

DRAFT ANNUAL REPORT 2013/14



Magareng local municipality

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LIST OF ABBREVIATIONS/ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
ARTO	Administrative Adjudication of Road Traffic Offences
CBP	Community Based Planning
CDW	Community Development Worker
CFO	Chief Financial Officer
COGTA	Cooperative Governance and Traditional Affairs
CSR	Corporate Social Responsibility
DME	Department of Minerals and Energy
DWA	Department of Water and Environmental Affairs
ESKOM	Electricity Supply Commission
ERO	Environmental Research Information System
EPWP	Expanded Public Works Programme
EQ	Equitable Share
GRAP	Generally Recognized Accounting Procedures
GAMAP	Generally Accepted Municipal Accounting Practices
GDP	Gross Domestic Product
GIS	Geographic Information System
HIV	Humane Immune Virus
HR	Human Resources
HRD	Human Resource Development
HRM	Human Resources Management
HTA	High Transmission Area
ICT	Information and Communication Technology
IT	Information Technology
IDP	Integrated Development Plan
ISF	Integrated Spatial Framework
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LLF	Labour and Local Government Forum
MLM	Magareng Local Municipality
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MOU	Memorandum of Understanding
MPCC	Multi-Purpose Community Centre
MSA	Local Government Structures Act
MSA	Local Government Municipal Systems Act
NEMA	National Environmental Management Act
NSDP	National Spatial Development Perspective
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PMTCT	Prevention of Mother to Child Transmission
RED	Regional Electricity Distribution
RDP	Reconstruction Development Programme
SEDA	Small Enterprise Development Agency
SMME	Small Medium Micro Enterprises
SDF	Spatial Development Framework
SWOT	Strength, Weaknesses, Opportunity and Threat
VCT	Voluntary Counselling and Testing
WSDP	Water Services Development Plan
WPSP	White Paper on Strategic Planning
WSP	Workplace Skills Plan

MAYOR'S FOREWORD AN EXECUTIVE SUMMARY

VISION

To be or not to be is the thing for this municipality. This is the most important single statement in the Annual Report. Magareng will be renowned for robust economic growth and a high quality of life for all.

PRINCIPLES OF THE VISION

- The Vision is a reflection of a Municipality that “Serve”
- Well Governed and Managed;
- Financially viable and sustainable;
- Open, Transparent and Accountable, Accessible, Responsive and Caring
- Efficient, Effective and Capable
- Creating a conducive environment for growth
- A Focal Point as the fastest Growing and Developing Municipality
- Sustainable delivery of quality, affordable services, including free basic services;
- An integrated and diverse economy that provides opportunities for all
- Sustainable and Integrated communities
- Safe and Secure environment

MISSION

We strive to enhance and sustain the quality of life in our urban and rural areas, promoting an open opportunity society for all that will result in active economic growth.

MISSION'S GOALS:

- Our Mission responds to the objectives of government as stipulated in Section 152 of the Constitution. Improving and sustaining the “Quality of Life” in urban and rural areas forms the core of our mission which will manifest itself through an efficient, effective and capable Municipality that delivers quality affordable services to all. Our Transparent and Accountable culture will create a conducive environment for economic growth and an open opportunity society.

FOREWORD BY THE EXECUTIVE MAYOR

The drafting and adoption of the IDP and the Annual report is a legislated process. It is a strategic planning instrument that informs, guide all decision-making, planning and investment at municipal level. It also informs all budgetary and expenditure related decisions of municipal level.

A plethora of policy documents, speeches and strategic planning documents from other spheres of government and sector departments, have been consulted in the drafting of this IDP. The January 8 Statement of the ruling party and the State of the Nations Address by the President, have also been consulted.

The ANC led government has since 1994 made substantial progress in consolidating democracy, achieving political stability, extending basic services and promoting respect human dignity.

Conversely our economy faces skewed patterns of ownership and production. It is characterized by inequality, dualism and marginalisation. In addition, the monopolistic domination of the economy by a selected few, is an obstacle to the goals of economic transformation, growth and development.

Decisive action is required to thoroughly and urgently transform the economic patterns of the present in order to realise our vision for the future. Transforming the economy and promoting diversity is central to achieving the goals set out the Freedom Charter.

These goals shall be achieved through a range of measures, contained in our development blueprint, the National Development Plan. The Plan set out various methods to tackle unemployment, poverty, inequality and other challenges facing our country.

Despite the noticeable progress reported, the municipality needs to eradicate service delivery backlogs particularly those relating to access to basic services, ensuring the availability of fleet for providing refuse removal, cleansing, operational and maintenance services and accelerating revenue enhancement to set the municipality on a financial viability path to deal with low capital expenditure spent and audit matters.

Magareng Local Municipality is committed from both political and administrative leadership to improve the audit outcomes so that we can improve the credit rating of the municipality. It is also a commitment of this municipality to deepen public participation and good governance so that through collective leadership, we can promote transparency, fairness and openness.

Enjoy reading our Annual Report.

**CLLR. ELIZABETH MANOPOLE
MAYOR: MAGARENG**

EXECUTIVE SUMMARY

The presentation of the 2013/2014 Annual Report coincides when the world is facing pandemic of Ebola virus and various social ills celebrating the life and time of Mandela – a struggle icon- who was and is still a universal symbol of freedom and reconciliation, an icon representing the triumph of the human spirit.

The presentation of the Annual Report is a contribution of Magareng Local Municipality in engendering and building up on the legacy that Nelson Mandela left with us. The legacy of humility, selflessness, and the commitment to make a better life for all. The programmes and projects alluded in the Annual Report are a reflection of the commitment of the municipality to improve the people's lives.

The Annual Report is an outcome of a rigorous process of planning, community consultation, budgeting and implementation. The planning process is legislated in the Municipal Systems Act (Act 32 of 2000).

It is a strategic planning methodology to ensure alignment between priorities, budgeting and implementation. During community consultation in the drafting and compilation of the IDP, water provision, roads and storm-water drainage, access to human habitation, access to electricity and sanitation, featured very prominently within the limited budget constraints of the municipality, we have been able to budget accordingly. What is also enchanting is that communities, who have no access to some basic rudimentary services, now have access to decent shelter, access to clean table drinking water though the process of reaching all the residents is moving at a snail pace due to limited financial resources. To a greater extent some have access to electricity even in remote rural areas. Although Magareng is a small town, it has huge potential.

We are therefore pleased to submit the Annual Report of Magareng Local Municipality for the financial year 2013/2014. The contents of the report are consistent with the disclosure principles contained in the guide for the preparation of Annual Reports issued by National Treasury. This report therefore seeks to portray the activities of the municipality.

The presentation of this Annual Report coincides further with the release of the Census 2011 statistics. Indeed significant progress has been made, more people have piped water in their dwelling, flush toilets and electricity. Although progress has been made, in responding to the challenges lying ahead, it demands a more differentiated and strategic response from government and the municipality.

The release of the National Development Plan epitomizes one of the different and strategic responses to the challenges that lie ahead. The NDP materializes government's vision to build an attractive developmental state through improved planning, co-ordination and investment in public sector workers, so that they can efficiently and effectively exercise the tasks with which they have been entrusted.

Our complements go towards municipal staff and public representatives for their unwavering commitment to ensure that peoples' lives improve. Further complements and gratitude are bestowed to all other spheres of government for their continued support to the municipality, so that collectively we can achieve the vision of a developmental state.

Mr. J.T.F. LEEUW
MUNICIPAL MANAGER

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

In this Chapter it is evident that the Magareng Local Municipality has succeeded in enhancing the quality of life of all its citizens, through the improved delivery of basic services in all the areas. Working hand in glove with other service providers such as Eskom and Vaalharts Water, the Magareng Local Municipality has further reduced service delivery back logs. The Council also provides other support services such as refuse removal, cemeteries, libraries, parks and sports facilities.

The built environment is enhanced through the rapid service delivery by the Land use and the building control sections through reduced turnaround times in approving land use and building applications.

The housing backlog has been identified and the Magareng Local Municipality has facilitated the initiation of new projects to reduce the housing backlogs. The housing projects should be visible towards the end of 2012 in a phased approach.

The key characteristics and implication of the municipality's profile are summarized as follows:

DEMOGRAPHIC PROFILE - POPULATION SIZE AND ETHNIC COMPOSITION

Magareng has a total population of 24 204 in 2011. This has showed a slight increase over the last five years. The following table gives a breakdown of the ethnic and gender composition of the municipal area.

Table 7: Ethnic profile of Magareng Local Municipality, 2011

Black	19366
Coloured	3357
Indian or Asian	166
White	1240
Other	76
Grand Total	24204

Source: Stats SA (Community survey, 2011)

The total population of Magareng is 24 204 as per (Community survey 2011) while Census 2011 indicates a decreased of 4.5 % over the 5-year period. This can be attributed to factors like the impact of HIV/AIDS and migration due to the lack of job opportunities within the municipal area itself.

The ethnic composition of the population of Magareng is dominated by the African population group which represents almost 78% of the total population of Magareng, followed by 20, 5% Coloured and 7% Whites. The rest is made up by other population groups (Stats SA, Census 2011). It is interesting to note that the ethnic profile changed somewhat from 2011 in that the proportional share of the African population group decreased by almost 2% while the proportional share of the Coloured population showed an increase of almost 2%. The proportional share of the White population also showed an increase of 1,5%.

AGE PROFILE

0 - 4	2690
5 - 9	2495
10 - 14	2417
15 - 19	2307
20 - 24	2323
25 - 29	1914
30 - 34	1706
35 - 39	1438
40 - 44	1274
45 - 49	1262
50 - 54	1118

55 - 59	1003
60 - 64	713
65 - 69	574
70 - 74	444
75 - 79	260
80 - 84	143
85 and above	122
Grand Total	24204

The above profile shows a steady decline in the birth rate over the last couple of years while the peak birth rate was experienced some 10-14 years ago. Although the population of Magareng is still relatively young, the population has moved from a developing population pyramid to a more industrialized population pyramid.

This indicates that recent development in the area has encouraged the introduction of family planning which leads to smaller family sizes while the impact of HIV/AIDS will also change the age profile of this area in future. Recent statistics revealed by the Department of Health indicated that HIV/AIDS prevalence in the Northern Cape with women attending antenatal clinics was the second lowest in the country.

Although the latter indicates that the province is outperforming other provinces in reducing the impact of HIV/AIDS, this pandemic will still have an impact on the future population of the area.

GENDER PROFILE

Females are the majority gender group in Magareng. 59 % of the total population in the municipal area is female (Stats SA, Census 2011) and even in the community survey of 2011. Depicted from the population pyramid above, it is clear that the females dominate in the older than 20 years of age groups. This may be attributed to large numbers of migrant workers working elsewhere in the country, with only the females of the households staying behind.

Male	11732
Female	12473
Grand Total	24204

HUMAN DEVELOPMENT PROFILE -

HEALTH PROFILE

It is extremely difficult to determine the level of human development of the municipal area due to a lack of accurate and recent information. There is currently no Human Development Index for the area. The only information that is readily available is census data which does not reflect the health status of a community.

Awareness Campaigns, such as Aids Awareness, Direct Observed Treatment Support (DOTS) and Protein Enrichment Malnutrition Scheme are in place to address these problems. The health services infrastructure profile is discussed later in this section.

EDUCATION AND TRAINING PROFILE

The figure overleaf gives a summary of the education levels in Magareng. It is alarming to note that 28% of persons aged 20 years and older has no formal education while 24% has some primary education (Stats SA, Census 2011). This indicates high levels of illiteracy in the area.

