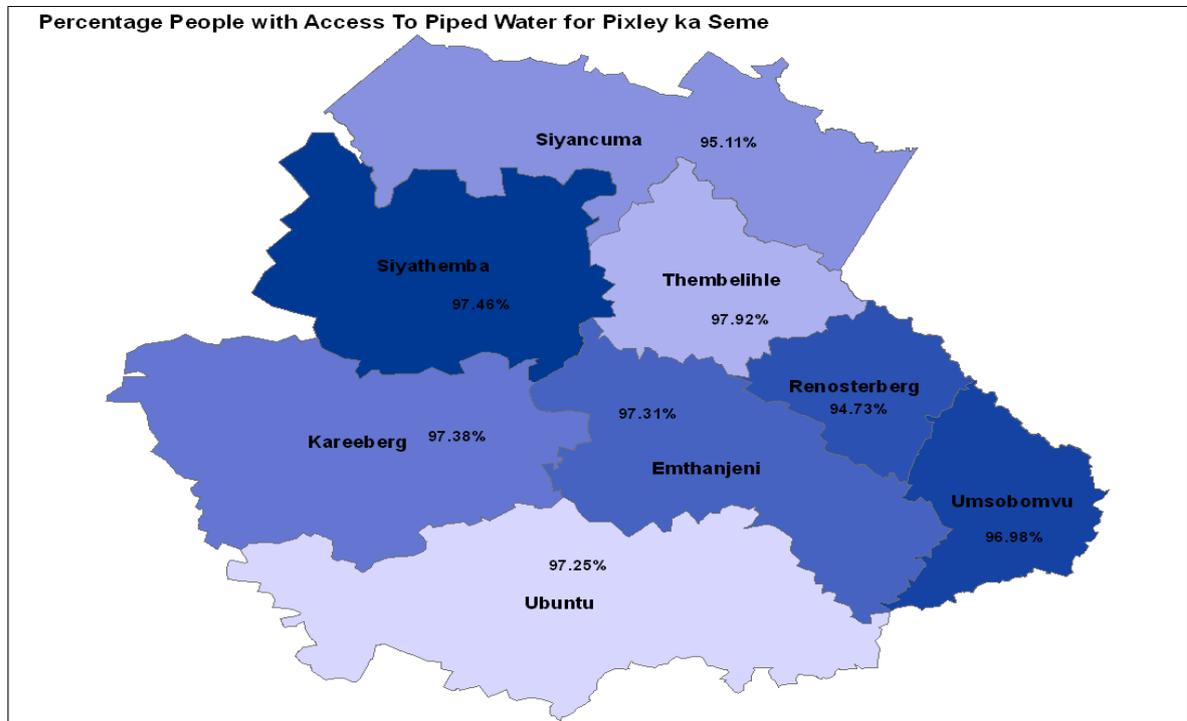
## Services

### Flush Toilets



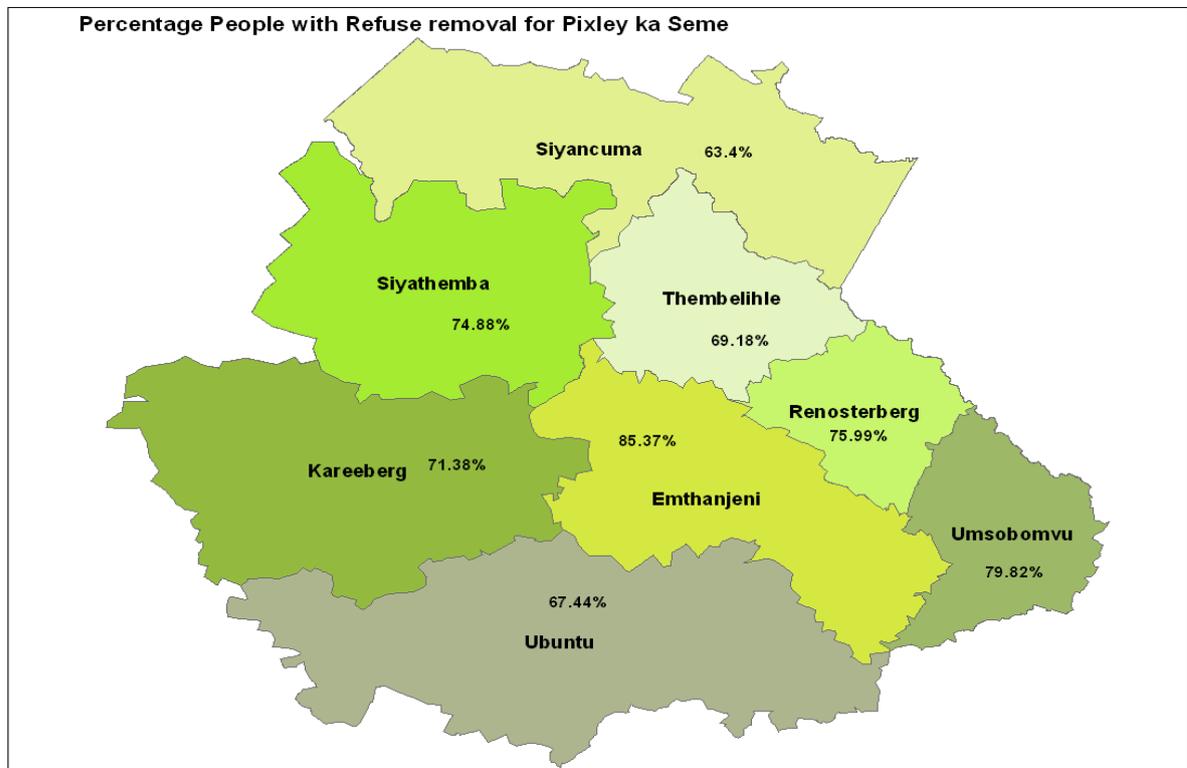
Source: Stats SA Census 2011

## Piped Water



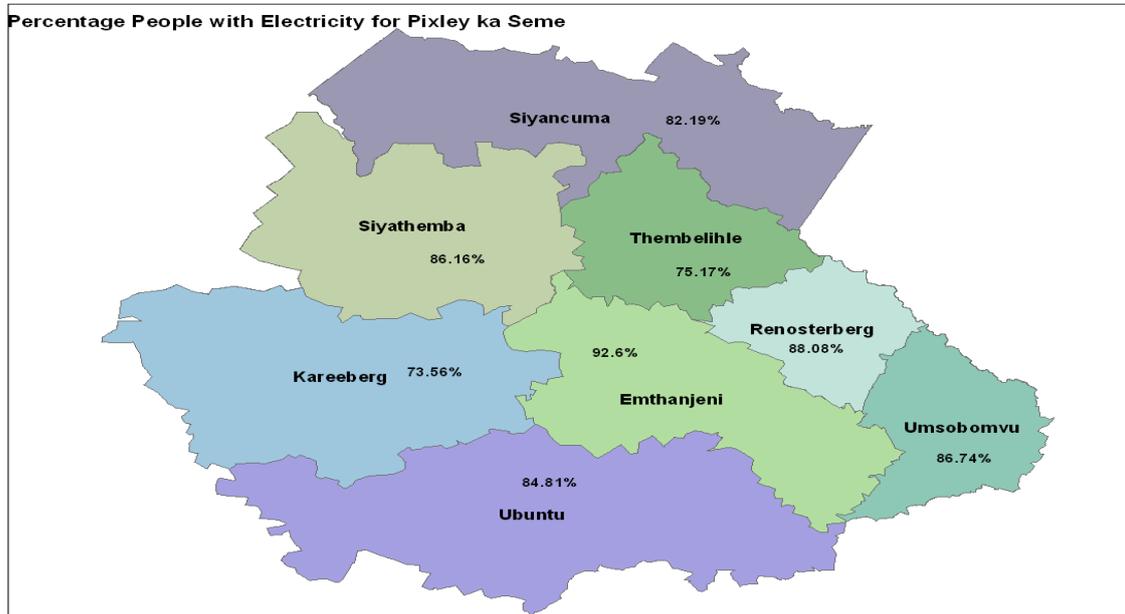
Source: Stats SA Census 2011

## Refuse Removal



Source: Stats SA Census 2011

## Electricity



Source: Stats SA Census 2011

## 1.2. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The Pixley ka Seme District Municipality is totally dependent on Grants for National and Provincial Government and does not render any basic services for which the municipality can rely on taxes and levies from its own sources.

Financial Overview - 2012/13			
			R'
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	30 946 666.00	35 771 300.00	36 539 727.14
Taxes, Levies and tariffs			
Other	2 595 139.00	3 628 275.00	4 688 136.72
Sub Total	33 541 805.00	39 399 575.00	41 227 863.86
Less Expenditure	34 591 280.00	39 926 600.00	42 602 675.63
Net Total*	-1 049 475.00	-527 025.00	-1 374 811.77
* Note: surplus/(defecit)			T1.4.2

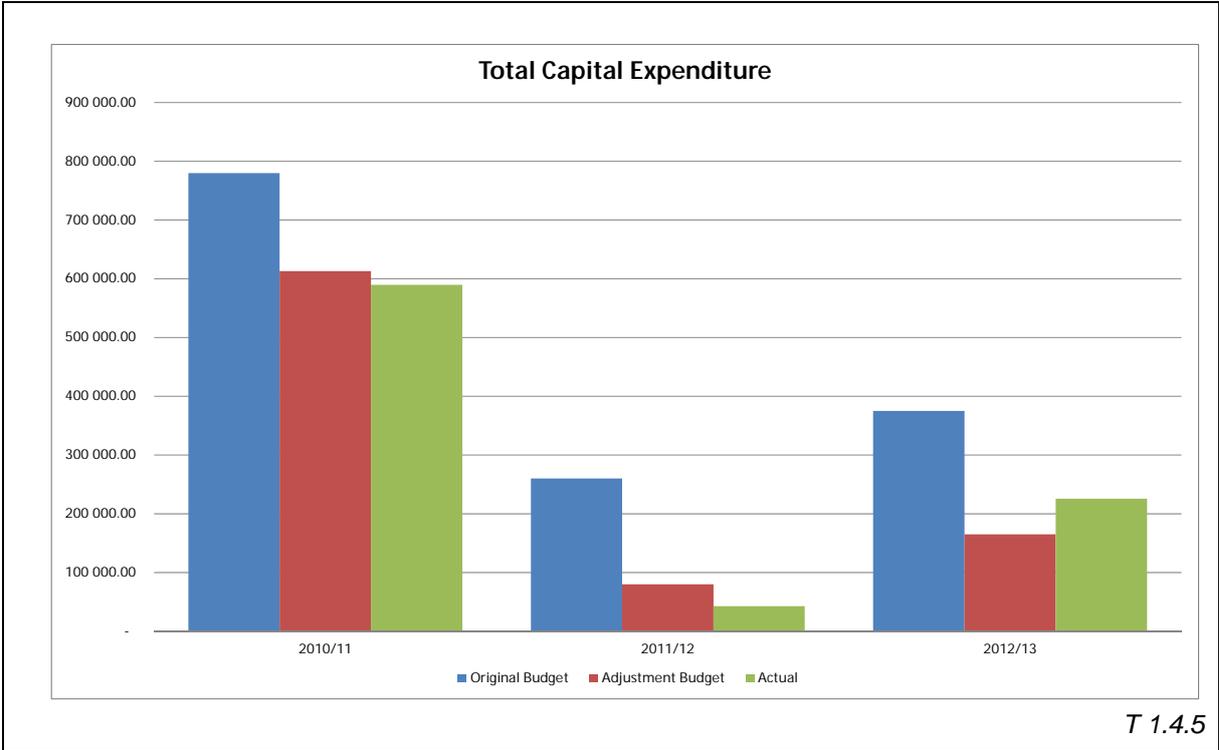
Operating Ratios	
Detail	%
Employee Cost	58.78%
Repairs & Maintenance	0.99%
Finance Charges & Depreciation	8.31%
T1.4.3	

#### COMMENT ON OPERATING RATIOS:

Because this is a District Municipality that does not have any other revenue source than the levies and grants that it receives the costs as per Table 1.4.3 is applicable:

The Employee costs exceeds the norm of 35%,

Total Capital Expenditure: Pixley ka Seme District Municipality			
			R'
Detail	2010/11	2011/12	2012/13
Original Budget	780 000.00	260 000.00	375 000.00
Adjustment Budget	613 000.00	80 000.00	165 000.00
Actual	589 591.80	42 704.67	225 416.72
			T1.4.4



### 1.3. AUDITOR GENERAL REPORT

#### AUDITOR GENERAL REPORT: 2012/13 (CURRENT YEAR)

The Municipality received a qualified Audit Report for this financial year. The report is attached as part of the Annual Report

#### 1.4. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 2012/13 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

T 1.7.1

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## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

The Municipality is a District Municipality, with an Executive Mayor, Speaker and Mayoral Committee, the Municipality also has a Portfolio Committee system which was established in terms of Section 80 of the Municipal Structures Act of 1998, Act No 117 of 1998. The Municipality also has a Municipal Public Accounts Committee (MPAC), this committee fulfils the role of Oversight in the municipality and will process the Annual Report in the oversight period, and it will issue a separate Oversight Report in accordance with the MFMA guidance.

The Municipality has a fulltime Mayoral Committee, where members of the Mayoral Committee are responsible for the Portfolio Committees of the Council.

##### POLITICAL STRUCTURE

###### EXECUTIVE MAYOR

Clr JZ Lolwana

###### SPEAKER

CLr M Kibi

###### MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Clr UR Itumuleng

Clr AT Sintu

Clr KJ Arens

##### COUNCILLORS

This municipality is a District Municipality and thus have no wards, it makes use of a Mayoral Committee System and has 18 Councillors, and the Municipal jurisdiction area has 8 local municipalities which is represented in the Council. The municipality also has a number of directly elected councillors which represents political parties. The full list of Councillors and their attendance is attached as Appendix A, the list of Committees of Council is also attached as Appendix B.

