

# 2013/14 Draft Annual Report

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## TSWELOPELE LOCAL MUNICIPALITY

LAST UPDATED 12 JANUARY 2015

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

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

The Council of Tswelopele continues to strive for the improvement of quality of services that it renders to its community. Even though the current council have been in the office for a short period of time it has built good working relations with different constituencies and have addressed a significant number of challenges that are faced by our people. However the Council understands that it could not address everything at once due to financial constraints.

The Council has drawn and adopted a reviewed Integrated Development Plan (IDP) that came into effect from the 01<sup>st</sup> of July 2013. During the IDP process our Communities were consulted and have provided meaningful inputs which have been included in the final IDP document. IDP is a five year plan, which legislatively needs to be reviewed annually as per the changing needs and priorities of both council and the public. In essence the adopted IDP document is not cast in stone.

The National Government have identified Five (5) Key Performance Areas and as Tswelopele Local Municipality we are committed in ensuring that these priorities find expression at our level of government. The Municipality is also determined to ensure that the second phase of our transition into democracy becomes a reality and is willing to partner with other two spheres of government in making sure that this becomes a reality.

The Municipality calls on our communities to support the programmes of the Municipality, also appeals and urges our communities to pay for the services rendered to them by the municipality. It is only when we pay for the services rendered that the Municipality can provide more quality, effective and efficient services. In line with the national guidelines the Municipality shall continue to provide Free Basic Services to the indigent members of the community.

Lastly, the Council further appreciate the co-operation it has received from all stakeholders and it assures the community that it shall continue to listen to their inputs and their advices as it understands that it can only do better if it listens to those it serves.

On behalf of the Council of Tswelopele I humbly submit the Annual Report for 2013/14 financial year. This is a comprehensive feed back to the people of Tswelopele on what the council and its Administration has achieved.

(Signed by :) \_\_\_\_\_  
Mayor : Cllr. M. Mathibe

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

Honourable Mayor, this Annual Report represents a record of the institution's service delivery efforts and initiatives over the 2013/14 financial year as recorded.

The drafting, submission and dissemination of the Annual Report are regulated by Section 46 of the Municipal Systems Act (MSA) 32 of 2000 and Section 121 of the Municipal Finance Management Act (MFMA) 56 of 2003. In preparation of this annual report, I have considered these legislative requirements and I have also considered the importance of credibility, reliability, usefulness and relevance of the annual financial statements and performance information as contained herein.

The Tswelopele Local Municipality was established in 2000, when the two towns of Hoopstad/Tikwana and Bultfontein/Phahameng were amalgamated. The amalgamation saw the newly established municipality assume the responsibility of service delivery to the citizens in the area. The municipality is committed to render quality services to the communities of Tswelopele and to expedite delivery and broaden access to the basic services. These services are rendered in terms of the Municipality's key strategic planning tool, namely its Integrated Development Plan (IDP), which ensures close co-ordination and integration between projects, programmes, activities and resources, both internally and externally.

Efforts to ensure that the municipality's IDP and Budget are aligned to one another is continuous and ongoing; however, it is acknowledged that this area needs more focus and refinement and this will be addressed as a matter of priority in the coming financial year and going forward. This Annual Report confirms that the Municipality has made progress in basic service delivery, Municipal transformation and organizational development, Local economic development, financial viability and management, Good governance and public participation. The municipality ensured that there is constant provision of water, sanitation and waste management, electricity, roads and storm-water services to the local residents.

Honourable Mayor, as the municipality, we cannot shy away from the fact that the municipality is fully reliant on grants and as a result, we are unable to implement capital projects utilizing our own funds. The municipality is providing services to a population that is high with unemployment and indigence. The municipality developed proposals on revenue enhancement strategies to address the current financial challenges that we are encountering. Internally as management, we emphasized the preservation of municipal resources and ensured that our processes guide operational expenditure on key cost drivers, such as travelling, accommodation and catering. Significant to this effect was the review and centralization of the Supply Chain Management and to a large extent; it has yielded the positive results as envisaged.

The implementation of the EPWP has seen a number of young unemployed citizens in the municipal area afforded the opportunity to contribute meaningful to the economy of the municipality. The resuscitation of the municipal Local Economic Division has also assisted towards empowering the local businesses, crafters and artists. The municipality introduced a

number of LED initiatives and also established the key forums that will stimulate the economy of the area.

Substantially, the following should be acknowledged:

#### Municipal Transformation and Organizational Development

- Training and development was afforded to municipal officials for their career development and advancement.
- Key critical vacant positions were filled.
- Human resource policies were developed

#### Infrastructure Development and Basic Service Delivery

- Basic services were afforded to our residents
- Municipal sports facilities were improved
- Roads were re-graveled and potholes attended to.

#### Local Economic Development

- LED Strategy was drafted
- Formation of Agricultural Forum, Arts and Crafters Groups and Co-operatives Association.
- Workshops on CIDB for contractors and SEDA on how to start a business were conducted

#### Municipal Financial Viability and Management

- Approved municipal budget with budget related policies
- Effective implementation of the Supply Chain Management
- Prepared Annual Financial Statements
- All compliance reporting to Council and Stakeholders

#### Good Governance and Public Participation

- Stakeholder relations have improved through various interaction channels with communities.
- Budget and IDP public participation engagement with the communities.
- Governance structures such as the Audit Committee and Section 80 Committee have been functional.
- Ward Committee reports were also prepared and submitted to the office of the Speaker
- Civic education and municipal awareness campaigns were conducted.
- Introduction of risk management in the municipality.
- Public hearings by the MPAC were conducted.

Honourable Mayor, there are areas of concern to the municipality and as a collective; we need to improve and re-enforce our capabilities on the following issues.

- The municipality needs to deal with the Free Basic Service diligently so as to avoid over-burdening and over-stretching our limited resources.
- We also need to improve revenue collection,
- To account for all municipal assets.
- Performance management must be cascaded to all post levels of the municipality
- To fully adhere with all auditing processes

As the municipality we are still faced with the daunting task of ensuring that the municipality obtains a clean audit and through concerted efforts, this is possible. The sustainability of this municipality solely rests on our shoulders.

Finally, Honourable Mayor, I would like to record my sincere appreciation for the political leadership and support that you and the Councillors have displayed during the financial year reported herein. With the expectation of doing more with limited resources, our management team and all staff have indicated their commitment to serve the people and all that hard work and dedication have not gone unnoticed. Colleagues, without your efforts, all which is reported in this Annual Report would not have been possible. Let's grow from strength to strength.

(Signed by :) \_\_\_\_\_

Municipal Manager: Mr. T.L Mkhwane



## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.2.1 BACKGROUND DATA

Tswelopele Local Municipality comprises of the two towns namely; Hoopstad and Bultfontein. The municipality performs some of the functions outlined in Schedules 4 and 5 of the Constitution of the Republic of South Africa Act. **91,9% of our population that have access to basic level of electricity (10 Amps connection); 76,72% access to basic level of waste removal and 76,82% access to basic level of sanitation.** The majority of our roads are gravel roads that we maintain regularly depending on the availability of equipment and resources. The maintenance referred to above includes storm-water drainage, public lighting and patching of pot-holes.

### 1.2.2 DEMOGRAPHIC PROFILE

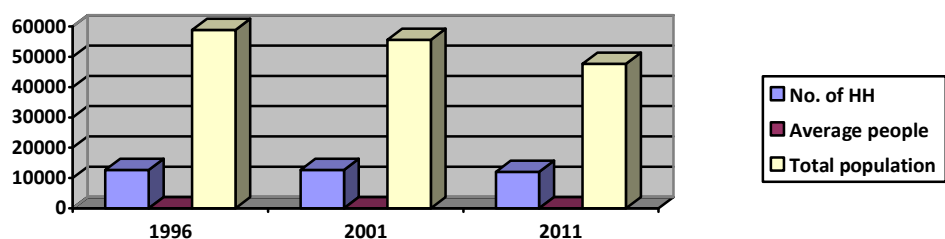
All municipal demographic statistics as depicted by the different tables underneath relates to the census survey of 2011 that was conducted by the Statistics South Africa. The data is for statistical purpose only as it does not relate to the year reported herein.

Tswelopele Municipality is 6 506, 68 square kilometres in extent. The demographic profile of the municipality according to the most recent information available is shown in the table below:

| Description       | 1996 – Stats SA | 2001 - Stats SA | 2011 - Stats SA |
|-------------------|-----------------|-----------------|-----------------|
| No. of households | 12 623          | 12 624          | 11 992          |
| Average people    | 4,40            | 4,2             | 4               |
| Total population  | 58 858          | 55 591          | 47 625          |

The key statistics mentioned above as reflected in Census 2001 are shown to place the municipality's performance in the proper context. The net population decrease in the municipality between 1996 and 2001 was 3 267 people.

According to the graph below, the population number in the municipality appears to decline, recording a marginal decline of 1.2% over 2001 to 2011. The number of households has declined from 12 624 in 2001 to 11 992 in 2011.



| GROUP          | PERCENTAGE |
|----------------|------------|
| Black African  | 91.2%      |
| Coloured       | 1.2%       |
| Indian / Asian | 0.4%       |
| White          | 6.9%       |
| Other          | 0.3%       |

### 1.2.3 POPULATION BREAKDOWN PER WARD, AGE AND GENDER

| Ward Level       | 0 - 4 |        | 5 - 9 |        | 10 - 19 |        | 20 - 29 |        | 30 - 39 |        | Grand Total |
|------------------|-------|--------|-------|--------|---------|--------|---------|--------|---------|--------|-------------|
|                  | Male  | Female | Male  | Female | Male    | Female | Male    | Female | Male    | Female |             |
| 41803001: Ward 1 | 333   | 279    | 300   | 318    | 552     | 570    | 432     | 468    | 213     | 309    | 3774        |
| 41803002: Ward 2 | 309   | 300    | 276   | 294    | 483     | 531    | 432     | 456    | 222     | 282    | 3585        |
| 41803003: Ward 3 | 336   | 375    | 378   | 336    | 642     | 681    | 567     | 624    | 300     | 363    | 4602        |
| 41803004: Ward 4 | 417   | 471    | 399   | 411    | 735     | 786    | 618     | 588    | 423     | 516    | 5364        |
| 41803005: Ward 5 | 480   | 495    | 357   | 309    | 528     | 495    | 777     | 693    | 633     | 534    | 5301        |
| 41803006: Ward 6 | 369   | 342    | 327   | 360    | 639     | 630    | 534     | 564    | 306     | 324    | 4395        |
| 41803007: Ward 7 | 309   | 351    | 303   | 294    | 531     | 522    | 504     | 522    | 327     | 366    | 4029        |
| 41803008: Ward 8 | 336   | 342    | 294   | 291    | 534     | 492    | 648     | 573    | 357     | 360    | 4227        |

| Ward level       | 40 - 49 |        | 50 - 59 |        | 60 - 69 |        | 70 - 79 |        | 80+  |        | Grand Total |
|------------------|---------|--------|---------|--------|---------|--------|---------|--------|------|--------|-------------|
|                  | Male    | Female | Male    | Female | Male    | Female | Male    | Female | Male | Female |             |
| 41803001: Ward 1 | 177     | 273    | 135     | 225    | 99      | 138    | 33      | 84     | 12   | 27     | 1203        |
| 41803002: Ward 2 | 195     | 246    | 126     | 177    | 72      | 132    | 36      | 96     | 15   | 27     | 1122        |
| 41803003: Ward 3 | 234     | 339    | 195     | 303    | 150     | 207    | 75      | 132    | 21   | 54     | 1710        |
| 41803004: Ward 4 | 336     | 393    | 282     | 318    | 180     | 228    | 75      | 153    | 45   | 81     | 2091        |
| 41803005: Ward 5 | 519     | 471    | 381     | 264    | 132     | 108    | 48      | 33     | 15   | 15     | 1986        |
| 41803006: Ward 6 | 234     | 285    | 168     | 246    | 96      | 141    | 36      | 78     | 18   | 33     | 1335        |
| 41803007: Ward 7 | 219     | 303    | 186     | 285    | 111     | 156    | 48      | 90     | 30   | 36     | 1464        |
| 41803008: Ward 8 | 288     | 294    | 192     | 195    | 111     | 138    | 51      | 96     | 21   | 42     | 1428        |

Statistics South Africa: Census 2011

## 1.2.4 POPULATION PER MUNICIPAL AREA

| Population Group | Sandveld |        | Hoopstad |        | Tikwana |        | Tswelopele NU |        | Bultfontein |        | Phahameng |        |
|------------------|----------|--------|----------|--------|---------|--------|---------------|--------|-------------|--------|-----------|--------|
|                  | Male     | Female | Male     | Female | Male    | Female | Male          | Female | Male        | Female | Male      | Female |
| Black African    | 9        | 3      | 237      | 144    | 6744    | 7605   | 3711          | 3189   | 420         | 420    | 9615      | 11355  |
| Coloured         | -        | -      | 12       | 12     | 156     | 144    | 90            | 57     | 3           | 6      | 39        | 57     |
| Indian or Asian  | -        | -      | 12       | 6      | 39      | 3      | -             | 3      | 15          | 3      | 78        | 18     |
| White            | -        | -      | 405      | 450    | 9       | 15     | 609           | 537    | 567         | 702    | 6         | 3      |
| Other            | -        | -      | 15       | 9      | 21      | 3      | 15            | 6      | 27          | 15     | 15        | -      |
| Sub-total        | 9        | 3      | 681      | 621    | 6969    | 7770   | 4425          | 3792   | 1032        | 1146   | 9753      | 11433  |
| Total            | 12       |        | 1302     |        | 14739   |        | 8217          |        | 2178        |        | 21186     |        |

Statistics South Africa: Census 2011

## 1.2.5 SOCIO ECONOMIC STATUS INDIVIDUAL MONTHLY INCOME

| Ward   | R 1 - R 800 | R 801 - R 3 200 | R 3 201 - R 12 800 | R 12 801 - R 51 200 | R 51 201 - R 204 800 | R 204 801 or more | No income | Unspecified | Not applicable |
|--------|-------------|-----------------|--------------------|---------------------|----------------------|-------------------|-----------|-------------|----------------|
| Ward 1 | 1923        | 813             | 105                | 30                  | 3                    | -                 | 2016      | 81          | -              |
| Ward 2 | 1653        | 747             | 147                | 21                  | -                    | 3                 | 2067      | 66          | -              |
| Ward 3 | 2121        | 1335            | 282                | 36                  | 3                    | -                 | 2430      | 111         | -              |
| Ward 4 | 2424        | 1263            | 528                | 159                 | 15                   | 3                 | 2643      | 300         | 117            |
| Ward 5 | 1842        | 2361            | 216                | 99                  | 36                   | 12                | 2268      | 423         | 30             |
| Ward 6 | 2028        | 921             | 123                | 24                  | 6                    | -                 | 2460      | 177         | -              |
| Ward 7 | 1638        | 1098            | 267                | 57                  | -                    | -                 | 2238      | 189         | -              |
| Ward 8 | 1572        | 978             | 363                | 135                 | 18                   | 15                | 1845      | 351         | 378            |

Statistics South Africa: Census 2011

## 1.2.6 EMPLOYMENT STATUS

| Ward   | Employed |        | Unemployed |        | Discouraged work-seeker |        | Other not economically active |        | Age less than 15 years |        | Not applicable |        |
|--------|----------|--------|------------|--------|-------------------------|--------|-------------------------------|--------|------------------------|--------|----------------|--------|
|        | Male     | Female | Male       | Female | Male                    | Female | Male                          | Female | Male                   | Female | Male           | Female |
| Ward 1 | 369      | 282    | 252        | 450    | 192                     | 252    | 435                           | 639    | -                      | -      | 1038           | 1068   |
| Ward 2 | 318      | 249    | 348        | 384    | 138                     | 216    | 438                           | 624    | -                      | -      | 918            | 1068   |
| Ward 3 | 480      | 393    | 330        | 405    | 66                      | 141    | 792                           | 1131   | -                      | -      | 1233           | 1347   |
| Ward 4 | 948      | 513    | 450        | 696    | 102                     | 213    | 564                           | 864    | -                      | -      | 1446           | 1659   |
| Ward 5 | 2130     | 849    | 75         | 192    | 18                      | 150    | 387                           | 1080   | -                      | -      | 1260           | 1140   |
| Ward 6 | 519      | 324    | 204        | 291    | 120                     | 186    | 798                           | 1017   | -                      | -      | 1095           | 1185   |
| Ward 7 | 543      | 441    | 246        | 330    | 171                     | 243    | 603                           | 831    | -                      | -      | 1005           | 1086   |
| Ward 8 | 882      | 453    | 204        | 315    | 57                      | 99     | 651                           | 870    | -                      | -      | 1044           | 1083   |

Statistics South Africa: Census 2011

## 1.2.7 OVERVIEW OF NEIGHBOURING MUNICIPALITIES

| Local Municipality | Black African |        | Coloured |        | Indian or Asian |        | White |        | Other |        | Grand Total |
|--------------------|---------------|--------|----------|--------|-----------------|--------|-------|--------|-------|--------|-------------|
|                    | Male          | Female | Male     | Female | Male            | Female | Male  | Female | Male  | Female |             |
| Masilonyana        | 29250         | 28764  | 402      | 324    | 174             | 33     | 2004  | 2211   | 129   | 39     | 63330       |
| Tokologo           | 12135         | 12348  | 660      | 666    | 174             | 21     | 1380  | 1503   | 63    | 36     | 28986       |
| Tswelopele         | 20733         | 22719  | 303      | 273    | 141             | 30     | 1596  | 1704   | 93    | 33     | 47625       |
| Matjhabeng         | 176805        | 179544 | 4251     | 4482   | 1002            | 453    | 18915 | 20217  | 534   | 255    | 406458      |
| Nala               | 36078         | 39573  | 237      | 264    | 162             | 45     | 2250  | 2424   | 138   | 45     | 81216       |
| Grand Total        | 275001        | 282948 | 5853     | 6009   | 1653            | 582    | 26145 | 28059  | 957   | 408    | 627615      |

Statistics South Africa: Census 2011

## 1.2.8 MUNICIPAL FUNCTIONS

Tswelopele Local Municipality is dedicated to the provision of sustainable quality services to its residents. The Municipality is responsible for the provision of the following services:

- Integrated human settlements
- Water and sanitation
- Electricity
- Waste management services
- Storm-water drainage
- Construction and maintenance of roads

## 1.3. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

The municipality continued to ensure the sustainable provision of services to the community. Community members who have registered in the indigent register also continued to benefit from municipal services offered. Up to the 2013/14 financial year, Tswelopele Local Municipality had experienced an increase in the number of households receiving indigent subsidies from the Municipality, as reflected by statistics. This can be attributed directly to the economic downturn in the area as most people are unemployed.

### 1.3.1 ELECTRICITY SERVICES

#### Electricity for cooking

| Wards  | Electricity | Gas | Paraffin | Wood | Solar | Other |
|--------|-------------|-----|----------|------|-------|-------|
| Ward 1 | 711         | 9   | -        | -    | -     | -     |
| Ward 2 | 657         | 3   | -        | -    | -     | -     |
| Ward 3 | 729         | 12  | -        | 3    | -     | -     |
| Ward 4 | 1185        | 57  | 9        | -    | 3     | 3     |
| Ward 5 | 924         | 18  | 3        | 9    | 3     | -     |
| Ward 6 | 909         | 12  | 6        | 3    | -     | -     |
| Ward 7 | 975         | 18  | 6        | 3    | 3     | -     |
| Ward 8 | 966         | 30  | -        | 6    | -     | -     |

Statistics South Africa: Census 2011

#### Electricity for heating

| Wards  | Electricity | Gas | Paraffin | Wood | Coal | Animal dung | Solar |
|--------|-------------|-----|----------|------|------|-------------|-------|
| Ward 1 | 720         | 15  | 186      | 135  | 6    | 3           | 3     |
| Ward 2 | 660         | 30  | 198      | 99   | 3    | 6           | 3     |
| Ward 3 | 747         | 60  | 351      | 126  | 9    | 3           | -     |
| Ward 4 | 1257        | 39  | 177      | 252  | 3    | -           | 9     |
| Ward 5 | 954         | 18  | 99       | 849  | 15   | 27          | 3     |
| Ward 6 | 924         | 12  | 66       | 222  | -    | -           | 3     |
| Ward 7 | 1008        | 30  | 60       | 144  | -    | 3           | 3     |
| Ward 8 | 1008        | 18  | 18       | 318  | 9    | 3           | -     |

Statistics South Africa: Census 2011

#### Electricity for lighting

| Wards  | Electricity | Paraffin | Solar |
|--------|-------------|----------|-------|
| Ward 1 | 711         | -        | -     |
| Ward 2 | 654         | -        | -     |
| Ward 3 | 729         | -        | 3     |
| Ward 4 | 1182        | -        | 3     |
| Ward 5 | 921         | 3        | -     |
| Ward 6 | 906         | -        | -     |
| Ward 7 | 975         | -        | -     |
| Ward 8 | 966         | -        | 3     |

Statistics South Africa: Census 2011

### 1.3.2 ACCESS TO BASIC SERVICES:

The municipality has developed and implemented various mechanisms to address all areas of service delivery to all residents, but progress in this regard has been slow as a result of the limited resources allocated. The municipality is not collecting revenue as envisaged due to high level of indigent within the Tswelopele area. The municipality is dependent on grants and therefore unable to initiate capital projects, however all basic municipal services are

provided. Refuse collection is done for both formal and informal settlements to 12628 households. Refuse is collected twice a week.

#### 1.4. FINANCIAL HEALTH OVERVIEW

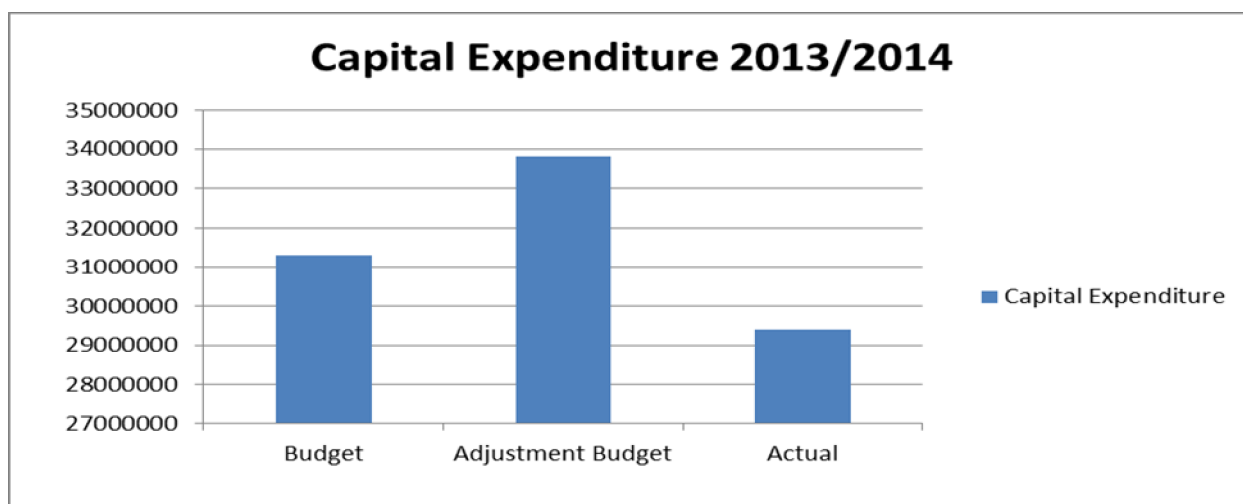
| Financial Overview 2013/2014                    |        |                 |                   |           |
|---|--------|-----------------|-------------------|-----------|
| Income  | R '000 | Original Budget | Adjustment Budget | Actual    |
| Grants  |        | R 94,308        | R 94,308          | R 97,927  |
| Property Rates                                  |        | R 3,485         | R 3,485           | R 11,123  |
| Property Rates - Penalties & Collection Charges |        | R 600           | R 600             | R 691     |
| Service Charges - Electricity Revenue           |        | R 21,703        | R 21,703          | R 20,148  |
| Service Charges - Water Revenue                 |        | R 5,312         | R 5,312           | R 4,539   |
| Service Charges - Sanitation Revenue            |        | R 4,893         | R 4,893           | R 5,231   |
| Service Charges - Refuse Revenue                |        | R 2,763         | R 2,763           | R 3,506   |
| Rental of Facilities and Equipment              |        | R 625           | R 316             | R 290     |
| Other Income                                    |        | R 2,321         | R 2,348           | R 2,563   |
| Total Income                                    |        | R 136,010       | R 135,728         | R 145,945 |
| Expenditure                                     |        |                 |                   |           |
| Employee related Costs                          |        | R 43,516        | R 40,128          | R 44,866  |
| Remuneration of Councillors                     |        | R 4,859         | R 4,859           | R 4,175   |
| Debt impairment                                 |        | R 2,501         | R 2,501           | R 16,533  |
| Depreciation and Asset Impairment               |        | R 0             | R 0               | R 20,157  |
| Finance Charges                                 |        | R 2,107         | R 2,107           | R 4,027   |
| Bulk Purchases                                  |        | R 21,750        | R 23,200          | R 32,030  |
| Other Material                                  |        | R 5,782         | R 5,812           | R 4,501   |
| Transfers and Grants                            |        | R 4,600         | R 0               | R 0       |
| Other Expenditure                               |        | R 22,007        | R 30,799          | R 22,271  |
| Loss on Disposal of PPE                         |        | R 0             |                   |           |
| Total Expenditure                               |        | R 107,122       | R 109,406         | R 148,560 |
| Surplus/(Deficit)                               |        | R 28,888.00     | R 26,322.00       | R -2,615  |

### 1.4.1 RATIOS

| Operating Ratio                 |                |               |
|---------------------------------|----------------|---------------|
| Details:                        | Actual (R  00) | %             |
| Employee related costs          | 44 866         | 30.20%        |
| Remuneration of councillors     | 4 175          | 2.81%         |
| Debt impairment                 | 16 533         | 11.13%        |
| Depreciation & asset impairment | 20 157         | 13.57%        |
| Finance charges                 | 4 027          | 2.71%         |
| Bulk purchases                  | 32 030         | 21.56%        |
| Other materials                 | 4 501          | 3.03%         |
| Contracted services             | .              | .             |
| Transfers and grants            | .              | .             |
| Other expenditure               | 22 271         | 14.99%        |
| <b>Total Expenditure</b>        | <b>148 560</b> | <b>100.0%</b> |

### 1.4.2 TOTAL CAPITAL EXPENDITURE – 2013/14

| Total Capital Expenditure |                | R  00 |
|---------------------------|----------------|-------|
| Financial Year            | <b>2013/14</b> |       |
| Original Budget           | 31 309         |       |
| Adjustment Budget         | 33 809         |       |
| Actual                    | 29 400         |       |



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## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

The role of corporate services department within the institution is to provide administrative, legal and human resource management function to the Council, EXCO, the Municipal Manager and other employees of Council. We also deal with issues such as training, recruitment and skills development of employees.

The Municipality has a workforce of approximately 231 employees. All senior managerial positions in terms of Section 56 are currently filled.

Employees participated in different learning programmes and interventions during the 2013/14 financial year in terms of the Workplace Skills Plan submitted to LGSETA. Graduates and experiential learners received training in various fields (on the job training).

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## 1.6. AUDITOR GENERAL REPORT

In the opinion the Office of the Auditor General states the following; that the financial statements presents fairly, in all material respects, the financial position of the Tswelopele Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

The Municipality received an unqualified audit opinion for the 2013/14 financial year, with the following matters of emphasis being made:

- Restatement of corresponding figures
- Material losses and impairments
- Irregular expenditure

The Municipality has developed an action plan to address the findings by the Auditor-General. The detailed Auditor-General's Audit Report in its entirety is stated in Chapter 6 of this document.



## 1.7. STATUTORY ANNUAL REPORT PROCESS

| N<br>o | Activity  | Timeframe           |
|--------|---|---------------------|
| 1      | Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period. | July                |
| 2      | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).   |                     |
| 3      | Finalise 4 <sup>th</sup> quarter Report for previous financial year   |                     |
| 4      | Submit draft 13/14 Annual Report to Internal Audit and Auditor-General  |                     |
| 5      | Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)   | August              |
| 6      | Mayor tables the unaudited Annual Report  |                     |
| 7      | Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.  |                     |
| 8      | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase   |                     |
| 9      | Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data  | September - October |
| 10     | Municipalities receive and start to address the Auditor General's comments  | November            |
| 11     | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report   |                     |
| 12     | Audited Annual Report is made public and representation is invited  |                     |
| 13     | Oversight Committee assesses Annual Report  |                     |
| 14     | Council adopts Oversight report   | December            |
| 15     | Oversight report is made public   |                     |
| 16     | Oversight report is submitted to relevant provincial councils   |                     |
| 17     | Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.  | January             |
| T1.7.1 |   |                     |

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

The Mayor is the key figure in the Municipality in terms of section 52 of the Municipal Finance Management Act, Act 56 of 2003. She is the Chairperson of the Executive Committee [EXCO] that is responsible for receiving reports from various Section 80 Committees of Council and makes recommendations to Council as determined by Section 49 of the Municipal Structures Act, Act 117 of 1998].

The Speaker is the Chairperson of Council and performs function as stipulated in Section 37 of the Municipal Structures Act, [Act 117 of 1998]. The Mayor duties and functions include any ceremonial functions, and exercise powers delegated to the Mayor by Council or the Executive Committee. The Speaker has the functions to ensure that the Council meets at least quarterly, ensuring compliance in the Council and Council Committees with code of conduct.

The Audit Committee consist of three members and was scheduled to meet at least, four times per annum in terms of its approved terms of reference. The Audit Committee has reviewed and discussed with the Accounting Officer the Audited Annual Financial Statements to be included in the annual report, reviewed the Accounting Policies and Practices, reviewed the Auditor General's management letter and management response, reviewed significant adjustments resulting from the audit and reviewed the entities compliance with legal and regulatory provisions.

The Audit Committee concurs with and accepts the conclusions of the Auditor General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General. Audit Committee reported on Audit and Performance systems for reporting, measuring and monitoring of performance.

## **POLITICAL STRUCTURE**

### **MAYOR**

**Cllr ME Mathibe .**

The Mayor presides at the meetings of the Executive Committee. She performs duties and functions including any ceremonial functions, and exercise powers delegated to the Mayor by Council or the Executive Committee.

### **SPEAKER**

**Cllr TA Matlakala –**

Presides at Council meetings and performs duties and exercises powers delegated to the Speaker in terms of section 59 of Local Government: Municipal Systems Act, Act 32 of 2000. Furthermore the Speaker has the following functions:

- to ensure that the Council meets at least quarterly;
- to maintain order during Council meeting;
- to ensure compliance in the Council and Council Committees with code of conduct;
- to ensure that Council meetings are conducted in accordance with rules and orders of the Council.