On the other hand, it is positive to see that 29% of people older than 20 years in this area has some form of secondary education qualification while 19% has a grade 12 qualification. Only 5% of this portion of the population has a higher education qualification.

If one compares the literacy rate of the municipal area with that of the district, it is again alarming to note that in the municipality is performing poorer than the average of the district. In the district only 21% of persons aged 20 years and older has no formal education while 25% has some primary education. 39% of this segment of the population in the district had some secondary qualification while 18% completed Grade 12. 9% of this proportion of the population had some higher education qualification. This indicates the need to improve the standard and access to education in the municipal area in order to bring it on par with the rest of the district.

According to Census 2011, almost 38% of children between the ages 5 and 24 did not attend school while 3,5% is attending Pre-School and 71% of the people falling within this age group is attending school. Only 1.3% of this proportion of the population is attending higher education training facilities. The high rate of non-attendance can be prescribed to the poverty level in the area, inaccessibility of some schools to communities while farming communities also experience difficulty in sending their children to school in towns.

SOCIAL DEVELOPMENT PROFILE

SOCIAL GROUPS

During workshops held with the IDP Representative forum, the following main social groups were identified: People with disabilities, aged, youth, unemployed, business, religious and farm workers.

For each of these social groups an analysis was done using the Sustainable Livelihoods Framework. This information informs the priority issues identified and therefore the specific interest group needs are also addressed with the priority issues identified for Magareng.

Although participants did not have access to scientifically researched data to inform the statistics presented in these tables, the information given by the participants gives a good indication of the perception that community members have around service delivery and access to services in these communities. The reader is therefore advised to interpret the data rather than quoting from it.

Below are the strengths and weaknesses from the different social groups of Magareng that were identified during an IDP review workshop:

The following is a summary of the desired outcomes and threats or vulnerabilities experienced by the individual social groups in Magareng:

DESIRED OUTCOMES AND VULNERABILITIES IDENTIFIED IN MAGARENG FOR CERTAIN SOCIAL GROUPS

Social Group	Desired outcomes	Threats (vulnerabilities)
Disabled	<ul style="list-style-type: none"> • Support groups • Awareness programmes • ABET & Skills training • Access to buildings, pavements • Disabled toilets • Special transport locally and for attending special facilities elsewhere • Employment opportunities • Choices in housing subsidies 	<ul style="list-style-type: none"> • Unemployment • Lack of support services
Aged	<ul style="list-style-type: none"> • ABET • Access to social services • Old age home/centre in Warrenvale • Safe and reliable transport • Food security • Retirement planning 	<ul style="list-style-type: none"> • Lack of income • Chronic illness • Social pensions insufficient • High cost of medical care and living

Social Group	Desired outcomes	Threats (vulnerabilities)
Youth 75% of the total population	<ul style="list-style-type: none"> 70% stay with families Have access to a stadium, community hall, resort and tennis courts Most have matric (80%) Some have higher education – technikon and college Most depend on family while others sell fruit and vegetables. Some youth earn a living through the running of sport clubs – fee per team or sponsorship 	<ul style="list-style-type: none"> 20% Informal houses Lack further education facilities Have access to a Library – but not well equipped No proper developed sport and recreation facilities Have access to roads – but they are in a poor condition Stress Frustration High pregnancy rate High HIV/AIDS rate (42%) High TB rate (35%) Lack technological skills
Farm workers	<ul style="list-style-type: none"> Some have brick houses Most have access to water while some have electricity Some have access to a cemetery Most have access to agricultural land and livestock 	<ul style="list-style-type: none"> Some have mud houses Most have only a pit latrine No clinic No spaza shops 30% are literate High levels of TB
Unemployed	<ul style="list-style-type: none"> Land Some have matric while others have tertiary education 30% are skilled 	<ul style="list-style-type: none"> Roads – poor condition Schools – not enough Clinics – not adequate
Business	<ul style="list-style-type: none"> Most have housing, electricity, water Most have access to community halls, stadium, schools, library, infrastructure, churches, and municipal pay point and railway station. Most have grade 10 – 12 Most are in good health 	<ul style="list-style-type: none"> Some experience high blood pressure

The strengths and weaknesses identified in the table above inform the desired outcomes, threats and opportunities for the different social groups of Magareng. The following is a summary of the desired outcomes and threats or vulnerabilities experienced by the individual social groups in Magareng:

Desired outcomes and vulnerabilities identified in Magareng for certain social groups

Social Group	Desired outcomes	Threats (vulnerabilities)
Disabled	<ul style="list-style-type: none"> Support groups Awareness programmes ABET & Skills training Access to buildings, pavements Disabled toilets Special transport locally and for attending special facilities elsewhere 	<ul style="list-style-type: none"> Unemployment Lack of support services Alcohol abuse
Aged	<ul style="list-style-type: none"> ABET Access to social services Old age home Safe and reliable transport 	<ul style="list-style-type: none"> Lack of income Chronic illness Social pensions insufficient High cost of medical care and living

Social Group	Desired outcomes	Threats (vulnerabilities)
	<ul style="list-style-type: none"> Food security Retirement planning 	
Youth	<ul style="list-style-type: none"> Access to job opportunities Food security Access to counselling services Youth development programmes Development of multi-purpose centre Development of a rehabilitation centre Upgrading of roads Recreation facilities & Parks Upgrading of existing sport fields Development of dumping collection points and elimination of illegal dumping ABET & Skills development Access to bursaries 	<ul style="list-style-type: none"> HIV/AIDS Child abuse Domestic violence Poverty Unemployment Alcohol and drug abuse
Farm workers	<ul style="list-style-type: none"> Access to land 	<ul style="list-style-type: none"> Retrenchment Drought Unemployment HIV/AIDS TB
Unemployed	<ul style="list-style-type: none"> Food security Jobs 	<ul style="list-style-type: none"> Loan schemes
Business		<ul style="list-style-type: none"> High unemployment Lack of economic growth Spatial locality HIV/AIDS Poor health
Religious	<ul style="list-style-type: none"> Meeting of Ministers Moral regeneration Charity services Church sites 	<ul style="list-style-type: none"> HIV/AIDS Poverty Lack of funds
HIV/AIDS	<ul style="list-style-type: none"> Trauma centre Children support group Awareness programme 	

GENDER ISSUES

Participants in the IDP Review workshops were also expected to identify gender issues. The following gives an overview of the vulnerabilities that was identified in these workshops:

VULNERABILITIES PER GENDER GROUP FOR THE MAGARENG AREA

Male	Female
HIV/AIDS	HIV/AIDS is high amongst the youth
Droughts	Teenage pregnancy is high
Economy	Lack technological skills
Unemployment	Few has access to residential land or agricultural land

Male	Female
Crime	Need to participate in decision-making
Poverty	Lack freedom of speech
Unfaithfulness in marriage	Poverty
Rape	Ignorance
Floods	Prostitution
	Rape
	Domestic violence
	Unemployment
	Poor economy

ECONOMIC DEVELOPMENT PROFILE

LOCAL ECONOMY

- The Northern Cape Province is renowned for its diamond mining. The GDP contribution by the mining and quarrying sector of the economy was 21,4% in 2011 while the finance, real estate and business services sector contributed 19,8% of the GDP of the province in 2011 . However, the contribution made by the mining and quarrying sector to the GDP of South Africa in 2011 was only 5,7%. (Stats SA, 2002). The Northern Cape Province has showed an increase in its contribution to the GDP of South Africa of 2,7% for 2011 , which is almost equal to the national average of 2,8%.
- If one however analyse the local economy of Magareng, the contribution made by the mining and quarrying sector will be far less than that recorded for the rest of the province as most of the mining and quarrying activities falls outside the municipal area. Although there is no research that can support these conclusions drawn, participants in the IDP review workshops felt that agricultural sector was the predominant income base of the municipal area. This assumption is supported by the employment industry statistics which indicates that the agricultural sector is the largest employer in the municipal area, followed by the Social Services sector. One can therefore assume that the local economy is profoundly based on agriculture.

LEVEL OF INCOME

- The individual income of males and females in Magareng for 2011 is reflected in the figure. This figure indicates that females on average earn less than males while the highest percentage of individuals in the municipal area only earn between R1 and R1080.00. This shows a clear gender discrepancy that exists in terms of levels of income as well as high levels of poverty.
- According to Census 2011 (Stats SA) almost 67% of individuals between the age 15 and 65 earn less than R 1800 per month while 3% had no income at all.

EMPLOYMENT

- An analysis of the employment distribution in the various economic sectors indicates that most of the people working in Magareng are employed in the agricultural sector. The social services sector followed by trade also one of the highest employers in the area. The following is a breakdown of the employment sectors:

TABLE 1: EMPLOYMENT PER SECTOR OF THE ECONOMY

Industry	Employment distribution
Farming	26.99%
Mining	6.87%
Manufacturing	5.85%
Utilities	0.50%
Construction	2.80%
Trade	12.43%
Transport	4.37%
Business	4.46%
Social Services	17.59%
Private Household	0.00%
Other	13.40%

If one compares the unemployment levels within the municipality, it is evident from the figure below that more females are unemployed or not economically active than men.

According to Census 2011, 27, 8% of the total workforce is unemployed while 46, 7% is not economically active. This implies that only 25, 6% of the total workforce is employed. Again, this confirms the fact that poverty is high in the area. The figure overleaf indicates the occupation distribution in Magareng.

41% of the total employed population work in elementary occupations while 10% practise craft and related trades. Technicians, clerks, services workers and plant and machine operators are all equally employed in the area. The professional base of the district again confirms the fact that most of the people employed are within the agricultural sector where elementary occupations are practiced. The fact that the Social Services and Trade sectors are also some of the highest employers in the area again confirms the high percentage of people skilled in the technical and clerical professions.

LIVELIHOOD STRATEGIES

The following tables indicate the various livelihood strategies identified during the IDP Process. The first table distinguish between those strategies practiced by males and females while the second table indicates the various strategies per social group.

Livelihood strategies for males and females

Male	Female
Crime	Washing piece jobs
Church services	Selling vegetables
Gambling (R7 – R25)	Child support grant

Selling drugs and alcohol	Prostitution
Fishing	Depend on family and grants
Pensions	Cannot work because of child caring responsibilities
Depend on family	Domestic workers
Hawking	Professionals
Mine, Farm workers and Self Employed	Self employed (small businesses)
Professionals and Business People	

Source: IDP Workshop

Livelihood strategies per social group

Religious	People with disabilities	Aged	Business	Farm workers	Youth	Unemployed
<ul style="list-style-type: none"> • Hosting events • Selling food • Gospel shows • Offerings • Training 	<ul style="list-style-type: none"> • Pensions – R1060 per month • Depend on family • Depend on others to buy goods 	<ul style="list-style-type: none"> • Pensions • Depend on family • Beg and steal • Borrow 	<ul style="list-style-type: none"> • Budgeting • Savings 	<ul style="list-style-type: none"> • Salary • Small business • Farming 	<ul style="list-style-type: none"> • Robbery • Borrow money from loan institutions • Fraud – take out loans on pensioners' names • Sell recycling material • Hawking • Prostitution 	<ul style="list-style-type: none"> • Depend on family & government grant

Source: IDP Workshops

It is alarming to note that community perceive crime to be a livelihood strategy for males and some of the social groups. Although the community agreed that crime was relatively low if compared to other areas in South Africa, they felt that petty crimes were on the increase as unemployment continues to be high. The levels of income indicated in these tables also correspond with the low levels of income confirmed by Census 2011 for the area. It is also interesting to note that many families depend on the social grant system as their only source of income. This confirms the plight of the aged to increase their pensions.