##### POLITICAL DECISION-TAKING

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The Municipality has an Executive Mayor which has delegated powers and authority as per the Municipal Structures Act as well as certain delegation done by the Council. The Executive Mayor then appoints from the Councillors members of the Mayoral Committee, the members of the mayoral committee can be any of the members of council, this mayoral committee does not have to be proportionally representative of council as per the Constitution because this committee is not a council committee as described in Section 79 of the Municipal Structures Act, 1998, Act 117 of 1998. The Members of the Mayoral Committee then becomes the chairperson of the council's portfolio committees. These portfolio committees as established in terms of the Municipal Structures Act, 1998, Act 117 of 1998, section 80 and representative of the composition of the political parties make recommendations to the Executive Mayor –in –Mayoral Committee, who either approves the recommendation, in the case of a delegated authority or recommends it to Council for approval. The Council has the final authority of approval and to govern in its jurisdiction on matters which falls which the mandate of the municipality.

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## 2.2 ADMINISTRATIVE GOVERNANCE

### TOP ADMINISTRATIVE STRUCTURE

#### **MUNICIPAL MANAGER**

Mr NM Jack

#### **CHIEF FINANCIAL OFFICER**

Mr BF James

#### **SENIOR MANAGER: CORPORATE SERVICES**

Mr TA Loko

#### **SENIOR MANAGER: TECHNICAL AND INFRASTRUCTURE DEVELOPMENT**

Ms V Jones

#### **SENIOR MANAGER: OFFICE OF THE EXECUTIVE MAYOR**

Mr R Pieterse

#### **SENIOR MANAGER: SHARED SERVICES**

Mr SA Diokpala

#### **MANAGER: INTERNAL AUDIT**

Ms R Sors

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## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

As mentioned above, this Municipality is a District Municipality and has a jurisdiction area of 102 000 square kilometres, it has 8 participating local municipalities. The Municipal area is mostly rural and most of the Municipality falls in the category of low capacity. The municipality itself does not deliver any services to customers assists local municipalities in this regard. The Municipality has a shared services function which delivers a number of services to Local Municipalities. This services are delivered in the following areas;-

Internal Audit

Planning

Project Management

Legal

Labour Relations

Performance Management

The Municipality is also an active participant in all intergovernmental relations structures on provincial, district and local levels. The different levels will be discussed in this chapter.

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## 2.3 INTERGOVERNMENTAL RELATIONS

### NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality, on a national level participates in the national employers' structures such SALGA and the Bargaining Council Structures.

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipality was part of the Premier's Intergovernmental Relations Forum (PIGR) for the past year and attended all the PIGR meetings during the 2012/13 financial year

### RELATIONSHIPS WITH MUNICIPAL ENTITIES

There are no Municipal Entities in the municipal area **Appendix D**.

### DISTRICT INTERGOVERNMENTAL STRUCTURES

The District Municipality chairs both the District Intergovernmental Relations Forum (DIGR) and Technical District Intergovernmental Forum (T-DIGR). This forum includes all 8 the local municipalities and all the Government Departments with a footprint in the region. The forums deal with all cross-

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cutting issues and feeds submission to the provincial structures. There is also a CFO forum which is chaired by the CFO of the region.

## COMPONENT B: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4 PUBLIC MEETINGS

Public Meetings					
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
Council Meets the People (Britstown)	30-Jul-12	10	4	53	Referred all matters raised to the local municipality and relevant sector departments
Council Meets the People (Bucklands)	6-Sep-12	7	2	53	Referred all matters raised to the local municipality and relevant sector departments
Council Meets the People (Marydale)	23-Oct-12	9	2	190	Referred all matters raised to the local municipality and relevant sector departments
Council Meets the People (Prieska)	5-Mar-13	13	5	305	Referred all matters raised to the local municipality and relevant sector departments
Council Meets the People (Vosburg)	11-Mar-13	9	3	120	Referred all matters raised to the local municipality and relevant sector departments
Council Meets the People (Norvalspont)	18-Mar-13	10	4	63	Referred all matters raised to the local municipality and relevant sector departments
Council Meets the People (Schmidtsdrift)	9-Apr-13	9	7	108	Referred all matters raised to the local municipality and relevant sector departments
Council Meets the People (Douglas-Breipaal)	20-Mar-13	11	3	119	Referred all matters raised to the local municipality and relevant sector departments
Council Meets the People Griekwastad)	10-Apr-13	9	3	263	Referred all matters raised to the local municipality and relevant sector departments

T2.4.3

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Pixley ka Seme District Municipality does not have any wards and thus ward meetings were not possible, but the municipality under the leadership of the Executive Mayor and his office embarked on a Council-meets-the People process and held a number of Council-meets-the-People meeting as indicated in the above table.

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### 2.5 IDP PARTICIPATION AND ALIGNMENT

The municipality engages in a comprehensive IDP public participation process by having Representatives forum meetings.

## COMPONENT C: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

The Municipality is run by an Executive Mayor in Mayoral Committee System, with operational portfolio committees. The Municipality held all their Council meetings during the financial year.

The Municipality's administration is well organised in operational units which execute resolutions taken by the Council and Committees in an effective and efficient way

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### 2.6 RISK MANAGEMENT

#### RISK MANAGEMENT

The Municipality has a risk management policy in place, the policy was reviewed but the reviewed policy must still be submitted to council for approval.

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### 2.7 ANTI-CORRUPTION AND FRAUD

#### FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has a Fraud and Anti-corruption policy in place and this policy is operational

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## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

Council is having an adopted SCM Policy in place. There is currently a SCM UNIT operating. Unit consist of an Accountant and three finance interns. All procurement accepts salaries and wages are being done via the SCM unit which is based in the Treasury Office. Quotations, bookings etc. are being obtained by SCM and approved by CFO and Department of the CFO. No qualifications received from AG during the execution of the 12/13 external audit-procurement addressed under emphasis of matter.

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## 2.9 BY-LAWS

The Municipality is a District Municipality and does not promulgate any by-laws

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## 2.10 WEBSITES

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

For the financial year under review, the municipality did not have an operational website, but by the submission date of the report the website was operational.

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### INTRODUCTION

This is a district municipality and the Pixley ka Seme District Municipality does not deliver any services in the traditional way as services are described in the local government sphere.

The only “service” that the municipality deliver is housing. The municipality is a level 2 accredited housing service delivery agent.

### COMPONENT A: HOUSING

#### 3.1 HOUSING

##### INTRODUCTION TO HOUSING

##### HOUSING STRATEGIES AND PROJECTS

In this chapter, housing strategies and projects are developed based on the information provided in the analysis phase. The housing backlog derived from the statistical analysis, information obtained from the municipal housing waiting list as well as information obtained during workshops, will to a great extent determine strategies and projects that will be developed for the municipality.

The objectives and strategies that will be developed, should seek to address the needs of the vulnerable groups in the municipality whilst at the same time care should be taken to ensure that the institutional arrangements are geared towards accelerating housing delivery. The municipality should ensure that the following vulnerable groups are considered during construction of houses:

- The aged and youth headed households
- Women headed households
- The disabled persons
- The HIV/AIDS affected persons

##### SETTING THE VISION

The Pixley Ka Seme District Municipality set its vision during the IDP process and this seeks to define the manner in which development processes will be attained: “We, Pixley Ka Seme District Municipality, commit ourselves to be a developmental municipality where the quality of life of all people in the district will be improved”

Based on the above vision, important that the housing development in Pixley Ka Seme should seek to improve people’s quality of life by promoting economic development and providing quality services in an environmentally sensitive manner. It should also seek to promote racial integration. This further

implies that the municipality should ensure that allocation of housing projects between areas within the municipality is done in a transparent manner.

#### FORMULATING THE OBJECTIVES

The analysis phase has revealed a lot of information regarding housing needs in Pixley Ka Seme District Municipality and this will form the basis for the formulation of the objectives. For purposes of undertaking this process, the project steering committee first identified important housing issues.

Subsequently, objectives were developed based on the housing issues identified. It will be recalled from the analysis phase that rural-urban migration is expected to continue taking place. It has also been noted that a majority of these migrants will need assistance in terms of provision of shelter. This therefore implies that low income housing will be dominant as opposed to middle and high income housing in this municipality, hence a heavy reliance on government subsidy housing is expected to increase.

#### DEVELOPING THE HOUSING STRATEGIES

The housing strategies are actually meant to give effect to the objectives as formulated. In developing the strategies, various factors were taken into consideration. The following are amongst others factors that influenced the strategies that were developed:

- The housing backlog and the nature of subsidy types allocated prior to the 1994 era
- The role of the Department of Local Government and Housing in subsidy allocations to municipalities
- The criteria used for allocation of housing subsidies to individuals
- The ability of the municipality to manage and ensure construction of good quality houses and many
- Other important aspects also served to guide this process.

#### FORMULATION OF PROJECTS

In formulating projects one should bear in mind that the actual project is to be planned around the Housing strategies and must qualify the objectives set by the municipality in conjunction with its local Municipalities. This project planning session should be administered at the Intergovernmental Relation Forum (IGR) and should also include all other stakeholder groupings relevant to the entire housing Supply chain. It is at these IGR meetings that the District Municipality should explore the drafting and Implementation of a Memorandum of Understanding and/or a Service Level Agreement or both with its Local municipalities.

The purpose of such an understanding agreement is to foster a harmonious relation thus resulting in The efficient and effective execution on projects.

## ARCHIEVEMENTS

Pixley Ka Seme District Municipality was awarded Level 2 Accreditation by Province and National

## CHALLENGES

- Contractor development is critical
- Slow performance of contractors housing construction
- Financial capacity of contractors remain a problem

Financial Performance 2012/13: Housing Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	1550000	441666	150000	150000	-194%
Expenditure:					
Employees	1908607	1868683	1818000	1754692	-6%
Repairs and Maintenance	0	0	0	0	0%
Other	191124	113000	128000	107828	-5%
<b>Total Operational Expenditure</b>	2099731	1981683	1946000	1862520	-6%
<b>Net Operational Expenditure</b>	549731	1540017	1796000	1712520	10%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T3.5.5					

## COMPONENT B: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### 3.2 PLANNING

#### INTRODUCTION TO PLANNING

The eight local municipalities in Pixley Ka Seme District face both opportunities and challenges relating to/in respect of economic development and physical planning which are widely counted on and

expected to deliver sustainable development and liveable communities. The key opportunities and challenges include:

### **Economic Development Opportunities**

- Youthful population – providing a low-cost labour force attractive for investment
- Supply of natural resources (land, water, gas, minerals) and inputs for agricultural development
- Potential of renewable energy, notably hydro power and solar energy
- Investment opportunities in a range of sectors, including tourism and telecommunication
- Strategic geographical location between the country's two economic giants
- Adequate infrastructure, particularly in transport, electricity access and telecommunication
- Strong commitment to reform
- Tourism potential
- Abundant agricultural resources to be exploited for productivity improvement
- The traversing national roads that provide opportunities in: their maintenance, bring significant road traffic in transit through the district, provide the potential to easily transport processed products to national markets
- Revitalising of railway hub De Aar
- Opportunities for developing environmental, cultural and sporting tourism
- Detailed plans outlining specific objectives that make it easier much to secure funds from the government for project implementation than a blanket request for funds for unspecified purposes.
- Economic development offers Local Municipalities, the businesses in the district and the local communities the opportunity to work together to improve the local economy.

### **Challenges**

- High levels of poverty in both rural and urban areas
- Low education and health achievement
- Limited economic diversification
- Water scarcity
- Economic development linked to existing infrastructure and resources in the district
- Exploration of opportunities are locked in early stages of feasibility and development
- Financial constraints – 8 local municipalities with very limited own resources because of very restricted revenue base
- Difficulty in attracting and retaining investors
- Limited economic potential linked mainly to District and Provincial economy

### **Physical Planning**

#### **Opportunities**

- Integration of Spatial Development Framework into IDP –this strategic document will provide a roadmap to enable economic development taking into consideration the natural environment and its challenges and the social elements of the district that are deemed to have current or possible future spatial implication.
- National Spatial Development Perspective (NSDP) - ensures that local municipalities have an economic future and that investments are made in human capital and physical infrastructure which would lead to leading and emerging enterprises.
- General physical development that improve the quality of life

- Clear legislative and policy mandates.
- Availability of relevant information
- New technologies to lever information e.g. GIS, internet and intranet
- Existing legal system for development management, e.g. building controls and land use management
- Funding opportunities for project implementation
- International support (intellectual and financial)
- Neighbourhood development programmes - ensure that a conducive environment is created in urban areas to promote economic growth and development of all residents and businesses

## **Challenges**

### **Historical background**

The nature of these interests (this is the interest of a portion of the citizens due to the history of South Africa) varied regionally so that the planning systems we have today are complex, multiple and contradictory. These systems have dramatic impacts on urban settlement patterns.

#### **Older Acts and Ordinances**

The use of these old Acts in planning does not only lead to complicated administrative procedures, but it also makes physical planning development policies ineffective tools for dealing with the prevailing social, economic and physical development challenges.

#### **Unwillingness to change/Resistance to change**

People have an inherited reluctance to change. This is mainly due to uncertainty as to what the new will imply. The ability to manage and to overcome this and still having the support of those originally unwilling to change will have a direct influence on the success of projects to be implemented.

#### **Lack of information**

If physical planners do not have information on the area to be planned for (e.g. physical information (on the physical nature of the area) or social information (information on the community, community needs, etc.)) it is not possible to come up with suitable or sustainable solutions and/land use management systems in the district.

#### **Lack of capacity –**

Lack of capacity is a key issue in determining the shape of physical planning and implementation of physical development projects or plans at local municipality level.