### **EXECUTIVE COMMITTEE**

- Cllr. M.E. Mathibe (Chairperson by virtue of being the Mayor);
- Cllr. P.P. Moalosi; and
- Cllr. C. Horn.

Tswelopele Local Municipality is a Collective Executive Committee System and it consists of the Council, which is the highest decision making body and it meets quarterly with the Executive Committee meeting once in every month. Tswelopele Local Council is constituted of 15 Councillors (i.e.8 ward councillors and 7 Proportional Representative Councillors). The names of Councillors and constituencies are summarized below:

## WARD COUNCILLORS

| WARD   | WARD COUNCILLORS     |
|--------|----------------------|
| Ward 1 | Cllr. B.P. Esau      |
| Ward 2 | Cllr. T.A. Matlakala |
| Ward 3 | Cllr. P.P. Moalosi   |
| Ward 4 | Cllr. D.A. Njodina   |
| Ward 5 | Cllr. M.W. Raseu     |
| Ward 6 | Cllr. MJ Ngexe       |
| Ward 7 | Cllr. T.T. Taedi     |
| Ward 8 | Cllr. M.S. Baleni    |

## PR COUNCILLORS

| PR. COUNCILLORS      |
|----------------------|
| Cllr. M.E. Mathibe   |
| Cllr. M.S. Bonokoane |
| Cllr. K.R. Phukuntsi |
| Cllr. M.J. Taljaard  |
| Cllr. C. Horn        |
| Cllr. E.C. Joubert   |
| Cllr. M.M. Snyer     |

## POLITICAL DECISION-TAKING

The Council of the Tswelopele Local Municipality is the highest decision-making authority in the institution. It guides and instructs the administrative component, which implements the decisions taken by the political component through resolution implementation process. The council resolution execution register is kept and maintained by the Office of the Municipal Manager, in order to track the implementation of all resolutions taken at different committees.

### Other Council governance structure

#### Performance Audit Committee

The Municipality has a functional Performance Audit Committee in place, guided by an Audit Committee Charter. The members of the committee are all external individuals and advise council on matters relating to governance and compliance issues quarterly.

#### Municipal Public Accounts Committee

The municipal council has appointed Municipal Public Account Committee to handle matters of oversight and other municipal operations. For the period reporting, the committee conducted MPAC meetings to scrutinise and advice Council on the Annual Report, Public hearings were also scheduled and successfully attended by the community members in both towns of Hoopstad and Bultfontein.

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## 2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the head of the administration and Accounting Officer of the institution. The political leadership through the Mayor and the administration through the Municipal Manager complement each other in implementing Council resolutions and other municipal programmes promoting sustainable service delivery.

### **TOP MANAGEMENT STRUCTURE**

#### **MUNICIPAL MANAGER**

Mr. T.L Mkhwane

#### **DIRECTOR: CORPORATE SERVICES**

Mr. S.S Rabanye

#### **DIRECTOR: COMMUNITY SERVICES**

Ms. Z.K Tindleni

#### **DIRECTOR: FINANCE (CFO)**

Mr. N.L Moletsane

#### **DIRECTOR: TECHNICAL SERVICES**

Mr. B.P Dikoko

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## 2.2 INTERGOVERNMENTAL RELATIONS

Intergovernmental relations are intended to promote and facilitate cooperative decision making and to ensure that policies and activities across all spheres of government encourage service delivery and meet the needs of citizens in an effective way also to assist in curbing the duplication of various resources.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The objective is achieved by holding public meetings, ward meetings, communication with and through non- governmental organizations and through the use of Community Development Workers. Political leaders of parties represented in Council also give feedback to the community through meetings of those structures.

T 2.4.0

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

The following mechanisms are used as tools to ensure public participation and communication with the community within Tswelopele Local Municipality. Loud-hailers, Ward Councillors meeting, Community Development Workers and Ward Committees hold their sectional meetings in their respective wards to enhance public participation.

The IDP and budget consultative meetings are held as stipulated by law through different forums and they are inclusive of steering committee, stakeholders forum, sectional meetings, ward and mass meetings. All these meetings are held on scheduled dates and communicated to the public through local newspaper as prescribed by law. The efficiency and effectiveness of these forums is improved through taking members to workshop that provide them with relevant skills.

T2.4.1

| FUNCTIONALITY OF WARD COMMITTEES |  |                                  |   |  |   |
|----------------------------------|--|----------------------------------|---|--|---|
| WARD NAME & NUMBER               | NAME OF WARD COUNCILLOR AND ELECTED WARD COMMITTEE MEMBERS | COMMITTEE ESTABLISHED (YES / NO) | NUMBER OF MONTHLY COMMITTEE MEETINGS HELD DURING THE YEAR | NUMBER OF MONTHLY REPORTS SUBMITTED TO SPEAKERS OFFICE ON TIME | NUMBER OF QUARTERLY PUBLIC WARD MEETINGS HELD DURING YEAR |
| Ward One                         | Cllr Bangani Esau  | Yes                              | Ten   | Eight  | Four  |
| Ward Two                         | Cllr Tshidi Matlakala                                      | Yes                              | Nine  | Seven  | Four  |
| Ward Three                       | Cllr Pule Moalosi  | Yes                              | Six   | Six  | Three   |
| Ward Four                        | Cllr Dilahloane Njondina                                   | Yes                              | Eight   | Six  | Three   |
| Ward Five                        | Cllr Motshabinyana Raseu                                   | Yes                              | Four  | Three  | One   |
| Ward Six                         | Cllr Mabuti Ngexe  | Yes                              | Seven   | Seven  | Three   |
| Ward Seven                       | Cllr Teboho Taedi  | Yes                              | Three   | Three  | Two   |
| Ward Eight                       | Cllr Mzonakele Baleni                                      | Yes                              | Nine  | Seven  | Four  |

The Municipality is committed to public engagement and participation in planning and decision-making processes. In this regard, it has established a broad spectrum of engagement and consultation programmes and platforms aimed at the various communities.

Ward committees have a crucial role of ensuring that community needs are reported to the municipality through the Office of the Speaker. The municipality is in full support of all ward committees and to sustain their existence and they serve as a point of contact between the municipality and the residents. Other structures of stakeholders are also acknowledged.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria*                                      | Yes/No |
|--|--------|
| Does the municipality have impact, outcome, input, output indicators?          | Yes    |
| Does the IDP have priorities, objectives, KPIs, development strategies?        | Yes    |
| Does the IDP have multi-year targets?  | Yes    |
| Are the above aligned and can they calculate into a score?                     | Yes    |
| Does the budget align directly to the KPIs in the strategic plan?              | Yes    |
| Do the IDP KPIs align to the Section 57 Managers                               | Yes    |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP?                 | Yes    |
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes              | Yes    |
| Were the indicators communicated to the public?                                | Yes    |
| Were the four quarter aligned reports submitted within stipulated time frames? | No     |
| T2.5.1   |        |

## COMPONENT D: CORPORATE GOVERNANCE

## 2.6 RISK MANAGEMENT

The role of Risk Management in the Municipality Is to co-ordinate and offer guidance with regard to the process of managing risks in the Municipality and the following were taken into consideration:

- By ensuring that there is regular updating of risks on quarterly basis in the risks registers in pursuit of set objectives and improved risk maturity level;
- By ensuring that there is embedding of risk management culture in the Municipality by the risk owners and other role players; and
- Ensure that there is functional and effective Risk Management Committee in place to play an oversight role over Risk Management matters.

In terms of the Risk Management Strategy, Risk Management is not a stand-alone function, but is part of the strategic planning, business process and operational activities.



**HEREUNDER IS A TABLE OF TOP TWENTY MUNICIPAL STRATEGIC RISKS.**

| <b>RISK NO.</b> | <b>RISK DESCRIPTION</b>   | <b>ORIGINAL RESIDUAL RATING VALUE</b> | <b>FUTURE PLANS</b>  |
|-----------------|---|---------------------------------------|--|
| F6              | <p>1. Valuation Roll not developed</p> <p>2. Valuation roll developed but property values and names of the owners are not correct (i.e. the property rates values are not the same as the values of the deeds registry, the same applies for the names)</p>   | 20                                    | <p>Reconcile the valuation roll with the Sebata system and ensure rates charged are as per the value on the valuation roll.</p> <p>Review valuation roll to ensure correctness of the details in the valuation roll.</p> |
| F7              | <p>1. Revenue enhancement strategy not developed</p> <p>2. Revenue enhancement strategy developed but no consultation was done</p> <p>3. Incompetent Service provider appointed to develop the revenue enhancement strategy (i.e. Most service provider copy and paste from other municipality documents)</p> | 15                                    | Development of a Revenue enhancement Strategy.   |
| F10             | <p>1. Revenue Enhancement Committee not appointment</p> <p>2. Revenue enhancement committee appointed but not meeting regularly</p>   | 20                                    | The CFO to appoint Revenue enhancement Committee members. The Committee to develop a schedule for their meetings.  |
| F12             | <p>1. Customer care charter not developed</p> <p>2. Customer care charter developed and approved but not implemented</p>  | 20                                    | Workshops to be conducted with regards to the Customer Care Charter.   |
| F18             | 1. Revenue collection rate still below 90%  | 20                                    | Development of Revenue Enhancement strategy  |
| F24             | <p>1. GRAP asset register not updated regularly</p> <p>2. GRAP asset register updated with inaccurate information</p> <p>3. Asset register not in line with the provision of GRAP 17</p>  | 20                                    | <p>Appoint an Asset Management Practitioner to update the asset register regularly.</p> <p>Ensure regular reconciliation between the asset register and the Sebata system</p>  |
| COR P2          | <p>1. Rural Municipality.</p> <p>2. Incompetent staff filled (People who do not have necessary skills and expertise are hired)</p>  | 16                                    | Ensure compliance with the HR policy when making appointments  |
| COR P6          | <p>1. IT governance/policy not approved.</p> <p>2. Quarterly reports on IT governance not submitted on a quarterly basis.</p> <p>3. Disaster documents not approved.</p>  | 20                                    | IT personnel to be appointed and IT Policy reviewed  |

| RISK NO. | RISK DESCRIPTION   | ORIGINAL RESIDUAL RATING VALUE | FUTURE PLANS  |
|----------|--|--------------------------------|---|
| COR P7   | <p>Leave module still manual</p> <p>Under/overprovision of leave reserve in the Annual Financial Statements.</p> <p>Leave module implemented but not functioning as intended or not being used at all.</p> | 20                             | Conversion of manual leave module to electronic system of leave management  |
| Corp10   | Public awareness campaigns on water conservation not undertaken  | 20                             | Officials dealing with water constrained should be trained  |
| Corp11   | <p>Councilors not trained in water conservation processes.</p> <p>Incompetent service provider appointed to conduct workshop to councilors.</p>  | 20                             | Reserve sufficient budget for councilor training and appoint a personnel to train councilors  |
| Com m1   | LED not customized and responsive to organization need   | 20                             | Establish a Local Development Unit within the Municipality  |
| Com m2   | <p>Youth not interested in agriculture.</p> <p>Recruitment of the youth.</p>   | 25                             | <p>LED unit to identify agricultural projects for youth development.</p> <p>The LED unit to develop a database for interested youth on agricultural programs.</p> |
| Com m3   | <p>No forum for SMME's</p> <p>Cooperation between departments</p> <p>Lack of information and knowledge about municipal projects by SMME's</p>  | 15                             | <p>Appoint a LED Manager</p> <p>Source funding to develop LED strategy for the Municipality</p>   |
| Com m4   | <p>Accessibility of information and language.</p> <p>Information not readily available and not received timeously</p>  | 16                             | LED Unit to conduct SMMEs training regarding registration and operation   |
| Com m6   | Delay in the implementation of the project   | 20                             | Ensure that projects creating employment are conducted.   |
| T3       | Appointment of consultant, monitoring and finalization   | 20                             | <p>Appoint a PMU Manager within Tswelopele municipality</p> <p>Ensure project progress is monitored including expenditure</p>                                     |
| T8       | Labour, procurement of material and equipment  | 15                             | Utilize hot and cold mix asphalt to patch potholes.   |
| T14      | Misuse or embezzlement of inventory in the municipality leading to loss by the municipality and impacting negatively on service delivery   | 20                             | <p>Appoint an Inventory officer.</p> <p>Ensure that the inventory register is updated regularly</p>   |
| T15      | Aging and fleet that is not road worthy due to lack of maintenance leading accidents or even death in the workplace and possible civil action against the municipality                                     | 20                             | <p>Ensure there is a maintenance plan in place for fleet</p> <p>Ensure that Municipality's fleet is regularly maintained.</p>                                     |

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## 2.7 ANTI-CORRUPTION AND FRAUD

**Fraud Prevention Policy:** It was last reviewed in 2007, and currently reviewed, recommended by the RMC for approval, and tabled to the Audit committee and approved by council on the 29 October 2014.

**Fraud Prevention Plan:** It has been developed and awaiting the recommendations from the RMC.

**Fraud Risk Assessment:** To be conducted from the third quarter of the 2014/15 financial.

The municipal audit committee does not include any of the municipal councillors, the members of the committee are constituted by external independent individuals with various expertise. Audit Committee resolutions are implemented by management and the internal audit division follows progress on the implementation. The SCM policy clearly prohibits the councillors from participating in the municipal procurement processes. All municipal officials have signed the declaration of interest forms as well as the code of conduct.

Risk Management within the Municipality includes the following:

- Aligning risk appetite and strategy
- Enhancing risk response decisions
- Reducing operational surprises and losses
- Identifying and managing risks
- Seizing opportunities

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## 2.8 SUPPLY CHAIN MANAGEMENT

### **SUPPLY CHAIN MANAGEMENT UNIT**

The Supply Chain Management unit operates under direct supervision of the CFO. The Manager: SCM & expenditure reports to the CFO.

The SCM regulations stipulate the following:

- a) SCM regulation 6(2) (a) (i) - that the council of a municipality must maintain oversight over the implementation of its SCM policy. For the purpose of such oversight the accounting officer must within 30 days of each financial year submit a report on the implementation of the SCM policy of the municipality to the Council.
- b) SCM regulation 6(2) (3) . the Accounting Officer shall within 10 days after the end of each quarter submit implementation reports on SCM to the Mayor.

### **Adoption of SCM Policy**

The SCM policy has been adopted and implemented on 31 May 2013.

## 2.9 BY-LAWS

A by law is a law that is passed by the Council of a municipality to regulate the affairs and the services it provides within its area of jurisdiction.

As people have a right and duty to participate in government and civil society, Public Participation conducted included holding community meetings, joining civil and / or political organisations, public hearings and public consultation meetings. New by laws will be enforced by way of policies or municipal courts and notices in provincial gazette. Public hearings are held in all the towns falling under the jurisdiction of our Municipality. The inputs of the community are incorporated into the draft document, after completion of this process; the by-laws will be promulgated in the Provincial Gazette to have an effect of the law.

The following standard by-laws were adopted and promulgated in the provincial gazette:

1. Standard Building Regulations, 2011
2. Standard Credit Control and Debt Collection, 2011
3. Standard Indigent Support, 2011
4. Standard Informal Settlement, 2011
5. Standard Tariff Policy,
6. Standard Commonage, 2011
7. Impoundment of Animal By-Law, No 27 of 5 April 2007
8. Standard Rules & Orders By-Law, No 36 of 11 May 2007
9. Refuse Removal By-Law, No 12 of 20 February 2009
10. Waste Management By-Law, No 12 of 20 February 2009
11. Dumping & Littering By-Law, No 12 of 20 February 2009

Prior to the adoption of municipal by-laws, all residents of the municipality, including stakeholders, civil society and government departments are encouraged to actively participate in formal public participation programmes and make meaningful contributions in order to improve development and service delivery in the municipal area.

Public participation programmes around the adoption of newly developed by-laws include a formal schedule of public meetings, as well as opportunities for the public to inspect the draft by-laws at key municipal offices as well as on the municipal website, in order to give comment and input.

## 2.10 WEBSITE

| Municipal Website: Content and Currency of Material   |          |                 |
|---|----------|-----------------|
| Documents published on the Municipality's / Entity's Website  | Yes / No | Publishing Date |
| Current annual and adjustments budgets and all budget-related documents   | No       |                 |
| All current budget-related policies   | No       |                 |
| The previous annual reports   | No       |                 |
| The annual report (2012/13) published   | Yes      |                 |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2013/14) and resulting scorecards                | Yes      |                 |
| All service delivery agreements   | N/A      |                 |
| All long-term borrowing contracts   | N/A      |                 |
| All supply chain management contracts above a prescribed value  | No       |                 |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1 | No       |                 |
| Contracts agreed in to which subsection (1) of section 33 apply, subject to subsection (3) of that section  | No       |                 |
| Public-private partnership agreements referred to in section 120  | N/A      |                 |
| All quarterly reports tabled in the council in terms of section 52 (d) during the year  | Yes      |                 |

### MUNICIPAL WEBSITE CONTENT AND ACCESS:

Currently the municipality is to using the website extensively, however in order to redress the shortfall, the IT officer should provide the rights to upload and load information on the municipal website.

The information is placed on the municipal website on regular basis as per the MFMA section 75. Certain information relating to the quotations, procurement advertisement are uploaded through the Finance department.

#### Procedure to be followed when uploading information:

- The information will be given to the responsible person via softcopy
- The IT Officer will login as the administrator to upload the information on the website
- The information should be accessible within 30 minutes upon uploading.

T2.10.1.1

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality did not conduct any public satisfaction surveys on municipal services for the period under review. During the process of household profiling conducted by the Office of the Speaker, a questionnaire was completed by all households and an analysis report of the responses will be prepared to determine the level of satisfaction of municipal services provided to residents.

### SERVICE PROVIDERS PERFORMANCE AS APPOINTED BY DEPARTMENTS DURING 2013/14 FY

| SERVICE PROVIDER                | PROJECT NAME                                   | BUDGET VALUE   | CONTRACT DURATION | PROJECT STATUS          | END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER  |
|---------------------------------|--|----------------|-------------------|-------------------------|--|
| NEXIA SAB & T                   | Co-Sourcing for Internal Auditing              | R947 996.00    | 6 Months          | Completed               | The service offered to the municipality was satisfactory. All audit work was completed in time especially on compliance matters such as AFS reviewed for the submission to AGSA. Internal Audit work pertaining to Risk Based Plan were achieved and performed timeously.  |
| Sizwe-Ntsaluba-Gobodo           | Pre-Audit on Performance                       | R176 700.00    | 1 Month           | Completed               | The service offered to the municipality was satisfactory. Review of compliance with FMPP and comparison of the objectives, indicators and targets in the IDP were conducted. High level overview of the effectiveness of the systems in place for data collection and maintaining supporting documentation was also performed. |
| Down Touch                      | Hoopstad_Upgrading of WWTW                     | R51 918 520.00 | 22 months         | Construction is ongoing | Progress to date is satisfactory.  |
| Mofomo                          | Tikwana Sports Facilities Phase 1              | R2 410 928.00  | 6 months          | Completed               | Satisfactory   |
| Vision Direct                   | Phahameng_Sports Facilities Phase 2            | R2 398 289.00  | 7 months          | Completed               | Satisfactory   |
| Down Touch                      | Tikwana_1.5 km paved road                      | R5 000 000.00  | 8 months          | Construction is ongoing | Progress to date is satisfactory.  |
| Makomota Investment Holdings    | Preparation of the Annual Financial Statements | R885 001.00    | 6 Months          | Project in progress     | The services offered to assist the municipality with the preparation of the annual financial statements to be submitted for audit processes has been satisfactory  |
| Ndlala Mass Valuations Services | Municipal Land Audit                           | R1 304 160.00  | 5 Months          | Project in progress     | Progress to date is satisfactory   |
| MVD Kalahari                    | Tikwana Sports Facilities                      | R540 565.41    | 6 Months          | Complete                | Satisfactory   |
| MVD                             | Phahameng                                      | R539 441.94    | 7 Months          | Complete                | Satisfactory   |

|                |   |               |           |                             |              |
|----------------|---|---------------|-----------|-----------------------------|--------------|
| Kalahari       | Sports Facilities                                 |               |           |                             |              |
| Aurecon        | Upgrading of Hoopstad Waste Water Treatment Works | R6 492 033.35 | 22 Months | Still in construction phase | Satisfactory |
| NEP Consulting | Construction of 1,5km paved road in Tikwana       | R670 354.99   | 8 Months  | Still in construction phase | Satisfactory |

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

The Municipality is committed to quality service delivery to the residents of Tswelopele and to the extension of basic services to those who were previously denied access.

These section of the report put focus on the Service delivery related areas of the Municipality, including performance highlights as they prevailed for the period reported herein.

### COMPONENT A: BASIC SERVICES

#### 3.1. WATER PROVISION

The municipal strategic approach to the provision of water services is contained in the Water Services Development Plan (WSDP), as approved. The municipality will continue to curb the water losses that is being experienced and unaccounted. Strict measures will be enforced to deal with water wastage.

| Total Use of Water by Sector (cubic meters) |             |          |            |          |                            |
|---|-------------|----------|------------|----------|----------------------------|
| Year  | Agriculture | Forestry | Industrial | Domestic | Unaccountable water losses |
| 2012/13                                     | 50          | 40       | 35         | 150      | 50%                        |
| 2013/14                                     | 50          | 44       | 46         | 9        | 23%                        |
| T 3.1.2                                     |             |          |            |          |                            |



| Water Service Delivery Levels                     |               |               |               |                       |
|---|---------------|---------------|---------------|-----------------------|
| Description                                       | 2010/11       | 2011/12       | 2012/13       | Households<br>2013/14 |
|   | Actual<br>No. | Actual<br>No. | Actual<br>No. | Actual<br>No.         |
| <b><u>Water: (above min level)</u></b>            |               |               |               |                       |
| Piped water inside dwelling                       | 3512          | 3820          | 3820          | 3820                  |
| Piped water inside yard (but not in dwelling)     | 8279          | 7971          | 7971          | 8808                  |
| Using public tap (within 200m from dwelling )     |               | 0             | 0             | 0                     |
| Other water supply (within 200m)                  |               |               |               | 3                     |
| <i>Minimum Service Level and Above sub-total</i>  | 11791         | 11791         | 11791         | 12628                 |
| <i>Minimum Service Level and Above Percentage</i> | 100%          | 100%          | 100%          | 100%                  |
| <b><u>Water: (below min level)</u></b>            |               |               |               |                       |
| Using public tap (more than 200m from dwelling)   |               |               |               |                       |
| Other water supply (more than 200m from dwelling) | N/A           | N/A           | N/A           | N/A                   |
| No water supply                                   |               |               |               |                       |
| <i>Below Minimum Service Level sub-total</i>      | 0             | 0             | 0             | 0                     |
| <i>Below Minimum Service Level Percentage</i>     | 0%            | 0%            | 0%            | 0%                    |
| <b>Total number of households*</b>                | <b>11791</b>  | <b>11791</b>  | <b>11791</b>  | <b>12628</b>          |

| Households - Water Service Delivery Levels below the minimum |               |               |               |                       |                 |               |
|--|---------------|---------------|---------------|-----------------------|-----------------|---------------|
| Description  | 2010/11       | 2011/12       | 2012/13       | Households<br>2013/14 |                 |               |
|  | Actual<br>No. | Actual<br>No. | Actual<br>No. | Original<br>No.       | Adjusted<br>No. | Actual<br>No. |
| <b>FORMAL SETTLEMENTS</b>                                    |               |               |               |                       |                 |               |
| Total households   | 11791         | 11791         | 11791         | 12628                 | -               | -             |
| Households below minimum service level                       | 0             | 0             | 0             | 0                     |                 |               |
| Proportion of households below minimum service level         | 0             | 0             | 0             | 0                     |                 |               |
| <b>INFORMAL SETTLEMENTS</b>                                  |               |               |               |                       |                 |               |
| Total households   | 0             | 0             | 0             | 0                     | -               | -             |
| Households below minimum service level                       | 0             | 0             | 0             | 0                     |                 |               |
| Proportion of households below minimum service level         | 0             | 0             | 0             | 0                     |                 |               |

T 3.1.4



| Water Service Policy Objectives Taken From IDP  |   |   |   |   |   |                       |                          |
|---|---|---|---|---|---|-----------------------|--------------------------|
| Service Objectives<br><br>Service Indicators<br>(i)   | Outline Service Targets<br><br>(ii)   | 2013/14   |   |   |   |                       |                          |
|   |   | Target  |   | Actual  | Target  |                       |                          |
|   |   | *Previous Year<br>(v)   | *Current Year<br>(vi)   |   | Correctiv e action/<br>measure s<br>(ix)  | *Curren t Year<br>(x) | *Followi ng Year<br>(xi) |
| <b>Service Objective water</b>  |   |   |   |   |   |                       |                          |
| Infrastructure development and investment model implemented (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity) | 100% of households with access to minimum standard of water provision by 30 June 2014                         | 100% of households have access to minimum standard of water provision | 100% of households with access to minimum standard of water provision by 30 June 2014 | All households in formalized areas with access to minimum standard of water. All households in informal areas do have access to minimum standard of water.  | Water at informal settlements is provided daily through water tankers.            | N/A                   | N/A                      |
| Increase access to portable water   | 95% blue drop & 65% green drop by 30 June 2014  | Current score 92.4% blue drop and 54% green drop                      | 95% blue drop & 65% green drop by 30 June 2014  | Water testing reports have not been translated into percentages yet. A meeting was held to discuss the Blue/Green drop progress and several shortcomings were identified.   | Reports needs to be translated into percentages in order to align with the target | N/A                   | N/A                      |
| Increase access to portable water   | Development of business plan to reduce water losses & upgrade water treatment plants (Hoopstad & Bultfontein) | No feasibility study was conducted                                    | Business plan completed by 31 December 2013   | Project Business Plan developed and submitted to Department of Water Affairs for the reduction of water losses and upgrading of water treatment plants. Technical Feasibility Study and Implementation ready study were conducted. . Upgrade of the water treatment plant was 57% | N/A   | N/A                   | N/A                      |
| Compliance with water services authority provisions   | 4 workshops conducted by 30 June 2014   | None  | 4 workshops conducted by 30 June 2014   | Training of municipal employees working in water and waste water process operations and reticulation was not conducted  |   | N/A                   | N/A                      |

### Service Objective water

|   |   |   |   |   |   |     |     |
|---|---|---|---|---|---|-----|-----|
| Infrastructure development and investment model implemented (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity) | 100% of households with access to minimum standard of water provision by 30 June 2014                         | 100% of households have access to minimum standard of water provision | 100% of households with access to minimum standard of water provision by 30 June 2014 | All households in formalized areas with access to minimum standard of water. All households in informal areas do have access to minimum standard of water.  | Water at informal settlements is provided daily through water tankers.            | N/A | N/A |
| Increase access to portable water   | 95% blue drop & 65% green drop by 30 June 2014  | Current score 92.4% blue drop and 54% green drop                      | 95% blue drop & 65% green drop by 30 June 2014  | Water testing reports have not been translated into percentages yet. A meeting was held to discuss the Blue/Green drop progress and several shortcomings were identified.   | Reports needs to be translated into percentages in order to align with the target | N/A | N/A |
| Increase access to portable water   | Development of business plan to reduce water losses & upgrade water treatment plants (Hoopstad & Bultfontein) | No feasibility study was conducted                                    | Business plan completed by 31 December 2013   | Project Business Plan developed and submitted to Department of Water Affairs for the reduction of water losses and upgrading of water treatment plants. Technical Feasibility Study and Implementation ready study were conducted. . Upgrade of the water treatment plant was 57% | N/A   | N/A | N/A |
| Compliance with water services authority provisions   | 4 workshops conducted by 30 June 2014   | None  | 4 workshops conducted by 30 June 2014   | Training of municipal employees working in water and waste water process operations and reticulation was not conducted  |   | N/A | N/A |

|   |   |                              |   |   |   |     |     |
|---|---|------------------------------|---|---|---|-----|-----|
| Compliance with water services authority provisions   | 4 awareness campaigns conducted by 30 June 2014 | None                         | 4 awareness campaigns conducted by 30 June 2014 | Environmental Awareness Campaign conducted at Makgakajane and Ntuthuzelo Primary School on water conservation           | N/A   | N/A | N/A |
| Infrastructure development and investment model implemented (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity) | 65 erven connections made by 30 June 2014       | 65 erven without connections | 65 erven connections made by 30 June 2014       | Not enough revenue generated to address the water connections as per the memorandum submitted from Technical department | The municipality could not raise sufficient revenue in the 2013/14 financial year due to blanket approach on other services | N/A | N/A |

### 3.2 WASTE WATER (SANITATION) PROVISION

| Sanitation Service Delivery Levels                                |                |                |                |                        |
|---|----------------|----------------|----------------|------------------------|
| Description   | 2010/11        | 2011/12        | 2012/13        | *Households<br>2013/14 |
|   | Outcome<br>No. | Outcome<br>No. | Outcome<br>No. | Actual<br>No.          |
| <b><u>Sanitation/sewerage: (above minimum level)</u></b>          |                |                |                |                        |
| Flush toilet (connected to sewerage)                              | 10 438         | 10 438         | 10 438         | 10 438                 |
| Flush toilet (with septic tank)                                   | 17             | 17             | 17             | 17                     |
| Chemical toilet   | 0              | 0              | 0              | 0                      |
| Pit toilet (ventilated)   | 0              | 0              | 0              | 0                      |
| Other toilet provisions (above min.service level)                 |                |                |                |                        |
| <i>Minimum Service Level and Above</i>                            |                |                |                |                        |
| <i>sub-total</i>  | 10455          | 10455          | 10455          | 10 455                 |
| <i>Percentage</i>   | 100%           | 100%           | 100%           | 100%                   |
| <b><u>Sanitation/sewerage: (below minimum level)</u></b>          |                |                |                |                        |
| Bucket toilet   | 0              | 0              | 0              | 0                      |
| Other toilet provisions (below min.service level)                 | 1336           | 1336           | 1336           | 1336                   |
| No toilet provisions  | 0              | 0              | 0              |                        |
| <i>Below Minimum Service Level</i>                                |                |                |                |                        |
| <i>sub-total</i>  | 1336           | 1336           | 1336           | 1336                   |
| <i>Percentage</i>   | 13%            | 13%            | 13%            | 13%                    |
| <b>Total households</b>   | <b>11 791</b>  | <b>11 791</b>  | <b>11 791</b>  | <b>11 791</b>          |
| <b>*Total number of households including informal settlements</b> |                |                |                | <b>T 3.2.3</b>         |



### 3.3ELECTRICITY

The basic level of access to electricity is defined as including connection of the household to the grid and basic level of service includes 10AMP connection. Electricity generation and transmission is the sole responsibility of ESKOM. The municipality has been licensed by NERSA for distribution only.





### 3.4 WASTE MANAGEMENT

Waste management, prevention and minimization

Waste minimization suggested by National Waste Management Strategy aims at among other:

- Introduction and enforcement of appropriate regulatory instruments
- Development and implementation of appropriate economic instruments and other financial incentives.
- Facilitating and coordinating the implementation of existing successful waste minimization and recycling initiatives.