ORGANISATIONAL DEVELOPMENT OVERVIEW

- Section 67 of the Municipal Systems Act of 2000 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.
- Magareng Local Municipality has maintained a comprehensive range of Human Resources policies and procedures that govern the way the Municipality acquires develops and rewards its employees. In the year under review, many of these HR policies and procedures were reviewed and/or adopted. Such reviews are conducted periodically not only for statutory compliance purposes but also because it is good practice in ensuring that the HR policy environment is still aligned to the organization's strategic vision.

KEY POLICY DEVELOPMENTS:

This is based on Strategic alignment to the Provincial Growth and Development Strategy, and the IDP strategies included in the IDP especially with focus on impact and outcome achieved – bearing in mind that foreword provides details that should be included in the chapters to follow.

STRATEGIC FOCUS AREAS

The Vision and Mission are underpinned by the following strategic focus areas:

- Economic Growth and Development
- Quality sustainable urban infrastructure and affordable services
- Energy efficient and environmentally conscious
- Effective, efficient and strategic public transport network
- Integrated and sustainable human settlements
- Health, social and community development
- Safety and security for all; and

- Efficient, effective, transparent and accountable local municipality
- The strategic focus areas where formulated in line with the vision of the National Outcome 12 and Outcome 9.

KEY SERVICE DELIVERY IMPROVEMENTS:

Public Participation:

- Ward Committees x 10 (all functional and meet regularly as per program)
- Budget and IDP meetings in all the 5 Wards.
- Meeting with relevant stakeholders and affected groups (e.g. business, community organisations, etc.).
- Inputs meetings throughout all department and various committees of Council.

SERVICE DELIVERY OVERVIEW

Access to Household and Community Services:

Households

- The number of households is indicates the level of service provision within the municipality.
- Magareng Local Municipality provide services at household level rather than individual level. The census 2011 results indicates that the % of households in the municipality grew by 2.7% from 20000 in 2001 to 24000 in 2011. The number of households in Magareng Local Municipality is presented in Figure below.
- The average household size has increase from 2.99 in 2001 and is now 3,37 persons per household according to the 2011 census

Service delivery backlog

- The constitution states explicitly that all municipalities must “ensure the provision of services to communities in a sustainable manner” and in particular must structure and manage their “administration and budgeting and planning processes to give priority to the basic needs of the community. The community needs include water, sanitation, electricity, waste removal and community roads and storm water drainages.
- The municipality needs to offer these services at least at basic level though they have discretion to deliver at higher levels. In terms of on-going service operations, a basic level typically means 50 kilowatt (kWh) of electricity per household, 6 kilolitres (kl) of water per households per month and weekly refuse removal.

Access to water

The provision of water to households in Magareng increased between 1996 and 2001 from 84% to 85% and there was a decrease between 2001 and 2011 (from 85% to 78). This could be attributed to the increase in the population.

Access to sanitation

Access to flushable toilet connected to a sewage system increased between 1996 and 2001 from 52.8 % to 68.4 while it decreased from 68.4% to 68. % between 2001 and 2011. This could be due to the new demarcation which added new informal settlements into the municipal boundaries.

Access to electricity

Access to electricity for lighting, cooking and heating is an important indicator of provision of one of the key resources in households. The provision of electricity in Magareng has been

increasing since 1996 to 2011. The percentage of households that have access to electricity for lighting in the municipality in 2011 was at 78.38.

Frequency of refuse removal

Provision of refuse removal is an important community based service within the municipality. The provision of refuse removal within the municipality continues to increase. About 67.6% of households have refuse removed by the local municipality at least once a week based on the 2011 census.

Access to Roads and Storm water

The municipality currently has 120km of surfaced roads and 176 of gravel roads. Most formalised areas have surfaced roads while the rural unformalised areas have gravel roads. The surfacing of gravel roads will commence once the process of formalisation has been completed.

Dwelling type

The type of dwelling where a householder resides is directly linked to the wellbeing of the household members. There is evidence that suggests that children under age 5 who reside in dwellings that have poor flooring, walls and roofing have higher prevalence of negative developmental outcomes. They have higher mortality during childhood and lower school attendance. This is also because dwellings with poor building structures are often poor and have no access to other basic services such as safe water and sanitation.

According to the 2011 census, about 15 135 households are formal dwellings such as houses. Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm) remain a challenge in the municipality. This is due to the fact that communities do not demolish their informal structures upon the receipt of RDPs; they rent them out or continue using them.

There is also high densification by means of informal dwellings (shacks in backyards) in Magareng Local that put a strain on municipal services.

Ownership

In Magareng Local there was a decrease in householders that fully own the dwellings they inhabit however there was an increase between 2001 and 2011. This increase in home ownership could be attributed to an increase in social grants and housing subsidies, improved access to RDPs, free basic electricity and water)

Indigent support

There were about 2232 registered indigents in the municipality for the 2012/13 financial year and for the 2013/14 financial there are 2338 registered indigents. They receive free basic services.

Category	Description
Electricity	Indigents qualify for 50 kWh free electricity
Water	Indigents qualify for 6kl of water per month
Refuse	Free
Sewerage	Free

FINANCIAL HEALTH OVERVIEW

Magareng Local Municipality is a developing and growing Municipality striving for service delivery excellence. Therefore many challenges are faced with regards to Financial Planning and are ever changing due to the dynamic setting of Local Government.

The priority for the Municipality, from the financial perspective is to ensure viability and sustainability of the Municipality. The Multi-Year Financial Plan and related strategies will address a number of key areas in order to achieve this priority. These strategies are detailed below:

- Revenue Enhancement Strategy
- Asset Management Strategy: Financial Management Strategies:
- Operational Financing Strategies:
- Capital Funding Strategies:
- Cost-Effective Strategy:
-

The South African economy is slowly recovering from the economic downturn and it will still take some time for municipal revenues to increase through local economic growth. Consequently cash flows are expected to remain under pressure for the 2013/2014 financial year and a conservative approach must be followed to project expected revenues and cash receipts.

Consumer Debtors

- The outstanding consumer debt was still negative, indicating that the Municipality takes on average 120 days to collect outstanding debt. This high turnover has serious implications specifically for the cash flow of the Municipality. The performance of the debt collection strategy has not yielded the desired effects in reducing the outstanding debtors hence the beefing up of the debt collection unit with extra officials is very critical.
- The Municipality needs to sign a robust performance agreement with the collection unit that will see the enhancement of the collection of revenue.
- The credit control policy and the actions taken in terms of the policy have to be adhered to, to ensure that a collection rate of 90% is being achieved by the municipality in forthcoming financial years.
- The municipality need to restructure the debt collection unit in order to improve performance on debt collection.

Conclusion

- The continued improvement and development of an effective financial planning process aids the actualization of fulfilling its facilitating role to capacitate the community to build a prosperous future for all.
- The financial planning imperatives contribute to ensuring that the Municipality remains financially viable and that municipal services are provided economically to all communities.
- The Multi-year Financial Plan contains realistic and credible revenue and expenditure forecasts which should provide a sound basis for improved financial management and institutional development as well as service delivery improvements and implementation. The strategy towards cash backing will certainly ensure the sustainability of the Municipality over the medium-to long-term

ORGANIZATIONAL DEVELOPMENT OVERVIEW

Performance Management Systems

The Municipal Manager and all Section 57 employees had performance agreement in place, which forms the basis of their performance reviews.

The municipality does not have a Performance Managements Systems Task Team in place, however the. Municipality's External Audit Committee is responsible for the auditing of all reporting scorecards of all departments.

The financial year under review also saw the Municipality implementing minimum Competency requirements as in line with the Municipal Regulations on Minimum Competency Requirements (Gazette No.29967 of 15 June 2007). These Regulations prescribe minimum competency requirements for senior officials as well as municipal finance officials and supply chain managers.

Municipality's Initiative - Employment Issues

The impetus that informs the drive for a developmental state that promotes growth and development centres on the capacity of the municipality to effectively discharge its responsibilities.

Employment Equity

In accordance with the Employment Equity Act (No. 55 of 1998), Magareng Local Municipality developed and implemented the Employment Equity Plan as required by the said Act.

The purpose of the policy is to state the broad principles of employment equity to which the Magareng Local Municipality is committed and, to describe in general how the Municipality seeks to realise these principles.

SECTION B: WORKFORCE PROFILE AND CORE & SUPPORT FUNCTIONS

1. WORKFORCE PROFILE

1.1 Please report the total number of **employees** (including employees with disabilities) in each of the following **occupational levels**: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	2		1	4						9
Senior management	9			2	4	1		1			17
Professionally qualified and experienced specialists and mid-management	1				1						2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	8	1		1	1						11
Semi-skilled and discretionary decision making	14	3			2.0	5		3			45
Unskilled and defined decision making	64	2			9	2					77
TOTAL PERMANENT											
Temporary employees	1				7	2					10
GRAND TOTAL	99	8		4	46	10		4			171

Report the total number of **employees with disabilities only** in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management											
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
Semi-skilled and discretionary decision making	2										2
Unskilled and defined decision making	2										2
TOTAL PERMANENT											
Temporary employees											
GRAND TOTAL	4										4

Core Operation Functions and Support Functions by Occupational Level

A job could either be a **Core operation** function or a **Support** function. **Core operation Function** positions are those that directly relate to the core business of an organization and may lead to revenue generation e.g. sales production, etc. **Support Function** positions provide infrastructure and other enabling conditions for revenue generation e.g. human resources corporate services etc.

Please indicate the total number of employees (including people with disabilities), that are involved in **Core Operation Function** positions at each level in your organization only. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	2		1	4						9
Senior management	10			2	4	1					17
Professionally qualified and experienced specialists and mid-management	1				1						2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
Semi-skilled and discretionary decision making											
Unskilled and defined decision making											
TOTAL PERMANENT											
Temporary employees											
GRAND TOTAL	13	2		3	9	1					28

Please indicate the total number of employees (including people with disabilities), that are involved in **Support Function** positions at each level in your organization. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management											
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	8	1		1	1						11
Semi-skilled and discretionary decision making	14	3			20	5		3			45
Unskilled and defined decision making	64	2			9	2					77
TOTAL PERMANENT											
Temporary employees	1				7	2					10
GRAND TOTAL	87	6		1	37	9		3			143

SECTION C: WORKFORCE MOVEMENT

Recruitment

Please report the total number of new recruits, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management											
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	1									3
Semi-skilled and discretionary decision making	3				4						7
Unskilled and defined decision making	8	2			1	2					13
TOTAL PERMANENT											
Temporary employees	2				1						3
GRAND TOTAL	15	3			6	2					26

Promotion

Please report the total number of promotions into each occupational level, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management	3				1						4
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
Semi-skilled and discretionary decision making	3				1	2					6
Unskilled and defined decision making											
TOTAL PERMANENT											
Temporary employees											
GRAND TOTAL	6				2	2					10

Termination

Please report the total number of terminations in each occupational level, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management					1						1
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	1									3
Semi-skilled and discretionary decision making											
Unskilled and defined decision making	7										7
TOTAL PERMANENT											
Temporary employees											
GRAND TOTAL	9	1			1						11

Please report the total number of terminations, including people with disabilities, in each **termination category** below. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Terminations	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Resignation	2	1			1						4
Non-renewal of contract											
retrenchment – Operational requirements											
Dismissal - misconduct											
Dismissal - incapacity	1										1
Retirement	4										4
Death	3										3
TOTAL	10	1			1						12