#### **Lack of funds**

Lack of fund is a serious challenge in urban development as it delays e.g. establishment of new townships for housing provision across the district.

**Changing operating environment** (also with regards to new legislation) - changes within local government, e.g. new councillors, new governmental systems (metropolitan and district municipalities) prolong development initiatives

- **Sectoral orientation/non-integration of authorities** – is impacting on physical planning and development field as different departments e.g. Housing, Transport and Environment, have their own polices and legislation which are largely done in isolation.

- **Impact of development on other public services** – is a serious challenge as a number of developments were undertaken without addressing or assessing their impacts on the town structure and town infrastructure.
- **Legacy of apartheid planning that left municipalities with towns that:**
  - Have racially divided business and residential areas
  - Are badly planned to cater for the poor – with long travelling distances to work and poor access to business and other services
  - Have great differences in level of services between rich and poor areas
  - Have sprawling informal settlements and spread out residential areas that make cheap service delivery difficult
  - Have created urban and rural inequalities
- **Development of informal settlements** which makes it difficult to provide cheap essential services – water and electricity to everybody in the urban areas
- **Legislation and adopted plans and policies by municipalities** that are not enforced make it difficult to bring about positive changes in the communities.
- **Outdated land use plans**

**Movement of people into urban areas/towns** - the constant influx of people into towns brings about a constant change in towns dynamics and highlights the need for housing, appropriate infrastructure, job opportunities and social amenities.

Financial Performance 2012/13: Planning Services [Shared Services]						R'000
Details	2011/12	2012/13				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	1700000	2000000	2000000	2050000	2%	
<b>Expenditure:</b>						
Employees	1270063	951917	1390000	1375794	31%	
Repairs and Maintenance	376	0	0	0	0%	
Other	145425	91000	127000	90410	-1%	
<b>Total Operational Expenditure</b>	1415864	1042917	1517000	1466204	29%	
<b>Net Operational Expenditure</b>	-284136	-957083	-483000	-583796	-64%	
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T3.10.5

## COMPONENT C: HEALTH

### 3.3 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

#### INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

### Abattoir Licensing

Environmental Health Practitioners are not responsible to issue licenses to Abattoirs, Meat Inspectors from Department of Agriculture are the ones responsible for licensing of abattoirs.

### Water Quality Monitoring

In most Local Municipalities during this reporting year there was an improvement on blue drop performance.

Renosteberg Municipality was not taking any samples due to financial constraints but after the interventions of Environmental Health Practitioners, samples are now taking (bacteriological and chemical).

### Food Safety

Due to the fact that most tuck-shops do not have licenses, license application and policy were drafted and submitted to all local Municipalities for adoption.

Data of all food and non- food premises were compiled to determine the number of premises operating within the district and to also determine compliance level.

### Surveillance of non-food premises

Most schools are facing challenges with hygiene and sanitation due to this problem a report was drafted and forwarded to Department of Education to intervene with regard to the above issue.

Eight schools were identified from all eight local Municipalities which will be part of the campaign to promote hygiene, recycling and to enter them in provincial competition for cleanliness school.

Awareness campaign about health and hygiene was conducted in some of the identified schools.

### **SERVICE STATISTICS FOR HEALTH INSPECTION**

There were no projects done due to the fact that there were no funds allocated for projects.

Financial Performance 2012/13: Health Inspection, Etc					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0			0%
<b>Expenditure:</b>					
Employees	1203244	1465830	1069000	983259	-49%
Repairs and Maintenance	2697	0	0	137	100%
Other	95818	96000	97000	80155	-20%
<b>Total Operational Expenditure</b>	1301758	1561830	1166000	1063551	-47%
<b>Net Operational Expenditure</b>	1301758	1561830	1166000	1063551	-47%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.64.5

## COMPONENT D: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

### 3.4 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

#### SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Due to financial constraints no capital projects were budgeted for for disaster management during the reporting period.

Financial Performance 2012/13: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	821379	1170283	1170283	1207253	3%
Expenditure:					
Employees	1375232	1353139	1485200	1473694	8%
Repairs and Maintenance	28506	54500	86500	85671	36%
Other	527643	257000	748300	760496	66%
<b>Total Operational Expenditure</b>	1931381	1664639	2320000	2319861	28%
<b>Net Operational Expenditure</b>	1110002	494356	1149717	1112608	56%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.67.5

## COMPONENT E: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### 3.5 EXECUTIVE AND COUNCIL

Financial Performance 2012/13: The Executive and Council						R'
Details	2011/12	2012/13				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	1249877	2242000	2242000	2242740	0%	
Expenditure:						
Employees	7883384	7559552	7360400	7299630	-4%	
Repairs and Maintenance	4629	0	0	3741	100%	
Other	1359559	1206800	1756000	1720121	30%	
<b>Total Operational Expenditure</b>	9247572	8766352	9116400	9023492	3%	
<b>Net Operational Expenditure</b>	7997695	6524352	6874400	6780752	4%	
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.69.5	

### 3.6 FINANCIAL SERVICES

#### INTRODUCTION FINANCIAL SERVICES

The DM did not provide any services in the District which lead to a cash-outflow during the financial year-we rather assisted local municipalities with their financial administration e.g., we have the same financial system as Renosterberg Municipality and we then assisted them in this regard. We also assisted the Development and Housing unit with project financial administration. Furthermore did we assist the other departments with the normal financial administrative functions.

Financial Performance 2012/13: Financial Services						R'000
Details	2011/12	2012/13				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	22943048	19601475	20314661	20939454	6%	
<b>Expenditure:</b>						
Employees	3151513	3762295	3236800	3248910	-16%	
Repairs and Maintenance	186221	220000	270000	285940	23%	
Other	6304017	2521918	6593580	6314942	60%	
<b>Total Operational Expenditure</b>	9641751	6504213	10100380	9849792	34%	
<b>Net Operational Expenditure</b>	-13301297	-13097262	-10214281	-11089662	-18%	
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.70.5	

Capital Expenditure 2012/13: Financial Services [all]						R' 000
Capital Projects	2012/13					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	165000	165000	165000	0%		
Capital Budget	165000	165000	165000	0%	165000	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.70.6	

#### COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

Our capital budget for the 2012/13 financial year only resolved around in-house capital acquisitions such as computer and furniture. We did not have a capital budget which dealt with infrastructural programs such as roads, bucket eradication etc. We were only administratively involved in housing- and sport facility programs. Our EPWP incentive grant was used to create employment in Siyancuma municipality.

### 3.7 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Unit is responsible for the management of all HR related functions within the municipality, this will include but not limited to recruitment and selection, leave administration performance management. And organisational design.

The HR Unit is highly capacitated and most if not all functions are performed internally.

The Unit is also involved in capacity building initiatives that have been initiated by other stakeholders ie SETA's, to give experiential learning to newly qualified graduates as well as FET learners.

Financial Performance 2012/13: Human Resource Services						R'000
Details	2011/12	2012/13				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	160341	158000	158000	155323	-2%	
Expenditure:						
Employees	4304877	5188345	4801000	4819977	-8%	
Repairs and Maintenance	18220	61000	60000	46518	-31%	
Other	1371796	1357500	1676500	1670845	19%	
<b>Total Operational Expenditure</b>	5694893	6606845	6537500	6537340	-1%	
<b>Net Operational Expenditure</b>	5534552	6448845	6379500	6382017	-1%	
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.71.5	

### 3.8 INTERNAL AUDIT

This component includes:

#### INTRODUCTION TO INTERNAL AUDIT

Internal Audit at the Pixley ka Seme District Municipality does not only deliver an internal Audit Services to the Municipality itself, it is also a component of the Shared Services on the District Municipality to all 8 local municipalities in the Pixley ka Seme region. The District Municipality entered into service level agreements with all 8 local municipalities for the internal audit service at those municipalities.

This service is a comprehensive service and 4 internal audits are done at each of the local municipalities per annum.

Financial Performance 2012/13: Internal Audit					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	1083180	877139	925381	925381	5%
<b>Expenditure:</b>					
Employees	1597450	1978981	2150500	2180574	9%
Repairs and Maintenance	0	0	0	0	0%
Other	271759	245800	454000	423881	42%
<b>Total Operational Expenditure</b>	1869209	2224781	2604500	2604455	15%
<b>Net Operational Expenditure</b>	786029	1347642	1679119	1679074	20%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.73.5

## COMPONENT F: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT	Implement a differentiated approach to municipal financing, planning and support	There should be granted more autonomy in respect of infrastructure and housing delivery	The district must ensure that the infrastructure development in the different local municipalities is properly facilitated with local role-players and as a housing agent that local Municipalities is more involved in the planning and implementation of the projects and programmes	That the district Municipality create forums and platforms within which the local municipalities can participate with regard to the planning and implementation of the infrastructure and housing programmes within which the district is assisting local municipalities	That the District set up forum for the Local Municipalities to participate in planning and implementation of programmes and project in specific localities	30-Jun-12	Corporate Services and Technical Services

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		We should design a much focused intervention that is limited to producing IDPs that are simplified to focus on planning for the delivery of a set of 10 critical municipal services.	The District must facilitate and assist local municipalities in simplifying their IDP documents to make the Documents more user friendly	That the District Municipality facilitate and assist the local municipalities in simplifying their IDPs	That the District determine a set of Development priorities for the region and facilitate the buy in of local municipality into these Development Priorities for the local municipalities to use these as the common set of priorities for the region	30 June 2014	Municipal Manager/ Office of the Executive Mayor/ Shared Services
		IDP should also be supported by a simple revenue plan that will better manage costs and enhance the management of revenue.	To promote integrated planning and development in order to eradicate fragmented service delivery by ensuring that the district creates a central forum for planners (IDP, LED etc.) that will focus on issues beyond the normal basket of service of water and electricity in the district.	Explore the co-existence of the Central Planning Forum with the District IGR and develop terms of references for the process	A report that details how the Planning Forum will co-exist with other legislative fora in the district	30-Jun-12	Shared Services and Technical Services
				The creation of a central planning forum for integrated planning in the District	Holding planning meetings that will be a feeder into the District IGR at least 4 times a year	Quarterly meetings	Shared Services and Technical Services
				Reporting to the District IGR as per the investigation in 1 above.	Submission of reports to the various fora	29-Feb-12	Shared Services and Technical Services

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
				Developing a tailor made support programme for local municipalities	Reporting to the Office of the MM on the municipal planning support	31-Mar-12	Shared Services and Technical Services
		Ensure that the critical posts of Municipal Manager, Town planner, Chief Financial Officer and Engineer/technical services are audited and filled by competent and suitably qualified individuals	All these posts are filled by competent people but the national prescribed "suitably qualified" must be developed and implemented	That all the senior managers of the municipality be suitably qualified before the cut-off date	That the Municipality send all the senior managers on accredited training courses to ensure their	31-Dec-12	Municipal Manager
		Ensure that the performance contract of the municipal manager should be concise and crisp, based on the 3 items above	The performance contract of the municipal manager should include the strategic development of the institution in transforming the institution into a performance driven authority	That the Municipal Manager include performance driven objectives in the performance agreements of the senior managers	That all performance agreements of the municipality be directly linked to SMART KPIs and that reporting formats reflect that	31 December 2012	

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
	Improving Access to Basic Services	In respect of this output the following targets for improving universal access are set for the period ending 2014: -	Develop an elaborate programme of strengthening local municipalities and how they can utilise the district municipality to improve service delivery	Align the outcomes of the municipal support programme with the CFOs Forum of the District	Synchronized plans for municipal improvement	30-Jun-12	Finance
		ü Water from 92% to 100%					
		ü Sanitation from 69% to 100%					
		ü Refuse removal from 64% to 75%					
	ü Electricity from 81% to 92%	Budget for municipal support based on the support programme	Budget for municipal support	30-Jun-12	Finance		
			Reporting on the implementation of the support programme budget	Reports on	30-Jun-12	Finance	
	Implementation of the Community Work Programme	The CWP is a key initiative to mobilize communities in order to provide regular and predictable work opportunities at the local level. This is a ward-based programme the	To facilitate the creation of as many as possible sustainable jobs, ensuring food security and improving the living conditions of communities by implementing	Integrate CWP with other job creation projects and to position the municipality to participate in the facilitation and management of the CWP programme	Report on jobs created.	30 June 2012	Technical and LED

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		idea being to identify 'useful work' ranging from 1- 2 days a week or one week a month initially targeted at the poorest wards. The target is to implement the CWP in at least 2 wards per local municipality. The overall target for CWP job opportunities created by 2014 is 4.5million. By 2014 at least 30% of all job opportunities must be associated with functional cooperatives at the local level.	projects in the community. Create co-operatives		Start Community Food gardens, monitor and assist and report and progress as well as the facilitation of the programme in the local municipalities		

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
	Actions supportive of the human settlement outcomes	On spatial aspects to overcome the apartheid legacy, actions supportive of the human settlement outcomes need to initiated such as increasing densities in metros and large towns, release of public land for low income and affordable housing to support the delivery of 400 000 housing units on "well located land" with a 30 to 45 minute journey to work and services and using less than 8% of disposable income for transport by 2014.	The municipality can assist the local municipalities in the spatial planning of human settlements	That the municipality facilitate the development of spatial development Frameworks for local municipalities in the compilation and review of the SDF's of the local municipalities as well as on district level	That the District review its SDF by 31 December 2013 and assist and facilitate the review of all 8 local SDF's by 31 December 2014	31-Dec-14	Shared Services