Within the TLM initiatives by the Mayibuye Foundation and independent scrap dealers have implemented the prevention or minimization of waste methodologies in respect to recycling activities. Also the legislation on Plastics has indirectly caused plastic bags indiscriminate disposal reduction by imposing charges. Other initiatives for using more recyclable materials or to change consumption patterns and lifestyles of the population included creation of ornamental elements like wire balls, bicycles, flower pots, etc. This has lot to do with public environmental awareness and participation which is on the whole still developing owing to the Mayibuye Foundations environmental workshops and recycling initiatives. In addition, there are national initiatives to collect and reuse waste oils (ROSe Foundation) and to collect used batteries (industry based).

An application lodged for the waste management

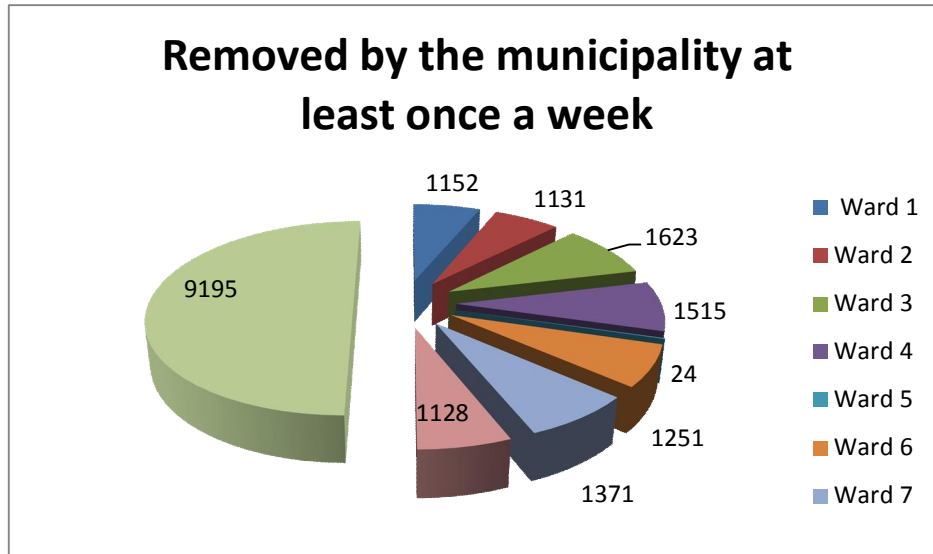
The proposed project entails the upgrading and site rehabilitation of an informal dumping site located at Hoopstad within the Jurisdiction of Tswelopele Local Municipality of Lejweleputswa district in the Free State Province. The project will commence with the rehabilitation program in which the current informal dumping site generated from communal dumping will be cleared off and the waste streams dumped reclassified, reclaimed and where possible recycled.

The project will also involve a formalization process where the dumping site will be zoned by the developer and applicant (Tswelopele Local Municipality) to a Landfill site comprising of associated infrastructures such as weigh bridges, Transfer Station and a Guard House. This will enable the rehabilitated dumping site to becoming a formalized landfill site with proper waste management systems including waste separation and recycling.

Challenges encountered.

There is a lack of strategic planning by Local Municipality for waste management. Information regarding waste management including waste generators, quantities and type of waste generated, collected and disposed, remaining landfill airspace and financial information is not readily available to inform the analysis. The development and implementation of a waste information system would assist the Local Municipality in future strategic waste management planning.

Number of houses with access to refuse removal.



Statistics South Africa: Census 2011

| Waste Management Service Policy Objectives Taken From IDP                                  |   |   |   |  |                         |                       |                        |
|--|---|---|---|--|-------------------------|-----------------------|------------------------|
| Service Objectives<br><br><i>Service Indicators</i><br><br>(i)                             | Outline Service Targets<br><br>(ii)   | 2013/14                                       |   |  | 2012/13                 |                       |                        |
|  |   | Target  |   | Actual   | Target                  |                       |                        |
|  |   | *Previous Year<br>(v)                         | *Current Year<br>(vi)   | (vii)  | *Current Year<br>(viii) | *Current Year<br>(ix) | *Following Year<br>(x) |
| Service Objective waste  |   |   |   |  |                         |                       |                        |
| Procure dustbins for all the households that do not have dust bins                         | Procure 440 dust bins by 30 October 2013  | No dust bins were procured during this period | Procure 440 dust bins by 30 October 2013  | 900 Dust bins have been procured by 19/08/2014   | N/A                     | N/A                   | N/A                    |
| Complete the rehabilitation and licensing of waste disposable sites in Bultfontein by 2017 | 2 Reports . 1 for the site rehabilitation (Fencing, paving, waste scale, ablution blocks, Boomgate. Licensing application) and 1 for the progress on licensing waste disposal site submitted to council by 30 June 2014 | Reports submitted to Council                  | 2 Reports . 1 for the site rehabilitation (Fencing, paving, waste scale, ablution blocks, Boomgate. Licensing application) and 1 for the progress on licensing waste disposal site submitted to council by 30 June 2014 | 2 Reports on Rehabilitation and licensing waste disposable site were prepared and submitted October 2013 and June 2014 | N/A                     | N/A                   | N/A                    |

|   |   |                                    |   |   |     |     |     |
|---|---|------------------------------------|---|---|-----|-----|-----|
| Conduct community awareness about waste management  | 8 campaigns held by 30 June 2014  | None                               | 8 campaigns held by 30 June 2014  | Awareness campaigns conducted:<br>1. Tswelopele Town Hall (27 September 2013)<br>2. Phahameng (18 June 2014)<br>3. Tikwana Relekile High School (23 June 2014)<br>4. Tikwana Open Space (23 June 2014)<br>5. Makgakajane School (25 March 2014)<br>6. Nthuthuzelo Primary School (26 March 2014)<br>7. Ward 4 Phahameng Bultfontein (25 March 2014)<br>8. Environmental awareness Bultfontein 09 October 2013 | N/A | N/A | N/A |
| Cleaning Greening and beautification of open spaces.  | 4 Open spaces (Bultfontein, Phahameng, Hoopstad & Tikwana) cleaned and maintained By 30 June 2014 | Open spaces are clean periodically | 4 Open spaces (Bultfontein, Phahameng, Hoopstad & Tikwana) cleaned and maintained By 30 June 2014 | Cleaning and beautification of open spaces:<br>1. Open Space Tikwana, Hopstad Halfdak (June 2014)<br>2. Open space (11 November 2013)<br>3. Open space (March 2014)<br>4. Open Space next to Traffic Department (10 September 2013)   | N/A | N/A | N/A |
| 100% Decrease in households without access to a minimum standard of refuse removal services | 13%   | Un-occupied households             | 13%   | Refuse is collected once or twice a week to households  | N/A | N/A | N/A |

### 3.5 HOUSING

Housing in the Free State Province is a provincial competency unless in instances where a municipality has been accredited by the provincial government to build government funded houses. This is not the case in Tswelopele Municipality. The responsibility of Tswelopele Municipality with regards to housing is to allocate (sites), provide infrastructure and to maintain a waiting list of residents who qualify for RDP houses.

The Municipality ensures the provision of land and use of municipal owned land in support of the Housing Programme as initiated by the province. The municipality also conducts an identification of well-located land suitable for social and other housing through Local Spatial Development Framework (LSDF) processes. The Municipality also allows for basic considerations, such as suitability and servicing, and applications are approved accordingly through Council resolutions.

The municipality maintains an engagement with the Provincial Departments of Human Settlements and the Housing Development Agency (HDA) for the acquisition of land in support of the Housing Programmes. The Municipality has Informal Settlements which requires an upgrade plan. The plan will assist with the guidance of upgrading the informal settlements.

| PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING |  |                                  |  |
|---|--|----------------------------------|--|
| Year End  | Total households (including formal and informal settlements) | Households in formal settlements | Percentage of HH's in formal settlements |
| 2009/10   | 10 306   | 185                              | 1.79                                     |
| 2010/11   | 11 791   | 1 696                            | 14,3                                     |
| 2011/12   | 11 791   | 1 696                            | 14,3                                     |
| 2012/13   | 11 791   | 1 696                            | 14,3                                     |
| 2013/14   | 11 791   | 1 696                            | 14,3                                     |



### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1) (b) and 153(b) of the Constitution.

Basic services are generally regarded to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads. The key purpose of an indigent subsidy policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary the Municipality is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.

The Indigent Subsidy Scheme was introduced by the municipality in order to provide basic services to poor households (water, sanitation and energy). On an annual basis the indigent register is reviewed and residents who qualify are encouraged to apply. Entry level amount for the 2014/2015 financial year is determined as R 3 000 per month. Grants-in-aid may, within the financial ability of the Municipality, be allocated to household owners or tenants of premises who receive electricity (directly from Eskom), refuse removal, water and sewer (rendered per service level agreement for Lejweleputswa DM) and assessment rate services, in respect of charges payable to the Municipality for such services.

Over the years the municipality has been using a blanket approach towards the provision of Free Basic Services, this was notably identified as even consumers who could afford to pay for the services were receiving free basic services from the municipality. The municipality has developed mechanisms to curb this practice.

#### Free Basic Services

| Free Basic Services To Low Income Households |                      |   |        |                       |        |                        |        |                   |        |       |
|--|----------------------|---|--------|-----------------------|--------|------------------------|--------|-------------------|--------|-------|
|  | Number Of Households |   |        |                       |        |                        |        |                   |        |       |
|  | Total                | Households Earning Less Than R 2 800.00 per Month |        |                       |        |                        |        |                   |        |       |
|  |                      | Free Basic Water                                  |        | Free Basic Sanitation |        | Free Basic Electricity |        | Free Basic Refuse |        |       |
|  |                      | Total   | Access | %                     | Access | %                      | Access | %                 | Access | %     |
| 2013/14                                      | 12678                | 10683   | 9591   | 89.78%                | 3965   | 37.11                  | 6972   | 65.26             | 3965   | 37.11 |

| Free Basic Service Policy Objectives Taken From IDP            |  |  |  |  |                         |                       |                        |
|--|--|--|--|--|-------------------------|-----------------------|------------------------|
| Service Objectives<br><br><i>Service Indicators</i><br><br>(i) | Outline Service Targets<br><br>(ii)      | 2013/14                                      |  |  | 2012/13                 |                       |                        |
|  |  | Target                                       |  | Actual   | Target                  |                       |                        |
|  |  | *Previous Year<br>(v)                        | *Current Year<br>(vi)                    |  | *Current Year<br>(viii) | *Current Year<br>(ix) | *Following Year<br>(x) |
| <b>Service Objective free basic</b>                            |  |  |  |  |                         |                       |                        |
| Continuously update the indigent register                      | 12 updates done on the indigent register | Indigent register is updated twice per annum | 12 updates done on the indigent register | Updates are conducted on the indigent register | N/A                     | N/A                   | N/A                    |



## COMPONENT B: ROAD TRANSPORT

### 3.7 ROADS

The Municipality is required to provide safe, affordable, sustainable and accessible road network services and infrastructure that promotes integrated land use development. The municipality is not responsible for any road transport.

| Gravel Road Infrastructure |                    |                              |                              |  |
|----------------------------|--------------------|------------------------------|------------------------------|--|
|                            | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to tar | Kilometers<br>Gravel roads graded/maintained |
| 2009/10                    | 98.8               | +1km                         | 0                            | 98.8   |
| 2010/11                    | 98.8               | 0                            | 0                            | 98.8   |
| 2011/12                    | 98.8               | 500m                         | 0                            | 180,5  |
| 2012/13                    | 93.8               | 1km                          | 5km                          | 180.5  |
| 2013/14                    | 92.3               | 1.5km                        | 0                            | 120  |
| T 3.7.2                    |                    |                              |                              |  |

| Tarred Road Infrastructure |                    |               |                              |                               |                                    |
|----------------------------|--------------------|---------------|------------------------------|-------------------------------|------------------------------------|
|                            | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Kilometers<br>Tar roads maintained |
| 2009/10                    | 54km               | 0             | 0                            | 0                             | 1.5km                              |
| 2010/11                    | 54km               | 0             | 0                            | 0                             | 1.5km                              |
| 2011/12                    | 54km               | 0             | 0                            | 0                             | 5km                                |
| 2012/13                    | 61km               | 5km           | 0                            | 0                             | 61km                               |
| 2013/14                    | 61km               | 0             | 0                            | 0                             | 1.5km                              |
| T 3.7.3                    |                    |               |                              |                               |                                    |



## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

The Municipality's main plans are to ensure the physical, environmental, social and economic integration and sustainability of the municipal development, in order to overcome the inequality that currently characterizes the different residential areas.

Tswelopele's geographic position as well as its limited scope of growth coupled with the large unemployed population provides very little opportunities for planning and development. The biggest activities currently include building plans; rezoning applications; applications for consolidation and consent use.

The legislative environment hampers speedy development and whilst the gazetting of the Spatial Planning and Land Use Management Act is indicative of planning legislation reform, the Act has not yet been enacted.

The municipality needs to ensure the enforcement and building control on numerous illegal land uses. The practice of erecting new houses and extension of existing housing units occurs without residents submitting building plans to the municipality for approval. A further challenge is that residents run businesses at their houses without applying for such properties to be rezoned. Although this is a serious problem, the municipality has to balance legal compliance with the need to stimulate small business development. Plans are in place to appoint building inspector to monitor the situation. Thus, It should be noted that even though procedures are not adhered to, a balance needs to be struck between the upliftment of local economy and managing compliance with laws and regulations.

| Application for Land Use Development  |                            |         |          |         |               |         |
|---------------------------------------|----------------------------|---------|----------|---------|---------------|---------|
| Details                               | Formalization of townships |         | Rezoning |         | Built Control |         |
|                                       | 2012/13                    | 2013/14 | 2012/13  | 2013/14 | 2012/13       | 2013/14 |
| Planning application received         | 0                          | 17      | 3        | 17      | 190           | 173     |
| Determination made in year of receipt | 0                          | 0       | 3        | 0       | 189           | 00      |
| Determination made in following year  | 0                          | 0       | 0        | 0       | 0             | 0       |
| Applications withdrawn                | 0                          | 0       | 0        | 0       | 1             | 0       |
| Applications outstanding at year end  | 0                          | 0       | 0        | 0       | 0             | 0       |

| Planning Service Policy Objectives Taken From IDP                         |  |                       |  |  |                         |                       |                        |
|---|--|-----------------------|--|--|-------------------------|-----------------------|------------------------|
| Service Objectives<br><br><i>Service Indicators</i>                       | Outline Service Targets                                    | 2013/14               |  | 2012/13  |                         |                       |                        |
|   |  | Target                | Actual   | Target   | Actual                  |                       |                        |
|   |  | *Previous Year<br>(v) | *Current Year<br>(vi)                                      |  | *Current Year<br>(viii) | *Current Year<br>(ix) | *Following Year<br>(x) |
| (i)   | (ii)   |                       |  | (vii)  | (viii)                  | (ix)                  | (x)                    |
| <b>Service Objective planning</b>   |  |                       |  |  |                         |                       |                        |
| Inspection and approval of building plans                                 | 160 building plans submitted and inspected by 30 June 2014 | None                  | 160 building plans submitted and inspected by 30 June 2014 | Building plans were submitted, inspected and an inspection log book on approved building plans   | N/A                     | N/A                   | N/A                    |
| To ensure the capacitation of communities on National Building Regulation | 8 awareness campaigns conducted by 30 June 2014            | None                  | 8 awareness campaigns conducted by 30 June 2014            | National Building Regulations and Building Standards Act Awareness Campaigns were conducted as follow:<br>ward 1 on 20 March 2014,<br>ward 4 on 27 March 2014,<br>ward 6 on 24 June 2014,<br>ward 8 on 23 June 2014,<br>Ward 7 on 29 November 2013, Ward 1 on 18 December 2013 | N/A                     | N/A                   | N/A                    |

### 3.11 LOCAL ECONOMIC DEVELOPMENT

The Local Economic Development Strategy of the municipality is still in a draft format and will be tabled before Council for approval; this is through the assistance of the Lejweleputswa District Municipality. The LED function includes Infrastructural Development, Informal Trade and by-laws, rural development, Identification, upgrading and establishment of tourism facilities and tourism sector plans.

Local economic development is a dynamic and sustainable process, which creates wealth and raises living standards in the local municipality area. This has a number of spinoffs, including increased entrepreneurial and business activity, as well as the improved access to resources and basic services.

The Municipality is committed to transforming the local economic development, a number of forums to serve as a vehicle has been established to assist in orchestrating the needs of residents through LED.

The municipality through its LED Division is continuously supporting the second economy through .

- increasing the business and entrepreneurial activities of emerging businesses and informal traders;
- SMME development and co-operative support; and bidding trainings are afforded.

The main function of economic planning/development within the Municipality is to ensure the following:-

#### **Economic growth and development**

- To create a conducive and enabling environment for economic growth,
- To stimulate sectors that promotes economic growth and job creation

#### **Business support**

- To support and grow new and existing businesses
- To promote broad-based economic empowerment

## ECONOMICALLY ACTIVE

| Ward   | Employed |        | Unemployed |        | Discouraged work-seeker |        | Other not economically active |        | Age less than 15 years |        | Not applicable |        |
|--------|----------|--------|------------|--------|-------------------------|--------|-------------------------------|--------|------------------------|--------|----------------|--------|
|        | Male     | Female | Male       | Female | Male                    | Female | Male                          | Female | Male                   | Female | Male           | Female |
| Ward 1 | 369      | 282    | 252        | 450    | 192                     | 252    | 435                           | 639    | -                      | -      | 1038           | 1068   |
| Ward 2 | 318      | 249    | 348        | 384    | 138                     | 216    | 438                           | 624    | -                      | -      | 918            | 1068   |
| Ward 3 | 480      | 393    | 330        | 405    | 66                      | 141    | 792                           | 1131   | -                      | -      | 1233           | 1347   |
| Ward 4 | 948      | 513    | 450        | 696    | 102                     | 213    | 564                           | 864    | -                      | -      | 1446           | 1659   |
| Ward 5 | 2130     | 849    | 75         | 192    | 18                      | 150    | 387                           | 1080   | -                      | -      | 1260           | 1140   |
| Ward 6 | 519      | 324    | 204        | 291    | 120                     | 186    | 798                           | 1017   | -                      | -      | 1095           | 1185   |
| Ward 7 | 543      | 441    | 246        | 330    | 171                     | 243    | 603                           | 831    | -                      | -      | 1005           | 1086   |
| Ward 8 | 882      | 453    | 204        | 315    | 57                      | 99     | 651                           | 870    | -                      | -      | 1044           | 1083   |

Stats SA-Census 2011

## INCOME LEVELS

| Ward   | R 1 - R 800 | R 801 - R 3 200 | R 3 201 - R 12 800 | R 12 801 - R 51 200 | R 51 201 - R 204 800 | R 204 801 or more | No income |
|--------|-------------|-----------------|--------------------|---------------------|----------------------|-------------------|-----------|
| Ward 1 | 1923        | 813             | 105                | 30                  | 3                    | -                 | 2016      |
| Ward 2 | 1653        | 747             | 147                | 21                  | -                    | 3                 | 2067      |
| Ward 3 | 2121        | 1335            | 282                | 36                  | 3                    | -                 | 2430      |
| Ward 4 | 2424        | 1263            | 528                | 159                 | 15                   | 3                 | 2643      |
| Ward 5 | 1842        | 2361            | 216                | 99                  | 36                   | 12                | 2268      |
| Ward 6 | 2028        | 921             | 123                | 24                  | 6                    | -                 | 2460      |
| Ward 7 | 1638        | 1098            | 267                | 57                  | -                    | -                 | 2238      |
| Ward 8 | 1572        | 978             | 363                | 135                 | 18                   | 15                | 1845      |

Stats SA-Census 2011

| Local Economic Development Service Policy Objectives Taken From IDP                      |   |                       |   |   |                         |                       |                        |
|--|---|-----------------------|---|---|-------------------------|-----------------------|------------------------|
| Service Objectives<br><br><i>Service Indicators</i><br><br>(i)                           | Outline Service Targets<br><br>(ii)               | 2013/14               |   |   | 2012/13                 |                       |                        |
|  |   | Target                |   | Actual  | Target                  |                       |                        |
|  |   | *Previous Year<br>(v) | *Current Year<br>(vi)                             |   | *Current Year<br>(viii) | *Current Year<br>(ix) | *Following Year<br>(x) |
| Service Objective local economic development   |   |                       |   |   |                         |                       |                        |
| Establishment of LED Forum   | LED Forum established 31 December 2013            | No LED Forum          | LED Forum established 31 December 2013            | LED Forum has not yet been established.   | N/A                     | N/A                   | N/A                    |
| Formalize the Tikwana / Hoopstad commonage committee and functionality of such committee | 4 Quarterly meeting held by 30 June 2014          | None                  | 4 Quarterly meeting held by 30 June 2014          | 3 Meetings were held to formalize the commonage functionality on 17/09/2013 and 03/12/2013 and 21/05/2014                       | N/A                     | N/A                   | N/A                    |
| To reduce unemployment rate within the Municipal Area                                    | 400 jobs created by 30 June 2014                  | None                  | 400 jobs created by 30 June 2014                  | List of people employed has been submitted for different projects   | N/A                     | N/A                   | N/A                    |
| Promote SMME development   | 1 Workshop on CIDB by 31 September 2013           | None                  | 1 Workshop on CIDB by 31 September 2013           | 2 Workshops of CIDB for Emerging Contractors were conducted on 20 and 25 September 2013   | N/A                     | N/A                   | N/A                    |
| Promote SMME development   | 1 Workshop by SEDA/FDC on 31 March 2014           | None                  | 1 Workshop by SEDA/FDC on 31 March 2014           | A workshop on "How to start a business" was conducted by SEDA   | N/A                     | N/A                   | N/A                    |
| Involvement and participation of youth in Agricultural projects                          | 20 Youth in Agricultural projects by 30 June 2014 | None                  | 20 Youth in Agricultural projects by 30 June 2014 | MoU has been signed with the Department of Social Development and Lekoko Poultry Farming Agricultural Cooperative Limited (NGO) | N/A                     | N/A                   | N/A                    |

|                             |   |      |   |   |     |     |     |
|-----------------------------|---|------|---|---|-----|-----|-----|
| Development of LED Strategy | 1 Approved LED Strategy by 30 June 2014 | None | 1 Approved LED Strategy by 30 June 2014 | The municipality has developed the LED Strategy and has been workshopped to different stakeholders. | N/A | N/A | N/A |
|-----------------------------|---|------|---|---|-----|-----|-----|



## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.12 COMMUNITY FACILITIES

The municipality prioritizes the provision of community and social services to all residents of Tswelopele through municipal libraries and community halls. However on this category the municipality only provides for the maintenance of library premises and community halls. Community halls are rented out to communities at a fee and libraries are accessible to all.

| EMPLOYEES: Libraries; Community Halls and Sports Facilities |               |           |               |                                      |                                      |
|---|---------------|-----------|---------------|--------------------------------------|--------------------------------------|
| Job level   | 2012/13       | 2013/14   |               |                                      |                                      |
|   | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies ( as a % of total posts) % |
| 0 -3  | 13            | 13        | 13            | 1                                    | 7,14%                                |
| 4 -6  | 0             | 0         | 0             | 0                                    | 0                                    |
| 7 -9  | 0             | 0         | 0             | 0                                    | 0                                    |
| 10 -12  | 1             | 1         | 1             | 0                                    | 0                                    |
| 13 -15  | 0             | 0         | 0             | 0                                    | 0                                    |
| 16 -18  | 0             | 0         | 0             | 0                                    | 0                                    |
| 19 -20  | 0             | 0         | 0             | 0                                    | 0                                    |
| <b>Total</b>  | <b>14</b>     | <b>14</b> | <b>14</b>     | <b>1</b>                             | <b>7,14%</b>                         |

### 3.13 CEMETERIES AND CREMATORIUMS

Tswelopele Municipality does not own or provide crematorium facilities and services. The Municipality is committed to creating and maintaining landscaped cemeteries in a sustainable, clean and safe environment. The main activities are to ensure that there is landscaping and maintenance of cemeteries.

| EMPLOYEES: Cemeteries & Crematoriums |                  |              |                  |   |   |
|--------------------------------------|------------------|--------------|------------------|---|---|
| Job level                            | 2012/13          | 2013/14      |                  |   |   |
|                                      | Employees<br>No. | Posts<br>No. | Employees<br>No. | Vacancies<br>(fulltime<br>equivalents)<br>No. | Vacancies ( as<br>a % of total<br>posts)<br>% |
| 0 -3                                 | 25               | 25           | 24               | 1   | 4,87 %  |
| 4 -6                                 | 5                | 5            | 4                | 0   | 0   |
| 7 -9                                 | 1                | 1            | 1                | 0   | 0   |
| 10 -12                               | 0                | 0            | 0                | 0   | 0   |
| 13 -15                               | 0                | 0            | 0                | 0   | 0   |
| 16 -18                               | 0                | 0            | 0                | 0   | 0   |
| 19 -20                               | 0                | 0            | 0                | 0   | 0   |
| Total                                | 41               | 41           | 39               | 2   | 4,87 %  |

## COMPONENT G: SECURITY AND SAFETY

### 3.14 TRAFFIC MANAGEMENT

Tswelopele Local Municipality has only four traffic officers (peace officers). Their function also includes law enforcement and traffic. The municipality is responsible for ensuring the safety and security of all residents, the business community and municipal properties. Joint operations are conducted with South African Police Services as the municipality does not provide any municipal police services. The services provided by the Municipality are Road traffic management. In fulfilling their responsibilities, the institution is required to ensure compliance with prescribed acts, regulations and by-laws.

| TRAFFIC AND LAW ENFORCEMENT DATA |  |              |            |
|----------------------------------|--|--------------|------------|
|                                  | Details  | 2013/14      |            |
|                                  |  | Estimate No. | Actual No. |
| 1                                | Number of road traffic accidents during the year           | 7            | 8          |
| 2                                | Number of by-law infringements attended                    | 600          | 747        |
| 3                                | Number of traffic officers in the field on any average day | 4            | 4          |
| 4                                | Number of traffic officers on duty on an average day       | 2            | 4          |

| Traffic Service Policy Objectives Taken From IDP    |   |                      |   |   |               |               |                 |
|---|---|----------------------|---|---|---------------|---------------|-----------------|
| Service Objectives<br><br><i>Service Indicators</i> | Outline Service Targets                               | 2013/14              |   |   | 2012/13       |               |                 |
|   |   | Target               |   | Actual  | Target        |               |                 |
|   |   | *Previous Year       | *Current Year   |   | *Current Year | *Current Year | *Following Year |
| (i)   | (ii)  | (v)                  | (vi)  | (vii)   | (viii)        | (ix)          | (x)             |
| <b>Service Objective Traffic</b>                    |   |                      |   |   |               |               |                 |
| Promote Road Safety                                 | 4 awareness campaigns held by 30 June 2013            | 4 Per financial year | 4 awareness campaigns held by 30 June 2013            | Four Crime Prevention Awareness campaigns were conducted:<br>1. Korea Open space (Tikwana) on 30 April 2014<br>2. Jam Alley Sport ground on 31 March 2014,<br>3. Magakajane Primary School 12 November 2013<br>4. Tlamanang Primary on 18 September 2013. | N/A           | N/A           | N/A             |
| Promote Road Safety                                 | 4 reports on crime prevention by 30 June 2014         | 4 Per financial year | 4 reports on crime prevention by 30 June 2014         | A report to council on Crime Prevention Awareness at Magakajane Primary, Phahameng on November 2013, Jam Alley Sports Ground on March 2014, Open Space Ground and France next to Relekile School Hoopstad April 2014                                      | N/A           | N/A           | N/A             |
| Promote Road Safety                                 | 8 Road safety awareness campaign held by 30 June 2014 | 4 Per financial year | 8 Road safety awareness campaign held by 30 June 2014 | Road safety awareness conducted at Thoriso, Tlamanang hoopstad November 2013. Ntuthuzelo, Hartbeesdrai, Boomplas and MC Grathspark Primary School January 2014. Sekgweng Intermediate and Hanover   | N/A           | N/A           | N/A             |

|                     |  |                        |  |   |     |     |     |
|---------------------|--|------------------------|--|---|-----|-----|-----|
|                     |  |                        |  | Public School June 2014   |     |     |     |
| Promote Road Safety | 600<br>summons/notices served by 30<br>June 2014 | 600<br>Summons/notices | 600<br>summons/notices served by<br>30 June 2014 | <p>Notices have been issued by the traffic officers. Traffic Officers conducted a joint operations with Nala Traffic Officers as well as Tokologo Traffic Officers on the 7th of December 2013 in Hoopstad and on the 20th of December 2013 in Bultfontein</p> <p>-Tswelopele Traffic Officers conducted a roadblock with South African Police Services and Provincial Traffic Officers on the 30th of December 2013.</p> | N/A | N/A | N/A |

### 3.15 FIRE

The Municipality is committed to substantially reduce the loss of life and the destruction of property by fire, through the promotion of fire safety awareness campaigns in the community. The municipality maintained that the educational fire safety awareness programmes are conducted in the communities.

The municipality does not have the disaster management center; therefore the services of the District Municipality are frequently requested in incidents of any disaster related. Firefighting services requires emergency vehicles and equipment. However, due to budgetary constraints the municipality does not have these and other mechanisms will have to be explored through other means of funding.

| Fire Service Policy Objectives Taken From IDP       |   |                       |   |  |                         |                       |                        |
|---|---|-----------------------|---|--|-------------------------|-----------------------|------------------------|
| Service Objectives<br><br><i>Service Indicators</i> | Outline Service Targets   | 2013/14               |   |  | 2012/13                 |                       |                        |
|   |   | Target                |   | Actual   | Target                  |                       |                        |
|   |   | *Previous Year<br>(v) | *Current Year<br>(vi)   |  | *Current Year<br>(viii) | *Current Year<br>(ix) | *Following Year<br>(x) |
| (i)   | (ii)  |                       |   | (vii)  |                         |                       |                        |
| <b>Service Objective Fire</b>                       |   |                       |   |  |                         |                       |                        |
| Promote Road Safety                                 | 2 fire awareness campaigns held by 30 June 2014                                 | None                  | 2 fire awareness campaigns held by 30 June 2014                                 | Structural Fire Awareness at Nelson Mandela Drive Hoopstad June 2014, 24 October 2013. Structural and veld fires awareness campaign conducted for community at ward 6 and 8 Tikwana Township. Also conducted at Schools 10 June 2014. Structural fire awareness campaign also conducted at Phahameng Community Hall on November 2013       | N/A                     | N/A                   | N/A                    |
| Conduct Fire Awareness campaigns                    | 2 fire awareness campaigns by 30 June 2014 (8 at Schools and 4 to the Community | 4 Fire awareness      | 2 fire awareness campaigns by 30 June 2014 (8 at Schools and 4 to the Community | The following Fire Awareness campaigns were held:<br>Campaigns held at schools<br>1. Tlamanang Primary School (24 April 2013) (18 October 2013)<br>2. Ikgwantlille Primary School (25 April 2013)<br>3. Somerville Farm School (30 April 2013)<br>4. Vetrivier Farm School (30 April 2013)<br>5. McGraths Park Farm School (30 April 2013) |                         |                       |                        |

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  | 6. Thoriso Primary School (24 April 2013)<br>7. Rainbow High School (09 May 2013)<br>8. Phahameng Hall (21 May 2013)<br>9. Volla Farm School (29 October 2013)<br><br>Campaigns held to the Community<br>1. Phahameng Extension 7 (19 September)<br>2. Phahameng Extension 8 (19 September)<br>3. Stadium Phahameng (19 October 2013)<br>4. Phola Creche (19 October 2013) |  |  |  |
|--|--|--|--|--|--|--|--|

### 3.16 DISASTER MANAGEMENT

Disaster management is a continuous and integrated and multi-disciplinary process of planning and implementing measures aimed at disaster prevention, mitigation, preparedness, response, recovery and rehabilitation (Disaster Management Act, 2002).