SECTION D: SKILLS DEVELOPMENT

2. Skills Development

- 6.1 Please report the total number of people from the designated groups, including people with disabilities, who received training **solely** for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management									
Senior management	1			1	1				3
Professionally qualified and experienced specialists and mid-management	1				1				2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1								1
Semi-skilled and discretionary decision making		1			6	1			8
Unskilled and defined decision making	4				1				5
TOTAL PERMANENT									
Temporary employees					2	1			3
GRAND TOTAL	7	1		1	11	2			22

6.2 Please report the total number of **people with disabilities only** who received training **solely** for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management									
Senior management									
Professionally qualified and experienced specialists and mid-management									
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents									
Semi-skilled and discretionary decision making									
Unskilled and defined decision making									
TOTAL PERMANENT									
Temporary employees									
GRAND TOTAL									

SECTION E: NUMERICAL GOALS & TARGETS

Numerical goals

Please indicate the numerical goals (i.e. the workforce profile) you project to achieve for the total number of employees, including people with disabilities, at the end of your current employment equity plan in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management		1	1		1			1			4
Professionally qualified and experienced specialists and mid-management	1			1	1			2			5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	1		1	1						4
Semi-skilled and discretionary decision making	1						1				2
Unskilled and defined decision making	8	5			4			3			20
TOTAL PERMANENT											
Temporary employees											
GRAND TOTAL	11	7	1	2	7		1	6			35

Please indicate the numerical goals (i.e. the workforce profile) you project to achieve for the total number of **employees with disabilities only** at the end of your current employment equity plan in terms of occupational levels.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management											
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
Semi-skilled and discretionary decision making					1			1			2
Unskilled and defined decision making											
TOTAL PERMANENT											
Temporary employees											
GRAND TOTAL					1			1			2

Numerical targets

Please indicate the numerical targets (i.e. the workforce profile) you project to achieve for the total number of employees, including people with disabilities, at the end of the next reporting in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management	1										1
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
Semi-skilled and discretionary decision making				2		2					4
Unskilled and defined decision making											
TOTAL PERMANENT											
Temporary employees		2		1	1	2					6
GRAND TOTAL	1	2		3	1	4					11

Please indicate the numerical targets (i.e. the workforce profile) you project to achieve for the total number of **employees with disabilities only** at the end of the next reporting period in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management											

Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
Semi-skilled and discretionary decision making	1						1				2
Unskilled and defined decision making											
TOTAL PERMANENT											
Temporary employees	1						1				2
GRAND TOTAL	2						2				4

Disciplinary Action

Disciplinary action: (report the total number of disciplinary actions during the twelve months preceding this report). Report on formal outcomes only. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

DISCIPLINARY ACTION	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	3	0	0	0	0	0	0	0	0	0	

Barriers and affirmative action measures

Please indicate in which categories of employment policy or practice barriers to employment equity were identified. If your answer is 'Yes' to barriers in any of the categories, please indicate whether you have developed affirmative action measures and the timeframes to overcome them.

Categories	BARRIERS		AFFIRMATIVE ACTION MEASURES		TIMEFRAME FOR IMPLEMENTATION OF AA MEASURES	
	YES	NO	YES	NO	START DATE	END DATE
Recruitment procedures		X				
Advertising positions		X				
Selection criteria		X				
Appointments		X				
Job classification and grading		X				
Remuneration and benefits		X				
Terms & conditions of employment		X				
Job assignments		X				
Work environment and facilities	X					
Training and development	X					
Performance and evaluation	X					
Promotions		X				
Transfers		X				
Succession & experience planning		X				
Disciplinary measures		X				
Dismissals		X				
Retention of designated groups		X				
Corporate culture		X				
Reasonable accommodation		X				

HIV&AIDS prevention and wellness programmes		X				
Appointed senior manage(s) to manage EE implementation		X				
Budget allocation in support of employment equity goals		X				
Time off for employment equity consultative committee to meet		X				

GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality. The Magareng Local Municipality is a plenary Council and functions with Section 79 Committees namely: Budget and Treasury, Technical, Community Services and Corporate Services. These committees constitute the departments within the Municipality. Magareng Local Municipality made extra efforts to include the Ward Committees and Councillors to the maximum of administrative functions and outputs at all levels. Any inputs or comments from the committees are reflected or accommodated in the reports pertaining to Council matters.

Ward Committees are also involved in commenting on reports with the purpose of being kept abreast of and in turn to inform the community with regard to changes and developments within the municipality. This ensures a high level of public participation and promotes the principle of accountability.

The Magareng Local Municipality's Council is responsible for overseeing the financial management and service delivery of the municipality. Councillors consult with the community, set priorities and give direction, determine policies, approve budgets for development of the community and delivery of essential services as well as monitor the outcomes of policy and budget implementation.

The municipality still operates with an Executive Plenary system consisting of the Mayor who acts as the Speaker. The municipal council consists of 9 councillors. 5 councillors represent the wards and the other 4 are proportional representatives elected to represent political parties on the basis of proportional representatives. The ruling party in council is ANC with 6 councillors, all of the three remaining councillors, represent DA and COPE.

The political leadership is committed to the following the 5 year strategic objectives in line with the National Key Performance Areas:

- A better life for all through improved access to basic services and infrastructure
- Accountable financial planning and management
- Economic growth and job creation
- To transform the organisation and to develop its administration in line with Council's vision
- To strengthen public confidence through effective stakeholder management;

Division of Legislative and Executive Functions

In terms of Chapter 7 of the Constitution of the Republic of South Africa, the legislative and executive functions of a municipality are vested with its Municipal Council

With the introduction of the Municipal Public Accounts and Oversight Committee (MPAC) and its implied oversight role there has been a further implied split between the two functions. The MPAC as a structure of the legislative function (the Council) is expected to assist with oversight over the executive function (the Mayor).

The principle of good governance requires that the legislative and oversight function that is to be exercised by a municipal council should be independent of the executive function that has been delegated to the Mayor. This is to avoid undue influence and pressure being exerted by one function upon another and to allow each function the opportunity to operate freely within its delegations.

The Legislative function of Council

The legislative (and oversight) function of the Council is vested within the full Council with the Speaker as its Chairperson. The passing of by-laws, policies on functions retained by Council and frameworks within which delegated powers must be exercised, remain the function of the full Council except where certain express delegations have been made in this regard. The Speaker is also responsible for matters pertaining to Councillors, Ward Committees etc.

THE SECTION 79: MUNICIPAL PUBLIC ACCOUNTS AND OVERSIGHT COMMITTEE (MPAC)

In assisting the Council with its oversight function a Section 79 Municipal Public Accounts and Oversight Committee (MPAC) was established with specific terms of reference.

POWERS OF AND DELEGATIONS TO EXECUTIVE MAYOR:

The work of the Council is coordinated by the Mayor who is elected by the Council. The Mayor is at the centre of the system of governance and besides the powers and functions accorded to and imposed on him in terms of legislation (e.g. the Municipal Systems Act, Municipal Finance Management Act, etc.), The Mayor has an overarching strategic and political responsibility.

The executive function of the Council is delegated to the Mayor as the appointed head of the executive function in-so-far as the Constitution and practicalities allow. The Mayor is also the first citizen of the Town and attends to ceremonial duties.

The Executive Mayor is assisted by Councillors who serve in the various Section 79 Committee of Council. The Committees consist of councillors appointed by the Mayor to serve on these Committees. The Mayor together with the Committees also oversee the work of the administrative arm. Each member of the Committee has a portfolio with specific functions.

SPECIFIC PROGRAMMES

Certain projects are championed by the political offices directly. Examples are the public participation processes to engage the residents in formal structures (e.g. Ward Committees, etc.) and less formal personal interaction (public meetings, discussions with interest groups, etc.).

POLITICAL DECISION-TAKING

Political decisions are taken in a formal meeting where all participating political parties in Council have equal opportunity to deliberate the items as per agenda where-after a resolution is adopted.

ADMINISTRATIVE GOVERNANCE

Introduction to Administrative Governance

The administration is headed by the Municipal Manager as the Chief Accounting Officer. The Municipal Manager is further responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration as well as the management of the provision service in a sustainable and equitable manner within the municipality.

The administration is made up of the following directorates The Office of the Municipal Manager, Budget and Treasury, Corporate Services, Community Services and Technical Services .

The Municipal Manager and Heads of Departments meet to deliberate on service delivery issues and reports that must be submitted to the Committees of Council in terms of Delegated Powers, as well as on organisational management matters. Each Director also interacts with their respective departments for the same purpose.

The organizational structure of the Municipality is intended to deal with the service delivery demands of the community and employs appropriately qualified, well-motivated people to meet these challenges.

DELEGATIONS:

The Municipality also reviewed the delegation framework mapping the roles and responsibilities within the Municipality in order to ensure appropriate delegation of powers, maximize administrative and operational efficiency and provide for adequate checks and balances.

COMPONENT B : INTERGOVERNMENTAL RELATIONS

INTERGOVERNMENTAL RELATIONS

The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, and to ensure access to services.

In this regard the Magareng Local Municipality complies with the provisions of the Act. Magareng Local Municipality furthermore participates in the Provincial and District MIG forums.

These forums provide a platform for engagement on the approval of projects and for coordination and monitoring of expenditure of MIG-funded projects. The MLM also participates in other Provincial and district forums (Housing, Water, Electricity, Human Resources, Skills Development, Performance Management Systems, Integrated Development Planning, Communications, etc.)

**Community Works Programme (COGTA) - by invitation * EPWP (DPW) - by invitation*

Provincial Intergovernmental Structure

Magareng Local Municipality is part of the Municipalities that participate in a number of IGR forums.

EXPANDED PUBLIC WORKS PROGRAMME:

Steering Committee Meeting for EPWP sits quarterly. The key role players are Local and District Municipalities and various Government departments, Provincial Department of Infrastructure Development and the National Department of Public Works. Other National and Provincial departments also attend.

The purpose of the meeting is to provide information about EPWP expenditure and progress on projects. Guidance on challenges is provided.

COMPONENT C : PUBLIC PARTICIPATION AND ACCOUNTABILITY

IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act (as amended) has prompted changes in the way in which the Council plans for the future of the municipality. It also provides greater scope for communities to make their own choices about what the Council does and how it operates.

“Developmental local government is local government working together with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve their quality of lives.” In other words, “Together we can make a difference.”

The Municipality is therefore committed to institutional public participation to ensure that the final Integrated Development Plan belongs to all citizens of Magareng. The community participation took place during the August – September driven by the Mayor’s Office since the Municipality did not have a designated IDP official.

Community participation was done through these Community Based Planning in order to make plans and services more relevant to local needs and conditions and to increase people’s control over their own lives and livelihoods.

PUBLIC MEETINGS

Public Accountability and Participation:

The Public Participation Policy seeks to provide guidelines for the participation and involvement of the public and the community as defined in section 1 of the Municipal Systems Act, in the affairs of the Municipality within the municipal legal framework to enhance participatory local governance.

Municipalities are expected to deepen local democratic participation in their governance as stipulated in terms of section 16 Chapter 4 of the Municipal Systems Act no 32 of 2000, a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must therefore encourage and create conditions for the local community to participate in the affairs of the municipality.

Public Meetings and Municipal Communications

Magareng Municipality does not have a communication unit but there has been a good progress with regard to communications and public participation engagement through the broad community consultation meetings.

The Office of the Speaker and the Office of the Municipal Manager has been able to manage consultative meetings with the public and also has provided the public with clear explanation regarding service delivery issues and the challenges faced by the institution.

The communication strategy for Magareng Municipality was adopted by council to serve as a guiding tool and a framework for the articulation of the municipal vision, mission, priorities and challenges as identified in our strategic planning sessions.