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Other targets closely related to human settlements is supporting the expansion of the national upgrading support programme in 45 priority municipalities to facilitate the upgrading of informal settlements. In this regard the grading and rezoning of informal settlements by the priority municipalities is crucial.	The District Municipality as the accredited Housing authority assist the local municipalities to participate in the upgrading of informal settlement even if not part of the 45 priority municipalities	That the District Municipality assist local Municipalities to upgrade informal settlement to formal settlements	That the district facilitates the process of participation of the 8 local municipalities in the upgrading of informal settlements by reporting on the needs of the municipalities and assists them with supporting applications. The municipality must submit 1 application per municipality per annum	30 June 2013	Technical Services
		A national coordination grant framework should be developed and monitored by COGTA with the relevant departments to better align the Municipal Infrastructure Grant (MIG), the MIG Cities instrument,	To consolidate grants, limit the role of provinces to direct housing development	That the District Municipality align themselves to assist local municipalities in professionally implement project in terms of all the grant prescriptions	That the municipality through their PMU unit market themselves to assist local municipalities in implementing and report on implementation of grant funding	30 June 2012	Technical Services

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		the Housing Subsidy Grant, the National Upgrading Support Programme and all other local government grants that impact on local communities.					
	Deepen democracy through a refined Ward Committee model	Strengthening our people-centred approach to governance and development is a core part of the building the developmental state in this country	The District Municipality should facilitate and assist the local municipalities in developing a ward committee system that will ensure a people-centred approach to governance and development in each of the local municipalities	That the District Municipality develops a programme to assist the local Municipalities in developing a tailor-made ward committee functioning system for the municipalities	That the district have 1 meeting per municipality to evaluate their current ward committees' operations report on that at the District IGR	30 June 2012	Office of the Executive Mayor

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Legislative framework for Ward Committees and community participation must be reviewed and strengthened to broaden participation of various sectors and to propose revised / new responsibilities and institutional arrangements for Ward Committees	The District should participate in the fora established to develop a legislative framework for Ward Committees	That The District participates in all available fora to them.	That the District Municipality as part of the DIGR on prepare a submission to stimulate the discussions on a legislative framework for Ward Committee operations	30 June 2013	Office of the Executive Mayor
		New approach must be found to better resource and fund the work and activities of Ward Committees.	The District should participate in the fora established to develop a funding and resource model for Ward Committees	That The District participates in all available fora to them.	That the District Municipality as part of the DIGR on prepare a submission to stimulate the discussions on a funding and resource model for Ward Committee operations	30 June 2013	Office of the Executive Mayor

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Various support measures must be put in place to ensure that at least 90% of all Ward Committees are fully functional by 2014.	The District should assist local municipalities in capacitating and training ward committees	That the District Municipality facilitate assist municipalities in the capacitating and training of Ward Committees	That the District Municipality develops a programme to assist local municipalities in the capacity building of the ward committees to strengthen the functionality of the ward committees in the district	31-Dec-14	Office of the Executive Mayor
	Administrative and financial capability	Municipalities with unqualified audits to increase from 53% to 100%.	Engage the office of the Auditor General on exceptions and exclusions in order to address the shortcomings in the SCM process and report to council regularly on the measures put in place and at the same time ensure that the DM achieves a favourable audit outcome	Convene a district CFOs forum to highlight audit issues related to SCM and other issues	A report on the forum	Quarterly reports	Municipal Manager and CFO
Receive the responses to the issues raised by the municipalities and in some cases develop common responses to the issues				Common response to the issues	30-Jun-12	CFO	
Engage the Office of the AG on these matters				Meeting with the Office of the Auditor General	Bi-annually	CFO	

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
				Engage communities on Audit issues in an effort to restore public confidence	Two Community meetings per annum	Bi-annually	CFO and Office of the Executive Mayor
			Engage in a process of business development and or growth that will ensure that the SCM issues are able to promote an effective business environment and at the same time increase the business confidence in the area	Develop a district LED Strategy that focuses on SMME development	A strategy document	30-Jun-12	LED Manager
				Prioritise the support and the fast tracking of SMMEs the competitive environment	An SMME support strategy	31-Dec-12	LED Manager
			Improve the district planning capacity in an effort to ensure that district Influences the local municipal budgeting process in an effort to	Align the outcomes of the municipal support programme with the CFOs Forum of the District	Synchronized plans for municipal improvement	30-Jun-13	Finance
				Budget for municipal support	Budget for municipal support	30-Jun-12	Finance

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
			ensure uniform results and minimal competition for resources.	based on the support programme			
				Reporting on the implementation of the support programme budget	Reports on	30-Jun-12	Finance
		The average monthly collection rate on billings to rise to 90%.	The District Municipality has the capacity to assist local municipalities in developing and implementing procedures to reach this target	That the District Municipality through the different fora interact with the local municipalities in to determine the need and plans for assistance	That the District Municipality prepare an Assistance Plan and Procedure and present it to the Mayoral forum as well as the CFO forum	31 December 2012	Finance
		The percentage of municipalities with debtors more than 50% of own revenue to be reduced from 24% to 12%.	The District Municipality has the capacity to assist local municipalities in developing and implementing procedures to reach this target	That the District Municipality through the different fora interact with the local municipalities in to determine the need and plans for assistance	That the District Municipality prepare an Assistance Plan and Procedure and present it to the Mayoral forum as well as the CFO forum	31 December 2012	Finance
		The percentage of municipalities that are overspending on OPEX to improve from 8% to 4%.	The District Municipality has the capacity to assist local municipalities in developing and implementing procedures to reach this target	That the District Municipality through the different fora interact with the local municipalities in to determine the need and plans for	That the District Municipality prepare an Assistance Plan and Procedure and present it to the Mayoral forum as well as the CFO	31 December 2012	Finance

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
				assistance	forum		
		The percentage of municipalities' under-spending on CAPEX to be reduced from 63% to 30%.	The District Municipality has the capacity to assist local municipalities in developing and implementing procedures to reach this target	That the District Municipality through the different fora interact with the local municipalities in to determine the need and plans for assistance	That the District Municipality prepare an Assistance Plan and Procedure and present it to the Mayoral forum as well as the CFO forum	31 December 2012	Finance
		The percentage of municipalities spending less than 5% of OPEX on repairs and maintenance to be reduced from 92% to 45%.	The District Municipality has the capacity to assist local municipalities in developing and implementing procedures to reach this target	That the District Municipality through the different fora interact with the local municipalities in to determine the need and plans for assistance	That the District Municipality prepare an Assistance Plan and Procedure and present it to the Mayoral forum as well as the CFO forum	31 December 2012	Finance
	Single window of coordination	Review local government legislation, finalise changes in relations to powers	Ameliorate the strain on DM resources by engaging the political leadership	Hold meetings with the local municipalities on the non-payment of subscriptions	Meeting with Mayors	30-Jun-12	Municipal Manager

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		and functions and review the intergovernmental fiscal framework	of the local municipalities in the non-payment of subscriptions to DM in an effort of ensuring that they buy into the process and at the same time ensure that they hold the administration accountable for the subscriptions	Revise/ Develop a MOU for the subscriptions and support service to municipalities	MOU	30-Jun-12	Municipal Manager
			To strengthen the capacity of local municipalities to communicate with their stakeholders and as such ensure the eradication of the lack of information of communities and ensure that they are informed about local government in	Through central planning forum, develop a programme for community participation in the programmes of municipalities	A programme on community participation	30-Jun-13	Manager in Office of Executive Mayor
				Attend the community meetings as a matter of alignment	A report on the community meetings	30-Jun-13	Manager in Office of Executive Mayor

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
			general.	Develop a programme that will include communities in the affairs of council such as mock councils in order to improve community confidence in local government	A programme of the alternative communication mechanisms	30-Jun-13	Manager in Office of Executive Mayor
			To have a strong District Municipality that supports local municipalities by commissioning a detailed study of the role of the district municipality and how it can remain relevant	Developing a final set of terms of references for the study	Final brief for the project	30-Jun-13	Office of the Municipal Manager
				Commission the study	Final Report	30-Jun-13	Office of the Municipal Manager
				Implementation of the recommendations of the project	Implementation report	30-Jun-13	Office of the Municipal Manager
				Develop a system/strategy that will ensure that the district leverages more external funding, i.e. other grants such as the neighbourhood development grant etc. and as such	Meetings with Provincial and National Departments to access funding for the region and meetings with the local municipalities to assist with business plan for these funding	30-Jun-13	Office of the Municipal Manager, shared Services and PMU

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
				ensure that the DM is less grant dependant			
			To effectively engage in the PIGF and other related fora in order to ensure that there are improved relations and better compliance across the various spheres of government	Develop terms of references and monitoring systems for the various inter-governmental and inter-sphere structures in order to regulate the functions and effectiveness	A document analysing, regulating and guiding the function of the inter-governmental and inter-sphere structures	12-Dec-14	Office of the Municipal Manager
				Hold regular one-on-one meetings with the various sector partners to discuss issues of common interest and compliance	A report on the engagements submitted to council	Four per annum	Office of the Municipal Manager

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
			To improve the relations with other political offices by developing a programme of engagement between the mayor and the political leadership at both national and province in order to ensure the total realisation of council objectives	Develop a programme for the critical office bearers based on the various pieces of legislation	A programme of all engagements in order to ensure legislative compliance	30-Dec-12	Office of the Mayor
				Hold engagements with the various leaders at provincial and national government levels in order to mobilise support	Reports from the engagements and action plans for follow up	30-Jun-12	Office of the Mayor
				Develop a monitoring system for the District Izimbizo as a follow up of issues raised at Izimbizo	An Izimbizo monitoring issues report	30-Jun-12	Office of the Mayor
A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE WORKFORCE	Increase access to programmes leading to intermediate and high level learning	Provide young people and adults with foundational learning qualifications. Increase ABET level 4 entrants from a baseline of 269 229 to 300 000 per annum.	The district should through its youth and special programmes units participate in programmes to encourage the young people and adults to acquire foundational learning qualifications	To participate in programmes initiated by the relevant sector departments in motivating youth and adult to participate and to enlist their staff where necessary in these programmes	No of learning programmes in the district	30 June 2015	Office of the MM

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Improve NCV success rates, prior to massification of the programme. NCV enrolments across levels 2 and 3 and in 2009 were 122 921, of which 8.9% achieved certification at level 2, 9.9% at level 3 and 21.5% at level 4.	To explore the possibility of having an FET within certain strategic centres in the District	Conduct a feasibility study on the presence of an FET centre/s in the district	Feasibility Study	30 June 2014	Office of the MM
		Create "second-chance" bridging programmes (leading to a matric equivalent) for the youth who do not hold a senior certificate.	Ensure that there is focused development on out of school youth who have no matric	Have a bridging programme located within the FETs as part of the feasibility	Bridging programmes per within the District	30 June 2014	Office of the MM
		Provide a range of learning options to meet the demand of those with matric but do not meet requirements for university entrance.	Ensure that the young people who are out of school have an opportunity to enter university	Have a bridging programme located within the FETs as part of the feasibility	Bridging programmes per within the District	30 June 2014	Office of the MM

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
	Increase access to occupational y-directed programmes in needed areas and thereby expand the availability of intermediate level skills (with a special focus on artisan skills)	Increase the number of learnership to at least 20 000 per annum by 2014.	The District Municipality should re-structure their policies to include the opportunity for learnerships to form part of their operations	Include the number of learnerships in the skills development strategy of the District Municipality	Number of learnerships	30 June 2014	Office of the MM
		Produce at least 10 000 artisans per annum by 2014.	The District Municipality should re-structure their procedures in implementing projects to include the training of artisans in projects	Have an artisan empowerment programme throughout the district	Number of artisans produced	30 June 2014	Office of the MM
		Put in place measures to improve the trade test pass rate from its 2009 level of 46% to 60% by 2014.	The district Municipality should evaluate the accredited service providers in training of artisans in their projects and set measurable targets for them	Include the service providers of the artisans as part of the artisan empowerment programme	Trade test pass rate	30 June 2014	Office of the MM

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Increase the placement rate of learners from learnership and apprenticeship programmes, as well as learners from NCV programmes, who require workplace experience before being able to take trade tests or other summative assessments. At least 70% of learners should have placement every year	The District Municipality should determine the market for certain occupational competencies and keep record of the competencies needed in the region	That the district to identify certain skills in the region and align its projects to include these skills training.	No of learners placed in the district	30 June 2014	Office of the MM
		By 2011, establish a system to distinguish between learnerships up to and including level 5, and level 6 and above.	Ensure that the quality of learnerships improved year on year in an effort to ensure quality outcomes	Review the skills development strategy to include these categories	No of learnerships in the various categories	30-Jun-14	Office of the MM

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Increase the proportion of unemployed people, as compared to employed people, entering learnerships from the current level of 60% to 70%.	Include learnerships as a critical part of the municipality's skills development strategy	Target the increase in the number of people entering learnerships	No of learnership entrants	30 June 2014	Office of the MM
VIBRANT, EQUITABLE AND SUSTAINABLE RURAL COMMUNITIES AND FOOD SECURITY FOR ALL	Improved employment opportunities and promotion of economic livelihoods	Unemployment falls from 73.4% (in the current poverty nodes) to 60%	Ensure that the communities in the district become self-sustainable through the active promotion of economic livelihoods	Develop a rural development strategy for the District and focus on key rural economic drivers	Percentage employment increase	30 June 2014	Office of the MM
		Jobs created by Community Works Programme and EPWP in rural areas rises to 2m by 2014, and these jobs are largely providing value added services in rural areas ranging from working on fire, working for fisheries, land care, farmer-to-farmer extension, fencing	Ensure that the district contributes towards the realisation of the target of 2 million jobs by 2014	Ensure that all municipalities in the district adopt a Community Works Programme approach to all projects in the district	No of jobs created	30 June 2014	Office of the MM