With sufficient budget provision any disaster related response should be covered within the normal budgetary provisions. The municipality frequently experience flooding and as a result the disaster relief must be implemented.

Other initiatives to reduce identified priority risks needs to be developed such as:

- Risk reduction-related projects and initiatives (Awareness Campaigns)
- Sectoral incorporation of disaster management programmes and initiatives into the activities of other organs of state. IGR should be the leading structure in ensuring the incorporation.



## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### INTRODUCTION TO CORPORATE POLICY OFFICES.

We communicate all policies and procedures approved by Council to personnel. This enables the employees to understand and in the execution of internal control objectives, process and responsibilities

We establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities. Approved policies and procedures are sent via group email to all employees.

### 3.17 EXECUTIVE AND COUNCIL

Tswelopele is a collective type municipality. Council structures are as follows: Exco, Section 80 Committees, Ward Committees. Etc. Committees are accountable to the Speaker. Staff is as follows: Office Manager / PPO, Secretary and Driver.

In the Republic, the legislative authority of the local sphere of government is vested in the Municipal Council. The legislative and executive authority of a municipality is vested in its municipal council. Municipal Council resolutions and recommendations are implemented. The municipal council exercise oversight authority over the executive actions of the mayor and the municipal manager in terms of delegated authority.

Sections 11 of MSA, enjoins a council to monitor municipal services, monitor the impact and effectiveness of services, policies, programmes and plans. Section 40 enjoins the council to monitor and review the council's performance management systems of specific responsibilities.

Section 80 Committees were established for the effective and efficient performance of any of its functions or the exercise of any of its powers. All vacancies are filled and in the Office of the Speaker. We have Manager in the Office of the Speaker who is responsible for public participation and managing the office and the driver to the Speaker. The Public Participation Officer is responsible to ensure the community becomes involved in the affairs of the municipality. In the office of the Mayor we have PA to the Mayor who is responsible for day to day running of the Mayor's office, Special Programmes Officer responsible for transversal issues, Youth Development Officer responsible for youth programmes.

## INTRODUCTION TO EXECUTIVE AND COUNCIL

Tswelopele is a collective type municipality. Council structures are as follows: Exco, section 80 committees, ward committees. etc. Committees are accountable to the Speaker. Staff is as follows: Office Manager / PPO, Secretary and Driver.

In the Republic, the legislative authority of the local sphere of government is vested in the Municipal Council. The legislative and executive authority of a municipality is vested in its municipal council. Municipal Council resolutions and recommendations are implemented. The municipal council exercise oversight authority over the executive actions of the mayor and the municipal manager in terms of delegated authority.

Sections 11 of MSA, enjoins a council to monitor municipal services, monitor the impact and effectiveness of services, policies, programmes and plans. Section 40 enjoins the council to monitor and review the council's performance management systems of specific responsibilities.

| Executive and Council Service Policy Objectives Taken From IDP  |   |  |   |   |               |               |                 |
|---|---|--|---|---|---------------|---------------|-----------------|
| Service Objectives<br><br><i>Service Indicators</i>   | Outline Service Targets   | 2013/14  |   | 2012/13   |               |               |                 |
|   |   | Target   | Actual  | Target  | Actual        |               |                 |
|   |   | *Previous Year   | *Current Year   |   | *Current Year | *Current Year | *Following Year |
| (i)   | (ii)  | (v)  | (vi)  | (vii)   | (viii)        | (ix)          | (x)             |
| <b>Service Objective executive and council</b>  |   |  |   |   |               |               |                 |
| Develop 2013/2014 annual calendar for council ; Exco; Council Committees (section 79) and Exco (section 80) committee meetings and submit to council for approval | 1 Annual Calendar by 31 September 2013  | Annual calendar was developed and approved   | 1 Annual Calendar by 31 September 2013  | Schedule of Council meetings was prepared and submitted to Council for approval on 21 November 2013 | N/A           | N/A           | N/A             |
| Documentation of and for meetings are prepared and distributed as prescribed  | 100% notices and agendas dispatched within 48 hours prior the commencement of the meeting concerned by 30 June 2014 | 100% Notices and agendas distributed within 48hours prior to the commencement of the meeting concerned | 100% notices and agendas dispatched within 48 hours prior the commencement of the meeting concerned by 30 June 2014 | All notices and agendas for council and committees have been distributed as per the meeting.        | N/A           | N/A           | N/A             |
| Dispatching correspondence to everyone affected by Council; Exco and Management decisions   | 100% Correspondence Dispatched to employees by 30 June 2014   | 100% Correspondences dispatched  | 100% Correspondence Dispatched to employees by 30 June 2014   | Minutes of Council are dispatched to all managers after every council sitting                       | N/A           | N/A           | N/A             |

### 3.18 FINANCIAL SERVICES

| Income  | R '000 | Original Budget | Adjustment Budget | Actual    | Variance - Budget | Variance - Adj Budget |
|---|--------|-----------------|-------------------|-----------|-------------------|-----------------------|
| Grants  |        | R 94,308        | R 94,308          | R 97,927  | 3.84%             | 3.84%                 |
| Property Rates                                  |        | R 3,485         | R 3,485           | R 11,123  | 219.17%           | 219.17%               |
| Property Rates - Penalties & Collection Charges |        | R 600           | R 600             | R 691     | 15.17%            | 15.17%                |
| Service Charges - Electricity Revenue           |        | R 21,703        | R 21,703          | R 20,148  | -7.16%            | -7.16%                |
| Service Charges - Water Revenue                 |        | R 5,312         | R 5,312           | R 4,539   | -14.55%           | -14.55%               |
| Service Charges - Sanitation Revenue            |        | R 4,893         | R 4,893           | R 5,231   | 6.91%             | 6.91%                 |
| Service Charges - Refuse Revenue                |        | R 2,763         | R 2,763           | R 3,506   | 26.89%            | 26.89%                |
| Rental of Facilities and Equipment              |        | R 625           | R 316             | R 290     | -53.60%           | -8.23%                |
| Other Income                                    |        | R 2,321         | R 2,348           | R 2,563   | 10.43%            | 9.16%                 |
| Total Income                                    |        | R 136,010       | R 135,728         | R 145,945 |                   |                       |
|   |        |                 |                   |           |                   |                       |
| Expenditure                                     |        |                 |                   |           |                   |                       |
| Employee related Costs                          |        | R 43,516        | R 40,128          | R 44,866  | 3.10%             | 11.81%                |
| Remuneration of Councillors                     |        | R 4,859         | R 4,859           | R 4,175   | -14.08%           | -14.08%               |
| Debt impairment                                 |        | R 2,501         | R 2,501           | R 16,533  | 561.06%           | 561.06%               |
| Depreciation and Asset Impairment               |        | R 0             | R 0               | R 20,157  |                   |                       |
| Finance Charges                                 |        | R 2,107         | R 2,107           | R 4,027   | 91.12%            | 91.12%                |
| Bulk Purchases                                  |        | R 21,750        | R 23,200          | R 32,030  | 47.26%            | 38.06%                |
| Other Material                                  |        | R 5,782         | R 5,812           | R 4,501   | -22.15%           | -22.56%               |
| Transfers and Grants                            |        | R 4,600         | R 0               | R 0       | -100.00%          |                       |
| Other Expenditure                               |        | R 22,007        | R 30,799          | R 22,271  | 1.20%             | -27.69%               |
| Loss on Disposal of PPE                         |        | R 0             |                   |           |                   |                       |
| Total Expenditure                               |        | R 107,122       | R 109,406         | R 148,560 | 38.68%            | 35.79%                |
| Surplus/(Deficit)                               |        | R 28,888.00     | R 26,322.00       | R -2,615  |                   |                       |

| Financial Service Policy Objectives Taken From IDP                     |  |  |  |  |               |               |                 |
|--|--|--|--|--|---------------|---------------|-----------------|
| Service Objectives<br><br><i>Service Indicators</i>                    | Outline Service Targets  | 2013/14  |  |  | 2012/13       |               |                 |
|  |  | Target   |  | Actual   | Target        |               |                 |
|  |  | *Previous Year   | *Current Year  |  | *Current Year | *Current Year | *Following Year |
| (i)  | (ii)   | (v)  | (vi)   | (vii)  | (viii)        | (ix)          | (x)             |
| <b>Service Objective financial</b>                                     |  |  |  |  |               |               |                 |
| To achieve an unqualified Audit Opinion for the 2013/14 financial year | 100% queries as raised by AG by 30 June 2014   | 100% Responses to AG Queries during 2012/13 financial year | 100% queries as raised by AG by 30 June 2014   | All audit queries have been responded to and an action plan subsequently developed to address the deficiencies identified. | N/A           | N/A           | N/A             |
| Ensure that the tariffs of the Municipality are cost reflective        | Submit Nersa D-Forms by 31 October 2013 and Application for Tariff increases (D7) by 31 January 2014 | D Forms were submitted timeously                           | Submit Nersa D-Forms by 31 October 2013 and Application for Tariff increases (D7) by 31 January 2014 | The completed D-Forms have submitted to NERSA for tariff increases   | N/A           | N/A           | N/A             |
| No over-expenditure on approved budget                                 | 100% spent on the 2013/14 budget (no over spending on votes: cash items)                             | Over-expenditure reported on Budget                        | 100% spent on the 2013/14 budget (R 1 781 896 unauthorized )   | Budget expenditure movement report attached reflects no over spending on votes-cash items                                  | N/A           | N/A           | N/A             |
| Submit MSIG activity plan to COGTA                                     | Submit Activity plan by the 31st March 2014 to CoGTA   | MSIG activity Plan was submitted timeously                 | Submit Activity plan by the 31st March 2014 to CoGTA   | The MSIG Activity Plan has been submitted to COGTA as per the attached e-mail sent.  | N/A           | N/A           | N/A             |

|   |  |   |  |   |     |     |     |
|---|--|---|--|---|-----|-----|-----|
| Submit FMG activity plan to National Treasury   | Submit Activity plan by the 30th April 2014 to National Treasury | FMG activity Plan was submitted timeously                                   | Submit Activity plan by the 30th April 2014 to National Treasury | The MSIG Activity Plan has been submitted to Treasury as per the attached e-mail sent.  | N/A | N/A | N/A |
| 100% Expenditure on Grants as per the Conditions Set out in DoRA (No under-expenditure on Grants) | 100% Expenditure on Grants as per DoRA conditions                | 100% Expenditure on Grants as per the Conditions of DoRA reported           | 100% Expenditure on Grants as per DoRA conditions                | FMG, MIG, MSIG and EPWP grants have been spent 100%                                     | N/A | N/A | N/A |
| Update the Conditional Grant Register on a Monthly Basis  | 12 times : Grants Register updated on a monthly basis            | The Conditional Grants Register was updated at the end of the Fin Year      | 12 times : Grants Register updated on a monthly basis            | Grant register has been updated and reconciled  | N/A | N/A | N/A |
| Submit AFS timeously (i.e. Before 31st August 2013)   | AFS Submitted on the 31st August 2013                            | AFS were submitted on the 31 <sup>st</sup> August 2012                      | AFS Submitted on the 31st August 2013                            | The Annual Financial Statements have been prepared for the year that ended 30 June 2013 | N/A | N/A | N/A |
| Maintain and Update FAR on an asset management module   | 2 Updates of the FAR on a quarterly basis                        | FAR only updated on year end on an excel spread sheet                       | 2 Updates of the FAR on a quarterly basis                        | FAR updates have been conducted   | N/A | N/A | N/A |
| To compile the annual budget according to the MFMA and relevant legislation                       | Draft annual budget tabled to Council by 29 March 2014           | 2012-13 draft annual budget compiled and tabled to Council by 18 March 2013 | Draft annual budget tabled to Council by 29 March 2014           | Draft annual budget tabled to Council for consideration                                 | N/A | N/A | N/A |

|  |  |  |  |   |     |     |     |
|--|--|--|--|---|-----|-----|-----|
| To compile the annual budget according to the MFMA and relevant legislation                | Final Budget Approved on the 30th May 2014   | 2012-13 Final annual budget was approved by the 31 <sup>st</sup> May 2013  | Final Budget Approved on the 30th May 2014   | Final approved budget has been submitted to Council   | N/A | N/A | N/A |
| Review the financial management and budget related policies                                | 10 policies submitted and approved by council by 31 March 2014   | Draft financial management and budget related policies were not submitted to Council during 2012-2013 Financial year | 10 policies submitted and approved by council by 31 March 2014   | Financial management and budget related policies tabled to Council for approval.              | N/A | N/A | N/A |
| Compile MFMA Section 72 and Submit to National and Provincial Treasury by the 25th January | 1 mid-year budget and performance assessment report submitted to the Municipal Manager and Mayor and NT/PT by 25th January | No performance (non-financial) assessment was done (only budget performance)   | 1 mid-year budget and performance assessment report submitted to the Municipal Manager and Mayor and NT/PT by 25th January | Mid-year budget and performance assessment report has been tabled to council in January 2014. | N/A | N/A | N/A |
| To compile the annual budget according to the MFMA and relevant legislation                | 1 adjustment budget compiled and submitted to the Municipal Manager and Mayor/Council by 28 February 2014                  | Adjustment budget was compiled   | 1 adjustment budget compiled and submitted to the Municipal Manager and Mayor/Council by 28 February 2014                  | The adjustment budget has been compiled and submitted to Council.                             | N/A | N/A | N/A |

|   |  |   |  |   |     |     |     |
|---|--|---|--|---|-----|-----|-----|
| Pay all the creditors on or before due date   | 100% of the creditors paid within 30 days after receiving the relevant /correct statement or invoice | 95%   | 100% of the creditors paid within 30 days after receiving the relevant /correct statement or invoice | Creditors have been paid within 30 days as per the list of creditors however money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA | N/A | N/A | N/A |
| Timeously pay all salaries and third parties payment relating to salaries as per the council resolution of the Municipality | Timeous payment of salaries and salary related deductions paid to the relevant authorities           | Salaries were paid on or before the 25 <sup>th</sup> of every month | Timeous payment of salaries and salary related deductions paid to the relevant authorities           | Salaries are paid by 25th of each month or the last working day before the 25th and deductions paid by the 7th of each month  | N/A | N/A | N/A |
| Implement a fully functional electronic creditors module  | 100% creditors paid electronically (EFT) by 30 June 2014   | Not fully implemented   | 100% creditors paid electronically (EFT) by 30 June 2014   | Creditors were paid using the Electronic Creditors Module however the creditors module was not operational during the year.   | N/A | N/A | N/A |
| Prepare and update on a monthly basis expenditure classification register   | The register to be updated on within 10 working days after the                                       | The register is kept but not having the full details                | The register to be updated on within 10 working days after the                                       | Unauthorized, Irregular, Fruitless and Wasteful expenditure register has been compiled  | N/A | N/A | N/A |
| Appointment of banking institution  | Banking tender awarded by 31 March 2014  | The banking tender has not been advertised over the last 5 years    | Banking tender awarded by 31 March 2014  | Primary Bank Account of the Municipality form has been submitted to Treasury for opening or changing bank account in line with MFMA 56 of 2003.   | N/A | N/A | N/A |
| Procure asset management software as per the regulations of Supply Chain Management   | Asset management software procured by 30   | Current the asset register is maintained in MS Excel                | Asset management software procured by  | Information submitted   | N/A | N/A | N/A |



|  |  |  |  |  |     |     |     |
|--|--|--|--|--|-----|-----|-----|
|  | December 2013  | spreadsheet  | 30 December 2013   |  |     |     |     |
| Develop revenue enhancement strategy   | 1 revenue enhancement strategy by 31 March 2014          | No revenue enhancement strategy  | 1 revenue enhancement strategy by 31 March 2014          | Revenue enhancement strategy developed                             | N/A | N/A | N/A |
| Issue service account on a monthly basis   | 12 monthly service accounts issued to consumers          | Accounts were send to consumers on a monthly basis                           | 12 monthly service accounts issued to consumers          | Service accounts are issued to consumers by project worker monthly | N/A | N/A | N/A |
| Write of bad and irrecoverable debts   | List of bad debts submitted to Council by 31 August 2012 | Bad debt write off list was submitted to Council during August 2012          | List of bad debts submitted to Council by 31 August 2012 | List of bad debts has been prepared.                               | N/A | N/A | N/A |
| Prepare and put the new valuation roll into the financial system                                     | New valuation roll to be in the system by 25 July 2013   | The billing was based on 2009 valuation roll                                 | New valuation roll to be in the system by 25 July 2013   | The new valuation roll has been included in the system             | N/A | N/A | N/A |
| Compile new valuation roll in line with the provision of Municipal Property Rates Act, act 6 of 2004 | Approve New valuation roll by the 30 January 2014        | The current valuation roll needs to be redone due to deficiencies identified | Approve New valuation roll by the 30 January 2014        | The new valuation roll has been included in the system             | N/A | N/A | N/A |
| Submit on a monthly basis VAT 201 forms to SARS  | 12 returns by the 30th of every month                    | All returns were submitted to SARS   | 12 returns by the 30th of every month                    | VAT returns have been submitted                                    | N/A | N/A | N/A |

|   |   |  |   |   |     |     |     |
|---|---|--|---|---|-----|-----|-----|
| Submit on a monthly basis EMP 201 forms to SARS   | 12 returns submitted by the 7th of every month  | All SARS EMP 201 were submitted to SARS  | 12 returns submitted by the 7th of every month  | EMP201 SARS monthly submissions were made on time                           | N/A | N/A | N/A |
| Financial and performance reporting done in accordance with the applicable legislation        | 3 quarterly reports submitted to the Municipal Manager; Mayor and Council on the implementation of the annual budget and performance assessment | Quarterly reports were not submitted to the Municipal Manager and Mayor                              | 3 quarterly reports submitted to the Municipal Manager; Mayor and Council on the implementation of the annual budget and performance assessment | No information submitted to support the target.                             | N/A | N/A | N/A |
| Financial reporting done in accordance with the applicable legislation (i.e. MFMA section 71) | 12 Section 71 reports submitted by 30 June 2013   | Monthly section 71 reports were submitted to National Treasury, Provincial Treasury and Mayor        | 12 Section 71 reports submitted by 30 June 2013   | 6 Section 71 reports were submitted as per the proof of submission attached | N/A | N/A | N/A |
| Compile the Mid-year Financial Statements for submission to Provincial Treasury               | Mid-year Financial Statements submitted to Treasury by the 15th Feb 2014  | Mid-Year Financial Statements were submitted to Provincial Treasury on the 15 <sup>th</sup> Feb 2014 | Mid-year Financial Statements submitted to Treasury by the 15th Feb 2014  | No information submitted to support the target.                             | N/A | N/A | N/A |

|  |  |  |  |  |     |     |     |
|--|--|--|--|--|-----|-----|-----|
| Submit Budget time-lines council for Approval on the latest 31st August 2013 | Submit Budget timelines for approval to council by 31 August 2013                  | Time table was approved by council on the 31 <sup>st</sup> August 2012 | Submit Budget timelines for approval to council by 31 August 2013                  | Budget timelines were submitted to Council for approval                          | N/A | N/A | N/A |
| Conduct Public consultation processes in line with relevant legislation      | 8 meetings held by 30 June 2014  | 2 Public participation meetings were conducted                         | 8 meetings held by 30 June 2014  | Public participation meetings were conducted as per the programme of meetings    | N/A | N/A | N/A |
| Develop Cellphone and 3G policy as per National Treasury MFMA Circular 67    | 1 Developed Cellphone and 3G Policy by 31 August 2013                              | No Cellphone and 3G Policy   | 1 Developed Cellphone and 3G Policy by 31 August 2013                              | The 3G and Cellphone policy has been developed and is currently in a draft state | N/A | N/A | N/A |
| Develop a policy to identify fruitless, wasteful and irregular expenditure   | 1 Fruitless, wasteful and irregular expenditure policy developed by 30 August 2013 | No Policy to identify fruitless, wasteful and irregular expenditure    | 1 Fruitless, wasteful and irregular expenditure policy developed by 30 August 2013 | The policy has been developed, considered and approved by Council                | N/A | N/A | N/A |
| Develop a policy to identify Commitments                                     | 1 Commitments policy developed by 30 August 2013                                   | No Policy for commitments  | 1 Commitments policy developed by 30 August 2013                                   | Commitment policy has been developed   | N/A | N/A | N/A |
| Development of Audit Action plan   | Audit Action Plan developed by 31 January 2014                                     | Audit Action Plan was developed in January 2013                        | Audit Action Plan developed by 31 January 2014                                     | The detailed municipal audit action plan has been developed                      | N/A | N/A | N/A |

|  |  |   |  |   |     |     |     |
|--|--|---|--|---|-----|-----|-----|
| Compile the register to identify related party transaction   | A policy on Related Parties and by 30 August 2013                                | No policy on related parties  | A policy on Related Parties and by 30 August 2013                                | No information submitted to support the target.   | N/A | N/A | N/A |
| Update the website of Municipality with financial information in line with MFMA section 75                               | Update the Municipal website with the information as outlined in MFMA section 75 | Municipal website not updated   | Update the Municipal website with the information as outlined in MFMA section 75 | No information submitted to support the target.   | N/A | N/A | N/A |
| Submit Municipal Budget Reporting Regulations schedule C to Management and Exco for Cognizance                           | 12 Schedule C reports submitted to council                                       | Schedule C reports not submitted to Exco as per the requirement of MBRR     | 12 Schedule C reports submitted to council                                       | 2 Schedule C reports have been submitted to the Section 79 Finance Committee Meeting  | N/A | N/A | N/A |
| Submit banking details to National, Provincial Treasury and AGSA before the end of Financial Year in a prescribed format | Submit banking details to National, Provincial Treasury and AGSA by June 2014    | Banking details were submitted to all relevant stakeholders as per the MFMA | Submit banking details to National, Provincial Treasury and AGSA by June 2014    | Primary Bank Account of the Municipality form has been submitted to Treasury for opening or changing bank account in line with MFMA 56 of 2003. | N/A | N/A | N/A |
| Conduct workshops on all new policies developed  | 1 Workshop to be conducted for all policies developed                            | 1 workshop held for Travelling and Subsistence Policy                       | 1 Workshop to be conducted for all policies developed                            | No information submitted to support the target.   | N/A | N/A | N/A |
| Develop and Approve procedure manual for salaries related matters  | Existence of the procedure manual by 31 January 2014                             | No procedure manual   | Existence of the procedure manual by 31 January 2014                             | No information submitted to support the target.   | N/A | N/A | N/A |

|  |   |  |   |  |     |     |     |
|--|---|--|---|--|-----|-----|-----|
| Develop and approve payments (SCM) procedure manual    | Procedure manual developed by 30 March 2014   | No procedure manual  | Procedure manual developed by 30 March 2014   | No information submitted to support the target.  | N/A | N/A | N/A |
| Implement electronic funds transfer payment method     | 80% implementation  | Not fully implemented  | 80% implementation  | Creditors were paid using the Electronic Creditors Module                                      | N/A | N/A | N/A |
| Report on implementation of SCM.                       | 3 quarterly reports on the implementation of the SCM policy                         | Report on implementation of SCM not submitted to Mayor / Council | 3 quarterly reports on the implementation of the SCM policy                         | 2 SCM implementation reports have been prepared  | N/A | N/A | N/A |
| Promote transparency on SCM processes                  | 11 reports on contracts above R100 000 made public on municipal website             | Report on Contracts above R100 000.00 was not publicised         | 11 reports on contracts above R100 000 made public on municipal website             | Summary of reports for contracts awarded has been submitted to the National Treasury           | N/A | N/A | N/A |
| Promote transparency with procurement process          | Advert calling for registration of service providers for the 2014-15 financial year | Advert was placed during May 2013 for the 2013-14 financial year | Advert calling for registration of service providers for the 2014-15 financial year | An advert to call on the suppliers for registrations has been published                        | N/A | N/A | N/A |
| Update the SCM Suppliers database on a quarterly basis | 3 quarterly updates   | Updates are being done quarterly                                 | 3 quarterly updates   | The supplier database was updated but not quarterly as applications were received as and when. | N/A | N/A | N/A |
| Hold Departmental meetings on a monthly basis          | 12 BTO departmental meetings held   | Currently no departmental meetings are held                      | 12 BTO departmental meetings held   | 10 Departmental meetings were conducted.   | N/A | N/A | N/A |

|  |  |  |  |   |     |     |     |
|--|--|--|--|---|-----|-----|-----|
| Design and update Municipal Website with relevant information as per section 75 of MFMA                      | To have a new website live by August 2013                              | The municipal website has not been redesigned during this period   | To have a new website live by August 2013                              | The website went live in July 2013:<br>www.tswelopele.gov.za  | N/A | N/A | N/A |
| Report to Mayor/Exco on a quarterly basis on the implementation of credit control and debt management policy | 4 reports on connections; disconnections and re-connection of services | No reports were provided during this period                        | 4 reports on connections; disconnections and re-connection of services | No information submitted to support the target.   | N/A | N/A | N/A |
| Training and development of officials on SCM policy and procurement procedures                               | 3 officials trained on SCM policy and procurement procedure            | No training was conducted on SCM policy and procurement procedures | 3 officials trained on SCM policy and procurement procedure            | Officials from the finance department were trained however there is no record for staff in the SCM division who have attended training. | N/A | N/A | N/A |
| Filling of vacancies with skilled and competent people   | Appointment of staff with relevant skills and competencies             | Critical vacant posts were not filled                              | Appointment of staff with relevant skills and competencies             | Staff with the relevant competencies have been appointed  | N/A | N/A | N/A |
| Train all officials who work with VAT related issues on legislation applicable to VAT                        | One workshop by at least 2 officials by the 30 December 2013           | No training / workshop on VAT                                      | One workshop by at least 2 officials by the 30 December 2013           | No information submitted to support the target.   | N/A | N/A | N/A |

### 3.19 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources function is located within the Department of Corporate Services and is headed by the Director Corporate Services who is accountable to the Municipal Manager. The section serves all Departments of the Municipality as it provides support to Political Office Bearers.

- “ To provide an effective and efficient human resource strategic and administration support through recruitment and selection, administration and conditions of service.
- “ To ensure skilled workforce through skills development and training intervention
- “ To ensure fair representation of the workforce through employment equity initiatives.
- “ To promote a conducive working environment through effective labour relations, good employer/employee relations, provision of a healthy and safe working conditions and employee wellness.

The strength of HR unit was to implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored. The weakness is that the unit is under staffed. The staff under HR unit at the moment is 2 people however, we are expecting to fill the vacancy of HR Officer.

| Human Resource Service Policy Objectives Taken From IDP                        |   |  |   |  |                         |                       |                        |
|--|---|--|---|--|-------------------------|-----------------------|------------------------|
| Service Objectives<br><br><i>Service Indicators</i><br><br>(i)                 | Outline Service Targets<br><br>(ii)                         | 2013/14  |   |  | 2012/13                 |                       |                        |
|  |   | Target   |   | Actual   | Target                  |                       |                        |
|  |   | *Previous Year<br>(v)  | *Current Year<br>(vi)                                       |  | *Current Year<br>(viii) | *Current Year<br>(ix) | *Following Year<br>(x) |
| Service Objective human resources  |   |  |   |  |                         |                       |                        |
| Development of Integrated Human Resource Management Strategy                   | 1 integrated Human resource strategy by 31 September 2013   | No integrated Human resource strategy in place                     | 1 integrated Human resource strategy by 31 September 2013   | The Human Resource Policy Manual was developed and it covers the following areas: (Organizational Design, Recruitment, Transfers, Scarce Skills, Relocation, Labour relations and collective agreement issues) | N/A                     | N/A                   | N/A                    |
| Training and development of officials on SCM policy and procurement procedures | 3 officials trained on SCM policy and procurement procedure | No training was conducted on SCM policy and procurement procedures | 3 officials trained on SCM policy and procurement procedure | Officials from the finance department were trained however there is no record for staff in the SCM division who have attended training.  | N/A                     | N/A                   | N/A                    |
| Filling of vacancies with skilled and competent people                         | Appointment of staff with relevant skills and competencies  | Critical vacant posts were not filled                              | Appointment of staff with relevant skills and competencies  | Staff with the relevant competencies have been appointed   | N/A                     | N/A                   | N/A                    |







|  |  |   |  |  |     |     |     |
|--|--|---|--|--|-----|-----|-----|
| Train all officials who work with VAT related issues on legislation applicable to VAT                  | One workshop by at least 2 officials by the 30 December 2013 | No training / workshop on VAT   | One workshop by at least 2 officials by the 30 December 2013 | No information submitted to support the target.  | N/A | N/A | N/A |
| Organisational review conducted  | 1 revised organogram by 31 September 2013                    | Organogram was reviewed and job description prepared                    | 1 revised organogram by 31 September 2013                    | The organogram and the job descriptions were reviewed  | N/A | N/A | N/A |
| Prepare a Strategic Human Resource Management plan for the municipality to run concurrent with the IDP | 1 Strategic HR Plan developed By 31 September 2013           | Currently no Standalone HR plan, Municipality has an HR Policy in place | 1 Strategic HR Plan developed By 31 September 2013           | The Human Resource Policy Manual was developed and it covers the following areas: (Organizational Design, Recruitment, Transfers, Scarce Skills, Relocation, Labour relations and collective agreement issues) | N/A | N/A | N/A |
| The Municipality complies with the Employment Equity Act 1998 (Act 55 of 1998)                         | 1 Employment Equity plan approved by 31 September 2013       | No Employment Equity Reports  | 1 Employment Equity plan approved by 31 September 2013       | The employment equity plan has been developed and employment equity reports submitted to the Department of Labour  | N/A | N/A | N/A |
| The Municipality complies with the Skills Development Act 1998 (Act 97 of 1998)                        | Skills Audit Conducted by 31 December 2013                   | No skills audit conducted   | Skills Audit Conducted by 31 December 2013                   | Skills audit exercise has been conducted and a report prepared. Skills audit questionnaires have also  | N/A | N/A | N/A |

|   |  |  |  |  |     |     |     |
|---|--|--|--|--|-----|-----|-----|
|   |  |  |  | been submitted   |     |     |     |
| Develop and approve Workplace Skills Plan (WSP)   | 1 Work Skills Plan approved by 31 September 2013 | WSP was submitted, approved and submitted to LG Seta | 1 Work Skills Plan approved by 31 September 2013 | The workplace Skills Plan was approved on 26 June 2013.  | N/A | N/A | N/A |
| Employees undergo training as per the WSP   | 35% of Employees trained by 30 June 2014         | % Attended training as identified on the WSP         | 35% of Employees trained by 30 June 2014         | A total of 38 employees have been trained out of 232 employees, which results at about 16% overall trained employees.  | N/A | N/A | N/A |
| Develop a meeting schedule for the Local Labour Forum   | 1 LLF meeting schedule by 31 September 2013      | Meeting Schedule developed and approved              | 1 LLF meeting schedule by 31 September 2013      | Schedule of meetings has been developed. LFF meetings were also conducted on 14 November 2013 and 18 June 2014.  | N/A | N/A | N/A |
| Ensure that all employees are trained in the SALGBC Disciplinary Collective   | 20 Employees trained by 31 September 2013        | 15 Senior employees attended the training            | 20 Employees trained by 31 September 2013        | The workshop on how to conduct the disciplinary hearings for managers was held and presented by Peakford Management Consultants on 27-28 March 2014, 19 officials attended | N/A | N/A | N/A |
| Ensure full compliance with the provisions of the Occupational Health and Safety Act (1993) by advising each department what it should do and the results of non-compliance | 2 Workshops conducted by 30 March 2014           | No workshops conducted                               | 2 Workshops conducted by 30 March 2014           | Health and safety awareness programmes were conducted for employees on 03 and 11 December 2013   | N/A | N/A | N/A |




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

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

##### Strengths

-  Increasing levels of E-Business and electronic commerce via financial systems that we use.
-  Telecommunications infrastructure.
-  Targeting the industry via government studies and initiatives.
-  Increasing computing and Internet diffusion, Privatization of telecommunications industry.