The strategy further put emphasis on the identified communication priorities, core mandate and service delivery planning. It is aligned with the central three spheres of government priorities for each year and section 18(1) (2) of the Municipal Systems Act 32 of 2000 must be taken into account when communicating information to the local community.

The objective and core function of communication within the local government is to ensure that relevant policies, legislation, council resolutions and other general matters are communicated to the public and to improve and promote the image of the municipality.

It is essential that ordinary citizens are constantly informed about local Government’s work and empowered to take active part in it.

WARD COMMITTEES

Magareng Local Municipality has five (05) wards according to the demarcations of ward and each ward has 10 ward committees members; the election of ward committee members was very successful and well managed by the Office of the Speaker Cllr Elizabeth Manopole.

The establishment of Ward Committees is a legislative requirement and the responsibility of local municipalities. The provincial government is tasked with the responsibility of ensuring that municipalities are given all necessary support and to ensure that they operate in a manner that upholds and promotes participatory governance Ward committees must consist of 11 people including the Ward Councillor who must be the Chairperson.

There are Ward Committees Meetings every month per ward, and the committees must work with the Councillors at all times and must strive to create stability within communities. The ward committee members are the voice of the people in their respective wards Public participation is driven by the Ward Committee System and managed within the Office of the Speaker.

Ward Committees facilitate community consultation on matters that affect local communities and represent the local community interest within municipal governing structure. In Magareng public participation with regards to the IDP begins by broader community consultation process in all wards followed by the completion of Community Based Plans by the Ward Committee and then the final prioritisation process which takes place during the IDP Representative Forum.

The community participation took place during the August, September to October months and driven by the Speaker's office. The aim of the meetings was to report on the municipality's progress on the 2012/13 projects and also to give communities the opportunities to raise and confirm priority issues that the municipality need to address.

The status quo of this local municipality, as reported by the community during the community consultations, exposes inadequacy in terms of services such as water and sanitation provision, electricity, roads and storm water, waste management, education, housing, tenure upgrading and land reform, Local Economic Development (LED), tourism development, social security, health and welfare, cemeteries, sports, arts and recreation.

COMPONENT D : CORPORATE GOVERNANCE

RISK MANAGEMENT

MFMA Section 62(i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. Magareng regards risk management as an important function that contributes to the achievement of the municipality's objective and provides assurance that key risks are being identified and assessed, and effective controls are put in place to mitigate risks.

To this end, Magareng has adopted a Risk Management Strategy as a tool to assist the municipality to proactively identify any uncertainties that could prevent it from achieving its objectives or that could impact negatively on the desired level of service delivery.

Magareng Municipality has adopted the Risk Management principles under the guardianship of Provincial Treasury. The Risk Management Strategy is supported by the Institution's Risk Management Policy, the document that set the stance of the municipality with regards to risk management. To build capacity around risk management, the Manager: Revenue has been assigned to deal with the issues of risk management in compliance with the provisions of the MFMA.

The duties include amongst others to oversee the risk development in the municipality and the Risk Management policy that was adopted by Council. The aim of the risk management policy is to ensure that a strategic plan of the municipality addresses the following:

- An effective risk management architecture
- A reporting system to facilitate risk reporting
- An effective culture of risk management;

A risk assessment is done on annual basis and the municipality gets assistance from the District Municipality and the Provincial Treasury. The Council is ultimately responsible for risk management supremacy with the Audit Committee playing a very crucial oversight role as a function that is delegated to them and legislated.

The status of strategic and operational risks are reported and monitored on regular basis by Internal Audit Unit and the officer assigned responsibilities to oversee risk who give feed back to the Accounting Officer. Assisted Council in undertaking its responsibility for determining appropriate levels of risk for the organisation as well as ensuring that the Municipality had an effective Risk Management System and that extreme risks were reported to the Council in a timely manner.

To further assess the internal processes for determining and managing the following key risk areas:

- Leadership and Management
- Safe Practice and Environment
- Information Management
- Human Resources
- Community Expectations
- Service development.

To ensure compliance with codes of practice and conduct, laws, by-laws, regulations, standards, and best practice guidelines, litigation, claims, fraud and theft.

FRAUD AND PREVENTION PLAN

This policy is intended to set down the stance of Magareng Local Municipality to fraud in order to reinforce existing systems, policies, procedures, rules and regulations of Magareng municipality aimed at deterring, preventing, detecting, reacting and to reducing the impact of fraud.

Furthermore, the purpose of this policy is to confirm that Magareng Local Municipality supports and fosters a culture of zero tolerance to fraud in all its activities. The policy applies to all allegations, attempts and incidents of fraud impacting or having the potential to impact Magareng Local Municipality. All officials of Magareng must comply with the spirit and content of this policy.

BY-LAWS:

The by-laws are enforced by the officials of the different departments. No by-law unit has been established although the majority of by-laws still need to be updated it is still applicable. The municipality has 14 by-laws in total. The process of updating the by-laws is a continuous process and depends largely on availability of funds

INTERNAL AUDIT

The Internal Audit function has been established in terms of Section 165 of the Municipal Finance Management Act (Act 56 of 2003). Internal Audit provide an innovative, responsive and effective value-added internal audit function by assisting management in managing risks, monitoring compliance and improving the efficiency and effectiveness of internal control systems.

Internal Audit therefore evaluates and contributes to the improvement of risk management, internal control and governance systems. The Institute of Internal Auditors defines internal auditing as follows: "... an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

The Municipality utilises the services of the District Internal Audit Committee as part of shared services between the two entities.

SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

WATER AND SANITATION

Magareng Local Municipality is characterized by huge backlogs in service delivery. Backlogs exist in all types of government services and encompass the services delivered by all levels of government. However, there are significant achievements that came to fruition during the 2012/13 financial period.

To compound these problems the Municipality also faces the problem of the non-payment of services. The backlog in service delivery and the non-payment of services place inordinate pressure on the financial health of the Municipality.

This has resulted in limited resources available to address or to respond to existing backlogs. Usage of available resources has limited our capacity to mobilize all of society in pursuit of our developmental objectives. It has hampered our efforts to prioritize resource allocations and to drive the implementation of government's objectives and priorities formulated by the municipality in its integrated development planning process.

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

WATER AND SANITATION

i. Household connections	: 2364
ii. Households provided with free basic water services	: 2364
iii. Households were provided with free removal of solid waste	: 2364

ELECTRICITY CONNECTIONS

• Households were provided with free basic electricity	: 2364
• Households were provided with free electricity in Eskom area (Ikhutseng)	: 1765
• New Households Connections	: None

ELECTRICITY PURCHASED	: R 11 674 660
ELECTRICITY SOLD	: R 13 905 200
UPGRADING OF SUBSTATIONS	: R 144 780.00

WASTE MANAGEMENT

- The Food For Waste as identified by Public Works department is still functioning well though it is in its final phase. The proposed waste management system adopted by the municipality basically involves members of the community collecting waste which they exchange for food parcels.
- The programme will run for three years and the municipality will have to fund the programme 30% in the second year and 100% in the last year. The beneficiaries for the programme can be changed annually to enable other households to benefit as well. There will be assessment of the programme every six months to check the status and challenges. The programme in Magareng now is heading to its 3rd year of implementation where the municipality is to take a 30% responsibility of funding the programme. The concept has several advantages which include the following:

- Compensating communities with food that assures and protection of the vulnerable. Money can be easily misused and abused.
 - It reduced alcohol and substance abuse.
 - Ensures a reasonable period of employment.
 - Beneficiaries have free time to pursue other economic activities.
- This programme needs to be coupled with skills development and economic opportunities for the EPWP employees.
 - Magareng Municipality project focus area comprises 8 local area(s) namely:

Collection sites	Areas	Number of households
Ward 1	Rabaki – sonderwater	1250
	Zone A	376
	Disanteng	615
Ward 3	466 sites	466
	Zone D Chris Hani	380
Ward 4	Chris Hani Zone D	1300
	Vaalhuise W/vale	170
	Warrenvale	300 shanties
Ward 5	Majeng	120
		4977

FREE BASIC SERVICES AND INDIGENT SUPPORT

- Sections 26(1)(2) and 27 (1)(2) of the Constitution of RSA provides that everyone has the right to have access to adequate housing, health care, food water and social security. The right to adequate housing requires availability of land, appropriate services such as water and removal of sewerage and the financing of all these including the house itself. Subsections 2 provide that the State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of these rights.
- The Indigent Policy is an outcome of this requirement. It was developed to take care of those citizens currently excluded from access to basic services, through the provision of a social safety net. What poor people in South Africa have in common is the need to access affordable basic services that will facilitate their productive and healthy engagement in society. The policy provides for how this could be achieved at the municipality. While other spheres of government have a role to play in setting up this safety net, as described in the National Indigent Policy Framework, each municipality has the sole responsibility of alleviating poverty in its own territory.
- The purpose of the indigent policy is to ensure: The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and To provide procedures and guidelines for the subsidization of basic service charges to its indigent households, using the Council’s budgetary provisions received from Central Government, according to prescribed policy guidelines. The Council also recognizes that many residents can simply not afford the cost of full provision and for this reason the Council will endeavor to ensure affordability through setting tariffs in terms of the Councils Tariff Policy, which will balance the economic viability of continued service delivery; and determining appropriate service level.
- The Council has then adopted a policy whereby household with a combined income of less than R 2 200 subsidized with actual cost of service (including electricity) per household per month.

The Municipality have registered 2364 indigents in the System that are receiving Indigent support.

MONTH	R	UNITS	TARRIFF
JULY	46.209,06	35838	0.8183
AUGUST	49.527,76	36836	0.8183
SEPTEMBER	49.421,57	29852	0.8183
OCTOBER	48.811,89	27654	0.8183
NOVEMBER	49.040,51	32260	0.8183
DECEMBER	48.964,30	27049	0.8183
JANUARY	53.765,48	24947	0.8183
FEBRUARY	65.146,70	29815	0.8183
MARCH	65.767,11	28856	0.8183
APRIL	66.337,99	31761	0.8183
MAY	65.997.01	24392	0.8183
JUNE	66,378.06	29059	0.8183
TOTAL	675.367.44		

INFRASTRUCTURE & TECHNICAL SERVICES

- On annual basis the Municipality adopts an Integrated Development Plan and approves a budget to implement the identified objectives. These are in a form of capital projects and some in operation and maintenance format of execution.
- The department implements and supervise execution of capital mandate as funded from different sources. The funding is in the main from the Department Cooperative Governance, Traditional Affairs and Human Settlement (COGHSTA) in the form of Municipal Infrastructure Grant, INEP and DWA. However it should be noted that the Municipal backlogs are astronomically high and requires high capital investment to be addressed.
- The achievements recorded are a reflection of progress to date end of the budget year in implementing the projects. Difficulties and challenges are being experienced during conceptualization, planning and implementation which have direct impact on the overall project. Here below find requisite information on respective projects.
- Magareng Municipality is characterized by number backlogs in service delivery. Backlogs exist in all types of government services and encompass the services delivered by all levels of government. However, there are significant achievements that came to fruition during the 2012/13 financial period.
- On local government level there are large numbers of households that do not have direct access to electricity, clean water, sanitation and infrastructure like municipal roads. This is still the case notwithstanding the progress government has made since 1994. To compound these problems the Municipality also faces the problem of the non-payment of services. The backlog in service delivery and the non-payment of services place inordinate pressure on the financial health of the Municipality.
- This has resulted in limited resources available to address or to respond to existing backlogs. Usage of available resources has limited our capacity to mobilize all of society in pursuit of our developmental objectives. It has hampered our efforts to prioritize resource allocations and to drive the implementation of government's objectives and priorities formulated by the municipality in its integrated development planning process.