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		etc					
		Increase jobs in agri-processing from 380 000 to 500 000, of which 60% are in rural areas including small towns.	Explore means and mechanisms of ensuring that communities are able to maximise agro-processing initiatives in order to contribute towards sustainable livelihoods and job creation	Review the District LED Strategy	Increase in the number of jobs	30 June 2014	Office of the MM
		Establishment of 39 agri-parks and 39 trade agreements linked to agri-parks % of small farmers producing for sale rises from 4.07% to 10%	Study the concept of agri-parks and understand its advantages and disadvantages in order to make correct decisions	Develop a concept paper on agri-parks and engage with various stakeholders in this regard	No of agri-parks	30 June 2014	Office of the MM
		At least 30% of small farmers are organized in producer associations or marketing coops to give collective power in negotiating for inputs and marketing;	To improve the plight of farmers and in particular emerging farmers by supporting them in being a unified structure through cooperatives and unions	Develop a cooperative support programme for farmers	Number of cooperatives formed	30 June 2014	Office of the Municipal Manager

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Establishing of community structures to support social cohesion and development (530 enterprises and 1590 cooperatives)	Improve the small business support strategy to emerging businesses in the area for improved social cohesion	Implement the strategy for business support	No of entities supported	30 June 2014	Office of the Municipal Manager
		50% of rural municipalities have systems for disaster management and mitigation to facilitate rapid response to rural disasters	To ensure that the municipalities have the capability to respond to disasters in the future	Revise the disaster management strategy and where possible support municipalities to have fully disaster management function	No of municipalities with disaster management capability	30 June 2014	Office of the Municipal Manager
SUSTAINED HUMAN SETTLEMENT AND IMPROVED QUALITY OF HOUSEHOLD LIFE	Upgrade 400 000 units of accommodation within informal settlements	The target is to deliver at least 20 000 units per annum	Meet the 2014 housing target through an accelerated human settlements programme	Develop a housing plan that will outline the housing target for the district	No of houses	30-Jun-14	Technical Manager

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
ENVIRONMENTAL ASSETS AND NATURAL RESOURCES THAT ARE WELL PROTECTED AND CONTINUALLY ENHANCED	Enhanced quality and quantity of water resources	Reduction of water loss from distribution networks from current levels of approximately 30% to 18% by 2014 coupled with encouraging users to save water.	Conduct a total water loss research in the district	Assist municipalities with the cutting of their water losses	Percentage water losses decrease	30-Jun-14	Technical Manager
		To preserve groundwater reserves and prevent further loss of wetlands, the number of wetlands rehabilitated should increase from 95 to 150 per year. Furthermore, action needs to be taken to increase the number of wetlands under formal protection from the current level of 19 as well ensuring that the number of rivers with healthy ecosystems increases significantly.	Conduct an assessment of the total wetlands and ground water reserves in the district in order to ensure that the natural water reserves are preserved	Support municipalities in the preservation of groundwater reserves and wetlands	Increased of water reserves	30-Jun-14	Technical Manager

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		To improve current capacity to treat wastewater, 80% of sewage and wastewater treatment plants should be upgraded by 2015 and the percentage of wastewater treatment plants meeting water quality standards should be increased from 40% to 80% by 2014.	Develop a waste water treatment programme which will ensure that municipalities are able to recycle their water to be able to use in future	Support municipalities in ensuring that they increase their water treatment capacity in order to recycle water	Increase in water treatment plants and improved quality of water	30-Jun-14	Technical Manager
	Reduced greenhouse gas emissions, climate change impacts and improved air/atmospheric quality	To mitigate the catastrophic impacts of climate change it is imperative that we reduce total CO2 emissions by 34% by 2020 and 42% by 2025.	Develop a district climate change strategy that will ensure that the district is able to contribute positively to the 34% by 2020 target	Monitor and support the district implementation of the strategy	Percentage reduction of emission gases	30-Jun-14	Shared Services
		Reduction of atmospheric pollutants is also critical and targets should be set that comply with Ambient Air Quality	Develop a district climate change strategy that will ensure that the district is able to contribute positively to the 34% by 2020	Monitor and support the district implementation of the strategy	Decrease of atmospheric pollutants	30-Jun-14	Shared Services

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Standards.	target				
		To better cope with the unpredictable and severe impacts of climate change, adaptation plans for key sectors of the economy must be developed (i.e. Agriculture, water, forestry, tourism, Human Settlements)	Develop a district climate change strategy that will ensure that the district is able to contribute positively to the 34% by 2020 target	Monitor and support the district implementation of the strategy	Implementing the issues from the strategy	30-Jun-14	Shared Services
	Sustainable environmental management	Percentage of land affected by soil degradation to decrease from 70% to 55%.	Develop a district climate change strategy that will ensure that the district is able to contribute positively to the 34% by 2020 target	Monitor and support the district implementation of the strategy	Reduction in soil degradation	30-Jun-14	Shared Services
		Net deforestation to be maintained at not more than 5% by 2020 and protection of indigenous forest assets be transferred to appropriate conservation and relevant agencies by 2014.	Develop a district climate change strategy that will ensure that the district is able to contribute positively to the 34% by 2020 target	Monitor and support the district implementation of the strategy	Decrease in net forestation	30-Jun-14	Shared Services

NATIONAL OUTCOMES			MUNICIPAL DETERMINATION OF PREDETERMINED OBJECTIVES				
NATIONAL OUTPUT	NATIONAL SUB-OUTPUT	DEVELOPMENT PRIORITY	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	TIMEFRAMES	RESPONSIBILITY
		Solid waste management to ensure waste minimization, improved collection and disposal and recycling by ensuring that the percentage of households with basic waste collection and disposal facilities increases from 50% to 80% by 2012; percentage of landfill sites with permits increased to 80% by 2015 and that 25% of municipal waste gets diverted from landfill sites for recycling by 2012.	Assess the current solid waste status within municipalities	Development of improved solid waste issues within the district	Increase in waste disposal facilities, landfill sites with permits and landfill sites for recycling	30 June 2014	

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	10	1	10.00
Other S57 Managers (Finance posts)	3	1	33.33
Police officers	12	3	25.00
Fire fighters	20	3	15.00
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20.00
Senior management: Levels 13-15 (Finance posts)	6	2	33.33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22.86
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	12.50
<b>Total</b>	<b>121</b>	<b>25</b>	<b>20.66</b>

*Note: \*For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2010/11	13	95	730.77%
2011/12	12	11	91.67%
2012/13	21	8	38.10%

### COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

## 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	0%	0%	No Policy
2	Attraction and Retention	0%	0%	No Policy
3	Code of Conduct for employees	100%	100%	15-Jun-11
4	Delegations, Authorisation & Responsibility	100%	100%	26-Jan-12
5	Disciplinary Code and Procedures	100%		National Policy Collective Agreement
6	Essential Services	100%		
7	Employee Health and Wellness	100%	100%	30-May-13
8	Employment Equity	100%	100%	23-May-11
9	Exit Management	0%	0%	No Policy
10	Grievance Procedures	100%		National Policy Collective Agreement
11	HIV/Aids	100%		22-Nov-04
12	Human Resource and Development	0%	0%	No Policy
13	Information Technology	0%	0%	No Policy
14	Job Evaluation	100%		National Policy Collective Agreement
15	Leave	100%		National Policy Collective Agreement
16	Occupational Health and Safety	100%		
17	Rental Allowance Scheme	100%		27-Aug-13
18	Subsistence & Travelling Policy	100%	100%	23-Nov-12
19	Bereavement Policy	100%	100%	
20	Official Working Hours and Overtime	100%		National Policy Collective Agreement
21	Organisational Rights	100%		National Policy Collective Agreement
22	Payroll Deductions	0%		No Policy
23	Performance Management and Development	100%	100%	30-May-13
24	Recruitment, Selection and Appointments	100%	100%	30-May-12
25	Remuneration Scales and Allowances	100%		24-Mar-04
26	Resettlement	0%		No Policy
27	Sexual Harassment	50%		To be tabled before next LLF & Council
28	Skills Development	100%		3-Feb-05
29	Smoking	0%		No Policy
30	Special Skills	0%		No Policy
31	Work Organisation	0%		No Policy
32	Dress Code, Uniforms and Protective Clothing	100%		30-May-12
33	Other:			
34	Career Pathing and Development	100%	100%	30-May-13
35	Employee Study Assistance	100%	100%	30-May-13
36	Placement Policy	100%		8-Jul-02
37	Promotion & Succession Planning	100%		30-May-13
38	Substance Abuse	100%		17-May-04

*Use name of local policies if different from above and at any other HR policies not listed.*

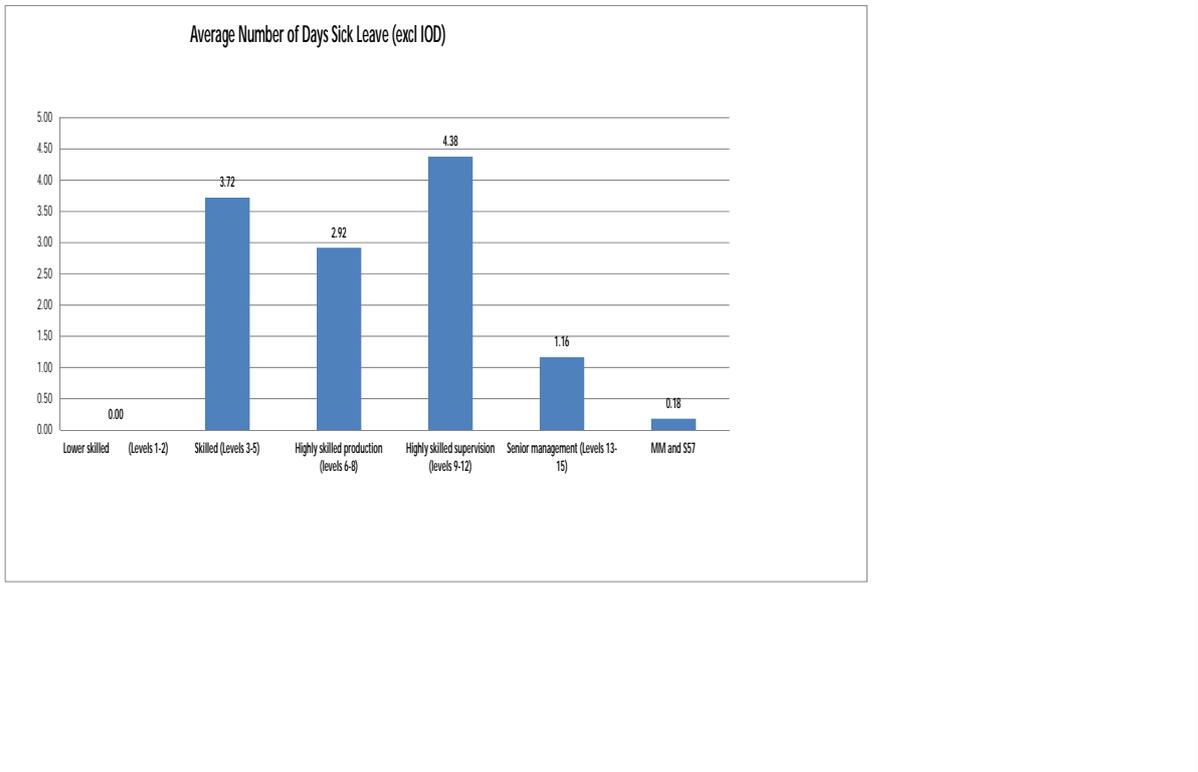
T4.2.1

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave %	Average Injury Leave per employee	Total Estimated Cost
	Days	No.		Days	R'
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
<b>Total</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>

Health and safety committee is in place and handles all health and safety issues within the municipality. One instance of injury on duty was reported during this period and was handled by a private doctor because the municipality does not have its own doctors. The taking of sick leave is continuously monitored and records of sick leave taken are kept.

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R'
Lower skilled (Levels 1-2)	0	0%	0	0	0.00	0
Skilled (Levels 3-5)	227	35%	15	15	3.72	51226.98
Highly skilled production (levels 6-8)	178	25%	14	14	2.92	68099.01
Highly skilled supervision (levels 9-12)	267	13%	23	23	4.38	185824.59
Senior management (Levels 13-15)	71	4%	5	5	1.16	54001.7
MM and S57	11	0%	4	4	0.18	27464
<b>Total</b>	<b>754</b>	<b>13%</b>	<b>61</b>	<b>61</b>	<b>12.36</b>	<b>386616.28</b>



**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**

There were no suspensions and cases of financial misconduct during the 2012/13 financial period

#### 4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2012/13 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	
	Male	0	0	0	
Skilled (Levels 3-5)	Female	0	0	0	
	Male	0	0	0	
Highly skilled production (levels 6-8)	Female	0	0	0	
	Male	0	0	0	
Highly skilled supervision (levels 9-12)	Female	0	0	0	
	Male	0	0	0	
Senior management (Levels 13-15)	Female	0	0	0	
	Male	0	0	0	
MM and S57	Female	1	1	0	100%
	Male	4	4	0	100%
Total		5	5		
<i>Has the statutory municipal calculator been used as part of the evaluation process ?</i>					Yes/No

#### COMMENT ON PERFORMANCE REWARDS:

The Municipality did not make any rewards for the 2012/13 financial year. In terms of the Municipal Legislative Framework, can an official only qualify for a performance reward when the annual report for that financial period is approved by Council. This Annual Report will only be approved by March 2014 and thus no performance reward is approved yet.

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

#### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The management of the workforce is done per Department and corporate services is responsible for the formulation of all HR related policies. The recruitment and selection is informed by the EE plan and all recruitment initiatives are done according to council policies.

Capacity building is an on-going process in the municipality and all capacity building initiatives are informed by Skills Development Plan. The only challenge facing the municipality is funding for capacity building.