##### Weaknesses

-  Inadequate domestic funding for projects.
-  Inadequate number of workforce involved in ICT.
-  High piracy rates.

The network infrastructure of the municipality had to be upgraded to enable the employee to execute their duties effectively. IT and Telephone management system policies were developed and the controls were put in place by developing the user access forms.

The municipality has gone on tender to get the service provider that will supply the municipality with 4Mbps internet and e-mail speed which will help employees to retrieve their mail faster and furthermore, the procurement of Microsoft volume license and backup server has been sent to SCM.

Currently the IT division has one person responsible for all IT related matters, he manages the network of Tswelopele Local Municipality and all the servers (Domain Controller, Financial Management System, File Management System). He oversees the telephone network equipment and call management to ensure effective internal and external communication. Also liaises with contracted service provider, perform installations, configurations, upgrades and testing of hardware and software and user first line-support.

| ICT Service Policy Objectives Taken From IDP  |  |                               |                                    |  |               |               |                 |
|---|--|-------------------------------|------------------------------------|--|---------------|---------------|-----------------|
| Service Objectives<br><br><i>Service Indicators</i>   | Outline Service Targets                    | 2013/14                       |                                    |  | 2012/13       |               |                 |
|   |  | Target                        |                                    | Actual   | Target        |               |                 |
|   |  | *Previous Year                | *Current Year                      |  | *Current Year | *Current Year | *Following Year |
| (i)   | (ii)                                       | (v)                           | (vi)                               | (vii)  | (viii)        | (ix)          | (x)             |
| Service Objective ICT   |  |                               |                                    |  |               |               |                 |
| Place all documents that affects HR as per the requirements of MFMA section 75 on the Municipal Website | 100% of documents uploaded by 30 June 2014 | Municipal Website not updated | Documents uploaded by 30 June 2014 | Not all information has been uploaded onto the municipal website. Information such as tenders, bids and advertised positions were placed on the website. | N/A           | N/A           | N/A             |
|   |  |                               |                                    |  |               |               |                 |

### 3.21 RISK MANAGEMENT SERVICES

#### RISK MANAGEMENT

The role of Risk Management in the Municipality Is to co-ordinate and offer guidance with regard to the process of managing risks in the Municipality and the following were taken into consideration:

- ✚ By ensuring that there is regular updating of risks on quarterly basis in the risks registers in pursuit of set objectives and improved risk maturity level;
- ✚ By ensuring that there is embedding of risk management culture in the Municipality by the risk owners and other role players; and
- ✚ Ensure that there is functional and effective Risk Management Committee in place to play an oversight role over Risk Management matters.

In terms of the Risk Management Strategy, Risk Management is not a stand-alone function, but is part of the strategic planning, business process and operational activities.

| Risk Management Service Policy Objectives Taken From IDP       |  |  |  |  |                         |                       |                        |
|--|--|--|--|--|-------------------------|-----------------------|------------------------|
| Service Objectives<br><br><i>Service Indicators</i><br><br>(i) | Outline Service Targets<br><br>(ii)  | 2013/14  |  |  | 2012/13                 |                       |                        |
|  |  | Target   |  | Actual   | Target                  |                       |                        |
|  |  | *Previous Year<br>(v)                                    | *Current Year<br>(vi)  | <br>(vii)  | *Current Year<br>(viii) | *Current Year<br>(ix) | *Following Year<br>(x) |
| Service Objective risk management                              |  |  |  |  |                         |                       |                        |
| Review of the municipality's Risk Assessment profile           | Reviewed and approved risk management policy ,strategy & charter by 30 July 2013 | No risk management policy, charter and strategy in place | Reviewed and approved risk management policy ,strategy & charter by 30 July 2013 | The Risk Management Policy, Charter and Strategy have been developed.          | N/A                     | N/A                   | N/A                    |
| Compilation of a risk register for the municipality            | Approved risk Register by 30 July 2013   | No risk register in place                                | Approved risk Register by 30 July 2013   | The Risk Register has been developed   | N/A                     | N/A                   | N/A                    |
| Establishment of a risk management committee                   | 5 members appointed by 30 September 2013   | No risk management committee in place                    | 5 members appointed by 30 September 2013   | 14 Members have been appointed and will serve in the Risk Management Committee | N/A                     | N/A                   | N/A                    |

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD AS AT 30 JUNE 2014

| DEPARTMENT: MUNICIPAL MANAGER OFFICE                 |   |  |                                 |  |   |                            |                    |
|--|---|--|---------------------------------|--|---|----------------------------|--------------------|
| STRATEGIC MANAGER: MANAGER                           |   |  |                                 |  |   |                            |                    |
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014  | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE   | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Review of the municipality's Risk Assessment profile | Review and approval of the audit committee charter and risk profile document on an annual basis | Reviewed and approved risk management policy, strategy & charter by 30 July 2013 | None                            | The Risk Management Policy, Charter and Strategy have been developed.                            | These documents must be submitted to the RMC for recommendation and to Council for approval.  | Partially achieved         | Partially achieved |
| Compilation of a risk register for the municipality  | Review and approval of risk register  | Approved risk Register by 30 July 2013   | None                            | The Risk Register has been developed   | The Risk Register needs to be submitted to the RMC for recommendation   | Achieved                   | Achieved           |
| Establishment of a risk management committee         | Number of members appointed   | 5 members appointed by 30 September 2013   | None                            | 14 Members have been appointed and will serve in the Risk Management Committee                   | None  | Achieved                   | Achieved           |
| Monitoring of risk management implementation         | Number of risk management reports   | 4 Quarterly Risk Management Reports by 30 June 2014                              | None                            | No information submitted to support the target.  | The RMC has been established and will from now on deal with risk management issues as well as preparing the risk management report  | Not achieved               | Not achieved       |
| Functionality of the audit committee                 | Number of meetings held by the audit committee  | 4 quarterly audit committee meetings held by 30 June 2014                        | None                            | 5 Audit Committee Meetings were held on 15/07/13, 26/08/2013, 28/10/2013, 23/04/2014, 30/06/2014 | None  | Achieved                   | Achieved           |
| To have a functional internal audit unit             | Review and approve and approval of policy, charter and risk based plan                          | Reviewed and approved charter, policy and risk based plan by 30 July 2013        | None                            | The charter, policy and risk based plan has been reviewed and approved                           | None  | Achieved                   | Achieved           |
| To have a functional internal audit unit             | Number of reports submitted   | 4 quarterly internal audit report by 30 June 2014                                | None                            | Internal audit quarterly report has been prepared and submitted to the Audit Committee           | The template for the Internal Audit Report to be submitted to the Audit Committee quarterly was approved by the Audit Committee in a meeting held on the 23 April 2014 and will start to be used in the 2014/15 financial year. | Partially achieved         | Partially achieved |

| DEPARTMENT: MUNICIPAL MANAGER OFFICE  |  |  |                                 |  |  |                            |                    |
|---|--|--|---------------------------------|--|--|----------------------------|--------------------|
| STRATEGIC MANAGER: MANAGER  |  |  |                                 |  |  |                            |                    |
| OBJECTIVE   | KEY PERFORMANCE INDICATOR (KPI)  | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014  | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE  | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Roll-out of the Performance Management System   | Signed Performance Agreements of 56/57 Managers                                      | 5 signed performance agreements by 30 July 2013                              | None                            | Performance agreements have been signed by all Directors   | None   | Achieved                   | Achieved           |
| Roll-out of the Performance Management System   | Finalized and Council approved Employee Appraisal System and Performance Framework   | 1 performance management system by 31 December 2013                          | None                            | The PMS Policy Framework has been submitted to the Audit Committee and Council.  | Consultative processes on the PMS Policy needs to unfold   | Partially achieved         | Partially achieved |
| Formalize participation structure of the different stakeholders in terms of the IDP             | Council approved schedule of budget timelines and IDP review process plan            | 1 schedule of budget timelines and IDP review process plan by 30 August 2013 | None                            | The schedule has been approved by Council  | None   | Achieved                   | Achieved           |
| To perform Oversight role and advise Council on governance processes and performance management | Number of reports to Council   | 4 quarterly performance reports to council by 30 June 2014                   | None                            | Section 72 Mid-Year Performance Assessment Report has been submitted to Council and a third & fourth quarter performance report prepared   | Delay in submission of evidence hampers timely submission of performance report                      | Achieved                   | Achieved           |
| Roll out of institutional performance management  | Council approved and credible SDBIP that complies with National Treasury regulations | 1 approved SDBIP by 31 July 2013   | None                            | The SDBIP was approved   | None   | Achieved                   | Achieved           |
| Development of Integrated Human Resource Management Strategy                                    | Integrated Human Resource Management Strategy developed by 31 September 2013         | 1 integrated Human resource strategy by 31 September 2013                    | None                            | The Human Resource Policy Manual was developed and it covers the following areas: (Organizational Design, Recruitment, Transfers, Scarce Skills, Relocation, Labour relations and collective agreement issues) | The organogram was only approved on the 25 Sept 2013 hence the postponement of the HR Plan strategy. | Partially achieved         | Partially achieved |



| DEPARTMENT: BUDGET AND TREASURY OFFICE  |   |  |                                 |  |   |   |                    |
|---|---|--|---------------------------------|--|---|---|--------------------|
| STRATEGIC MANAGER: CHIEF FINANCIAL OFFICER  |   |  |                                 |  |   |   |                    |
| OBJECTIVE   | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014  | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE   | INTERNAL AUDITORS COMMENT'S ACHIEVEMENT | ACHIEVEMENT STATUS |
| To achieve an unqualified Audit Opinion for the 2012/13 financial year                            | Management responses to AG queries relating to Budget and Financial Reporting                               | 100% queries as raised by AG by 30 June 2014   | None                            | All audit queries have been responded to and an action plan subsequently developed to address the deficiencies identified. | None  | Achieved.                               | Achieved           |
| Ensure that the tariffs of the Municipality are cost reflective                                   | Submit Nersa D-Forms and Application for Tariff increases (D7) at the end of 31 January 2014                | Submit Nersa D-Forms by 31 October 2013 and Application for Tariff increases (D7) by 31 January 2014                       | None                            | The completed D-Forms have submitted to NERSA for tariff increases   | None  | Achieved                                | Achieved           |
| No over-expenditure on approved budget  | Year to date spending amount as at 30 June 2013 (excl. non-cash items)                                      | 100% spent on the 2013/14 budget (no over spending on votes: cash items)   | None                            | Budget expenditure movement report attached reflects no over spending on votes-cash items                                  | None  | Achieved.                               | Achieved           |
| Submit MSIG activity plan to COGTA  | Proof of submission of the plan or acknowledgement from COGTA   | Submit Activity plan by the 31st March 2014 to CoGTA   | None                            | The MSIG Activity Plan has been submitted to COGTA as per the attached e-mail sent.  | None  | Achieved                                | Achieved           |
| Submit FMG activity plan to National Treasury   | Proof of submission of the plan or acknowledgement from the CoGTA   | Submit Activity plan by the 30th April 2014 to National Treasury   | None                            | The MSIG Activity Plan has been submitted to Treasury as per the attached e-mail sent.                                     | None  | Achieved                                | Achieved           |
| 100% Expenditure on Grants as per the Conditions Set out in DoRA (No under-expenditure on Grants) | Updated Conditional grant register  | 100% Expenditure on Grants as per DoRA conditions  | None                            | FMG, MIG, MSIG and EPWP grants have been spent 100%  | None  | Achieved                                | Achieved           |
| Update the Conditional Grant Register on a Monthly Basis  | Updated Conditional grant register and a reconciliation performed   | 12 times : Grants Register updated on a monthly basis  | None                            | Grant register has been updated and reconciled   | None  | Achieved                                | Achieved           |
| Submit AFS timeously (i.e. Before 31 <sup>st</sup> August 2013)                                   | Signed AFS and acknowledgement from AG  | AFS Submitted on the 31 <sup>st</sup> August 2013  | None                            | The Annual Financial Statements have been prepared for the year that ended 30 June 2013                                    | None  | Achieved                                | Achieved           |
| Maintain and Update FAR on an asset management module   | Fixed Asset Register updated on an on-going basis in line with GRAP 17                                      | 2 Updates of the FAR on a quarterly basis  | None                            | FAR updates have been conducted  | None  | Achieved                                | Achieved           |
| To compile the annual budget according to the MFMA and relevant legislation                       | Draft 2014-15 annual budget tabled to Council and Council minutes / resolution                              | Draft annual budget tabled to Council by 29 March 2014   | None                            | Draft annual budget tabled to Council for consideration  | None  | Achieved                                | Achieved           |
| To compile the annual budget according to the MFMA and relevant legislation                       | Annual 2014-15 budget approved by Council and Council resolution / minutes pertaining to the budget         | Final Budget Approved on the 30th May 2014   | None                            | Final approved budget has been submitted to Council  | None  | Achieved                                | Achieved           |
| Review the financial management and budget related policies                                       | Draft financial management and budget related policies submitted to Council together with the tabled budget | 10 policies submitted and approved by council by 31 March 2014   | None                            | Financial management and budget related policies tabled to Council for approval.   | None  | Achieved                                | Achieved           |
| Compile MFMA Section 72 and Submit to National and Provincial Treasury by the 25th January        | Acknowledgement of receipt by the Municipal Manager, Mayor and NT/PT  | 1 mid-year budget and performance assessment report submitted to the Municipal Manager and Mayor and NT/PT by 25th January | None                            | Mid-year budget and performance assessment report has been tabled to council in January 2014.                              | None  | Achieved                                | Achieved           |
| To compile the annual budget according to the MFMA and relevant legislation                       | Adjustment budget submission/ Council resolution or minutes on the adjustment budget                        | 1 adjustment budget compiled and submitted to the Municipal Manager and Mayor/Council by 28 February 2014                  | None                            | The adjustment budget has been compiled and submitted to Council.  | None  | Achieved                                | Achieved           |
| Pay all the creditors on or before due date   | Payment of creditors within 30 days   | 100% of the creditors paid within 30 days after receiving the relevant /correct statement or invoice                       | None                            | Creditors have been paid within 30 days as per the list of creditors   | Late submission of invoices / statements leads to late payment of suppliers (as payment cannot be effected without the necessary supporting documentation). | Achieved                                | Achieved           |

| DEPARTMENT: BUDGET AND TREASURY OFFICE<br>STRATEGIC MANAGER: CHIEF FINANCIAL OFFICER  |   |   |                                 |   |   |   |                    |
|---|---|---|---------------------------------|---|---|---|--------------------|
| OBJECTIVE   | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14  | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014   | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE         | INTERNAL AUDITORS COMMENTS ACHIEVEMENT STATUS | ACHIEVEMENT STATUS |
| Timeously pay all salaries and third parties payment relating to salaries as per the council resolution of the Municipality | Salaries and wages paid by the latest 25 <sup>th</sup> of each month  | Timeous payment of salaries and salary related deductions paid to the relevant authorities  | None                            | Salaries are paid by 25th of each month or the last working day before the 25th and deductions paid by the 7th of each month                    | None  | Achieved                                      | Achieved           |
| Implement a fully functional electronic creditors module  | Fully implementation of the electronic creditors module   | 100% creditors paid electronically (EFT) by 30 June 2014  | None                            | Creditors were paid using the Electronic Creditors Module   | None  | Partially Achieved                            | Achieved           |
| Prepare and update on a monthly basis expenditure classification register   | Expenditure classification register   | The register to be updated on within 10 working days after the  | None                            | Unauthorized, Irregular, Fruitless and Wasteful expenditure register has been compiled  | None  | Achieved                                      | Achieved           |
| Appointment of banking institution  | Banking tender awarded to a registered bank and Appointment letter signed by the MM.                                  | Banking tender awarded by 31 March 2014   | None                            | Primary Bank Account of the Municipality form has been submitted to Treasury for opening or changing bank account in line with MFMA 56 of 2003. | None  | Achieved                                      | Achieved           |
| Procure asset management software as per the regulations of Supply Chain Management   | Asset management software procured and installed  | Asset management software procured by 30 December 2013  | None                            | Information submitted   | None  | Partially Achieved                            | Partially Achieved |
| Develop revenue enhancement strategy  | Revenue Enhancement Strategy developed and tabled to Exco / Council / council resolution.                             | 1 revenue enhancement strategy by 31 March 2014   | None                            | Revenue enhancement strategy developed  | None  | Achieved                                      | Achieved           |
| Issue service account on a monthly basis  | Monthly accounts to the consumers / account holders   | 12 monthly service accounts issued to consumers   | None                            | Service accounts are issued to consumers by project worker monthly  | None  | Achieved                                      | Achieved           |
| Write off bad and irrecoverable debts   | Submission list of bad debts to council and council resolution on the write-off                                       | List of bad debts submitted to Council by 31 August 2012  | None                            | List of bad debts has been prepared.  | The list needs to be tabled to Council as per the target. | Achieved                                      | Achieved           |
| Continuously update the indigent register   | credit indigent register updated on a monthly basis   | 12 updates done on the indigent register  | None                            | Updates are conducted on the indigent register  | None  | Achieved                                      | Achieved           |
| Prepare and put the new valuation roll into the financial system  | Billing on property rates done based on the new valuation   | New valuation roll to be in the system by 25 July 2013  | None                            | The new valuation roll has been included in the system  | None  | Achieved                                      | Achieved           |
| Compile new valuation roll in line with the provision of Municipal Property Rates Act, act 6 of 2004                        | Submission of the certified valuation roll by the Valuer  | Approve New valuation roll by the 30 January 2014   | None                            | The new valuation roll has been included in the system  | None  | Achieved                                      | Achieved           |
| Submit on a monthly basis VAT 201 forms to SARS   | Monthly submission of VAT returns to SARS   | 12 returns by the 30 <sup>th</sup> of every month   | None                            | VAT returns have been submitted   | None  | Achieved                                      | Achieved           |
| Submit on a monthly basis EMP 201 forms to SARS   | Monthly submission of PAYE / UIF / SDL returns(EMP201)  | 12 returns submitted by the 7 <sup>th</sup> of every month  | None                            | EMP201 SARS monthly submissions were made on time   | None  | Achieved                                      | Achieved           |
| Financial and performance reporting done in accordance with the applicable legislation                                      | Submission of Quarterly reports and acknowledgement by office of the Municipal Manager                                | 3 quarterly reports submitted to the Municipal Manager, Mayor and Council on the implementation of the annual budget and performance assessment | None                            | No information submitted to support the target.   | No reasons provided                                       | Not Achieved                                  | Not Achieved       |
| Financial reporting done in accordance with the applicable legislation (i.e. MFMA section 71)                               | MFMA section 71 submitted to National and Provincial Treasury and Acknowledgement report from the LG database         | 12 Section 71 reports submitted by 30 June 2013   | None                            | 6 Section 71 reports were submitted as per the proof of submission attached   | None  | Achieved                                      | Achieved           |
| Compile the Mid-year Financial Statements for submission to Provincial Treasury   | Signed mid-year financial statements Submitted to treasury and acknowledgement of receipt                             | Mid-year Financial Statements submitted to Treasury by the 15 <sup>th</sup> Feb 2014  | None                            | No information submitted to support the target.   | No reasons provided                                       | Not Achieved                                  | Not Achieved       |
| Submit Budget time-lines council for Approval on the latest 31 <sup>st</sup> August 2013                                    | Time table Submitted to council and acknowledgement of the budget timelines by the office of the MM / Council minutes | Submit Budget timelines for approval to council by 31 August 2013   | None                            | Budget timelines were submitted to Council for approval   | None  | Achieved                                      | Achieved           |

| DEPARTMENT: BUDGET AND TREASURY OFFICE   |   |   |                                 |   |  |  |                    |
|--|---|---|---------------------------------|---|--|--|--------------------|
| STRATEGIC MANAGER: CHIEF FINANCIAL OFFICER   |   |   |                                 |   |  |  |                    |
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14  | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014   | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE                              | INTERNAL AUDITORS COMMENT'S ACHIEVEMENT STATUS | ACHIEVEMENT STATUS |
| Conduct Public consultation processes in line with relevant legislation  | Public consultation meetings held and Attendance register of the attendees                                      | 8 meetings held by 30 June 2014   | None                            | Public participation meetings were conducted as per the programme of meetings   | None   | Achieved                                       | Achieved           |
| Develop Cellphone and 3G policy as per National Treasury MFMA Circular 67  | Submission and acknowledgement of the policy by the office of the Municipal Manager                             | 1 Developed Cellphone and 3G Policy by 31 August 2013                               | None                            | The 3G and Cellphone policy has been developed and is currently in a draft state  | None   | Achieved                                       | Achieved           |
| Develop a policy to identify fruitless, wasteful and irregular expenditure   | Submission of the policy and acknowledgement by office of the Municipal Manager                                 | 1 Fruitless, wasteful and irregular expenditure policy developed by 30 August 2013  | None                            | The policy has been developed, considered and approved by Council   | None   | Achieved                                       | Achieved           |
| Develop a policy to identify Commitments   | Submission of the policy and acknowledgement by office of the Municipal Manager                                 | 1 Commitments policy developed by 30 August 2013                                    | None                            | Commitment policy has been developed  | None   | Achieved                                       | Achieved           |
| Development of Audit Action plan   | Inclusion of the audit action plan in the annual report of the 2012/13 financial year                           | Audit Action Plan developed by 31 January 2014                                      | None                            | The detailed municipal audit action plan has been developed   | None   | Achieved                                       | Achieved           |
| Compile the register to identify related party transaction   | Submission of the policy and acknowledgement by office of the Municipal Manager                                 | A policy on Related Parties and by 30 August 2013                                   | None                            | No information submitted to support the target  |  | Achieved                                       | Achieved           |
| Update the website of Municipality with financial information in line with MFMA section 75                               | Budget, SDBIP, IDP and any other report as per the legislation uploaded on a municipal website                  | Update the Municipal website with the information as outlined in MFMA section 75    | None                            | No information submitted to support the target  | Compliance with section 75 of the MFMA needs to be maintained                  | Partially Achieved                             | Partially Achieved |
| Submit Municipal Budget Reporting Regulations schedule C to Management and Exco for Cognizance                           | Number of Schedule C reports Submitted to Management and Exco   | 12 Schedule C reports submitted to council  | None                            | 2 Schedule C reports have been submitted to the Section 79 Finance Committee Meeting  | No reasons provided  | Achieved                                       | Achieved           |
| Submit banking details to National, Provincial Treasury and AGSA before the end of Financial Year in a prescribed format | Banking details submitted to National, Provincial Treasury and AGSA at the end of June 2014                     | Submit banking details to National, Provincial Treasury and AGSA by June 2014       | None                            | Primary Bank Account of the Municipality form has been submitted to Treasury for opening or changing bank account in line with MFMA 56 of 2003. | None   | Achieved                                       | Achieved           |
| Conduct workshops on all new policies developed  | Attendance register signed by attendees   | 1 Workshop to be conducted for all policies developed                               | None                            | No information submitted to support the target  | No reasons provided  | Achieved                                       | Achieved           |
| Develop and Approve procedure manual for salaries related matters  | Develop procedures manual for the approval, authorization, withdrawal and payment of funds relating to salaries | Existence of the procedure manual by 31 January 2014                                | None                            | No information submitted to support the target  | No reasons provided  | Not Achieved                                   | Not Achieved       |
| Develop and approve payments (SCM) procedure manual  | Develop payment procedure manual  | Procedure manual developed by 30 March 2014   | None                            | No information submitted to support the target  | No reasons provided  | Not Achieved                                   | Not Achieved       |
| Implement electronic funds transfer payment method   | Implementation of EFT payment method to reduce number of cheques  | 80% implementation  | None                            | Creditors were paid using the Electronic Creditors Module   | None   | Achieved                                       | Achieved           |
| Report on implementation of SCM.   | Quarterly report on the implementation of the SCM policy  | 3 quarterly reports on the implementation of the SCM policy                         | None                            | 2 SCM implementation reports have been prepared   | None   | Partially Achieved                             | Partially Achieved |
| Promote transparency on SCM processes  | Publication of contracts awarded with a value above R100 000  | 11 reports on contracts above R100 000 made public on municipal website             | None                            | Summary of reports for contracts awarded has been submitted to the National Treasury  | None   | Achieved                                       | Achieved           |
| Promote transparency with procurement process  | Call for prospective service providers to register on the database of suppliers                                 | Advert calling for registration of service providers for the 2014-15 financial year | None                            | An advert to call on the suppliers for registrations has been published   | None   | Achieved                                       | Achieved           |
| Update the SCM Suppliers database on a quarterly basis   | Quarterly updates of supplier database on quarterly basis   | 3 quarterly updates   | None                            | The supplier database was updated but not quarterly as applications were received as and when.  | Quarterly updates must be conducted regularly as per the performance indicator | Achieved                                       | Achieved           |

| DEPARTMENT: BUDGET AND TREASURY OFFICE<br>STRATEGIC MANAGER: CHIEF FINANCIAL OFFICER                         |  |  |                                 |   |  |   |                    |
|--|--|--|---------------------------------|---|--|---|--------------------|
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)  | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014   | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE  | INTERNAL AUDITORS COMMENTS ACHIEVEMENT STATUS | ACHIEVEMENT STATUS |
| Hold Departmental meetings on a monthly basis  | Number of the BTO departmental meetings  | 12 BTO departmental meetings held                                      | None                            | 10 Departmental meetings were conducted.  | Departmental meetings must be held as per the schedule   | Partially Achieved                            | Partially Achieved |
| Design and update Municipal Website with relevant information as per section 75 of MFMA                      | New / updated / re-designed municipal website  | To have a new website live by August 2013                              | None                            | The website went live in July 2013. <a href="http://www.tswelopele.gov.za">www.tswelopele.gov.za</a>                                    | Adherence with section 75 of the MFMA must be upheld   | Achieved                                      | Achieved           |
| Procure dustbins for all the households that do not have dust bins   | Procurement of dust bins for   | Procure 440 dust bins by 30 October 2013                               | None                            | 900 Dust bins have been procured by 25/07/2014  | Target deadlines need to be adhered, the target indicates the achievement date for 30/10/2013 however the goods were only procured in 25/07/2014 | Achieved                                      | Achieved           |
| Report to Mayor/Exco on a quarterly basis on the implementation of credit control and debt management policy | Number of quarterly reports to Mayor/Exco on implementation of credit control and debt management policy   | 4 reports on connections, disconnections and re-connection of services | None                            | No information submitted to support the target.   | No reasons provided  | Not Achieved                                  | Not Achieved       |
| Prepare fruitless and wasteful expenditure register  | Ensure that there is expenditure classification for all expenditure incurred by the municipality per month | Fruitless & wasteful register developed per month                      | None                            | No information submitted to support the target.   | No reasons provided  | Achieved                                      | Achieved           |
| Training and development of officials on SCM policy and procurement procedures                               | Number of staff trained on SCM policy and procurement procedures   | 3 officials trained on SCM policy and procurement procedure            | None                            | Officials from the finance department were trained however there is no record for staff in the SCM division who have attended training. | No reasons provided  | Achieved                                      | Achieved           |
| Filling of vacancies with skilled and competent people   | Number of critical positions filled within the -BTO  | Appointment of staff with relevant skills and competencies             | None                            | Staff with the relevant competencies have been appointed  | None   | Achieved                                      | Achieved           |
| Train all officials who work with VAT related issues on legislation applicable to VAT                        | Training of officials on VAT returns and reconciliation  | One workshop by at least 2 officials by the 30 December 2013           | None                            | No information submitted to support the target.   | No reasons provided  | Not Achieved                                  | Not Achieved       |