INFRASTRUCTURE BASIC SERVICES

This component includes: water, waste water (sanitation), electricity, Roads, housing services, and a summary of free basic services;

WATER AND SANITATION	
2012/13	2013/14
Provision of water reticulation to 558 stands in Warrenvale	
Upgrading of water network in Warrenton	
Maintenance on water and sewer network	
ELECTRICITY	
2012/13	2013/14
Compilation of Electricity Master plan	
Water and Electricity metering	
ROADS AND STORM-WATER	
2012/13	2013/14
Construction of new tar roads in ikhutseng (MIG 1170)	Construction of new tar roads in ikhutseng (MIG 1135)
Repairing of potholes and resurfacing of streets in Warrenton and Warrenvale.	Repairing of potholes and resurfacing of streets in Warrenton

INFRASTRUCTURE AND TECHNICAL SERVICES

- Operation and Maintenance Projects;
- Roads and Storm water Projects;
- Water and Sanitation Projects;
- Electrical Projects;
-

<u>PROJECT NAME</u>	<u>PROJECT VALUE</u>	<u>PROJECT STATUS</u>	<u>REMARK</u>
Maintenance of water and waste water treatment plants	750,000.00	Continuous	
Fencing of Electricity sub-stations and General maintenance on electricity network	350,000.00	Achieved	
Construction of new tar roads in ikhutseng and Warrenvale (MIG 1145) and MIG 1170)	10,798,000.00	Achieved	
Repairing of potholes and resurfacing of streets in Warrenton	1,500,000.00	Continuous	
Provision of water reticulation to 558 stands in Warrenvale	2,500,000.00	Achieved	Rolled over due to insufficient funds

Upgrading of water network in Warrenton	2,000,000.00		Rolled over due to insufficient funds
Compilation of Electricity Master plan	900,000.00	Achieved	
Construction of new tar roads in ikhutseng (MIG 1170)	13,099,000.00	Terminated	
Repairing of potholes and resurfacing of streets in Warrenton and Warrenvale.	1,500,000.00	Continuous	
Water and Electricity Metering	700,000.00	Achieved	
Water Conservation Water Demand Management Strategy with emphasis to the Non-Revenue Water	DWA Funded Project	Achieved	
Inception Readiness Study (IRS) for Upgrading of Water Treatment Plant in Warrenton	700,000.00	Achieved	
Business Plan for Construction of water reticulation for 1298 sites in Ikhutseng		Submitted	
Business Plan for Upgrading of Electricity Infrastructure as per the Master Plan		Submitted	
Business Plan for installation of Bulk and Zonal metering and Valves in Warrenton Network as per the Water Conservation and Water Demand Management Strategy above		Submitted	

COMPLETED PROJECTS

- Water Reticulation and ERF connections to 558 stands in Warrenvale
- Replacement of asbestos pipes in Warrenweg
- Construction of Paving roads in Warrenvale
- Refurbishment to water treatment plant in Warrenton 98%
- Resurfacing of streets in the Station Area
- Repairing of elevated steel water pressure tower in Warrenvale
- Installation of 11000 KV Minisub transformer for the Indian Area

1000 RDPs FOR IKHUTSENG INFILL

- Contract between Refela holdings and the Magareng was officially terminated on the 17th February 2014 due to failure to adhere to the terms and conditions of the contract as stipulated.
 - The new contractor MOTHEO was appointed and is currently busy with construction of a 100 houses.
 - Discussions between Magareng, COGHSTA and FBDM to finish the work left by REFELA are ongoing.
 - Motheo is currently only focusing on PHASE 4 of the project.
-
- Current approvals : +/- 712
 - Total units finished : -/+360
 - Total unfinished : -/+250
 - Total withdrawn by applicant :157
 - Total failed app : -/+76

FREE BASIC SERVICES AND INDIGENT SUPPORT

- Sections 26(1)(2) and 27 (1)(2) of the Constitution of RSA provides that everyone has the right to have access to adequate housing, health care, food water and social security. The right to adequate housing requires availability of land, appropriate services such as water and removal of sewerage and the financing of all these including the house itself. Subsections 2 provide that the State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of these rights.
- The Indigent Policy is an outcome of this requirement. It was developed to take care of those citizens currently excluded from access to basic services, through the provision of a social safety net. What poor people in South Africa have in common is the need to access affordable basic services that will facilitate their productive and healthy engagement in society. The policy provides for how this could be achieved at the municipality. While other spheres of government have a role to play in setting up this safety net, as described in the National Indigent Policy Framework, each municipality has the sole responsibility of alleviating poverty in its own territory.
- The purpose of the indigent policy is to ensure: The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and To provide procedures and guidelines for the subsidization of basic service charges to its indigent households, using the Council's budgetary provisions received from Central Government, according to prescribed policy guidelines. The Council also recognizes that many residents can simply not afford the cost of full provision and for this reason the Council will endeavor to ensure affordability through setting tariffs in terms of the Councils Tariff Policy, which will balance the economic viability of continued service delivery; and determining appropriate service level.
- The Council has then adopted a policy whereby household with a combined income of less than R 2 200 subsidized with actual cost of service (including electricity) per household per month.

The Municipality have registered 2338 indigents in the System that are receiving Indigent support.

COMPONENT C: PLANNING AND DEVELOPMENT

TOWNSHIP ESTABLISHMENT:

- The Municipality has completed the formalizing the two informal settlements in Ikhutseng and Warrenvale and to date there are no informal areas in Magareng.

TITLE DEEDS

A total number of title deeds have been issued to the residents:

- Ikhutseng 1297 Title deeds;
- Warrenvale 557 Title deeds;

HOUSING

The report is based on 5 specific projects and will outline achievements and challenges on all 5 projects in the housing and land use office. The report is based on the following:-

- **IKHUTSENG SITES ALLOCATION – 1297 & TITLE DEEDS**
- **WARRENVALE SITES ALLOCATION – 557 & TITLE DEEDS**
- **IKHUTSENG 1000 INFILL**
- **RESIDENTIAL & BUSINESS LAND ALIENATION (Warrenton/Town)**
- **IKHUTSENG VACANT SITES**

IKHUTSENG SITES

- A portion of **Erf 1224** Ikhutseng was subdivided and rezoned for residential purposes .a total of 1228 was established.
- **Erf 1225** was **set aside for business purposes**, **Erf 1226** was **set aside for public open space(POS)** ,**8 sites institutional sites** and **3 sites authority sites**. A total of **1215 sites** were allocated to the community for residential purposes.
- A total of -/+1098 sites was transferred into private ownership.
- +/- 400 sites in the new established areas of Ditshotshwaneng and Rrabaki have not been transferred into private ownership however they have been allocated.
- +/- 1118 shacks where provided with electricity.

WARRENVALE SITES

- A portion of erven 327 & 1304 Warrenvale was subdivided and rezoned for residential purposes.
- A total of **557 SITES** where established, of which **07 SITES** was set aside for business purposes, **02 SITES institutions**
- Public open space (**POS**) **02 SITES**, **04 sites** authority sites.
- A total of 110 sites where set aside for Middle income residential purpose on the town plan
- All the **110 sites for the middle income allocated** but have not yet been transferred into private ownership.
- A total of 537 set aside for residential purpose all issued, 13 remainder sites are for the purpose as illustrated in **bullet 2**.

1000 IKHUTSENG INFILL

- Current status:
 - Contract between Refela holdings and the Magareng was officially terminated on the 17th February 2014 due to failure to adhere to the terms and conditions of the contract as stipulated.
 - The new contractor MOTHEO was appointed and is currently busy with construction of a 100 houses.
 - Discussions between Magareng, COGHTA and FBDM to finish the work left by REFELA are ongoing.
 - Motheo is currently only focusing on PHASE 4 of the project.
- Current approvals : +/- 712
- Total units finished : -/+360
- Total unfinished : -/+250
- Total withdrawn by applicant :157
- Total failed app : -/+76
- Council took a principle decision to move 100 units to Warrenvale to address the housing backlog.
- Those 100 units also were affected by the termination of contract with REFELA and therefore there are 96 incomplete houses in Warrenvale.

- An additional allocation was then awarded to Warrenton and about 74 houses are currently under construction in Warrenton by Motheo Construction.
- The termination of the contract with Refela left a lot of challenges as they left a lot of incomplete houses.(see attached annexure, phase 1,2 & 3)
- The challenge also affected a lot of subsidy approvals from the 3 phases, meaning there are subsidy approvals that were paid as an advance to Refela but nothing was ever done at these properties not even a visit, this also means that even though these houses were approved and there is no sign of any development.
- COGHSTA has since promised to resolve the matter ,reports on the incomplete houses were submitted more than 5 months ago to the department and to date there is no concrete steps taken in terms of finishing the incomplete structures and building of other subsidies approved and affected by this challenge.(see attached annexure : phase 1,2 &3)
- Motheo has started with construction of the 100 phase 4 subsidies and have promised to complete all 100 houses mid- December 2014.
- The project is though is Ikhutseng 1000 infill, currently construction is "Warrenton infill as the focus in not only in Ikhutseng but also in Warrenton.
- The reason for including Warrenton in this project is mainly because Ikhutseng was lacking behind and delaying progress in terms of applications and approvals of beneficiaries and that was negatively affecting the project with a possibility of Magareng losing the allocation.
- Motheo is currently appointed and constructing 100 houses 75 in Warrenton & 25 in Ikhutseng.
- A lot of failed searches are in Ikhutseng and are due to the incorrect capturing of title deeds that were wrongfully registered between 1995 and 2006. This shows beneficiaries as owning more than 2 properties when they only own 1, Documentation from both the municipality & beneficiary proving that the owner only owns 1 property. Warrenton as a whole has what is known as street address which during registration of the title deeds during this time and a completely different number as an erven number this that is registered in the deeds, so instead of using the Erf number to register properties street addresses were registered. This then means the beneficiary owns 2 properties street number and erven number.

This matter needs intervention ASAP as it especially affects the vulnerable and really desperately deserving beneficiaries.

MUNICIPAL LAND ALIENATION

- **Residential** - In 2010 /11 council resolved to alienate 35 residential sites in Warrenton through tender process and 21 was successfully awarded and 14 sites remained.
- Out of the total awarded only 9 paid in full the amount bid, 5 withdrew their application and the rest only paid 10% that was requested within 3 months of allocation.
- All the bidders that had not responded to the letters of demand from the municipality and Mathew & partner, were given final notice more than 5 months back making their award null and void.
- **Business** – Alienation of Municipal prime land along N12 a Oceans Ecco properties 333cc for an amount of R1 500 000 000 . The municipality communicated a number of times with the company even Mrs. Micheal from Mathew & Partner and to date no progress can be reported not even the 10% was paid.

PLANNING AND LOCAL ECONOMIC DEVELOPMENT

LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

- **NUMBER OF SMME ASSISTED**

- There were no SMME's who were financially assisted by Magareng Local municipality, however non-financial assistance was provided to a lot of our local SMME's including those mentioned in this report although the exact number was never recorded.

- **NUMBER OF CO-OPERATIVES REGISTERED**

1. Khayalitsha Primary Co-operative
2. Wonder Works Primary Co-operative
3. King's Way Primary Co-operative
4. New Hope Primary Co-operative
5. Cairo's Brickworks Primary Co-operative
6. Bokamoso Hydroponics Primary Co-operative
7. Kganya Primary Co-operative
8. Riverview Hydroponics Primary Co-operative
9. Botilo Primary Co-operative

- **NUMBER OF BENEFICIARY PROGRAMME FOR WOMEN**

- There was no LED Programme initiated specifically for women

- **NUMBER OF BENEFICIARY PROGRAMME FOR DISABLED PEOPLE**

- There were no LED programmes initiated specifically for the disabled people.