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2011	Number of skilled employees required and actual as at 30 June 2012/13											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2011/12	Actual: End of 2012/13	Target	Actual: End of 2011/12	Actual: End of 2012/13	Target	Actual: End of 2011/12	Actual: End of 2012/13	Target	Actual: End of 2011/12	Actual: End of 2012/13
MM and s57	Female	1	0	0	0	1	1	1	0	0	0	1	1	1
	Male	4	0	0	0	4	4	4	0	0	0	4	4	4
Councillors, senior officials and managers	Female	3	0	0	0	2	2	2	0	0	0	2	2	2
	Male	10	1	1	1	3	3	3	0	0	0	4	4	4
Technicians and associate professionals*	Female	1	0	0	0	0	0	0	0	0	0	0	0	0
	Male	1	0	0	0	0	0	0	1	0	0	1	0	0
Professionals	Female	6	0	0	0	6	6	6	0	0	0	6	6	6
	Male	5	0	0	0	5	4	4	0	0	0	5	4	4
Sub total	Female	11	0	0	0	9	9	9	0	0	0	9	9	9
	Male	20	1	1	1	12	11	11	1	0	0	15	12	12
Total		31	1	1	1	21	20	20	1	0	0	24	21	21

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	0	0	0	0	0	0
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	0	0	0	0	0	0
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>

The implementation of training plans of the municipality is largely driven by the availability of resources but certain training programmes are prioritised so as to ensure that officials receive the necessary trainings. These will include trainings for EHP's where they must acquire continuing professional development points during the year so as to remain registered with their professional body.

Training budget is always a challenge as it does not adequately address the training needs within the municipality. During the previous financial years the training focused on ensuring that all senior managers met the minimum competency levels as stated in the Treasury regulations. Currently all Senior Managers and SCM staff meet the minimum competency requirements.

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	1
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
<b>Total</b>		<b>1</b>
<i>Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the</i>		T4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Junior Budget Control Accountant	1	T9	T11	Incumbent already on higher Salary than evaluated post
Housing Clerk	2	T6	T7	Incumbent already on higher Salary than evaluated post
Registry Officer	1	T10	T11	Incumbent already on higher Salary than evaluated post
Administrative Assistant	2	T6	T10/11	Incumbent already on higher Salary than evaluated post
Radio Operator	3	T4	T6	Incumbent already on higher Salary than evaluated post
Messenger	1	T4	T5	Incumbent already on higher Salary than evaluated post
Junior Planner	1	T11	T12	Incumbent already on higher Salary than evaluated post
Personnel Clerk	1	T6	T7	Incumbent already on higher Salary than evaluated post
Technician	1	T11	T12	Incumbent already on higher Salary than evaluated post
Community Liason Officer	1	T9	T12	Incumbent already on higher Salary than evaluated post
Diaster Management Officer	1	T10	T12	Incumbent already on higher Salary than evaluated post
Personal Assistant: Municipal Manager	1	T6	T13	Incumbent already on higher Salary than evaluated post
Driver/Chauffer	1	T5	T6	Incumbent already on higher Salary than evaluated post
Telephonist	1	T5	T6	Incumbent already on higher Salary than evaluated post
Personnel Officer	1	T11	T12	Incumbent already on higher Salary than evaluated post

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None				

#### DISCLOSURES OF FINANCIAL INTERESTS

Disclosure of Financial Interest is declared in Appendix G

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

**Delete Directive note once comment is completed** - Please explain how your municipality sought to contain inflationary pressures during the financial year. Take the 5 most expensive consultancy arrangements in year 0 and explain the costs, the reasons for the engagements and the results. Include such other introductory remarks as you wish.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary							R'
Description	2011/12	Current Year:2012/13			2012/13 Variance		
	Actual	Original budget	Adjustment Budget	Actual	Original Budget	Adjustments Budget	
<b>Financial Performance</b>							
Property rates	0	0	0	0	-	-	
Service charges	0	0	0	0	-	-	
Investment revenue	363574	260000	160000	155323	60%	97%	
Transfers recognised - operational	36210014	30946666	35771300	36539727	118%	102%	
Other own revenue	6942576	2335139	3468275	4532813	194%	131%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	43516164	33541805	39399575	41227864	123%	105%	
Employee costs	20855730	22768332	21817100	21905630	96%	100%	
Remuneration of councillors	3054002	3154650	3141000	3135719	99%	100%	
Depreciation & asset impairment	1817126			2161874			
Finance charges	1929274	320280	321000	1497301	467%	466%	
Materials and bulk purchases	240650	335500	324500	422007	126%	130%	
Transfers and grants	6214719			4788991			
Other expenditure	8923780	8012518	14323000	8690057	108%	61%	
<b>Total Expenditure</b>	43035281	34591280	39926600	42601579	123%	107%	
<b>Surplus/(Deficit)</b>	480883	-1049475	-527025	-1373715	131%	261%	
Transfers recognised - capital	0	0	0	0			
Contributions recognised - capital & contributed assets	0	0	0	-1097			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	480883	-1049475	-527025	-1374812	131%	261%	
Share of surplus/ (deficit) of associate					#DIV/0!	#DIV/0!	
<b>Surplus/(Deficit) for the year</b>	480883	-1049475	-527025	-1374812	131%	261%	

Financial Summary							R'
Description	2011/12	Current Year:2012/13			2012/13 Variance		
	Actual	Original budget	Adjustment Budget	Actual	Original Budget	Adjustments Budget	
<b>Financial Performance</b>							
Property rates	0	0	0	0	-	-	
Service charges	0	0	0	0	-	-	
Investment revenue	363574	260000	160000	155323	60%	97%	
Transfers recognised - operational	36210014	30946666	35771300	36539727	118%	102%	
Other own revenue	6942576	2335139	3468275	4532813	194%	131%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>43516164</b>	<b>33541805</b>	<b>39399575</b>	<b>41227864</b>	<b>123%</b>	<b>105%</b>	
Employee costs	20855730	22768332	21817100	21905630	96%	100%	
Remuneration of councillors	3054002	3154650	3141000	3135719	99%	100%	
Depreciation & asset impairment	1817126			2161874			
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Materials and bulk purchases	240650	335500	324500	422007	126%	130%	
Transfers and grants	6214719			4788991			
Other expenditure	8923780	8012518	14323000	8690057	108%	61%	
<b>Total Expenditure</b>	<b>43035281</b>	<b>34591280</b>	<b>39926600</b>	<b>42601579</b>	<b>123%</b>	<b>107%</b>	
<b>Surplus/(Deficit)</b>	<b>480883</b>	<b>-1049475</b>	<b>-527025</b>	<b>-1373715</b>	<b>131%</b>	<b>261%</b>	
Transfers recognised - capital	0	0	0	0			
Contributions recognised - capital & contributed assets	0	0	0	-1097			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>480883</b>	<b>-1049475</b>	<b>-527025</b>	<b>-1374812</b>	<b>131%</b>	<b>261%</b>	
Share of surplus/ (deficit) of associate					#DIV/0!	#DIV/0!	
<b>Surplus/(Deficit) for the year</b>	<b>480883</b>	<b>-1049475</b>	<b>-527025</b>	<b>-1374812</b>	<b>131%</b>	<b>261%</b>	
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	<b>236244</b>	<b>365000</b>	<b>165000</b>	<b>225417</b>	<b>62%</b>	<b>137%</b>	
Transfers recognised - capital	0	0	0	0			
Public contributions & donations	0	0	0	0			
Borrowing	0	0	0	0			
Internally generated funds	236244	365000	165000	225417	62%	137%	
<b>Total sources of capital funds</b>	<b>236244</b>	<b>365000</b>	<b>165000</b>	<b>225417</b>	<b>62%</b>	<b>137%</b>	
<b>Financial position</b>							
Total current assets	10406467	3591221	11933919	15845134	441%	133%	
Total non current assets	16849385	17464949	14828481	15683876	90%	106%	
Total current liabilities	9728208	3577936	9952489	16015371	448%	161%	
Total non current liabilities	19154649	18317773	18387931	19232512	105%	105%	
Community wealth/Equity	-1627005	-839539	-1578020	-3718873	443%	236%	
<b>Cash flows</b>							
Net cash from (used) operating	2053121	-14375324	-527025	8158976	-57%	-1548%	
Net cash from (used) investing	-454955	7000162	-165000	-1609442	-23%	975%	
Net cash from (used) financing	-1356992	0	0	-811585			
<b>Cash/cash equivalents at the year end</b>	<b>9728153</b>	<b>2352994</b>	<b>11592222</b>	<b>15466105</b>	<b>657%</b>	<b>133%</b>	
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	9728156	2352994	11592222	15466105	657%	133%	
Application of cash and investments	3986322	-8199163	8123556	0	0%	0%	
<b>Balance - surplus (shortfall)</b>	<b>5741834</b>	<b>10552157</b>	<b>3468666</b>	<b>15466105</b>	<b>147%</b>	<b>446%</b>	
<b>Asset management</b>							
Asset register summary (WDV)	562755	562755	562755	15683876	2787%	2787%	
Depreciation & asset impairment	1519111	0	0	0			
Renewal of Existing Assets	236244	375000	165000	225417	60%	137%	
Repairs and Maintenance	0	0	0	0			
<b>Free services</b>							
Cost of Free Basic Services provided	0	0	0	0			
Revenue cost of free services provided	0	0	0	0			
<b>Households below minimum service level</b>							
Water:	0	0	0	0			
Sanitation/sewerage:	0	0	0	0			
Energy:	0	0	0	0			
Refuse:	0	0	0	0			
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>							

T5.1.1

Financial Performance of Operational Services							R'
Description	2011/12	2012/13			2012/13 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
<b>Operating Cost</b>							
Water	0	0	0	0	0	0	
Waste Water (Sanitation)	0	0	0	0	0	0	
Electricity	0	0	0	0	0	0	
Waste Management	0	0	0	0	0	0	
Housing	2099710.10	1045917.00	1502000.00	1862519.63	43.84%	19.36%	
Component A: sub-total	2099710	1045917	1502000	1862520	43.84%	19.36%	
Waste Water (Stormwater Drainage)	0	0	0	0	0	0	
Roads	0	0	0	0	0	0	
Transport	0	0	0	0	0	0	
Component B: sub-total	0	0	0	0	0	0	
Planning	0	0	0	0	0	0	
Local Economic Development	61815.79	100000.00	80000.00	7780.00	-1185.35%	-928.28%	
Component B: sub-total	61815.79	100000.00	80000.00	7780.00	-1185.35%	-928.28%	
Planning (Strategic & Regulatory)	0	0	0	0	0	0	
Local Economic Development	0	0	0	0	0	0	
Component C: sub-total	0	0	0	0	0	0	
Community & Social Services	0	0	0	0	0	0	
Environmental Protection	0	0	0	0	0	0	
Health	1301752.39	1561830.00	1064000.00	1063551.31	-46.85%	-0.04%	
Security and Safety	0	0	0	0	0	0	
Sport and Recreation	0	0	0	0	0	0	
Corporate Policy Offices and Other	0	0	0	0	0	0	
Component D: sub-total	1301752	1561830	1064000	1063551	-46.85%	-0.04%	
<b>Total Expenditure</b>	<b>4323051.78</b>	<b>2291834.00</b>	<b>3164000.00</b>	<b>3740599.26</b>	<b>38.73%</b>	<b>15.41%</b>	
In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.							

T5.1.2

5.2 GRANTS

Grant Performance							R' 000
Description	2011/12	2012/13			2012/13 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	33697078.00	30946666.00	29455000.00	31296501.08	-1.13%	-6.25%	
Equitable share	7615444.00	8646000.00	8646000.00	8646000.00	0.00%	0.00%	
Municipal Systems Improvement							
Department of Water Affairs							
Levy replacement	15398738.00	16608666.00	16167000.00	15683000.00	5.57%	2.99%	
Other transfers/grants [insert description]	10682896.00	5692000.00	4642000.00	6967501.08	-22.41%	-50.10%	
<b>Provincial Government:</b>	1774298.00	0.00	6116300.00	5242926.06			
Health subsidy							
Housing							
Ambulance subsidy							
Sports and Recreation							
Other transfers/grants [insert description]	1774298.00		6116300.00	5242926.06	#DIV/0!	14.28%	
<b>District Municipality:</b>	-	-	-	-			
[insert description]							
<b>Other grant providers:</b>	-	-	-	-			
[insert description]							
<b>Total Operating Transfers and Grants</b>	35471376.00	30946666.00	35571300.00	36539427.14			
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>							

T5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The grants under other in table 5.2.1 are the following:

- Councillor Remuneration
- Finance Management Grant
- NEAR
- EPWP
- Sport Facilities
- EPWP Renosterberg
- EPWP Administrative Cost
- MSIG
- National Housing

Subsidy: Roads

There were no Grants to perform against

### 5.3 ASSET MANAGEMENT

Our assets mainly included vehicles, office furniture and the building we operated from. The vehicles in question were used by officials to perform their daily duties and were maintained via the assistance of an official in charge of the fleet who inspected them on a regular basis and then recommend services, repairs etc .The office furniture are being replaced when needed. The building are being maintained by our Corporate Services Department .All these assets are being recorded in our Asset Register which are the responsibility of the Deputy CFO-all our assets are being insured with AON.