| DEPARTMENT: CORPORATE SERVICES  |   |   |                                 |  |  |                            |                    |
|---|---|---|---------------------------------|--|--|----------------------------|--------------------|
| STRATEGIC MANAGER: DIRECTOR CORPORATE SERVICES  |   |   |                                 |  |  |                            |                    |
| OBJECTIVE   | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14  | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014  | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE  | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Organizational review conducted   | Develop and submit a newly revised organogram (staff structure) to the MM as well as the revision of the Job Descriptions   | 1 revised organogram by 31 September 2013   | None                            | The organogram and the job descriptions were reviewed  | None   | Achieved                   | Achieved           |
| Prepare a Strategic Human Resource Management plan for the municipality to run concurrent with the IDP  | Develop a Strategic Human Resource Plan dealing with workforce planning, retention strategies, recruitment and selection strategies, performance management, diversity management and training and development in one coherent strategy | 1 Strategic HR Plan developed By 31 September 2013  | None                            | The Human Resource Policy Manual was developed and it covers the following areas: (Organizational Design, Recruitment, Transfers, Scarce Skills, Relocation, Labour relations and collective agreement issues) | The organogram was only approved on the 25 Sept 2013 hence the postponement of the HR Plan strategy. | Partially Achieved         | Partially Achieved |
| The Municipality complies with the Employment Equity Act 1998 (Act 55 of 1998)  | Employment Equity plan is developed consistent with section 20 of the EE and other EE Regulations   | 1 Employment Equity plan approved by 31 September 2013  | None                            | The employment equity plan has been developed and employment equity reports submitted to the Department of Labour  | None   | Achieved                   | Achieved           |
| The Municipality complies with the Skills Development Act 1998 (Act 97 Of 1998)   | Skills Audit conducted  | Skills Audit Conducted by 31 December 2013  | None                            | Skills audit exercise has been conducted and a report prepared. Skills audit questionnaires have also been submitted   | None   | Achieved                   | Achieved           |
| Develop and approve Workplace Skills Plan (WSP)   | WSP Developed, approved and submitted to LG Seta  | 1 Work Skills Plan approved by 31 September 2013  | None                            | The workplace Skills Plan was approved on 26 June 2013.  | None   | Achieved                   | Achieved           |
| Employees undergo training as per the WSP   | Employees that attended training as identified on the Municipal WSP Document  | 35% of Employees trained by 30 June 2014  | None                            | A total of 38 employees have been trained out of 232 employees, which results at about 16% overall trained employees.  | None   | Partially Achieved         | Partially Achieved |
| Develop a meeting schedule for the Local Labour Forum   | Schedule approved by MM and Unions and meetings of LLF take place as scheduled  | 1 LLF meeting schedule by 31 September 2013   | None                            | Schedule of meetings has been developed. LLF meetings were also conducted on 14 November 2013 and 18 June 2014.  | None   | Achieved                   | Achieved           |
|   | Render an effective and efficient central records management service to the municipality  | 1 electronic management system by 30 June 2014  | None                            | No information submitted to support the target   | No funds available for electronic Records Management System  | Not achieved               | Not achieved       |
| Ensure that all employees are trained in the SALGBC Disciplinary Collective   | Employees are trained to effectively investigate and prosecute alleged misconduct disciplinary enquiries  | 20 Employees trained by 31 September 2013   | None                            | The workshop on how to conduct the disciplinary hearings for managers was held and presented by Peakford Management Consultants on 27-28 March 2014, 19 officials attended.                                    | Critical positions were vacant, hence the training was conducted only in the third quarter.          | Partially Achieved         | Partially Achieved |
| Develop 2013/2014 annual calendar for council; Exco; Council Committees (section 79) and Exco (section 80) committee meetings and submit to council for approval            | Annual Calendar developed and adopted by Council  | 1 Annual Calendar by 31 September 2013  | None                            | Schedule of Council meetings was prepared and submitted to Council for approval on 21 November 2013  | The late approval was as a result of consultation meetings with various directorates                 | Achieved                   | Achieved           |
| Ensure full compliance with the provisions of the Occupational Health and Safety Act (1993) by advising each department what it should do and the results of non-compliance | Conduct workshops on Occupational health and safety act   | 2 Workshops conducted by 30 March 2014  | None                            | Health and safety awareness programmes were conducted for employees on 03 and 11 December 2013   | None   | Achieved                   | Achieved           |
| No unauthorized, irregular, wasteful and fruitless expenditure reported   | Expenditure within the approved budget  | No unauthorized, irregular, wasteful and fruitless expenditure on approved budget                                   | None                            | No information submitted to support the target   | No reasons provided  | Not achieved               | Not achieved       |
| Prepare Draft budget to be incorporated to the Main budget of the municipality  | Draft budget prepared in line with the budget time-lines as proposed by BTO   | 1 Draft Budget prepared by 30 March 2014  | None                            | Draft budget for Corporate Services was prepared and submitted to the finance on 11 December 2013  | None   | Achieved                   | Achieved           |
| Documentation of and for meetings are prepared and distributed as prescribed  | Distribution of Notices of and agendas for meetings of the Council and committees   | 100% notices and agendas dispatched within 48 hours prior the commencement of the meeting concerned by 30 June 2014 | None                            | All notices and agendas for council and committees have been distributed as per the meeting.   | None   | Achieved                   | Achieved           |
| Provide legal advice to the Municipality's political structures, political office-bearers and departments   | Written and informal legal advice are provided on request basis   | 100% written and informal advices provided against requested by 30 June 2014  | None                            | Written legal advice has been provided by Corporate Services on the Memorandum of understanding with MCBE Property Developments and Projects.  | Legal advice is provided as and when requested   | Achieved                   | Achieved           |

| DEPARTMENT: CORPORATE SERVICES  |   |   |                                 |   |   |                            |                    |
|---|---|---|---------------------------------|---|---|----------------------------|--------------------|
| STRATEGIC MANAGER: DIRECTOR CORPORATE SERVICES  |   |   |                                 |   |   |                            |                    |
| OBJECTIVE   | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14                                      | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014   | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE   | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Dispatching correspondence to everyone affected by Council, Exco and Management decisions               | Writing letters / memoranda to all individuals and organizations affected by resolutions and decisions of Council, Exco and Management within 5 days after such decisions have been taken | 100% Correspondence Dispatched to employees by 30 June 2014 | None                            | Minutes of Council are dispatched to all managers after every council sitting | None  | Achieved                   | Achieved           |
| Place all documents that affects HR as per the requirements of MFMA section 75 on the Municipal Website | Municipal Website updated with relevant information as per section 75 of MFMA   | 100% of documents uploaded by 30 June 2014                  | None                            | Information has been uploaded onto the municipal website.                     | Various departments needs to adhere to MFMA Section 75 and submit the required documents to Corporate Services for updating | Partially Achieved         | Achieved           |

| DEPARTMENT: COMMUNITY SERVICES   |  |   |                                 |   |   |                            |                    |
|--|--|---|---------------------------------|---|---|----------------------------|--------------------|
| STRATEGIC MANAGER: COMMUNITY AND SOCIAL SERVICES   |  |   |                                 |   |   |                            |                    |
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)  | ANNUAL TARGETS 2013/14                            | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014   | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE   | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Establishment of LED Forum   | Functional LED Forum and Minutes and Attendance register   | LED Forum established 31 December 2013            | None                            | LED Forum has not yet been established.   | LED forum cannot be established before the following processes are completed and that is formation of | Not achieved               | Not achieved       |
| Formalize the Tikwana / Hoopstad commonage committee and functionality of such committee   | Minutes and Attendance register  | 4 Quarterly meeting held by 30 June 2014          | None                            | 3 Meetings were held to formalize the commonage functionality on 17/09/2013 and 03/12/2013 and 21/05/2014                       | The fourth committee meeting did not sit due to non-availability of committee members.                | Partially Achieved         | Partially Achieved |
| To reduce unemployment rate within the Municipal Area                                      | Creation of employment within the municipality   | 400 jobs created by 30 June 2014                  | None                            | List of people employed has been submitted for different projects   | None  | Partially Achieved         | Partially Achieved |
| Promote SMME development   | Assist with provision of information for the purpose of registering with CIBD for emerging contractors | 1 Workshop on CIBD by 31 September 2013           | None                            | 2 Workshops of CIBD for Emerging Contractors were conducted on 20 and 25 September 2013   | None  | Achieved                   | Achieved           |
| Promote SMME development   | Assist with provision of information for the purpose of registering with CIBD for emerging contractors | 1 Workshop by SEDA/FDC on 31 March 2014           | None                            | A workshop on "How to start a business" was conducted by SEDA   | None  | Achieved                   | Achieved           |
| Involvement and participation of youth in agricultural projects                            | Meetings held and attendance registers   | 20 Youth in Agricultural projects by 30 June 2014 | None                            | MoU has been signed with the Department of Social Development and Lekoko Poultry Farming Agricultural Cooperative Limited (NGO) | None  | Achieved                   | Achieved           |
| Complete the rehabilitation and licensing of waste disposable sites in Bultfontein by 2017 | Status report on waste disposal sites by 30 June 2014  | 2 Reports submitted to council by 30 June 2014    | None                            | 2 Reports on Rehabilitation and licensing waste disposable site were prepared and submitted October 2013 and June 2014          | None  | Achieved                   | Achieved           |

| DEPARTMENT: COMMUNITY SERVICES   |  |  |                                 |   |   |                            |                    |
|--|--|--|---------------------------------|---|---|----------------------------|--------------------|
| STRATEGIC MANAGER: COMMUNITY AND SOCIAL SERVICES   |  |  |                                 |   |   |                            |                    |
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)  | ANNUAL TARGETS 2013/14                                   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014   | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE   | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Conduct community awareness about waste management   | Clear programme outlining dates Calendar Months/year   | 8 campaigns held by 30 June 2014                         | None                            | Awareness campaigns conducted:<br>1. Tswelopele Town Hall (27 September 2013)<br>2. Phahameng (18 June 2014)<br>3. Tikwana Relekile High School (23 June 2014)<br>4. Tikwana Open Space (23 June 2014)<br>5. Makgakajane School (25 March 2014)<br>6. Nthuthuzelo Primary School (26 March 2014)<br>7. Ward 4 Phahameng Bultfontein (25 March 2014) | None  | Partially Achieved         | Partially Achieved |
| Conduct community awareness about environmental issues, including celebrating related days | Clear programme outlining dates and identified issues for awareness campaigns  | 4 awareness campaigns conducted by 30 June 2014          | None                            | The following were conducted; Environment Awareness, Waste awareness 26 March 2014, Awareness on waste management and environment June 2014, and awareness on environmental issues 9 October 2013 and Waste re-cycling workshop 18 June 2014 and waste and environmental awareness 23 June 2014.  | None  | Achieved                   | Achieved           |
| Cleaning Greening and beautification of open spaces.                                       | Clean environment  | 4 open spaces cleaned and maintained By 30 June 2014     | None                            | Cleaning and beautification of open spaces:<br>1. Open Space Tikwana, Hopstad Halfdak (June 2014)<br>2. Open space (11 November 2013)<br>3. Open space (March 2014)<br>4. Open Space next to Traffic Department (10 September 2013)   | None  | Achieved                   | Achieved           |
| Facilitate the review of the Human Settlement Sector Plan                                  | Ensure that at least 2 workshops are held in the municipal area to review the Human Settlement Sector Plan by Council (Invitations and Attendance registers) | 1 Human Settlement Sector Plan reviewed by 31 March 2014 | None                            | The plan has not been reviewed  | Free-State Department of Human Settlement are currently in a process of completing the Provincial Human Settlement Sector Plan. In order to ensure the alignment of the Local and | Not Achieved               | Not Achieved       |

| DEPARTMENT: COMMUNITY SERVICES                    |   |   |                                 |   |   |                            |                    |
|---|---|---|---------------------------------|---|---|----------------------------|--------------------|
| STRATEGIC MANAGER: COMMUNITY AND SOCIAL SERVICES  |   |   |                                 |   |   |                            |                    |
| OBJECTIVE   | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14                                | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014   | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Planning and surveying of acquired land for sites | Survey and register sites   | 150 Surveyed stands by 30 June 2014                   | None                            | A business plan was forwarded to FS Dept of Human Settlement and 1716 ervens were allocated for planning and surveying  | None  | Partially Achieved         | Partially Achieved |
| Consumer education                                | Educate beneficiaries about healthy living, security of tenure and environment and right of ownership | 2 Workshops to be held by 2014-06-01                  | None                            | Consumer Education Workshops were conducted at Phahameng and Tikwana on 29 and 30 October 2013 respectively   | None  | Achieved                   | Achieved           |
| Promote Road Safety                               | Crime Prevention Awareness. Joint operation project with SAPS reduction of crime                      | 4 awareness campaigns held by 30 June 2013            | None                            | Four Crime Prevention Awareness campaigns were conducted:<br>1. Korea Open space (Tikwana) on 30 April 2014<br>2. Jam Alley Sport ground on 31 March 2014,<br>3. Magakajane Primary School 12 November 2013 4. Tlamanang Primary on 18 September 2013.  | None  | Achieved                   | Achieved           |
| Promote Road Safety                               | Report on Crime Prevention Awareness to council   | 4 reports on crime prevention by 30 June 2014         | None                            | A report to council on Crime Prevention Awareness at Magakajane Primary, Phahameng on November 2013, Jam Alley Sports Ground on March 2014, Open Space Ground and France next to Relekile School Hoopstad April 2014  | None  | Partially Achieved         | Partially Achieved |
| Promote Road Safety                               | Road Safety Education   | 8 Road safety awareness campaign held by 30 June 2014 | None                            | Road safety awareness conducted at Thoriso, Tlamanang hoopstad November 2013. Ntuthuzelo, Hartbeesdrai, Boomplas and MC Grathspark Primary School January 2014. Sekgweng Intermediate and Hanover Public School June 2014   | None  | Achieved                   | Achieved           |
| Promote Road Safety                               | Structural Fire Awareness(Road Accident)  | 2 fire awareness held by 30 June 2014                 | None                            | Structural Fire Awareness at Nelson Mandela Drive Hoopstad June 2014, 24 October 2013. Structural and veld fires awareness conducted for community at ward 6 and 8 Tikwana Township. Also conducted at Schools 10 June 2014. Structural fire awareness also conducted at Phahameng Community Hall on November 2013  | None  | Achieved                   | Achieved           |
| Promote Road Safety                               | Serving of Summons/notices  | 600 summons/notices served by 30 June 2014            | None                            | Notices have been issued by the traffic officers. Traffic Officers conducted a joint operations with Nala Traffic Officers as well as Tokologo Traffic Officers on the 7th of December 2013 in Hoopstad and on the 20th of December 2013 in Bultfontein -Tswelopele Traffic Officers conducted a roadblock with South African Police Services and Provincial Traffic Officers on the 30th of December 2013. | None  | Achieved                   | Achieved           |



| DEPARTMENT: COMMUNITY SERVICES                   |  |  |                                 |   |   |                            |                    |
|--|--|--|---------------------------------|---|---|----------------------------|--------------------|
| STRATEGIC MANAGER: COMMUNITY AND SOCIAL SERVICES |  |  |                                 |   |   |                            |                    |
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)  | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014   | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Improvement of sports facilities management      | Quarterly maintenance report to Management   | 4 Quarterly maintenance report to Management by June 2014                        | None                            | No information submitted to support the target.   | No reasons provided                               | Not achieved               | Not achieved       |
| Conduct Fire Awareness campaigns                 | Number of Fire Awareness campaigns conducted at schools and to the community of Tswelopele | 2 fire awareness campaigns by 30 June 2014 (8 at Schools and 4 to the Community) | None                            | <p>The following Fire Awareness campaigns were held:</p> <p>Campaigns held at schools</p> <ol style="list-style-type: none"> <li>1. Tlamanang Primary School (24 April 2013) (18 October 2013)</li> <li>2. Ikgwantlille Primary School (25 April 2013)</li> <li>3. Somerville Farm School (30 April 2013)</li> <li>4. Vetrivier Farm School (30 April 2013)</li> <li>5. McGraths Park Farm School (30 April 2013)</li> <li>6. Thoriso Primary School (24 April 2013)</li> <li>7. Rainbow High School (09 May 2013)</li> <li>8. Phahameng Hall (21 May 2013)</li> <li>9. Volla Farm School (29 October 2013)</li> </ol> <p>Campaigns held to the Community</p> <ol style="list-style-type: none"> <li>1. Phahameng Extension 7 (19 September)</li> <li>2. Phahameng Extension 8 (19 September)</li> <li>3. Stadium Phahameng (19 October 2013)</li> <li>4. Phola Creche (19 October 2013)</li> </ol> | None  | Achieved                   | Achieved           |

| DEPARTMENT: COMMUNITY SERVICES   |   |  |                                 |  |  |                            |                    |
|--|---|--|---------------------------------|--|--|----------------------------|--------------------|
| STRATEGIC MANAGER: COMMUNITY AND SOCIAL SERVICES                             |   |  |                                 |  |  |                            |                    |
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014  | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE  | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Inspection and approval of building plans                                    | Compilation of building inspection log-book                               | 160 building plans submitted and inspected by 30 June 2014           | None                            | Building plans were submitted, inspected and an inspection log book on approved building plans   | None   | Partially achieved         | Partially achieved |
| Conduct Awareness on National Building Regulation                            | Attendance register   | 8 awareness conducted by 30 June 2014                                | None                            | National Building Regulations and Building Standards Act Awareness were conducted ward 1 on 20 March 2014, ward 4 on 27 March 2014, ward 6 on 24 June 2014, ward 8 on 23 June 2014, Ward 7 on 29 November 2013, Ward 1 on 18 December 2013 | None   | Partially achieved         | Partially achieved |
| Development of LED Strategy  | LED Strategy approved by Council  | 1 LED Strategy developed and approved by Council by 31 December 2013 | None                            | The municipality has developed the LED Strategy and has been workshopped to different stakeholders.  | None   | Partially achieved         | Partially achieved |
| Review the SDF   | Updated SDF   | 1 reviewed SDF by 30 March 2014                                      | None                            | The municipality requested funding from COGTA to review the SDF on 07 January 2014.  | The municipality is currently awaiting feedback for the MEC  | Not achieved               | Not achieved       |
| Update and review a database for Housing Special Groups (Disabled, aged etc) | Updated database for housing special groups (Disabled, aged etc)          | 1 Database by 31 March 2014  | None                            | No information submitted to support the target.  | No reasons provided, however the database for the aged, Disability and child headed waiting list has to be compiled. | Achieved                   | Achieved           |
| Compile an updated, effective and efficient database of all NGO's            | Biannual update register  | Updated register by June 2014  | None                            | The database has been updated  | None   | Achieved                   | Achieved           |
| Inspection and approval of building plans                                    | Increased number of building plans submitted to municipality for approval | 8 reports to management by 30 June 2014                              | None                            | Building plans were submitted, inspected and an inspection log book on approved building plans   | None   | Partially achieved         | Partially achieved |

| DEPARTMENT: TECHNICAL SERVICES<br>STRATEGIC MANAGER: DIRECTOR TECHNICAL SERVICES  |   |  |                                 |  |   |                            |                    |
|---|---|--|---------------------------------|--|---|----------------------------|--------------------|
| OBJECTIVE   | KEY PERFORMANCE INDICATOR (KPI)   | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014  | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE                                 | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| % expenditure of capital budget and grant funded programmes   | Capital budget as provided for in the budget and grant funding spent on programmes and projects               | 100% of capital budget and grant funding spent by 30 June 2014                               | None                            | R28 809 000.00 of capital budget for Municipal Infrastructure Grant funding has been spent as per the Municipal Infrastructure Grant Annual Report for 2013/14 Financial Year. 100% of the budget has been spent | No reasons provided   | Achieved                   | Achieved           |
| Infrastructure development and investment model implemented (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity) | 100% of households with access to minimum standard of water provision   | 100% of households with access to minimum standard of water provision by 30 June 2014        | None                            | All households with access to minimum standard of water  | None  | Achieved                   | Achieved           |
| Infrastructure development and investment model implemented (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity) | % of households without access to minimum standard of sanitation services                                     | 13% of households with access to minimum standard of sanitation services by 30 June 2014     | None                            | All households with access to minimum standard of sanitation services  | None  | Achieved                   | Achieved           |
| Infrastructure development and investment model implemented (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity) | households with access to a minimum standard of electricity services  | 100% households with access to a minimum standard of electricity services by 30 June 2014    | None                            | All households with access to minimum standard of electricity services   | None  | Achieved                   | Achieved           |
| Infrastructure development and investment model implemented (In the said model there should be a dynamic relationship between population growth projections, service delivery backlogs, revenue generation capacity and institutional capacity) | Decrease in households without access to a minimum standard of refuse removal services                        | 13% of households with access to minimum standard of refuse removal services by 30 June 2014 | None                            | Refuse is collected once or twice a week to households   | None  | Achieved                   | Achieved           |
| Increase access to portable water   | Connections to 65 industrial erven  | 65 erven connections made by 30 June 2014  | None                            | Not enough revenue generated to address the electricity connections as per the memorandum submitted from Technical department  | None  | Not Achieved               | Not achieved       |
| Increase access to portable water   | Achieve 95% blue drop status & 100% green drop status   | 95% blue drop & 65% green drop by 30 June 2014   | None                            | Water testing reports have not been translated into percentages. A meeting was held to discuss the Blue/Green drop progress and several shortcomings were identified.  | Reports needs to be translated into percentages in order to align with the target | Partially achieved         | Partially achieved |
| Increase access to portable water   | Development of business plan to reduce water losses & upgrade water treatment plants (Hoopstad & Bultfontein) | Business plan completed by 31 December 2013  | None                            | Project Business Plan developed and submitted. Technical Feasibility Study and Implementation ready study were conducted   | None  | Achieved                   | Achieved           |
| Improve access to acceptable sanitation services  | 50% Upgraded wastewater treatment works   | 50% upgraded   | None                            | Upgrading of waste water treatment works expenditure and progress report reflects the 57% of upgrades on the WWTW  | None  | Achieved                   | Achieved           |
| Improve electricity supply  | Install network for 72 erven  | 72 erven connected to electricity network by 30 June 2014                                    | None                            | Upgrading of HV & LV Extension of Electrical infrastructure at Industrial Areas-Phase 1 Electrical Installation has been completed as per the certificate of completion attached.                                | None  | Achieved                   | Achieved           |

| DEPARTMENT: TECHNICAL SERVICES                             |  |  |                                 |  |   |                            |                    |
|--|--|--|---------------------------------|--|---|----------------------------|--------------------|
| STRATEGIC MANAGER: DIRECTOR TECHNICAL SERVICES             |  |  |                                 |  |   |                            |                    |
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)  | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014  | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Improve municipal roads infrastructure                     | Repaired potholes  | 100m <sup>2</sup> of roads with potholes repaired by 30 June 2014. | None                            | Gravel roads have been maintained, potholes were also repaired   | None  | Achieved                   | Achieved           |
| Improve municipal roads infrastructure                     | Traffic signs replaced or upgraded   | 60 traffic sign replaced by 30 June 2014                           | None                            | 50 Stop signs were procured and 25 streets had road signs repaired and painted                                     | None  | Achieved                   | Achieved           |
| Compliance with water services authority provisions        | Water Services Authority workshops held                                      | 4 workshops conducted by 30 June 2014                              | None                            | Training of municipal employees working in water and waste water process operations and reticulation was conducted | None  | Achieved                   | Achieved           |
| Compliance with water services authority provisions        | Campaigns held on conservation of water                                      | 4 awareness campaigns conducted by 30 June 2014                    | None                            | Environmental Awareness Campaign conducted at Makgakajane and Ntuthuzelo Primary School on water conservation      | None  | Achieved                   | Achieved           |
| Sport and recreation –Improve sports facilities management | Renovated existing changing rooms + toilets, paved road to pavilion, fencing | 8 activities by 30 June 2013.                                      | None                            | According to the quality control site visit report dated 27 June 2014, the project has been completed.             | None  | Partially achieved         | Partially achieved |
| Compliance to MIG regulations                              | MIG report compiled and submitted monthly                                    | 12 monthly reports submitted by 30 June 2014                       | None                            | Monthly Municipal Infrastructure Grant reports were prepared and submitted.  | None  | Achieved                   | Achieved           |
| Compliance to MIG regulations                              | MIG report compiled and submitted quarterly                                  | 4 quarterly reports submitted by 30 June 2014                      | None                            | Quarterly Municipal Infrastructure Grant Reports were prepared and submitted                                       | None  | Achieved                   | Achieved           |
| Compliance to EPWP/DORA regulations                        | EPWP report compiled and submitted monthly                                   | 12 monthly EPWP reports submitted by 30 June 2014                  | None                            | 9 EPWP reports have been prepared and submitted out of 12 reports  | None  | Achieved                   | Achieved           |

| DEPARTMENT: TECHNICAL SERVICES<br>STRATEGIC MANAGER: DIRECTOR TECHNICAL SERVICES   |  |  |                                 |   |  |                            |                    |
|--|--|--|---------------------------------|---|--|----------------------------|--------------------|
| OBJECTIVE  | KEY PERFORMANCE INDICATOR (KPI)  | ANNUAL TARGETS 2013/14   | COMPARISON WITH 2012/13 TARGETS | ACTUAL PERFORMANCE AS AT 30 JUNE 2014                               | CORRECTIVE MEASURES TAKEN OR REASONS FOR VARIANCE  | INTERNAL AUDITORS COMMENTS | ACHIEVEMENT STATUS |
| Suppliers engaged by the Department meet performance standards in terms of quality, budgets and timelines  | Set input, output and outcome indicators for each service- provider appointed for the Department                               | 100% Monitoring of progress reports                              | None                            | Appointed service providers performance has been monitored          | Service providers performance progress reports needs to be prepared and submitted to the municipality.   | Partially achieved         | Partially achieved |
| Suppliers engaged by the Department meet performance standards in terms of quality, budgets and timelines  | Measure performance of service- providers against agreed indicators  | Monthly meetings   | None                            | No information submitted to support the target.                     | No reasons provided, however the meetings with service providers needs to be conducted.  | Achieved                   | Achieved           |
| No irregular, unauthorized or fruitless and wasteful expenditure is committed, made, authorized or incurred  | No expenses incurred by/on behalf of the Department are disallowed for being irregular, unauthorized or fruitless and wasteful | R00 for irregular, unauthorized, fruitless and wasteful incurred | None                            | No information submitted to support the target.                     | No reasons provided, however the department needs to prepare a report for expenditures incurred  | Not achieved               | Not achieved       |
| Expediently respond to internal and external audit enquiries relating to the department  | Written response to audit queries and variance reports are submitted during management meetings                                | 100% of Audit queries attended to                                | None                            | All audit queries were responded to accordingly                     | None   | Achieved                   | Achieved           |
| Undertake year end stock count for Game, diesel, water, electrical and mechanical  | Report for year-end stock count – inventory list   | 100% organized inventory list                                    | None                            | Inventory list has been prepared                                    | None   | Achieved                   | Achieved           |
| Submissions/reports/items for submission to the Council or a committee are submitted to the Executive Manager Corporate Services at least 7 working days before the date of the relevant meeting | Register of submissions/reports/ items received at Corporate Services  | 10 submissions / reports/ items received at Corporate Services   | None                            | Reports are submitted to Infrastructure Services Standing Committee | None   | Achieved                   | Achieved           |
| To conduct regular corporate performance reviews together with departmental heads and report there on to the Municipal Manager   | Quarterly performance review reports submitted to the Council  | 4 Quarterly performance review reports                           | None                            | No information submitted to support the target.                     | No reasons provided, however the department needs to prepare a departmental performance report for each quarter. Currently the municipality is reviewing performance and submissions are made to the Audit Committee | Not achieved               | Not achieved       |
| To develop, implement and maintain a system for regularly assessing community satisfaction with municipal services   | Two community satisfaction surveys conducted and results submitted to council  | 2 Surveys conducted  | None                            | No information submitted to support the target.                     | No reasons provided, however the department needs to conduct surveys.  | Not achieved               | Not achieved       |

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

#### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

##### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

|                     | Approved posts | Employees No | Vacancies No | Vacancies % |
|---------------------|----------------|--------------|--------------|-------------|
| <b>30 JUNE 2013</b> |                |              |              |             |
| TECHNICAL SERVICES  | 98             | 84           | 14           | 14.00       |
| COMMUNITY SERVICES  | 115            | 109          | 6            | 5.00        |
| FINANCIAL SERVICES  | 21             | 19           | 2            | 9.00        |
| CORPORATE SERVICES  | 14             | 13           | 1            | 7.00        |
| MUNICIPAL MANAGER   | 14             | 12           | 2            | 14.00       |
| <b>30 JUNE 2014</b> |                |              |              |             |
| TECHNICAL SERVICES  | 120            | 83           | 38           | 31.66       |
| COMMUNITY SERVICES  | 118            | 99           | 19           | 16.10       |
| FINANCIAL SERVICES  | 31             | 21           | 10           | 32.26       |
| CORPORATE SERVICES  | 27             | 23           | 4            | 14.81       |
| MUNICIPAL MANAGER   | 8              | 5            | 3            | 37.50       |

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality has developed and adopted number of policies that are intended to create a fair, efficient and transparent system on matters affecting the employees. The municipality reviews these policies regularly to ensure that they are on par with best practices, new and amended legislation.

The Municipality has approved policies and procedures used to govern the institution, and these policies and procedures are communicated to the staff. The municipality has developed a 5 year Employment Equity Plan, and at the moment we are not meeting provincial equity targets. We have introduced disclosure of interest and related parties form and confidentiality and non-disclosure declaration. Municipality complies with BCEA and other labour related legislation at workplace.

#### 4.2 POLICIES

| Policies and Plans |                       |           |          |  |
|--------------------|-----------------------|-----------|----------|--|
|                    | Name of Policy        | Completed | Reviewed | Date adopted by council or comment on failure to adopt |
|                    |                       | %         | %        |  |
| 1                  | Budget Policy         | 100       | 100      | Adopted 24 June 2014                                   |
| 3                  | Indigent Policy       | 100       | 100      | Adopted 24 June 2014                                   |
| 4                  | Property Rates Policy | 100       | 100      | Adopted 24 June 2014                                   |
| 5                  | SCM Policy            | 100       | 100      | Adopted 24 June 2014                                   |
| 6                  | Tariff Policy         | 100       | 100      | Adopted 24 June 2014                                   |

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

The report covers the progress of Health and Safety Division and the following reports:

- ✚ IOD investigations and the response from the head of labour department:
- ✚ IOD attended to during the period of 2013/2014 for both Hoopstad and Bultfontein on employees that were injured on duty.

| TYPES  | COURSES OF INJURIES   | NUMBER EMPLOYEES AFFECTED |
|--|---|---------------------------|
| Vehicles poor conditions                                   | Vehicle without breaks lead to collusion and Injuries.                                | 2                         |
| Trailers   | Falling from the trailer of the tractor and causing injuries.                         | 4                         |
| Tools  | Not handling tools accordingly can injure a person.                                   | 4                         |
| Negligence   | Not paying attention when performing your duty.                                       | 2                         |
| Objects  | Flying object from mowing machines.   | 6                         |
| Object lifting   | Employees lift heavy object and that strain them( they don't ask for help)            | 1                         |
| fell   | Employees don't pay attention to slippery places or floors. They don't check steps.   | 3                         |
| Others   | Some employees were stung by bees and bitten by spiders. Foreign particle in the eye. | 2                         |
| <b>TOTAL NUMBER OF INJURED EMPLOYEES ON RECORD IS = 24</b> |   |                           |



## **INJURED EMPLOYEES LEAVE DAYS ACCUMULATED**

| TYPE OF INJURY                           |          | INJURY LEAVE<br>TAKEN DAYS | EMPLOYEE<br>USING INJURY<br>LEAVE DAYS | AVERAGE<br>INJURY LEAVE<br>PER EMPLOYEE<br>DAYS |
|--|----------|----------------------------|--|---|
| 1.Requested basic medical attention only | 1        | 1                          | 1                                      | 1   |
| 2.Temporary total disablement            | 1        | 9                          | 1                                      | 9   |
| 3.Permanent disablement                  | 0        | 34                         | 0                                      | 34  |
| 4.Fatal                                  | 0        | 14                         | 0                                      | 14  |
|  |          | 5                          |  | 5   |
| <b>5.TOTAL</b>                           | <b>1</b> | <b>63</b>                  | <b>2</b>                               | <b>63</b>                                       |

The total number of days accumulated by injured employees is: 63.