- **SMME ACCESS TO MARKET**

- Two Arts and Crafts groups were taken to the Mangaung's Macufe Art Festival to exhibit their products; to network and find new markets for their products.

- **NUMBER OF LOCAL SMME SERVICE PROVIDERS**

- Five Small Contractors participated on the Magareng Small Contractor's Development Programme, where they participate in Road Construction and rehabilitation.

CONTRACTORS viz:

- i. Thamap Business Enterprises
- ii. Hanno Tau Trading
- iii. Marama Developers and Construction
- iv. Mocumi's Construction
- v. Ikaneng protection

- **WOMEN AND YOUTH ON LED INITIATIVES**

- LED programs were generic in nature, whereby amongst Co-operatives registered and SMME's assisted both women and youth were beneficiaries.

- **INVESTMENTS**

There are three capita; investments that Magareng Local Municipality managed to attract. The Federation for African Business and Consumer Services (FABCOS) is a chamber of business focusing on developing business capacity of the previously disadvantaged especially from the townships; Joint Ventures from subsidiary companies of FABCOS committed to several investments in Magareng.

- i. Grain Storage and Milling Plant
- ii. Call Centre
- iii. Butterfield Bakeries.

AGRICULTURE AND NATURE CONSERVATION UNIT

- Magareng Local Municipality comprises three farms which has been allocated to various community members for farming.
- All farms are supported by the following institutions:
 - Magareng Local Municipality
 - District Municipality
 - Provincial Department of Agric and Rural Development
 - Department of Rural Development and Land Reform Provincial

TOURISM

- Local Economic Development is a very complex subject that needs measuring tools to determine its impact. Data compilations of various sectors and their performance have assisted in measuring the milestones travelled from the basis to where development ended. Currently due to poverty and high unemployment rates, Magareng Communities try all Sectors for a living, and abandon them as soon as better offers arise. Stability in local economic development is very much unlikely.

COMPONENT H: SPORT AND RECREATION

- The Magareng Local Municipality recognizes the importance of sport and recreation as a lever to achieve various aims including social cohesion, job creation as well as the improvement of the quality of life of Magareng residents. However due to the constraints and challenges in sourcing funding to refurbish the dilapidated sports infrastructure.

LIBRARY SERVICES

- As the IDP observes, the municipality has two libraries and two mobile libraries situated in Warrenton and Warrenvale whilst the mobile libraries are situated in Ikhutseng and Majeng. The functionality of these libraries and mobile are funded through the grant from the Departments of Sports, Arts and Culture and as a result of this support these libraries have been able to reach and service the vast majority residents of Magareng.
- The general public has now access to Internet which enable them to access the information they require and the public has been very grateful.

CORPORATE POLICY OFFICES AND OTHER SERVICES INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

DOCUMENT MANAGEMENT SYSTEM

The Municipality is still using a manual archival system to record all mails and all official correspondence. This system is used to capture all incoming mail items for the issuing of Control Sheets.

COUNCILOR DATABASE

A Councillor Database has been developed to capture particulars of Councillors, as well as membership of Committees. Attendance of meetings is also captured on the attendance register book.

For the year under review the attendance of Councillors was at 98% on all official meetings.

ORGANISATIONAL PERFORMANCE SCORECARD

Performance management includes activities which ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product of service, as well as many other areas.

The Magareng PMS is characterized by the following:

FUNCTIONALITY OF THE PERFORMANCE MANAGEMENT SYSTEM

PROCESS DESCRIPTION	STATUS
PMS Framework and Policy development and approval	<p>The Performance Management System in the municipality is implemented in terms of the PMS Framework and Policy, which are reviewed and adopted by Council on annual basis.</p> <p>The adoption process goes through various stages of consultation through the Local Labour Forum, the relevant Portfolio Committee before it is submitted to Council for final adoption.</p> <p>Performance Agreements for section 57 The Municipal Manager and all Heads of Departments employed in terms of section 56 of the Municipal Systems Act have signed the performance agreements in terms of section 57 of the Act.</p> <p>Heads of Departments sign performance agreements with the Municipal Manager and the Municipal Manager signs with the Mayor, representing Council.</p> <p>SDBIP approval The Service Delivery & Budget Implementation Plan for the financial year 2013/14 was approved and subsequently submitted to Council for cognisance.</p>
Quarterly Reporting	Quarterly performance reporting takes place.
Mid Term Report	Mid Term assessment reporting should be conducted in terms of section 72 of the Municipal Finance Management Act. The final report will be submitted to the Provincial Department of Local Government, Provincial and National Treasury.
PMS cascading process – initiatives	The Municipality resolved to cascade the performance management system to managers. This was after consultation within the institution and labour sometimes back. The institution has been struggling with cascading and still currently considering that some of the managers have refused to participate in the system for various reasons.

The approach to measure, monitor and evaluate the Municipality's performance Council adopted the scorecard. All the KPA's and KPI's as well as Performance Targets which constitutes the IDP's 5 year priorities are being used as the basis for the review of the Municipal PMS and Performance Contracts of Senior Managers. The projects that form part of the performance targets are aligned between IDP, PMS and the budget.

CHAPTER 5

FINANCIAL PERFORMANCE

INTRODUCTION - COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The 2013/14 financial year has been the most difficult year for the Municipality, the effect of administration, poor revenue collection had negative effect on the overall performance of the department. The municipality improved a lot on MFMA compliance and supply chain management implementation. Significant performance was recognised on new budget management and reporting regulations implementation, although municipality's budget steering committee was not established.

The target in 2013/14 was to address issues raised in Auditor-General's report of 2012/13 and improve on AG's audit opinion, to further improve on MFMA compliance and Revenue collection and expenditure management. The municipality prepared its Annual Financial Statements in line with GRAP standards. The Auditor-General disclaimed his opinion.

FINANCIAL SUSTAINABILITY

An Overview of the Financial Situation Magareng Local Municipality's financial statements have been prepared on a going concern basis which is an assumption that the Municipality will continue with its operations for the foreseeable future.

THE FINANCIAL HEALTH OF THE MUNICIPALITY

The 2012/13 and 2013/14 financial figures are utilized as baseline and to benchmark the financial performance of the Municipality in the current year of reporting. Financial ratios are used as prominent indications of Magareng Local Municipality's financial health.

CONTRACTS

Table: Contracts entered into during the Financial Year

NAME OF CONTRACT	CONTRACT DESCRIPTION	PARTIES TO THE CONTRACT	TOTAL CONTRACT VALUE	CONTRACT END
Xerox (Bytes Documents)	Photocopy Machine	Xerox (Bytes Documents)		September 2013
Juice Telecoms	Telephone Systems	Juice Telecoms		September 2015
Syntell	Prepaid Vending Machine;	Syntell	390 168.40	March 2014
Mercedes Benz	Leasing of the Mayoral Car;	Mercedes Benz	565 607.00	April 2016
Marsh Brokers	Insurance of movable and Immovable	Marsh	923 150.00	November 2017

CREDIT RATING OF THE MUNICIPALITY

The Municipality has not been credit rated for the year under review.

SUPPLY CHAIN UNIT REPORT

CONSOLIDATED REPORT ON BIDS AWARDED THROUGH COMPETITIVE BIDDING PROCESS: ABOVE R100 001.00 BELOW R200 000.00						
July-September 2013 - 1st Quarter	Service Providers	Project	Amount	Dept	Date	BEE
	Bavuso Trading Enterprises	Training of Municipal Officials on the Municipal Finance Management Programme	R180 000.00	Finance	17 July 13	Level 3
Oct - December 2013 - 2nd	Nil report					

Quarter						
January - March 2014- 3rd Quarter	MOHAU GAOLATHLHE TRAINING ACADEMY	CAPACITY BUILDING AND FUNCTIONALITY ASSESSMENT OF WARD COMMITTEES AND COUNCILLIRS	R161 496.00	OFFICE OF THE MAYOR	07 Jan 14	Level 3
Apr -Jun 2014 - 4th Quarter	Nil report					

CONSOLIDATED REPORT ON BIDS AWARDED THROUGH COMPETITIVE BIDDING PROCESS: ABOVE R200 000.00						
July - September 2013 - 1st Quarter	Service Providers	Project	Amount	Dept	Date	BEE Rating
	ILISO CONSULTING	PROPOSALS: PROFESSIONAL SERVICE PROVIDERS FOR INFRASTRUCTURE PROGRAMME OF MAGARENG LOCAL MUNICIPALITIES CAPEX	Source Funding	Technical	26 Sep 13	Level 2

Oct - Dec 2013 - 2nd Quarter	PRAYSA TRADE 1094 T/A C-PAC PUMPS AND VALVES	Supply and delivery of tools, equipments, material and personal protective clothing	R924 522.00	Technical	14 Oct 13	Level 2
	KGOSHI ELECTRICAL CC	Electrification of 525 sites in warrenvale	R4 755 181.00	Technical	08 Nov 13	Level 3
January - March 2014- 3rd Quarter	PRO CONSTRUCTION	MIG MAGARENG/WARRENV ALE UOGRADING OF INTERNAL ROADS	R8 389 257.49	Technical	13 Jan 14	Level 2
	WASSERMAN TEERWERKE (PTY) LTD	DPW MAGARENG/WARRENV ALE UPGRADING OF INTERNAL ROADS	R2 016 428.87	Technical	13 Jan 14	Level 1
	PRAYSA TRADE 1094 CC T/A C- PAC PUMPS AND VALVES	GENERAL REPAIRS AND MAINTENANCE ON BOTH WATER; WASTE- WATER TREATMENT PLANTS AND PUMPSTATIONS IN WARRENTON	Proposal	Technical	25 Mar 14	Level 1
Apr -Jun 2014 - 4th Quarter	NIL REPORT FOR 4TH QUARTER					

STATEMENT OF FINANCIAL PERFORMANCE

CHAPTER 6

COMPONENT A : Auditor General Audit Findings
COMPONENT B : Annual Financial Statements

**COMPONENT A : REPORT OF THE AUDITOR-GENERAL TO THE NORTERN CAPE
PROVINCIAL LEGISLATURE AND THE COUNCIL ON MAGRENG LOCAL
MUNICIPALITY REPORT ON THE FINANCIAL STATEMENTS**

Introduction

1. I was engaged to audit the financial statements of the Magareng local municipality set out on pages **xx to xx**, which comprise the statement of financial position as at 30 June 2014, the statements of financial performance, changes in net assets, cash flows and of comparison of

budget and actual amounts for the year then ended, for the year then ended, as well as 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, 2013 (Act No. 2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

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

Basis for disclaimer of opinion

Revenue from non-exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for revenue from property rates as the municipality had an inadequate system of internal control to account for revenue and keep proper record of all revenue charged. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to determine whether any adjustments relating to revenue from non-exchange transactions stated at R4 522 649 (2013: R4 250 257) in the financial statements were necessary. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.

Revenue from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for revenue from service charges as the municipality had an inadequate system of internal control to account for revenue and keep proper record of all revenue charged. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to determine whether any adjustments relating to revenue from exchange transactions stated at R24 097 138 (2013: R28 946 861) in the financial statements were necessary. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.

Receivables from non- exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for the balances disclosed for receivables from non-exchange transactions. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any further adjustments to consumer debtors stated at R1 611 875 (2013 R527 811) in the financial statements were necessary. Additionally, there is a consequential impact on the debt impairment in the statement of financial performance, surplus for the period and the accumulated surplus.