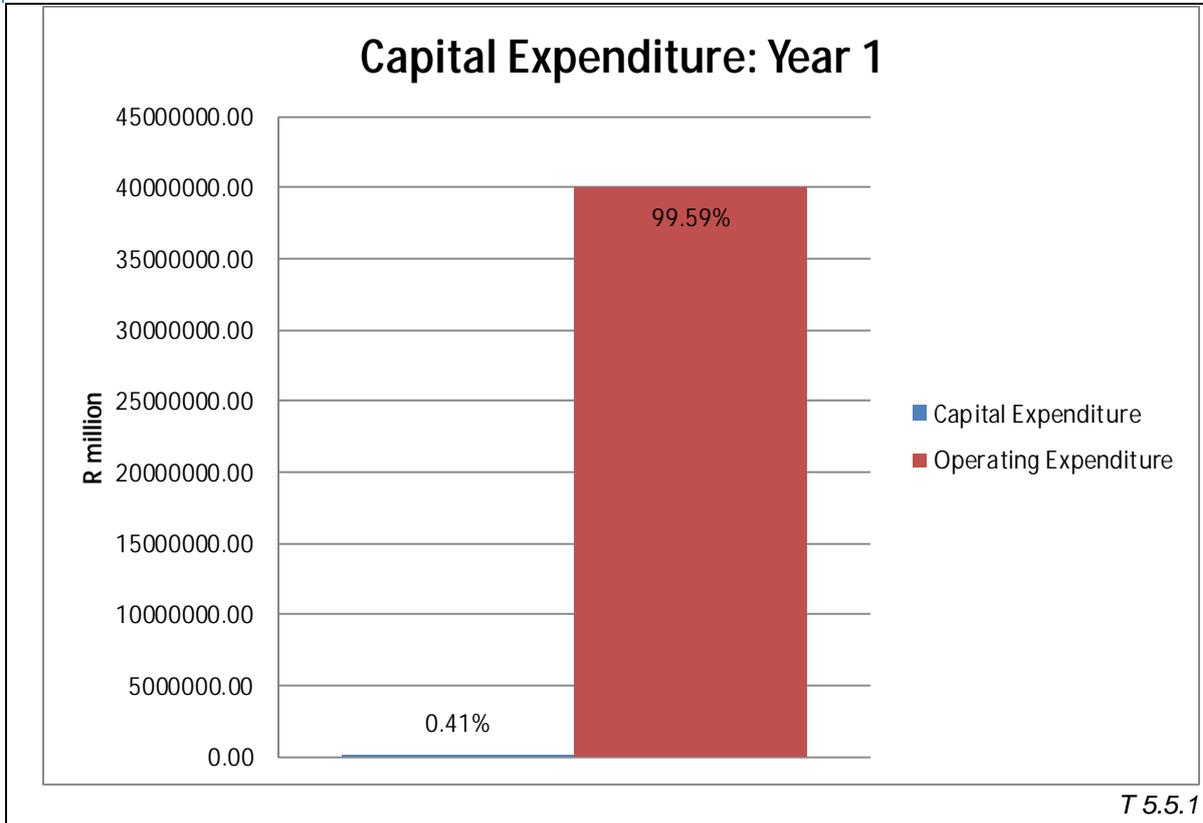
#### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Due to our financial position could this aspect not realize its full potential. We literally only allocated what was left of our available recourses to this component.

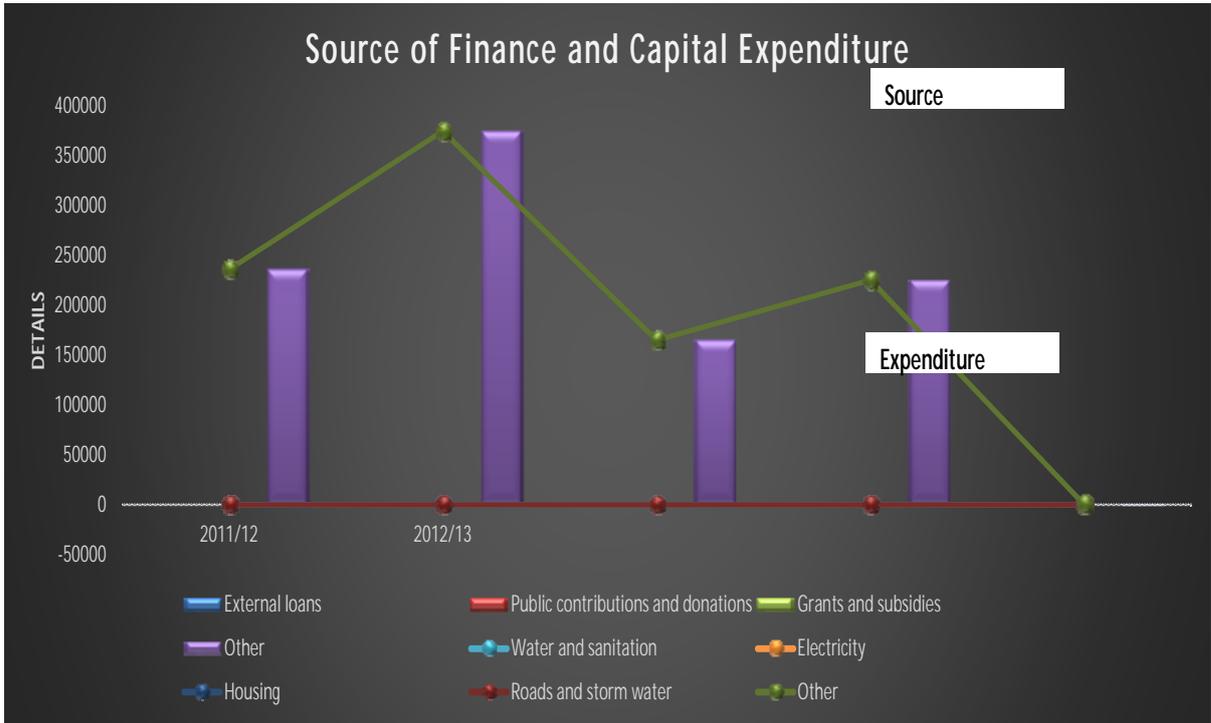
Repair and Maintenance Expenditure: 2012/13				R'
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	335500	324500	422006.92	-25.78%
				T5.3.4

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.4 CAPITAL EXPENDITURE



### 5.5 SOURCES OF FINANCE



#### 5.5 CAPITAL SPENDING ON 5 LARGEST PROJECTS

There was no Capital Spending during this Financial Year

### COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

#### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Seeing that we were almost 100% grant dependent it was crucially important to daily exercise cash flow management in order to meet our financial obligations and not to especially use our OD facility of 1,5 million. Payments were done according to the availability of cash. Events with a possible cash-outflow were also planned according to our financial position.

5.6 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2011/12	Current Year: 2012/13		
	Actual	Orginial Budget	Revised Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	43072869.00	19955956.00	3468275.00	48247388.21
Government - operating	0.00	0.00	35771300.00	0.00
Government - capital	0.00	0.00	0.00	0.00
Interest	363574.00	260000.00	160000.00	452862.59
Dividends	0.00	0.00	0.00	0.00
<b>Payments</b>				
Suppliers and employees	-40979824.00	-34271000.00	-39605320.00	-40218221.07
Finance charges	-403498.00	-320280.00	-321280.00	-323053.71
Transfers and Grants	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>2053121.00</b>	<b>-14375324.00</b>	<b>-527025.00</b>	<b>8158976.02</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				2880.58
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments		7375162.00		-170156.20
<b>Payments</b>				
Capital assets	-454955.00	-375000.00	-165000.00	-1442166.72
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-454955.00</b>	<b>7000162.00</b>	<b>-165000.00</b>	<b>-1609442.34</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	-1356992.00			-811584.73
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-1356992.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-811584.73</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>241174.00</b>	<b>-7375162.00</b>	<b>-692025.00</b>	<b>5737948.95</b>
Cash/cash equivalents at the year begin:	9486979.18	9728156.00	12284247.00	9728155.64
Cash/cash equivalents at the year end:	9728153.18	2352994.00	11592222.00	15466104.59

Source: MBRR SA7

T5.9.1

COMMENT ON CASH FLOW OUTCOMES

Our main source of income was grants. Seeing that the grants were paid once-off and in three tranches did we had to invest it and withdrawals then happened at a stage when the biggest expenses e.g payment of salaries and compulsory commitments needed to be done. We thus did not had the luxury of a daily cash-inflow scenario. Cash-flow management thus became a daily exercise at the DM.

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## 5.7 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

For the year in question was no new loans taken up. We however timeously honoured our existing liabilities. The investments are all cash-backed and the interest were taken at year-end and used to finance the following financial years activities

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## 5.8 PUBLIC PRIVATE PARTNERSHIPS

### PUBLIC PRIVATE PARTNERSHIPS

There are no PPP's

## COMPONENT D: OTHER FINANCIAL MATTERS

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## 5.9 SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

All acquisitions were centralized in the SCM office.

-The overall admin in the SCM office was beefed-up e.g. separate files created for declarations, tax clearances etc.

-Relationship between DM and Provincial Treasury revisited.

NB: More training and funds for training needed

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## 5.10 GRAP COMPLIANCE

### GRAP COMPLIANCE

Our AFS and Asset Register is fully GRAP compliant.

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

The DM received a qualified audit opinion with matters from the AG for the 2012/13 financial year:

Qualifications:

- Property, Plant and Equipment
- Investment Property
- Revenue
- Commitments
- Aggregation of immaterial misstatements
- Prior period errors and changes in accounting policy

For other issues please see accompanying AG report and audit recovery plan.

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2011/12

### 6.1 AUDITOR GENERAL REPORTS 2011/12

Auditor-General Report on Financial Performance 2011/12	
<b>Audit Report Status*:</b>	<b>Qualified</b>
PPE/Leases	Valuations performed
Unspent Conditional Grants	Corrected with AG's assistance
Receivables/Revenue	Corrected with AG's assistance
Prior year corrections	Corrected with AG's assistance
Irregular Expenditure	SCM documents implemented
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Procurement and contract management	Registers implemented
Expenditure management	30 day payment period being adhered to
Conditional grants received	Reconciliation processes implemented
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
T6.1.1	

Auditor-General Report on Service Delivery Performance: 2011/12	
Audit Report Status:	Qualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Predetermined Objectives	PMS improved
Usefulness of information	IDP improved
AFS/Performance-and Annual Report	New templates implemented
Audit Committee and Internal Audit	Capacity building initiatives implemented and "new" IA committee appointed
Financial and Performance Management	Management improved
Governance	Oversight implemented
Leadership	Oversight implemented

## COMPONENT B: AUDITOR-GENERAL OPINION 2012/13

### 6.2 AUDITOR GENERAL REPORT 2012/13

#### REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON PIXLEY KA SEME DISTRICT MUNICIPALITY

##### REPORT ON THE FINANCIAL STATEMENTS

###### Introduction

1. I have audited the financial statements of the Pixley Ka Seme District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the statement of comparison of budget and actual amounts 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 the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2012 (Act No 05 of 2012) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-General's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for qualified opinion**

#### **Property, Plant and Equipment**

6. My audit report for the prior year was modified due to a number of immovable properties that could not be traced to the asset register. This matter has not been resolved as at 30 June 2013. I was unable to determine whether adjustments to the results of operations and opening accumulated surplus were correctly stated for the year ended 30 June 2012. My opinion for the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

#### **Investment Property**

7. My audit revealed an immovable property amounting to R860 000 that is not in the name of the municipality that is recorded in the accounting records of the municipality. *Furthermore*, my audit revealed a number of immovable properties belonging to the municipality and registered with the Registrar of Deeds that were not accounted for in the accounting records. The value of these assets that were not recorded in the accounting records could not be determined. Consequently, I was unable to determine whether any adjustment relating to immovable properties balance of R1 840 600 as disclosed in note 8 to the financial statements was necessary.

## Revenue

8. During 2012, I was unable to obtain sufficient appropriate audit evidence about revenue amounting to R4 682 097 as supporting documentation could not be submitted for audit purposes. I was unable to confirm the revenue by alternative means. *Furthermore*, my audit report for the prior year was modified as the municipality did not reconcile the differences between the financial statements (R36 210 014) and the underlying accounting records (R32 072 707). Consequently I was unable to determine whether any adjustments to these amounts and accumulated surpluses were necessary. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

## Commitments

9. There was no contract management system in place for the identification and recognition of contracts and there were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of commitments of R12 235 870 (2012: R 24 514 064), as stated in note 30 to the financial statements.

## Aggregation of immaterial uncorrected misstatements

10. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position and the statement of financial performance and the notes to the financial statements:
  - Creditors reflected as R13 703 333 is overstated by R 411 267.00
  - Revenue reflected as R35 775 005 is overstated by R127 936.00
  - Debtors are reflected as R260 630 is overstated by R52 054.40

## Prior period errors and changes in accounting policy

11. The municipality did not disclose prior year errors as required by Standard of Generally Recognised Accounting Practice, GRAP 3, *Accounting policies, changes in accounting estimates and errors*. The municipality changed investment property accounting policy, resulting in an increase in accumulated surpluses and investment properties amounting to R1 216 000. The corresponding figures were however not adjusted and no disclosure was made in the notes to the financial statements to provide more information on the nature and the impact of the errors on prior years. Furthermore, the municipality restated the property, plant and equipment however the restatement was not disclosed correctly

in the notes to the financial statements.

#### **Qualified opinion**

12. In my opinion, except for the matter(s) described in the Basis for qualified opinion paragraph(s), the financial statements present fairly, in all material respects, the financial position of Pixley Ka Seme District Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

#### **Emphasis of matters**

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

#### **Material funds held for COGHSTA projects**

14. As disclosed in note 5.7, included in the trade payables are funds held by Pixley Ka Seme District Municipality for the Ouboks Housing Projects amounting to R 11 028 763 (2012: R0,00).

#### **Restatement of corresponding figures**

15. As disclosed in note 22 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during 2013 in the financial statements of Pixley Ka Seme District municipality at, and for the year ended, 30 June 2012.

#### **Material impairments**

16. As disclosed in note 12.3 to the financial statements, material losses to the amount of R588 725.89 were incurred as a result of a write-off of irrecoverable debtors.