**NB:** From the total number of injured employees recorded only one (2) was placed on light duty. The 26 were doing their normal duty.

Cases in Hoopstad: when they were investigated it was found that, the injury on duty was caused by, Vehicles (unroadworthy vehicles used by employees)

In Bultfontein cases ranges from employees being injured by tools and objects falling on them or struck by objects. Employees lifting heavy objects and straining themselves.

Health and Safety officers follow-up all cases with doctors who examined the injured employees and submit all documentation (i.e. first, progress and final reports) to the Department of Labour.

### **AWARENESS CAMPAIGN:**

-  Awareness campaign was made to employees.
-  The awareness was based on Health and Safety in the work place.

### **THE CAMPAIGN OUTLINED THE FOLLOWING:**

#### **1. Employees responsibility:**

All employees should take responsibility for occupational health, safety and the environment. During the awareness campaign employees were told to take responsible to check risky areas at their work place.

## 2. Incident Prevention:

### HAZARD:

A hazard is a condition, activity, object or substance that is a source of potential harm.

### RISK:

A risk is the chance or likelihood that a hazard will cause harm or damage to a person, property or equipment or environment.

### INCIDENT:

An incident is an undesired event that takes place because the necessary SHE controls were not in place or they failed for some reason.

## 4.4 PERFORMANCE REWARDS

The municipality is currently not paying or issuing out any performance management rewards, the performance management system is still at an infancy stage whereby the performance management policy and framework is still going through the employee consultative processes. The policy clearly states the performance rewards and an approach on how the municipality would go about in implementing it.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Work Skills Plan drawn in terms of the Skills Development Act. Assessment of skills levels of employees and gaps are regularly identified and external interventions sought and implemented in line with the Plan.

The Municipality has developed Human Resource Manual Policy. The policy which gives directive for appointment of sufficiently experienced and skilled personnel. We have conducted skills audit as part of skills intervention to determine how many employees need training intervention as part of capacity building. In terms of our WSP we have identified which employees need capacity development.

There has been improvement in terms of training and capacitating our employees. Numbers of skills programmes have been conducted and employees trained to be efficient in performing their duties, however the challenge is that the level of education of certain employees prohibits them from furthering their qualifications.

T4.5.0

## CAPACITATION OF THE MUNICIPAL WORKFORCE

Skills audit was conducted wherein we have identified which employees need training. WSP was submitted to LGSETA with all focus area of training.

Training has improved drastically as the number of employees trained has increased. The training budget should be increased so that we can be able to train more employees. With regard to MFMP senior managers have attended the course to meet the minimum competency level.

## 4.5 SKILLS DEVELOPMENT AND TRAINING

| ANNUAL TRAINING REPORT SUMMARY                   |   |  |                      |      |       |            |      |       |
|--|---|--|----------------------|------|-------|------------|------|-------|
| LGSETA<br>STRATEGIC<br>FOCUS AREA                | MUNICIPAL KEY PERFORMANCE<br>AREA                         | MAIN IDP PRIORITY LINKED<br>TO KEY PERFORMANCE<br>AREA | TOTAL NUMBER TRAINED |      |       |            |      |       |
|  |   |  | EMPLOYED             |      | TOTAL | UNEMPLOYED |      | TOTAL |
|  |   |  | FEMALE               | MALE | 51    | FEMALE     | MALE | 0     |
| Infrastructure and<br>Service Delivery           | Basic Service Delivery and<br>Infrastructure Development  | To ensure access to basic<br>service delivery          | 1                    | 1    | 2     |            |      | 0     |
| Community Based<br>Participation and<br>Planning | Good Governance and the<br>Deepening of Democracy         | To build and enhance the<br>governance system          |                      |      | 0     |            |      | 0     |
| Management and<br>Leadership                     | Municipal Transformation and<br>Institutional Development | To enhance public<br>participation                     | 10                   | 35   | 45    |            |      | 0     |
| Financial Viability                              | Municipal Financial Viability and<br>Management           | To strengthen the financial<br>management system       |                      | 3    | 3     |            |      | 0     |
| Community Based<br>Participation and<br>Planning | Sustainable Local Economic<br>Development                 | To enhance public<br>participation                     |                      | 1    | 1     |            |      | 0     |
| SUB-TOTAL  |   |  | 11                   | 40   | 51    | 0          | 0    | 0     |

| NUMBER OF BENEFICIARIES WHO COMPLETED TRAINING BY TYPE OF LEARNING INTERVENTION |  |           |               |                               |   |                                     |                           |                                 |                    |           |
|---|--|-----------|---------------|-------------------------------|---|-------------------------------------|---------------------------|---------------------------------|--------------------|-----------|
| TYPE OF LEARNING INTERVENTION   | NUMBER OF BENEFICIARIES BY OCCUPATION CATEGORY |           |               |                               |   |                                     |                           |                                 |                    | TOTAL     |
|   | Legislators                                    | Managers  | Professionals | Technicians and Trade Workers | Community and Personal Services Workers | Clerical and Administrative Workers | Sales and Service Workers | Machinery Operators and Drivers | Elementary Workers | 51        |
| Apprenticeship  | 0  | 0         | 0             | 0                             | 0                                       | 0                                   | 0                         | 0                               | 0                  | 0         |
| Bursary   | 0  | 0         | 0             | 0                             | 0                                       | 0                                   | 0                         | 0                               | 0                  | 0         |
| Learnership   | 0  | 3         | 0             | 0                             | 0                                       | 0                                   | 0                         | 0                               | 0                  | 3         |
| RPL   | 0  | 0         | 0             | 0                             | 0                                       | 0                                   | 0                         | 0                               | 0                  | 0         |
| Skills Programme  | 0  | 6         | 5             | 2                             | 8                                       | 2                                   | 7                         | 2                               | 10                 | 0         |
| Short Course: Non-credit  | 0  | 6         | 0             | 0                             | 0                                       | 0                                   | 0                         | 0                               | 0                  | 0         |
| <b>TOTAL</b>  | <b>0</b>                                       | <b>15</b> | <b>5</b>      | <b>2</b>                      | <b>8</b>                                | <b>2</b>                            | <b>7</b>                  | <b>2</b>                        | <b>10</b>          | <b>51</b> |

| TYPE OF LEARNING INTERVENTION BY NQF LEVEL |                                     |          |          |          |          |           |          |          |          |          |           |
|--|-------------------------------------|----------|----------|----------|----------|-----------|----------|----------|----------|----------|-----------|
| TYPE OF LEARNING INTERVENTION              | NQF LEVEL OF LEARNING INTERVENTIONS |          |          |          |          |           |          |          |          |          | TOTAL     |
|  | 1                                   | 2        | 3        | 4        | 5        | 6         | 7        | 8        | 9        | 10       | 51        |
| Apprenticeship                             | 0                                   | 0        | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 0         |
| Bursary                                    | 0                                   | 0        | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 0         |
| Learnership                                | 0                                   | 0        | 0        | 0        | 0        | 3         | 0        | 0        | 0        | 0        | 3         |
| RPL  | 0                                   | 0        | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 0         |
| Skills Programme                           | 0                                   | 0        | 0        | 0        | 0        | 42        | 0        | 0        | 0        | 0        | 42        |
| Short Course: Non-credit                   | 0                                   | 0        | 6        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 6         |
| <b>TOTAL</b>                               | <b>0</b>                            | <b>0</b> | <b>6</b> | <b>0</b> | <b>0</b> | <b>45</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>51</b> |

## CHAPTER 5 – FINANCIAL PERFORMANCE

This chapter comprises of three components:

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

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

| Income  | R '000 | Original Budget | Adjustment Budget | Actual    | Variance - Budget | Variance - Adj Budget |
|---|--------|-----------------|-------------------|-----------|-------------------|-----------------------|
| Grants  |        | R 94,308        | R 94,308          | R 97,927  | 3.84%             | 3.84%                 |
| Property Rates                                  |        | R 3,485         | R 3,485           | R 11,123  | 219.17%           | 219.17%               |
| Property Rates - Penalties & Collection Charges |        | R 600           | R 600             | R 691     | 15.17%            | 15.17%                |
| Service Charges - Electricity Revenue           |        | R 21,703        | R 21,703          | R 20,148  | -7.16%            | -7.16%                |
| Service Charges - Water Revenue                 |        | R 5,312         | R 5,312           | R 4,539   | -14.55%           | -14.55%               |
| Service Charges - Sanitation Revenue            |        | R 4,893         | R 4,893           | R 5,231   | 6.91%             | 6.91%                 |
| Service Charges - Refuse Revenue                |        | R 2,763         | R 2,763           | R 3,506   | 26.89%            | 26.89%                |
| Rental of Facilities and Equipment              |        | R 625           | R 316             | R 290     | -53.60%           | -8.23%                |
| Other Income                                    |        | R 2,321         | R 2,348           | R 2,563   | 10.43%            | 9.16%                 |
| Total Income                                    |        | R 136,010       | R 135,728         | R 145,945 |                   |                       |
| Expenditure                                     |        |                 |                   |           |                   |                       |
| Employee related Costs                          |        | R 43,516        | R 40,128          | R 44,866  | 3.10%             | 11.81%                |
| Remuneration of Councillors                     |        | R 4,859         | R 4,859           | R 4,175   | -14.08%           | -14.08%               |
| Debt impairment                                 |        | R 2,501         | R 2,501           | R 16,533  | 561.06%           | 561.06%               |
| Depreciation and Asset Impairment               |        | R 0             | R 0               | R 20,157  |                   |                       |
| Finance Charges                                 |        | R 2,107         | R 2,107           | R 4,027   | 91.12%            | 91.12%                |
| Bulk Purchases                                  |        | R 21,750        | R 23,200          | R 32,030  | 47.26%            | 38.06%                |
| Other Material                                  |        | R 5,782         | R 5,812           | R 4,501   | -22.15%           | -22.56%               |
| Transfers and Grants                            |        | R 4,600         | R 0               | R 0       | -100.00%          |                       |
| Other Expenditure                               |        | R 22,007        | R 30,799          | R 22,271  | 1.20%             | -27.69%               |
| Loss on Disposal of PPE                         |        | R 0             |                   |           |                   |                       |
| Total Expenditure                               |        | R 107,122       | R 109,406         | R 148,560 | 38.68%            | 35.79%                |
| Surplus/(Deficit)                               |        | R 28,888.00     | R 26,322.00       | R -2,615  |                   |                       |

## 5.2 GRANTS

| Grants Performance                              |                      |                 |                    |
|---|----------------------|-----------------|--------------------|
| Description                                     | Current Year 2013/14 |                 |                    |
| R thousand                                      | Original Budget      | Adjusted Budget | Full Year Forecast |
| <b>RECEIPTS:</b>                                |                      |                 |                    |
| <b><u>Operating Transfers and Grants</u></b>    |                      |                 |                    |
| <b>National Government:</b>                     | <b>65 449</b>        | <b>65 449</b>   | <b>65 449</b>      |
| Local Government Equitable Share                | 61 909               | 61 909          | 61 909             |
| EPWP Incentive                                  | 1 000                | 1 000           | 1 000              |
| Finance Management                              | 1 650                | 1 650           | 1 650              |
| Municipal Systems Improvement                   | 890                  | 890             | 890                |
|   |                      |                 |                    |
| Other transfers/grants                          |                      |                 |                    |
| <b>Provincial Government:</b>                   | <b>–</b>             | <b>5 000</b>    | <b>5 000</b>       |
|   |                      |                 |                    |
| Other transfers/grants                          |                      |                 |                    |
| <b>District Municipality:</b>                   | <b>50</b>            | <b>50</b>       | <b>50</b>          |
| <i>Lejweleputswa District Municipality</i>      | 50                   | 50              | 50                 |
|   |                      |                 |                    |
| <b>Other grant providers:</b>                   | <b>–</b>             | <b>–</b>        | <b>–</b>           |
|   |                      |                 |                    |
| <b>Total Operating Transfers and Grants</b>     | <b>65 499</b>        | <b>70 499</b>   | <b>70 499</b>      |
|   |                      |                 |                    |
| <b><u>Capital Transfers and Grants</u></b>      |                      |                 |                    |
| <b>National Government:</b>                     | <b>28 809</b>        | <b>28 809</b>   | <b>28 809</b>      |
| Municipal Infrastructure Grant (MIG)            | 28 809               | 28 809          | 28 809             |
| Other capital transfers/grants                  |                      |                 |                    |
| <b>Provincial Government:</b>                   | <b>–</b>             | <b>–</b>        | <b>–</b>           |
| Other capital transfers/grants                  |                      |                 |                    |
| <b>District Municipality:</b>                   | <b>–</b>             | <b>–</b>        | <b>–</b>           |
| <i>Lejweleputswa District Municipality</i>      |                      |                 |                    |
| <b>Other grant providers:</b>                   | <b>–</b>             | <b>–</b>        | <b>–</b>           |
| <i>Department of Sport, arts and culture</i>    |                      |                 |                    |
| <b>Total Capital Transfers and Grants</b>       | <b>28 809</b>        | <b>28 809</b>   | <b>28 809</b>      |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b> | <b>94 308</b>        | <b>99 308</b>   | <b>99 308</b>      |



### 5.3 ASSET MANAGEMENT

The staff composition within the asset management division comprises of one personnel. The process flow is as follows: Upon the acquisition of the asset the division is notified by the Supply Chain Management Unit of the newly acquired asset, then classification and coding of the item then gets underway.

Monthly monitoring and preparation of reconciliations of votes for assets acquired is conducted and newly acquired assets can also be detected if they were not reported in advance by the SCM Unit. Assets are then registered and dispatched to the relevant user after all asset management processes have been exhausted i.e. classification, coding etc.

The municipality has a draft asset management policy that still needs to be submitted to council for approval and the key elements of the draft asset management policy are as follow but not limited thereto:

- Asset disposal
- Asset maintenance
- Asset acquisition
- Asset transfer
- Inventory matters

#### TREATMENT OF ASSETS ACQUIRED FOR THE YEAR 2013/14

| NO. | NAME   | RAND VALUE |
|-----|--|------------|
| 1.  | CCTV Security System                                 | 148 940.00 |
| 2.  | 32 Channel Hikvision Dvr Hikvision Black DS7216HFIST | 51 997.38  |
| 3.  | 4 Channel Hikvision Hikvision Black                  | 21 123.94  |
| 4.  | Network System                                       | 42 340.33  |
| 5.  | Paper Shredder Fellowes Black 325i                   | 20 175.44  |
| 6.  | Vacuum Pump B35                                      | 24 187.38  |
| 7.  | CCTV Security System                                 | 148 853.50 |
| 8.  | Vacuum Pump B35                                      | 24 187.38  |

### **CAPITAL SPENDING ON THE PROJECTS**

|                            |   |   |
|----------------------------|---|---|
| <b>Name of Project - A</b> | Hoopstad: Upgrading of the Waste Water Treatment Works"   | <b>Project Value &amp; Capital budget Spent</b> |
|                            |   | R51 918 520.21 & R27 772 126.13                 |
| Objective of Project       | To improve sanitation facilities in order to allow effluents to be disposed without any danger towards community health and the environment |   |
| Delays                     | None  |   |

|                            |   |   |
|----------------------------|---|---|
| <b>Name of Project - B</b> | "Tikwana: Upgrading of Sports Facilities"   | <b>Project Value &amp; Capital budget Spent</b> |
|                            |   | R 2 410 928.00 & R 2 314 561.94                 |
| Objective of Project       | To ensure the development, enhancement and maintenance of sporting facilities within the municipality |   |
| Delays                     | None  |   |

|                            |   |   |
|----------------------------|---|---|
| <b>Name of Project - C</b> | "Phahameng: Upgrading of Sport Facilities"  | <b>Project Value &amp; Capital budget Spent</b> |
|                            |   | R 2 398 289.00 & R 2 300 295.17                 |
| Objective of Project       | To ensure the development, enhancement and maintenance of sporting facilities within the municipality |   |
| Delays                     | None  |   |

| Repair and Maintenance Expenditure 2013/14 |       |                   |        |                 |
|--|-------|-------------------|--------|-----------------|
|  |       |                   |        | R'000           |
|  |       | Adjustment Budget | Actual | Budget Variance |
| Repair and Maintenance Expenditure         | 5 782 | 5 812             | 4 501  | -22.1%          |
|  |       |                   |        |                 |

#### 5.4 SOURCES OF FINANCE

| Capital Expenditure - Funding Sources 2013/2014 |                 |                   |                 |                       |                       |
|---|-----------------|-------------------|-----------------|-----------------------|-----------------------|
| R'000   |                 |                   |                 |                       |                       |
| Details   | 2013/2014       |                   |                 |                       |                       |
|   | Original Budget | Adjustment Budget | Actual          | Actual to OB Variance | Actual to AB variance |
|   |                 |                   |                 |                       |                       |
| <b>Source of Finance</b>                        |                 |                   |                 |                       |                       |
| Grants and Subsidies                            | R 28,809        | R 33,809          | R 30,559        | 6.07%                 | -10%                  |
| Other   | R 2,500         | R 0               | R 1,230         | -50.80%               |                       |
| <b>Total</b>                                    | <b>R 31,309</b> | <b>R 33,809</b>   | <b>R 31,789</b> | <b>1.53%</b>          | <b>-6%</b>            |
|   |                 |                   |                 |                       |                       |
| <b>Percentage of Finance</b>                    |                 |                   |                 |                       |                       |
| Grants and Subsidies                            | 92%             | 100%              | 96%             | 4.47%                 | -4%                   |
| Other   | 8%              | 0%                | 4%              | -51.54%               |                       |
|   |                 |                   |                 |                       |                       |
| <b>Capital Expenditure</b>                      |                 |                   |                 |                       |                       |
| Sports and Recreation                           | R 4,809         | R 4,809           | R 4,809         | 0.00%                 | 0%                    |
| Road Transport                                  | R 2,500         | R 5,000           | R 1,750         | -30.00%               | -65%                  |
| Waste Water Management                          | R 24,000        | R 24,000          | R 24,000        | 0.00%                 | 0%                    |
| Other   | R 0             | R 0               | R 1,230         |                       |                       |
|   |                 |                   |                 |                       |                       |
| <b>Percentage of Finance</b>                    |                 |                   |                 |                       |                       |
| Sports and Recreation                           | 15%             | 14%               | 15%             | -1.51%                | 6%                    |
| Road Transport                                  | 8%              | 15%               | 6%              | -31.06%               | -63%                  |
| Waste Water Management                          | 77%             | 71%               | 75%             | -1.51%                | 6%                    |
| Other   | 0%              | 0%                | 4%              |                       |                       |

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.5 CASH FLOW

| Description                                      | Current Year 2013/2014   |                            |                  |
|--|--------------------------|----------------------------|------------------|
|  | Original Budget<br>R'000 | Adjustment<br>Budget R'000 | Actual<br>R'000  |
| <b>R thousands</b>                               |                          |                            |                  |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |                          |                            |                  |
| <b>Receipts</b>                                  | <b>R 134,778</b>         | <b>R 134,507</b>           | <b>R 138,932</b> |
| Ratepayers and other                             | R 40,000                 | R 39,419                   | R 35,157         |
| Government - Grants                              | R 94,258                 | R 94,258                   | R 102,259        |
| Interest   | R 420                    | R 730                      | R 1,465          |
| Dividends  | R 100                    | R 100                      | R 51             |
| <b>Payments</b>                                  | <b>R 100,021</b>         | <b>R 106,906</b>           | <b>R 108,404</b> |
| Suppliers and employees                          | R 97,914                 | R 104,799                  | R 104,498        |
| Finance charges                                  | R 2,107                  | R 2,107                    | R 3,906          |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> | <b>R 34,757</b>          | <b>R 27,601</b>            | <b>R 30,528</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |                          |                            |                  |
| <b>Receipts</b>                                  | <b>R 200</b>             | <b>R 200</b>               | <b>R 18</b>      |
| Proceeds on disposal of PPE                      | R 200                    | R 200                      | R 18             |
| <b>Payments</b>                                  | <b>R 31,309</b>          | <b>R 33,809</b>            | <b>R 29,400</b>  |
| Capital assets                                   | R 31,309                 | R 33,809                   | R 29,400         |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> | <b>R -31,109</b>         | <b>R -33,609</b>           | <b>R -29,382</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                          |                            |                  |
| <b>Receipts</b>                                  | <b>R 0</b>               | <b>R 0</b>                 | <b>R 0</b>       |
| Short term loans                                 | R 0                      | R 0                        | R 0              |
| Borrowing long term/refinancing                  | R 0                      | R 0                        | R 0              |
| Increase (decrease) in consumer deposits         | R 0                      | R 0                        | R 0              |
| <b>Payments</b>                                  | <b>R 503</b>             | <b>R 503</b>               | <b>R 2,409</b>   |
| Repayment of borrowing                           | R 503                    | R 503                      | R 2,409          |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> | <b>R -503</b>            | <b>R -503</b>              | <b>R -2,409</b>  |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     | <b>R 3,145</b>           | <b>R -6,511</b>            | <b>R -1,263</b>  |
| Cash/cash equivalents at the year begin:         | R 5,238                  | R 7,738                    | R 14,111         |
| Cash/cash equivalents at the year end:           | R 8,383                  | R 1,227                    | R 12,848         |

## 5.6 BORROWING AND INVESTMENTS

| Borrowing - Categorized by type - 2012/2013 – 2013/2014 | Ref      | 2012/13       | 2013/14       |
|---|----------|---------------|---------------|
| R'000   |          |               |               |
| <b><u>Parent municipality</u></b>                       |          |               |               |
| Long-Term Loans (annuity/reducing balance)              |          |               |               |
| Long-Term Loans (non-annuity)                           |          | 13 555        | 11 852        |
| Local registered stock                                  |          |               |               |
| Instalment Credit                                       |          |               |               |
| Financial Leases  |          | 997           | 399           |
| PPP liabilities   |          |               |               |
| Finance Granted By Cap Equipment Supplier               |          |               |               |
| Marketable Bonds  |          |               |               |
| Non-Marketable Bonds                                    |          |               |               |
| Bankers Acceptances                                     |          |               |               |
| Financial derivatives                                   |          |               |               |
| Other Securities  |          |               |               |
| <b>Municipality sub-total</b>                           | <b>1</b> | <b>14 553</b> | <b>12 252</b> |
| <b><u>Entities</u></b>                                  |          |               |               |
| Long-Term Loans (annuity/reducing balance)              |          |               |               |
| Long-Term Loans (non-annuity)                           |          |               |               |
| Local registered stock                                  |          |               |               |
| Instalment Credit                                       |          |               |               |
| Financial Leases  |          |               |               |
| PPP liabilities   |          |               |               |
| Finance Granted By Cap Equipment Supplier               |          |               |               |
| Marketable Bonds  |          |               |               |
| Non-Marketable Bonds                                    |          |               |               |
| Bankers Acceptances                                     |          |               |               |
| Financial derivatives                                   |          |               |               |
| Other Securities  |          |               |               |
| <b>Entities sub-total</b>                               | <b>1</b> | <b>-</b>      | <b>-</b>      |
| <b>Total Borrowing</b>                                  | <b>1</b> | <b>14 553</b> | <b>12 252</b> |

### Municipal and Entity Investments

| Investment type                            |   | Audited<br>2013/14 | Budget Year<br>2014/15 |
|--|---|--------------------|------------------------|
| <b>R thousand</b>                          |   |                    |                        |
| <b><u>Parent municipality</u></b>          |   |                    |                        |
| Securities - National Government           |   |                    |                        |
| Listed Corporate Bonds                     |   |                    |                        |
| Deposits - Bank                            |   | 8 370              | 1 500                  |
| Deposits - Public Investment Commissioners |   |                    |                        |
| Deposits - Corporation for Public Deposits |   |                    |                        |
| Bankers Acceptance Certificates            |   |                    |                        |
| Negotiable Certificates of Deposit - Banks |   |                    |                        |
| Guaranteed Endowment Policies (sinking)    |   |                    |                        |
| Repurchase Agreements - Banks              |   |                    |                        |
| Municipal Bonds                            |   |                    |                        |
| <b>Municipality sub-total</b>              | 1 | <b>8 370</b>       | <b>1 500</b>           |
| <b><u>Entities</u></b>                     |   |                    |                        |
| Securities - National Government           |   |                    |                        |
| Listed Corporate Bonds                     |   |                    |                        |
| Deposits - Bank                            |   |                    |                        |
| Deposits - Public Investment Commissioners |   |                    |                        |
| Deposits - Corporation for Public Deposits |   |                    |                        |
| Bankers Acceptance Certificates            |   |                    |                        |
| Negotiable Certificates of Deposit - Banks |   |                    |                        |
| Guaranteed Endowment Policies (sinking)    |   |                    |                        |
| Repurchase Agreements - Banks              |   |                    |                        |
| <b>Entities sub-total</b>                  |   | .                  | .                      |
| <b>Consolidated total:</b>                 |   | <b>8 370</b>       | <b>1 500</b>           |

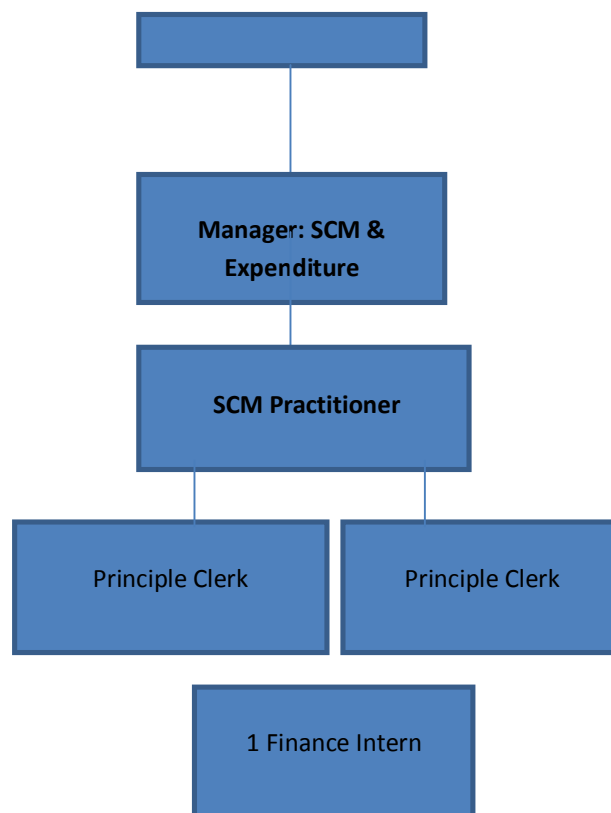
## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.7 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT UNIT

The Supply Chain Management unit operates under direct supervision of the CFO. The Manager: SCM & expenditure reports to the CFO.

The SCM unit of Tswelopele local municipality is illustrated diagrammatically as follows:



#### Adoption of SCM Policy

The SCM policy has been adopted and implemented on 31 May 2013.

## INTERNAL SCM PROCEDURES AND PROCESSES

### Threshold values

The threshold values have been determined as follows:

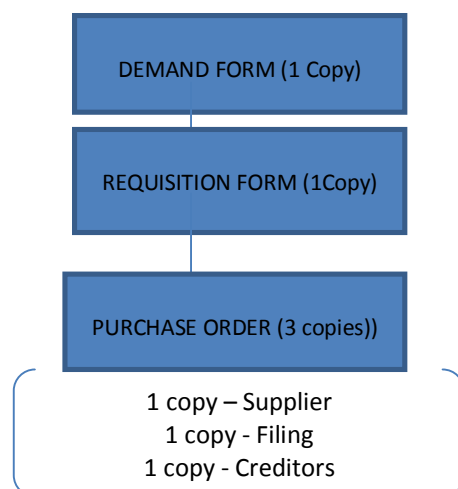
- |                                      |   |
|--------------------------------------|---|
| 1) Petty cash . R100                 |   |
| 2) Up to R1,000 (vat included)       | . One written price quotation           |
| 3) R1,001 - R2,000 (vat included)    | . Two written price quotations          |
| 4) R2,001 . R30,000 (vat included)   | . Three written price quotations        |
| 5) R30,001 . R200,000 (vat included) | . Three written formal price quotations |
| 6) Above R200,000 (vat included)     | . Competitive bidding process           |

### SCM Process for acquisitions up to R200 000.00

The SCM process of Tswelopele Local Municipality operates as follows;

- Demand Form . The requesting department completes a demand form which is approved by the Head of Department or any delegated official. The demand form is submitted to SCM practitioner who sources quotations.
- A requisition is raised by the SCM Practitioner and approved by the CFO and the Municipal Manager.
- Purchase Order . Based on the above thresholds, quotations are sourced from potential suppliers. A purchase order is raised for the awarded quotation. The orders are done in triplicate of which one copy is sent to the supplier, one copy for filing and one copy is sent to creditors for processing. The order numbers are sequentially numbered from the system. The purchase orders are approved by the CFO and in his absence by a Senior Manager delegated by the CFO.

Diagrammatically the SCM process of Tswelopele municipality can be presented as follows;





The SCM unit maintains an irregular expenditure register for procurements that are not in line with the Supply Chain Management policy.

## **SCM Process for acquisition above R200 000.00**

### **Bid Documents**

The bids documents are as prescribed by the National Treasury include the General Conditions of Contract.

### **Bid Committee Structures**

The following committees have been established:

- i) The bid specification committee
- ii) The bid evaluation committee
- iii) The adjudication committee

The Accounting Officer appoints members for each committee.