Receivables from exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence for the balances disclosed for receivables from exchange transactions. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any further adjustments to consumer debtors stated at R12 646 793 (2013:R4 411 954) in the financial statements were necessary. Additionally, there is a consequential impact on the debt impairment in the statement

of financial performance, surplus for the period and the accumulated surplus.

Consumer deposits

8. I was unable to obtain sufficient appropriate audit evidence that management had properly charged and accounted for all consumer deposits for the current and prior year, due to the status of the accounting records. I was unable to confirm the consumer deposits by alternative means. Consequently, I was unable to determine whether any adjustment to consumer deposits stated at R617 683 in the financial statements was necessary.

Inventory

9. I was unable to obtain sufficient appropriate audit evidence regarding inventory as management could not provide documentation supporting the valuation of inventory. I was unable to confirm the inventory by alternative means. Consequently, I was unable to determine whether any adjustment to inventory stated at R415 738 in the financial statements was necessary.

Property, plant and equipment

10. I was unable to obtain sufficient appropriate evidence for property, plant and equipment disclosed as R353 381 731 in note 9 to the financial statements due to the following matters:
- I was unable to physically verify certain assets included in the asset register as the municipality did not maintain adequate records relating to assets.
 - Property, plant and equipment owned by the municipality have not been included in the asset register and management was unable to provide adequate explanations for this.
 - Adequate documentation supporting the basis and underlying assumptions used in the valuation of certain assets was not provided.
11. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments to property plant and equipment were necessary. Additionally, there is a consequential impact on the accumulated depreciation and accumulated surplus.

Depreciation

12. I was unable to obtain sufficient appropriate audit evidence regarding depreciation, as the useful lives and residual values of assets could not be confirmed. I was unable to confirm the depreciation by alternative means. Consequently, I was unable to determine whether any adjustment relating to depreciation stated at R19 626 349 in the financial statements was necessary. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.

Impairment

13. I was unable to obtain sufficient appropriate audit evidence regarding impairment. No impairment was recognised in the statement of financial performance although certain assets were indicated as being impaired in the asset register. I was unable to confirm the impairment by alternative means. Consequently, I was unable to determine whether any adjustment relating to impairment was necessary. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.

Investment property

14. I was unable to obtain sufficient appropriate audit evidence that the municipality recognised all property held to earn rental or for capital appreciation as investment property, in accordance with GRAP 16 *Investment property*. Assets registered in the name of the municipality could not be traced to the asset register. I was unable to determine whether any adjustment relating to investment property stated at R6 858 644 in the financial statements was necessary.

Commitments

15. I was unable to obtain sufficient appropriate audit evidence regarding commitments. The municipality did not have adequate systems or a complete contract register in place for the recording of commitments. Consequently, I was unable to determine whether any adjustments to commitments disclosed as R15 126 617 in note 39 to the financial statements were necessary.

Value-added tax (VAT)

16. The municipality did not claim all input VAT on qualifying expenses, resulting in the VAT receivable being understated by R1 043 355.

Distribution losses

17. Distribution losses for water was not disclosed, as required by section 125(2d)(i) of the Municipal Finance Management Act. I could not determine the amount of this loss as it was impracticable to do so.

Disclaimer of opinion

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

Emphasis of matters

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

Restatement of corresponding figures

20. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

Material losses/ Impairments

21. As disclosed in note 26 to the financial statements, material impairment to the amount of R2 637 393 (2013: R13 202 443) was incurred as a result of impairment of trade debtors
22. As disclosed in note 37.4 to the financial statements, material losses to the amount of R2 133 809 (2013: R1 111 427) was incurred as a result of electricity losses incurred in the general management of the municipality

Material under-spending of the budget

23. As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially overspent the budget to the amount of R11 657 189.

Additional matter

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

Unaudited supplementary schedules

25. The supplementary information set out in appendix A - D does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

26. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

27. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- a. Objective: Good governance and public participation on pages xx to xx
 - b. Objective: Basic service delivery and infrastructure investment on pages xx to xx
28. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
29. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
30. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete. The material findings in respect of the selected [development priorities or objectives] are as follows:

Good governance and public participation

Usefulness of reported performance information

31. Section 41(c) of the Municipal Systems Act requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. 100% of the reported objectives were not consistent with those in the approved integrated development plan. This was due to a lack of review of consistency between planning and reporting documents by management.
32. Section 41(c) of the Municipal Systems Act requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 73% of the reported indicators were not consistent with those in the approved integrated development plan. This was due to a lack of review of consistency between planning and reporting documents by management.
33. Section 41(c) of the Municipal Systems Act requires the integrated development plan to form the

basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 100% of the reported targets were not consistent with those in the approved integrated development plan. This was due to a lack of review of consistency between planning and reporting documents by management.

34. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 82% of the targets were not specific.
- Performance targets must be measurable. We could not measure the required performance for 82% of the targets.
- The period or deadline for delivery of targets must be specified. A total of 82% of the targets were not time bound.
- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 27% of the indicators were not well defined.
- Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. 100% of the indicators were not verifiable.
- This was because management was not trained in the requirements of the FMPPI.

Reliability of reported performance information

35. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 100% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to poor recordkeeping with regards to predetermined objectives.

Basic service delivery and infrastructure investment

Usefulness of reported performance information

36. Section 41(c) of the Municipal Systems Act requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. 57% of the reported objectives were not consistent with those in the approved integrated development plan. This was due to a lack of review of consistency between planning and reporting documents by management.

37. Section 41(c) of the Municipal Systems Act requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 87% of the reported indicators were not consistent with those in the approved integrated development plan. This was due to a lack of review of consistency between planning and reporting documents by management.

38. Section 41(c) of the Municipal Systems Act requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 83% of the reported targets were not consistent with those in the approved integrated development plan. This was due to a lack of review of consistency between planning and reporting documents by management.

39. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 40% of the targets were not specific.
- Performance targets must be measurable. We could not measure the required performance for 49% of the targets.
- The period or deadline for delivery of targets must be specified. A total of 74% of the targets were not time bound.

- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 80% of the indicators were not well defined.
- Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. 100% of the indicators were not verifiable.

40. This was because management was not trained in the requirements of the FMPPPI.

Reliability of reported performance information

41. The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 100% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to poor recordkeeping with regards to predetermined objectives.

Additional matter

42. I draw attention to the following matter:

Achievement of planned targets

43. Refer to the annual performance report for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objectives reported in paragraphs 25 to xx of this report.

Compliance with legislation

44. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA are as follows:

Budgets

45. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the Municipal Finance Management Act.

Annual financial statements and annual reports

46. 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 identified by the auditors in the submitted financial statements could not be adequately corrected, which resulted in the financial statements receiving a disclaimer of audit opinion.
47. The 2012/13 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the Municipal Finance Management Act.
48. A written explanation was not submitted to council setting out the reasons for the delay in the tabling of the 2012/13 annual report in the council, as required by section 127(3) and 133(1)(a) of the Municipal Finance Management Act.
49. Oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2012/13 annual report was tabled, as required by section 129(1) of the Municipal Finance Management Act.

Audit Committees

50. The audit committee did not advise the council 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 Management Act.
51. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the Municipal Finance Management Act.
52. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the Municipal Finance Management Act.
53. 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 legislation, as required by section 166(2)(b) of the Municipal Finance Management Act.
54. 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 Management Act.
55. 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.

Internal audit

56. The internal audit unit did not function as required by section 165(2) of the Municipal Finance Management Act, in that:
- It did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.
 - It did not report to the audit committee on the implementation of the internal audit plan.
 - It did not advise the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.
57. The internal audit unit did not advise the accounting officer and reported to the audit committee on matters relating to compliance with the Municipal Finance Management Act, the Division of Revenue Act and other applicable legislation, as required by section 165(2)(b)(vii) of the Municipal Finance Management Act.

HR Management

58. An acting CFO and head of SCM was appointed for a period of more than three months without the approval by the MEC for local government in contravention of section 56(1)(c)] of the Municipal Systems Act.
59. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor measure and evaluate performance of staff in contravention of MSA sec 67(d).

Expenditure Management

60. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the Municipal Finance Management Act
61. 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.
62. An effective system of expenditure control, including procedures for the authorisation, was not in place, as required by section 65(2)(a) of the Municipal Finance Management Act.

Transfer of funds and/or conditional grants

63. The Municipal Systems Improvement Grant allocation was not spent in accordance with the applicable grant framework, in contravention of section 16(1) of the Division of Revenue Act.

Revenue management

64. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the Municipal Finance Management Act.
65. Sufficient appropriate audit evidence could not be obtained that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the Municipal Finance Management Act.

Financial Misconduct

66. Unauthorised, irregular and 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.

Asset management

67. 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.

PROCUREMENT

68. 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).
69. Bid specifications were not always drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM regulation 27(3).
70. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.
71. 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).
72. Contracts were not advertised in the municipality website as required by SCM regulation 22(1)(a).

Predetermined objectives

73. No evidence provided that the municipality afforded the local community at least 21 days to comment on the final draft of its integrated development plan before the plan was submitted to council for adoption.
74. The municipality did not conduct its affairs in a manner which was consistent with its integrated development plan and the annual budget is not aligned to the integrated development plan of the municipality.
75. The municipality did not establish a performance management system, as required by section 38(a) of the Municipal Systems Act.
76. Key performance indicators, including input, output and outcome indicators, in respect of each of the development priorities and objectives were not set out in the IDP, as required by section 41(1)(a) of the MSA and the Municipal planning and performance management regulation 1 and 9(1)(a).
77. No evidence was provided that the mayor considered and if necessary, made revisions to the SDBIP, provided that revisions to the SDBIP were approved by the council, after the approval of the adjustments budget as required by the MFMA section 54(1)(c)
78. The performance management system and related controls were not in place as it did not describe and represent the processes of performance planning, monitoring, measurement and reporting and how it is conducted, organised and managed, including determining the roles of the different role-players, as required by sections 38 of the MSA and regulation 7 of the Municipal planning and performance management regulations.
79. The annual performance agreements for the municipal manager and all senior managers are not linked to the measurable performance objectives approved with the budget and to the service delivery budget implementation plan as required in terms of section 53(1)(c)(iii) of the MFMA and section 57(1)(b) of the MSA.
80. The accounting officer did not assess the first half of the financial year performance of the municipality by 25 January 2014.

Internal control

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

Leadership

82. The Accounting officer did not take appropriate action to address in the finance and the supply chain unit, resulting in noncompliance with the applicable laws and regulations. The noncompliance in turn resulted in the irregular expenditure as disclosed in the financial statements
83. Furthermore the Accounting office did not regularly monitor compliance with applicable laws and regulations and internally design policies and procedure that will assist the municipality in complying with the applicable laws and regulation. This resulted in material noncompliance with laws and regulations being reported.

Financial and performance management

84. Finance staff had an insufficient understanding of the accounting framework. This contributed to the numerous qualifications in the financial statements of the municipality.
85. The financial statements were not properly reviewed for completeness and accuracy prior to submission for auditing. This resulted in findings relating to incorrect disclosure.
86. Effective performance systems, processes and procedures and the management thereof have not been adequately implemented. The financial statements were also subject to material adjustments. Documentation supporting amounts disclosed in the financial statements and achievement of predetermined objectives targets disclosed in the annual report was not available

Governance

87. 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. This was also evident by the fact that a significant number of audit findings of the prior year recurred in the current year.

Kimberley

30 November 2014