#### **Going concern**

17. Note 39 to the financial statements indicates that the municipality incurred a net loss of R3 741 870 during the year ended 30 June 2013 and, as of that date, the municipality's current liabilities exceeded its current assets by R2 743 325. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

#### **Additional matters**

18. 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**

19. I have not obtained the other information included in the annual report. Consequently I have not been able to identify whether the other information to be included in the annual report contains any material inconsistencies to the information in the financial statements.

#### **Unaudited supplementary schedules**

20. The supplementary information set out on pages ... to... do 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.

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

21. 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.

#### **REPORT ON PREDETERMINED OBJECTIVES**

22. The annual performance report was not presented for audit and consequently my findings below are limited to the procedures performed on the strategic planning and performance management documents.
23. The information was 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*.
24. The material findings are as follows:

#### **Usefulness of information**

##### **Measurability**

25. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that performance targets be specific in clearly identifying the nature and required level of performance. 100% of the targets were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the *FMPPi* but chose not to prioritise reporting on performance.
26. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that performance targets be measurable. The required performance could not be measured for a total of 100% of the targets. This was due to the fact that

management was aware of the requirements of the *FMPPI* but chose not to prioritise reporting on performance.

27. The National Treasury *Framework for managing programme performance information (FMPPI)* requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the *FMPPI* but chose not to prioritise reporting on performance.
28. The National Treasury *Framework for managing programme performance information (FMPPI)* requires that the time period or deadline for delivery be specified. A total of 100% of the targets were not time bound in specifying a time period or deadline for delivery. This was due to the fact that management was aware of the requirements of the *FMPPI* but chose not to prioritise reporting on performance.
29. The National Treasury *Framework for managing programme performance information (FMPPI)* requires that it must be possible to validate the processes and systems that produce the indicator. A total of 100% of the indicators were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the fact that management was aware of the requirements of the *FMPPI* but chose not to prioritise reporting on performance.

### **Compliance with laws and regulations**

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

#### **Strategic planning and performance management**

30. The municipality did not establish a performance management system, as required by section 38(a) of the Municipal Systems Act.
31. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the Municipal Systems Act.
32. A performance audit committee was not in place and the audit committee was not used to fulfil the performance audit committee function, as required by Municipal planning and performance management regulation 14(2)(a).

33. The annual performance report for the financial year under review was not prepared and was not included in the annual report, as required by section 46 of the Municipal Systems Act and section 121(3)(c) of the Municipal Finance Management Act.
34. The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 62(1)(c)(i) of the Municipal Finance Management Act.

### **Annual financial statements, performance and annual report**

35. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of non-current assets, current assets, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
36. The annual report or draft thereof, for the year under review was not submitted to the audit. This resulted in a limitation to verify the assessment of the municipality's performance, responses to the auditors' report and the report of the audit committee which are contained in the annual report as required by MFMA 121(3)(f), (g) and (j).

### **Audit committees**

37. The audit committee did not advise the council and accounting officer on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the Municipal Finance and Management Act.
38. The audit committee did not advise the council and accounting officer on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the Municipal Finance and Management Act.
39. The audit committee did not advise the council and accounting officer on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 166(2)(a)(vii) of the Municipal Finance and Management Act.
40. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA, DoRA and other applicable legislation, as required by section 166(2)(b) of the Municipal Finance and Management Act.
41. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the Municipal Finance

and Management Act.

42. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the Municipal Finance Management Act.

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

43. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) & (c).
44. 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).
45. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).

#### **Expenditure management**

46. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the Municipal Finance Management Act.
47. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act.

#### **Revenue management**

48. An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the Municipal Finance Management Act.

#### **Conditional grants received**

49. Sufficient appropriate audit evidence could not be obtained that the municipality evaluated its performance in respect of programmes funded by the allocation and submit the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act.
50. Sufficient appropriate audit evidence could not be obtained that the municipality complied with the preparations for next financial year and 2011/15 financial year as required by section 26 of the Division of Revenue Act.

#### **Asset management**

51. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the Municipal Finance Management Act.

52. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2) (c) of the Municipal Finance Management Act.
53. The municipality did not establish an investment policy that was adopted by council, as required by section 13(2) of the Municipal Finance Management Act and Municipal investment regulation 3(1)(a)
54. Sufficient appropriate audit evidence could not be obtained that all investments were made in accordance with the requirements of the investment policy, as required by Municipal investment regulation 3(3).
55. Capital assets were permanently disposed without the approval of the council, as required by section 14(2)(a) of the Municipal Finance Management Act and Municipal asset transfer regulation 5.

#### **Financial misconduct**

56. Unauthorised, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the Municipal Finance Management Act.

#### **Internal control**

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

#### **Leadership**

58. The accounting officer does not exercise oversight responsibility over reporting and compliance by management with laws, regulations and internally designed policies and procedures. As a result, non-compliance issues were noted.

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

59. The financial statements and other information to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit by the chief financial officer.
60. Management did not document and approve internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting on performance information.
61. Adequate systems, manual or automated controls are not designed or implemented to ensure that the transactions have occurred, are authorised, and are completely and

accurately processed pertaining to the accounting system. Documentation supporting amounts disclosed in the financial statements was not always available

**Governance**

- 62. Internal controls are not selected and developed to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives.
- 63. The financial statements were subject to material corrections resulting from the audit, which are attributable to the lack of risk assessment performed, weaknesses in the design and implementation of internal control in respect of financial management, and financial reporting and weaknesses in the information systems.
- 64. The accounting officer did not prioritise the establishment of a fully functioning performance audit committee and therefore the functions were not established and functional during the financial year.

Kimberley

30 November 2013



**COMMENTS ON AUDITOR-GENERAL'S OPINION 2012/13:**

The issues raised in the previous financial year has been dealt with except the aspect revenue where we provided the information to the AG –but they still disagreed with us. This issue will be dealt with during the first key-control meeting during January/February 2014.

**COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:**

Our monthly section 71 reports were submitted monthly to Treasury and the MFMA reports quarterly to Treasury.

Signed (Chief Financial Officer)..... Dated .....

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General performance indicators</b>	<b>Key</b> After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.

<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided</i>

*for the appropriation of money for the different departments or functional areas of the municipality; and*  
*b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
JZ Lolwana	FT	Mayoral Committee	ANC	100.00%	
MT Kibi	FT	(Speaker) Rules Committee	ANC	100.00%	
UR Itumeleng	FT	Mayoral Comm, Financial Committee, Rules Comm	ANC	100.00%	
AT Sintu	FT	Mayoral Comm, Corporate & Legal Serv Comm	ANC	100.00%	
EL Schütz	PT	MPAC	Cope	37,5%	62,5%
J Grobbelaar	PT	MPAC	DA	75.00%	25.00%
PN Bushula	PT	Economic & Social Development Comm	DA	83.00%	17.00%
NS Thomas	PT	MPAC	ANC	87,5%	12,5%
GL Nkumbi	PT	Economic & Social Development Comm	ANC	87,5%	12,5%
WJ du Plessis	PT	Corporate & Legal Serv Comm, Rules Comm	DA	87,5%	12,5%
DP Jason	PT	Finance Comm	ANC	87,5%	12,5%
ME Bitterbos	PT	Corporate & Legal Serv Comm	ANC	50.00%	37,5%
JH George	PT	MPAC	ANC	100.00%	
LC van Niekerk	PT	Finance Comm, Rules Comm	Cope	37,5%	62,5%
FM van Wyk	PT	MPAC	ANC	87,5%	12,5%
P Louw	PT	Corporate & Legal Serv Comm	Cope	62,5%	37,5%
KJ Arens	FT	Mayoral Comm, Economic & Social Development Comm	ANC	75.00%	
A Fritz	PT	MPAC	ANC	50.00%	50.00%

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance Committee	The purpose of the Finance Committee is to facilitate the consultative processes prescribed by both the MFMA and the Municipal Systems Act, particularly with regard to budgets, IDPs, budget-related policies, indigent policies, long-term borrowing and contracts.
Corporate and Legal Services Committee	The Corporate and Legal Services Committee provides a political oversight role over the functions of the Corporate Services Department (Units within the Department : Human Resource, Legal Services, Support Services) as well as Communications Unit in the Office of the Executive Mayor.
Economic and Social Development Committee	This Portfolio Committee provides a political oversight over the Infrastructure and Development Department as well as the Shared Services Department.
MPAC	The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality.
Rules Committee	Review of the Standing Rules of Order of the Municipality

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Services	Mr TA Loko
Finance	Mr BF James
Shared Services	Mr SA Diokpala
Technical and Development	Ms V Jones
Office of the Executive Mayor	Mr R Pieterse
Internal Audit	Ms R Sors
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	
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## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	Yes	N/A
Building regulations	Yes	N/A
Child care facilities	No	N/A
Electricity and gas reticulation	No	N/A
Firefighting services	No	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health services	Yes	N/A
Municipal public transport	No	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other	No	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	No	N/A
Stormwater management systems in built-up areas	No	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	N/A

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 5, Part B functions:</b>		
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	No	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	No	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	No	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	No	N/A
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	No	N/A
Local sport facilities	No	N/A
Markets	No	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	No	N/A
Municipal roads	No	N/A
Noise pollution	No	N/A
Pounds	No	N/A
Public places	No	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	No	N/A
Traffic and parking	No	N/A
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		T D

## APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2012/13

The Audit Committee did not meet because the new Audit Committee was only established after the financial year.

## APPENDIX F – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts 2012/13						R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value	
DBSA	Infrastructure loan			PKSDM		
						T.H.1

Public Private Partnerships Entered into 2012/13						R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2008/09	
None						
						T.H.2

## APPENDIX G – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2012 to 30 June 2013		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	JZ Lolwana	Nil
Member of MayCo / Exco	UR Itumeleng	Partnership in Company, Investments Stockmarket
	AT Sintu	Nil
	KJ Arens	Nil
Councillor	EL Schütz	General Electrical Contractor, Property Vanderkloof
	J Grobbelaar	Interest in Trust, Mini Superette, Owner Farm & Flats
	PN Bushula	Nil
	NS Thomas	Nil
	GL Nkumbi	Nil
	WJ du Plessis	Property De Aar, Bloemfontein & Hartenbos
	DP Jason	Teacher
	ME Bitterbos	Nil
	JH George	Partnership in Company
	LC van Niekerk	Nil
	FM van Wyk	Nil
	P Louw	Nil
	A Fritz	Nil
Municipal Manager	Mr NM Jack	Nil
Chief Financial Officer	Mr BF James	Nil
Snr Manager : Corp Serv	Mr TA Loko	Shares Sasol, Vodacom Property De Aar
Snr Manager : Shared Serv	Mr S Diokpala	Nil
Snr Manager : Infrastructure Development and Housing	Ms V Jones	Nil
Snr Manager : Office of the Executive Mayor	Mr R Pieterse	Property Petrusville & De Aar

\* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

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APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
#NAME?	2011/12	Current Year: 2012/13			2012/13 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Emergency and Disaster Management	821379		180283	1207253		
Vote 2 - Support and Social Service	160340	158000	158000	155323		
Vote 3 - Budget and Treasury Office	22943047	18177000	19097911	20939454		
Vote 4 - Council Expenditure	1244298	2242000	2242000	2242000		
Vote 5 - IDP	14008342	9646000	14646000	13507712		
Vote 6 - Municipal Manager	5579			740		
Vote 7 - Internal Audit	1083181	877139	925381	925381		
Vote 8 - Development and Infrastructure				50000		
Vote 9 - Environmental Health						
Vote 10 - Housing	1550000	441666	150000	150000		
Vote 11 - Shared services	1700000	2000000	2000000	2050000		
<b>Total Revenue by Vote</b>	<b>43516166</b>	<b>33541805</b>	<b>39399575</b>	<b>41227864</b>	<b>-</b>	<b>-</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						

T K.1

## APPENDIX I: REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R'
Description	2011/12	2012/13			2012/13 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	0	0	0	0			
Property rates - penalties & collection charges	0	0	0	0			
Service Charges - electricity revenue	0	0	0	0			
Service Charges - water revenue	0	0	0	0			
Service Charges - sanitation revenue	0	0	0	0			
Service Charges - refuse revenue	0	0	0	0			
Service Charges - other	0	0	0	0			
Rentals of facilities and equipment	157998	158000	158000	155323	-1.72%	-1.72%	
Interest earned - external investments	363574	260000	160000	452863	42.59%	64.67%	
Interest earned - outstanding debtors	20442						
Dividends received	0	0	0	0			
Fines	0	0	0	0			
Licences and permits	0	0	0	0			
Agency services	0	0	0	0			
Transfers recognised - operational	36210014	30946666	35771300	36539727	15.31%	2.10%	
Other revenue	6764136	2177139	3310275	4079951	46.64%	18.86%	
Gains on disposal of PPE	0	0	0	0			
Environmental Protection	0	0	0	0			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>43516164</b>	<b>33541805</b>	<b>39399575</b>	<b>41227864</b>	<b>18.64%</b>	<b>4.43%</b>	

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.*

T.K.2

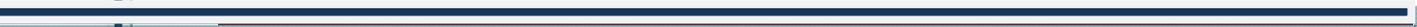
APPENDIX J: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjust-ments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
Neighbourhood Development Partnership Grant				%	%	
Public Transport Infrastructure and Systems				%	%	
<i>Other Specify:</i>				%	%	
EPWP	1000	0	1000	%	%	
MSIG	1200	0	1200	%	%	
FMG	1250	0	1250	%	%	
<b>Total</b>	<b>3450</b>	<b>0</b>	<b>3450</b>	<b>%</b>	<b>%</b>	
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments</i>						TL

APPENDIX K: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

MFMA Section 71 Returns Not Made During 2012/13 According to Reporting Requirements	
Return	Reason Return has not been properly made on due date
All returns was made	

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VOLUME II: ANNUAL FINANCIAL STATEMENTS

Find Attached the AFS for the 2012/13 Financial Year