According to the SCM policy the composition of the above committees should be as follows:

- i) Bid Specification committee . must be composed of
  - a) One or more officials of the municipality, preferably from user departments requiring the goods or services.
  - b) SCM practitioners
  - c) And when appropriate, include external technical specialists.
- ii) Bid evaluation committee . must as far as possible be composed of
  - a) Officials from departments requiring the goods and services
  - b) At least one SCM practitioner of the municipality
- iii) Bid adjudication committee . must consist of
  - a) at least four senior managers of the municipality (including the CFO)
  - b) At least one SCM practitioner who is an official of the municipality
  - c) A technical expert in the relevant field who is an official of the municipality

**Compliance** – The bid committee did meet the requirements of the SCM policy and SCM regulations.

## 5.8 MUNICIPAL SERVICE CHARGES ASSESSMENT AND OUTSTANDING DEBTORS.

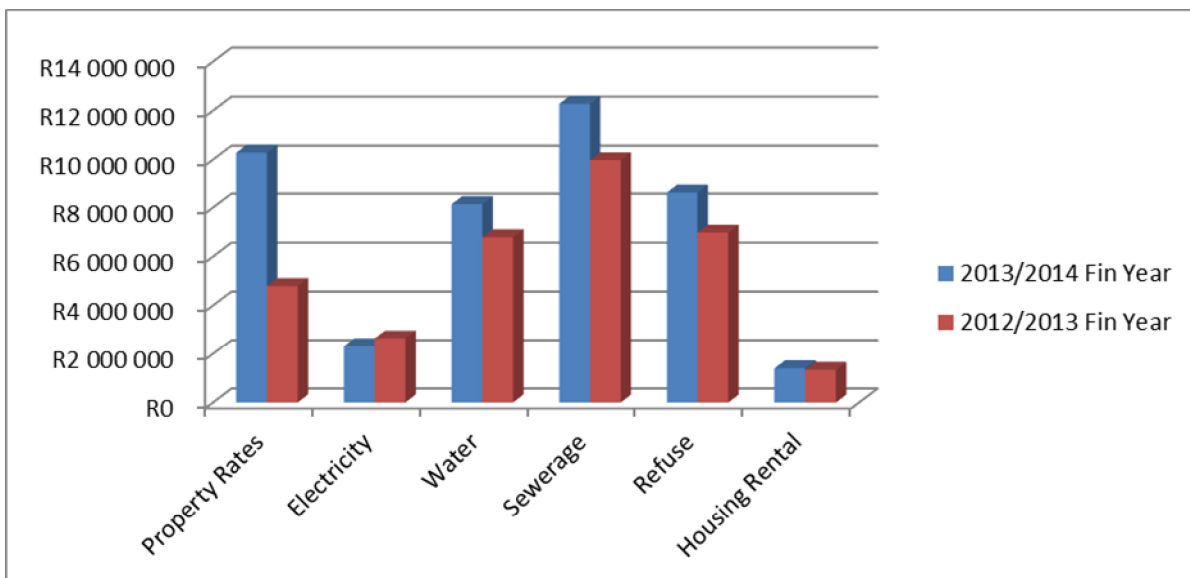
### Outstanding Debtors as at 30 June 2014

As at 30 June 2014, Tswelopele Local Municipality had outstanding debtors of R 43,021,424 of which over 90% are debtors over 365 days. This is an increase of 32.36% from the debtors as reported in the 2012/2013 financial year.

The table below shows debtors per source for the two financial years, i.e. 2013/2014 and 2012/2013 financial years:

| Debtors by source | 2013/2014 Gross Amount | 2012/2013 Gross Amount |
|-------------------|------------------------|------------------------|
| Property Rates    | R 10,277,331           | R 4,794,848            |
| Electricity       | R 2,320,789            | R 2,642,979            |
| Water             | R 8,133,827            | R 6,783,161            |
| Sewerage          | R 12,273,050           | R 9,969,928            |
| Refuse            | R 8,615,775            | R 6,976,233            |
| Housing Rental    | R 1,400,652            | R 1,335,028            |
| <b>Total</b>      | <b>R 43,021,424</b>    | <b>R 32,502,177</b>    |

- The information on the table above is further depicted by the table below:



- From the above table and graph, it can clearly be seen that the debtors increased from 2012/2013 by R 10,519,247. This is cause for concern given the fact that most people do not register for indigent, and yet they are not paying for the services they consume, this situation has led to Municipality to depend on grants for their day to day operation, and in future it may stifle service delivery.
- Tswelopele Local Municipality provides for expected credit losses relating to consumer debtors. At the end of each reporting period, the municipality assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on a financial asset has occurred, the loss is recognized in surplus or deficit.
- During 2013/2014 financial year, municipality impaired debtors to the value of R 41 275 500 , this accounts for 95.94% of total debtors, this effectively means that, if Municipality were to embark on a robust credit control mechanism, only 4.06% of debtors will be able to pay.
- Auditor General raised a concern about this impairment, and recommended that council enforce their council adopted debt recovery policy without fear or favor.
- Tswelopele Local Municipality further wrote off debtors to the value of R 13 528.00.

## **CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS**

### **REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE TSWELOPELE LOCAL MUNICIPALITY**

#### **REPORT ON THE FINANCIAL STATEMENTS**

##### **Introduction**

1. I have audited the financial statements of the Tswelopele Local Municipality set out on pages 155 to 247, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

##### **The accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 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 my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a

basis for my audit opinion.

### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Tswelopele Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

### **Emphasis of matters**

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

### **Restatement of corresponding figures**

8. As disclosed in note 46 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 Tswelopele Local Municipality at, and for the year ended, 30 June 2013.

### **Material losses and impairments**

9. As disclosed in note 4 to the financial statements, a provision for impairment of debtors amounting to R41 275 500 (2013: R24 887 512) has been made with regard to consumer debts amounting to R43 021 424 (2013: R32 502 177).
10. As disclosed in note 4 to the financial statements, material losses to the amount of R13 528 (2013: R4 503 471) were incurred as a result of bad debts written off.

### **Irregular expenditure**

As disclosed in note 42 to the financial statements, the municipality incurred irregular expenditure of R1 520 952 (2013: R1 743 720) during the year under review due to non-compliance with supply chain management (SCM) processes.

### **Additional matters**

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

### **Unaudited disclosure notes**

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly, I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. 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 development 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**

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- Development objective 1: Water provision on pages 33 to 36
  - Development objective 2: Sanitation provision on pages 36 to 38
  - Development objective 3: Electricity provision on pages 39 to 40
  - Development objective 4: Roads and storm water provision on page 50
  - Development objective 5: Waste management on pages 41 to 44
  - Development objective 6: Housing on pages 45 to 46
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. 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 development 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).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the selected development objectives are as follows:

### **Development objective 2: Sanitation provision**

#### **Usefulness of reported performance information**

19. The FMPPi requires the following:
- 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 50% 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. A total of 50% of the indicators were not verifiable.

This was because management did not adhere to the requirements of the FMPPI during the formulation of key performance indicators.

#### **Reliability of reported performance information**

20. The FMPPI requires municipalities 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 50% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work by the municipality as key performance indicators were not well defined and consequently not measurable. The auditee's records did not permit the application of alternative audit procedures.

#### **Development objective 5: Waste Management**

##### **Usefulness of reported performance information**

21. The FMPPI requires the following:

- 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 20% 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. A total of 20% of the indicators were not verifiable.

This was because management did not adhere to the requirements of the FMPPI during the formulation of key performance indicators.

##### **Reliability of reported performance information**

22. The FMPPI requires municipalities 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 20% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work by the auditee as key performance indicators were not well defined and consequently not measurable. The auditee's records did not permit the application of alternative audit procedures.



### **Additional matters**

23. I draw attention to the following matters:

### **Achievement of planned targets**

24. Refer to the annual performance report on pages 33 to 50 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 development objectives reported in paragraphs 19 to 22 of this report.

### **Adjustment of material misstatements**

25. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for development objectives for Water provision, Sanitation provision, Electricity provision, Road and Storm water provision, Waste management and Housing. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

### **Compliance with legislation**

26. 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:

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

27. The municipality did not establish a performance management system, as required by section 38(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).
28. The municipality did not provide for steps for improvement where performance targets were not met, as required by section 41(1)(d) of the MSA due lack of a performance management system.

### **Budget**

29. 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 MFMA.

### **Annual financial statements**

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified opinion.



### **Audit committee**

31. The audit committee which also performs the duties of performance audit committee did not advise the accounting officer on matters relating to risk management, performance management and performance evaluation as required by section 166(2)(a) of the MFMA.
32. The audit committee did not advise the accounting officer on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
33. 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 MFMA.
34. The audit committee which also performs the responsibilities of performance audit committee did not review the municipality's performance management system and or make recommendations to the council, as required by Municipal planning and performance management (MPPM) regulation 14(4)(a)(ii).
35. The audit committee which also performs the responsibilities of the performance audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by MPPM regulation 14(4)(a)(iii).
36. The audit committee which also performs the responsibilities of the performance audit committee did not review all the quarterly internal audit reports on performance measurement, as required by MPPM regulation 14(4)(a)(i).

### **Internal audit**

37. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer and report to the audit committee on matters relating to internal controls and risk management.
38. The internal audit unit did not advise the accounting officer or report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

### **Procurement and contract management**

39. 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).
40. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
41. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the Construction Industry Development Board Act of South Africa, 2000 (Act No. 38 of 2000) and CIDB regulation 18

## **Human resource management**

42. The competencies of financial and supply chain management officials were not assessed in a timely manner in order to identify and address gaps in competency levels as required by the Municipal Regulations on Minimum Competency Levels regulation 13.
43. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant Provincial Treasury as required by regulation 14(2)(a) of the Regulations on Minimum Competency Levels.

## **Expenditure management**

44. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
45. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by section 65(2)(b) of the MFMA.
46. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

## **Revenue management**

47. A credit control and debt collection policy was not maintained, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.
48. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
49. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
50. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
51. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

## **Asset management**

52. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
53. 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 MFMA.

## **Liability management**

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

### **Consequence management**

56. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.
57. Unauthorised, irregular and fruitless and wasteful expenditure was not always recovered from the liable person, as required by section 32(2) of the MFMA.

### **Environmental management**

58. The municipality operated one waste disposal sites without a waste management licence or permit, in contravention of section 20(b) of the National Environmental Management: Waste Act of South Africa, 2008 (Act No. 59 of 2008).

### **Internal control**

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

### **Leadership**

60. The municipal council and senior management did not ensure that the municipality has an approved performance management system that monitors performance and holds officials to account for poor performance and transgressions. This was mainly due to slow response by political leadership in approving a performance management system.
61. The accounting officer did not take adequate steps to ensure that the municipality produces accurate and complete performance reports and complies with legislation which resulted in repeat material findings on predetermined objectives and non-compliance with legislation. This was due to lack of consequences for poor performance and transgression as the municipality has not implemented a performance management system.
62. The accounting officer did not prioritise oversight over information technology (IT) governance as processes to address IT related findings reported on in the previous years were only initiated in the later part of the year under review. Repeat findings were therefore reported in the current year. This was mainly due to slow response by management as an IT officer was neither appointed in time nor allocated adequate budgetary resources.

## Financial and performance management

63. Ongoing monitoring and supervisory reviews over financial, performance and compliance reporting were not adequate. Internal controls weaknesses were thus not identified and corrected in time to ensure accurate and complete reporting. This was due to lack of consequences for poor performance and transgression as the municipality has not implemented a performance management system.

## Governance

64. Work performed by the internal audit function was not based on a risk assessment and thus had limited impact on addressing key weakness in financial reporting, performance management and compliance with legislation. This was due to slow response by management as risk assessment was not prioritised and implemented.

*Auditor General*

Bloemfontein

30 November 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## 2013/14 AUDIT RECOVERY PLAN

### FINANCE DEPARTMENT

|   | FINDINGS  | INTERNAL CONTROL DEFFICIENCY   | RECOMMENDATION  | REMEDIAL ACTION  | RESPONSIBLE PERSON          | DUE DATE  |
|---|---|--|---|--|-----------------------------|---|
| 1 | Ex. 70 - Cash and cash equivalents: No Register for unidentified deposits   | Controls over daily and monthly processing and reconciling of transactions were not implemented.       | An unidentified deposit register should be kept and regularly updated, followed up and cleared on timely basis. | Deposit register should be prepared and updated on a daily basis   | Manager: Budget and Revenue | 2014/06/30 (Ongoing Process)                    |
| 2 | Ex. 72 - Cash book balance per reconciliation does not balance to ledger/TB | Controls over daily and monthly processing and reconciling of transactions were not implemented.       | the difference should be investigated and the reasons for the differences be stated                             | the matter is currently being investigated, and will it is anticipated that it will be resolved before the preparation of mid-term financial statements,   | Manager: Budget and Revenue | 2015/02/28                                      |
| 3 | Ex. 33 Employee cost: Overtime in excess of the prescribed limit            | Oversight responsibility regarding compliance and related internal control were not always implemented | The accounting officer should enforce the implementation of municipal overtime policy and prescripts of BCEA    | Municipal overtime policy must be amended to be in line with the prescripts of BCEA  | Dir Tech/Dir Corp/ CFO      | 2015/06/30                                      |
| 4 | Ex. 110 - Budget 2014-15 - Non-compliance                                   | The accounting officer does not exercise responsibility over reporting and compliance with laws        | the accounting officer should ensure that laws and regulations pertaining to budget are adhered to              | the budget preparation process has started and in terms of MFMA Budget circular 74, a draft budget must be submitted to National Treasury on the latest 14th April 2015, and the final budget on the latest 14 July 2015, Budget office has put measures in place to ensure that the deadlines will be met       | Manager: Budget and Revenue | Latest 14 July 2015                             |
| 5 | Ex. 111 - Budget - 2013/2014 - Non Compliance                               | The accounting officer does not exercise responsibility over reporting and compliance with laws        | the accounting officer should ensure that laws and regulations pertaining to budget are adhered to              | MFMA Section 71 reports for the first half of the Financial year will be placed on the Municipal Website, and every month thereafter, the reports will be placed on the Website.<br>Schedule C reports are currently being prepared, both quarter 1 and quarter 2 reports will be prepared and tabled to council | Manager: Budget and Revenue | 09/01/2015 - Section 71 & 31/03/2015 Schedule C |

|    | FINDINGS   | INTERNAL CONTROL DEFFICIENCY   | RECOMMENDATION   | REMEDIAL ACTION   | RESPONSIBLE PERSON   | DUE DATE                  |
|----|--|--|--|---|--|---------------------------|
| 6  | Ex. 121 - Adjustment budget - Adjustments in the budget not explained                        | Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information | Amend the AFS to include the explanation   | The explanation will be included in the Annual report, as the space is limited on the AFS to include such details   | Manager: Budget and Revenue                                  | 20-Jan-15                 |
| 7  | Ex. 126 -MFMA Disclosure - Material Non-compliance not disclosed in the Financial Statements | Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information | All non-compliance with MFMA should be disclosed Properly  | AFS were amended, but not all not compliance were disclosed in the AFS, The matter will be corrected when we prepare the Mid-term AFS as well as final AFS - a non-compliance register will be prepared to track all non-compliance with MFMA   | Manager: Budget and Revenue - Manager: Expenditure and SCM   | 2015/02/15 & 30 June 2015 |
| 8  | Ex. 89 - UIF Expenditure - Reports not submitted to Mayor, MEC and AG                        | The accounting officer does not exercise responsibility over reporting and compliance with laws  | The Municipal Manager should ensure that all reports required by MFMA are compiled and submitted to relevant authority | The reports will be prepared and submitted to MEC of Local Government, AG and Mayor   | Manager: Budget and Revenue and Manager: Expenditure and SCM | 31-Jul-15                 |
| 9  | Ex. 96 - UIF expenditure not disclosed fully in the AFS                                      | Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information | Management should investigate the matter and correct accordingly   | The matter will be corrected when we prepare Mid-term AFS and the Final AFS , i.e. information relating to UIF expenditure will be disclosed on the AFS   | CFO  | 31-Aug-15                 |
| 11 | Ex. 103 - Unspent conditional grants: Differences between TB & AFS                           | Controls over daily and monthly processing and reconciling of transactions were not implemented.   | Management should investigate the matter and correct accordingly   | there are no differences between AFS, Grant Register and Ledger, however, AG is adamant that there are differences, the matter is currently being investigated, and it is anticipated that it will be resolved before the preparation of mid-term financial statements, should the differences be found, it will be disclosed as prior period error, municipality currently keeps grant registers and they are updated on a monthly basis | Manager: Budget and Revenue                                  | 15-Feb-15                 |

|    | FINDINGS  | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION  | REMEDIAL ACTION  | RESPONSIBLE PERSON           | DUE DATE             |
|----|---|---|---|--|------------------------------|----------------------|
| 12 | EX. 108 - PPE: Items of PPE not fully covered by insurance contract                   | Management did not implement appropriate risk management activities to ensure that regular risk assessments, including consideration of insurance for items of PPE, are conducted and that a risk strategy to address the risks is developed and monitored. | Management should design, approve and communicate a policy to guide the selection and insurance coverage for items of property, plant and equipment                                 | The contract of the current insurer is expiring on the 31 December 2014, a new insurer will be appointed on the 1st January 2015, and Management will ensure that all the assets are insured | CFO                          | 01-Jan-15            |
| 13 | Ex. 30 - Investment register & bank reconciliation not reviewed                       | Management did not implement controls over daily and monthly processing and reconciling of transactions   | Management should implement supervisory review processes as prescribed in terms of municipal approved delegations framework   | CFO Signs all the bank reconciliation and investment register on a monthly basis   | CFO                          | Ongoing              |
| 15 | Ex. 22 Assets : Monthly reconciliation from General Ledger to Asset Register not done | The accounting officer did not implement controls over daily and monthly reconciliations of transactions  | Management should appoint an asset manager to ensure that the fixed asset register is reconciled to the general ledger on monthly basis and reviewed for accuracy and completeness. | Municipality has appointed a service provider who will convert the current FAR from excel to a system based, this will enable us to do monthly reconciliations                               | CFO                          | 30-Jun-15            |
| 16 | Ex.19 - Procurement: Non-compliance   | The accounting officer does not exercise responsibility over reporting and compliance with laws   | The accounting officer should ensure that the municipality adheres to the requirements of the supply chain management policy  | The register of bids received on time will be published on the Website, Risk officer will do a risk assessment on SCM and contract management  | Manager: SCM and Expenditure | 2015/01/31 (Ongoing) |
| 17 | Ex. 39 - ADJUSTED Procurement: Non-compliance   | the accounting officer did not review and monitor compliance with laws and regulations  | The accounting officer should implement controls to ensure compliance with municipal procurement and related supply chain management policy.  | All construction related contract will in future be advertised on the CIDB website. Quotations are obtained for procurement except in emergency cases were only one quotation is sourced     | Manager: SCM and Expenditure | 30-Jun-15            |
| 18 | Ex. 55 - Payables: Payment not done within 30 days                                    | Management did not review and monitor compliance with applicable laws and regulations   | Payments should be made within 30 days on receipt on all the necessary documents (correct invoice)  | Payments are made twice a week (Tuesday and Thursday) - Expenditure clerk follows up on all suppliers who have not submitted their invoice or their invoice is incorrect                     | Manager: SCM and Expenditure | Ongoing              |



|    | FINDINGS   | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION  | REMEDIAL ACTION   | RESPONSIBLE PERSON              | DUE DATE  |
|----|--|---|---|---|---------------------------------|-----------|
| 19 | Ex. 99 - Consumer deposits: Difference between the deposit register and GL           | Controls over daily and monthly processing and reconciling of transactions were not implemented.  | Management should perform a reconciliation between GL and deposit register and correct the AFS                            | The matter is currently being investigated, as it is a legacy issue, i.e. the difference came when data of Hoopstad and Bultfontein were integrated,  | Manager: Budget and Revenue     | Ongoing   |
| 20 | Ex. 101 - Payables: Payment made before invoice received                             | Oversight responsibility regarding compliance and related internal control were not always implemented  | Management should ensure that invoices are obtained before the payment is made to the supplier                            | The payments are only effected when the correct invoice are obtained, no supplier will be paid without obtaining the correct invoice  | Manager: SCM and Expenditure    | Ongoing   |
| 21 | Ex. 28 - Receivables- Long outstanding debt not handed over for collection           | The Municipal Manager did not develop and monitor the implementation of action plans to address internal control deficiencies in respect of debt collection | Management should implement action plans to ensure the implementation of debt control policy                              | An action plan will be developed to follow up on long outstanding debt, and a possible hand over to debt collectors   | CFO/Manager: Budget and Revenue | 28-Feb-15 |
| 22 | Ex. 122 - Other receivables outstanding for periods exceeding 12 months              | The accounting officer did not implement controls over daily and monthly reconciliations of transactions  | Management should investigate this receivables for possible impairment or write off                                       | An investigation is being conducted, a report will be given to MM to advise him on whether to write of the debt or not  | Manager: Budget and Revenue     | 28-Feb-15 |
| 23 | Rising block tariffs (EX.3)  | The Municipal manager does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.              | The municipal manager should implement the rising block tariffs system as required by the Water Service Act.              | There currently are no water meters in Tikwana, thus, implementing Rising block tariff will be impossible, a municipality has on numerous occasion applied for funding to install water meters, but to date, they have not been successful, the matter will continue to be reported as such until water meters have been installed in Tikwana | MM/CFO                          | 30-Jun-15 |
| 24 | Ex. 4 - Property Valuation Roll: Non-compliance: Municipal Property Rates Act, 2004. | The accounting officer does not exercise responsibility over reporting and compliance with laws   | The accounting officer should ensure that the Municipal valuation roll is revised to include all the required information | The valuation roll consist of both Part A and Part B, however, this are not separated, the income accountant and Revenue manager will revise the valuation roll   | Manager: Budget and Revenue     | 30-Jun-15 |
| 25 | Ex. 20 - Revenue: Journal not approved   | The accounting officer did not implement controls over daily and monthly reconciliations of transactions  | The accounting officer should ensure that transactions are approved in terms of delegations                               | All journals must be signed by the CFO prior to them being posted on the system.  | CFO                             | Ongoing   |



|    | FINDINGS   | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION   | REMEDIAL ACTION   | RESPONSIBLE PERSON          | DUE DATE  |
|----|--|---|--|---|-----------------------------|-----------|
| 26 | Ex. 41 - Revenue: Internal Controls relating to connections and reconnection fees          | The accounting officer did not implement controls over daily and monthly reconciliations of transactions  | Management should ensure that the application forms are completed for all new accounts opened by the municipality.   | For Both Hoopstad and Bultfontein, applications forms are provided for new connections  | CFO                         | Ongoing   |
| 27 | Ex. 44 - Revenue: Rates and taxes overstated.  | The financial statements and other information to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit | A manual reconciliation between the rate-able valuation as per the valuation rolls and the rates and taxes raised through the municipal system should be performed by the municipality | The matter was resolved, there is still a difference of R 34 432.87 that is being investigated, the manual valuation roll is compared to the system roll used to levy rates, and should the difference be found, it will disclosed as a prior period error in the next financial year | Manager: Budget and Revenue | 30-Jun-15 |
| 28 | Ex. 46 - Revenue: Rateable valuation reconciliation not performed                          | Implement controls over daily and monthly processing and reconciling of transactions  | A manual reconciliation between the rate-able valuation as per the valuation rolls and the rates and taxes raised through the municipal system should be performed by the municipality | Income Accountant to perform monthly reconciliation between the consbil and the manual valuation roll, this reconciliation must be submitted Manager: Budget and Revenue for review and the CFO for Approval  | Manager: Budget and Revenue | Monthly   |
| 29 | Revenue: Valuation roll not updated during the year (EX.48)                                | Management did not implement controls over daily and monthly processing and reconciling of transactions   | Management should implement controls to ensure that the valuation roll is regularly updated with additions and transfers   | Valuation roll must be updated on a monthly basis with the additions and transfers  | Manager: Budget and Revenue | Monthly   |
| 30 | Revenue: Difference between valuation roll used for levy and manual valuation roll (EX.66) | Management did not implement controls over daily and monthly processing and reconciling of transactions   | Management should investigate the matter and correct accordingly.  | The matter will be corrected with the implementation of supplementary valuation roll  | Manager: Revenue and Budget | 31-Mar-15 |
| 31 | Revenue: Council resolution not to charge interest (EX.76)                                 | The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control                  | Management should align the council resolution with the credit control policy  | Credit control policy of the Municipality must be revised and be aligned to the council resolution  | CFO                         | 31-Mar-15 |

|    | FINDINGS                                    | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION  | REMEDIAL ACTION   | RESPONSIBLE PERSON           | DUE DATE |
|----|---|---|---|---|------------------------------|----------|
| 32 | VAT: Vat 201 Return Submitted late. (EX.58) | The accounting officer has not implement controls over daily and monthly processing and reconciling of transactions | Management should automate VAT calculation process as part of normal processing of transactions to simplify completion of returns | Manager: SCM and Expenditure must ensure that all VAT 201 forms are submitted timeously to SARS (i.e. that all reconciliation and documents are prepared/submitted on time to ensure that VAT 201 forms are submitted timeously | Manager: SCM and Expenditure | Ongoing  |

## CORPORATE SERVICES DEPARTMENT

|   | FINDINGS  | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION   | REMEDIAL ACTION   | RESPONSIBLE PERSON | DUE DATE   |
|---|---|---|--|---|--------------------|------------|
| 1 | EX.113. No approved IT security policy.   | IT System deficiency and could be ascribed to management failing to draft adequate policies due to lack of experience in development of policies                  | Management should ensure that the draft IT Security Policy approved.   | IT Security Policy to be approved by Council  | IT Officer         | 31/01/2015 |
| 2 | EX.114 .No independent review of activities of official responsible for granting user access. | IT System deficiency and could be ascribed to lack of continuous monitoring of compliance to user access management procedures.                                   | ensure the review of audit logs for identification of logon violations and unauthorized administrator activities , Ensure that a user access matrix/grid are linked to a user's job function is formally documented                                      | IT Officer will be tasked to review activities of official responsible for granting user access on the network. | IT Officer         | Ongoing    |
| 3 | EX 116 No formally documented and approved processes for programme change management          | The deficiency could be ascribed to excessive reliance on external services providers by the municipality, without giving due consideration of the risk involved. | IT personnel are adequately trained to enable them to develop adequate programs change management policies. A separate test environment should exist, to minimize the risk of introduction of erroneous programs into the production or live environment | Program change management policy will be developed  | IT Officer         | 31/03/2015 |

|   | FINDINGS   | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION  | REMEDIAL ACTION   | RESPONSIBLE PERSON               | DUE DATE   |
|---|--|---|---|---|----------------------------------|------------|
| 4 | EX.177. No back up and retention strategy  | The Management not allocating adequate funds to enable IT to develop and implement an appropriate disaster recovery plan  | The Management should ensure that the allocated funds are sufficient for the development and implementation of the DRP. A business impact assessment is done to enable the documentation of the disaster recovery plan.IT management should ensure that the disaster recovery plan is developed containing all the important requirements of a DRD. | IT Disaster Recovery Plan to be approved by Council.  | IT Officer                       | 31/01/2015 |
| 5 | EX 115. No processes in place to ensure that users access and privileges on all the financial systems are periodically be reviewed | Lack of continuous monitoring of compliance to user access management procedures. Inadequate staffing, thus supervisory controls could not be adequately implemented      | Ensure the review of audit logs for identification of logon violations and unauthorized activities. Ensure that a user access matrix/grid are linked to user's job function is formally documented.   | IT Officer will review the rights of users accessing SEBATA FMS system.   | IT Officer                       | 28/02/2015 |
| 6 | Ex 128. Minimum Competencies   | The accounting officer did not implement effective HR management to ensure that adequate and sufficient skilled resources are in place and that performance is monitored. | The Management should ensure compliance with National Treasury Regulations in respect of Minimum Competency Levels Framework and Reporting thereof.   | <p>The municipality may only recruit new finance officials that meet the prescribed competencies requirements.</p> <p>All new officials that do not meet the prescribed competency levels may be recruited provided the official continued employment is subject to a condition that the official attains the requirements no later than 30 September 2015, as per Local Government MFMA, Act 2003 Exemption from regulation 15 and 18 of Municipal Regulations on Minimum Competency Levels, 2007.</p> | Manager Human Resource and Legal | 28/02/2015 |

|   | FINDINGS  | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION  | REMEDIAL ACTION   | RESPONSIBLE PERSON               | DUE DATE |
|---|---|---|---|---|----------------------------------|----------|
| 7 | Ex 33. Overtime in excess of the prescribed limit | Oversight responsibility regarding compliance and related internal controls, were not always implemented. | The Accounting Officer should ensure enforce the implementation of Collective Agreement and prescripts of Basic Conditions of Employment Act. | No Employee will be paid overtime in excess of 60 hours per month in terms of clause 16 of Collective Agreement on Condition of Service for Free State Division.<br><br>Employees working in essential services shall be paid overtime in excess of 60 hours per month due to the nature of their work, upon receipt of approval from Director concerned. | Manager Human Resource and Legal | Ongoing  |

## MUNICIPAL MANAGER'S OFFICE

|   | FINDINGS   | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION   | REMEDIAL ACTION  | RESPONSIBLE PERSON | DUE DATE                                 |
|---|--|---|--|--|--------------------|--|
| 1 | EX.2 - Internal audit: Compliance with Standards for Professional Practice of Internal Auditors (SPPIA): | <b>Governance</b><br>The head of internal audit did not ensure that there is an adequately resourced and functioning internal audit unit with capacity to comply with legislative and technical requirements. | No evidence was obtained to confirm the following:<br><br>All internal audit staff is registered members of the Institute of Internal Auditors of SA<br><br>Internal audit activity should have adequate budgetary resources to enable attendance of internal audit courses or updates by staff (continuous professional development)<br><br>Internal audit function is adequately staffed to enforced appropriate supervisory review responsibility over work performed by team members | Internal auditors have registered with the IIA<br><br>Internal auditors attends Continuous Professional Development<br><br>The appointment of Senior Internal Auditor. | Internal Auditor   | Ongoing<br><br>Ongoing<br><br>2015/03/01 |

|   | FINDINGS   | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION  | REMEDIAL ACTION  | RESPONSIBLE PERSON | DUE DATE  |
|---|--|---|---|--|--------------------|-----------|
| 2 | EX.6 - Risk management not performed (EX.6)  | Management did not implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored | The accounting officer develop and communicate to all staff a risk management policy and strategy to guide risk identification, prevention, mitigation and management processes         | The required documents have been approved and workshops with each respective department to communicate the policies to staff |                    | Ongoing   |
| 3 | EX.8 - Internal audit: Municipal Planning and Performance Management Regulation 14       | <b>Governance</b><br>The head of internal audit did not ensure that there is an adequately resourced and functioning internal audit unit with capacity to comply with legislative and technical requirements.   | The head of internal audit should prioritize performance management and provide a continuous evaluation (quarterly) of the function to management and audit committee                   | Approval of the PMS Policy.  |                    | 30-Jan-15 |
| 4 | EX.11 - Planning: Audit Committee  | The audit committee did not fulfil its responsibilities as set out in legislation and in accordance with accepted best practice   | The accounting officer should ensure that committee members understand their roles and responsibilities as stipulated in the audit committee charter and ensure implementation thereof. | Audit Committee should make recommendations to council for adoption and implementation.                                      |                    | Quarterly |
| 5 | EX.12 - Planning: Performance information not reported to different role players (EX.12) | - Financial and performance management<br>- The municipality did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.   | The accounting officer should hold line managers responsible for quarterly reporting and take action for non-achievement and or not reporting.  | Timeous submission of reliable and accurate PoE's  |                    | Quarterly |

|   | FINDINGS   | INTERNAL CONTROL DEFFICIENCY   | RECOMMENDATION  | REMEDIAL ACTION  | RESPONSIBLE PERSON | DUE DATE |
|---|--|--|---|--|--------------------|----------|
| 6 | EX.17 - AOPO - No performance management system in place                   | The municipal council did not exercise oversight responsibility over municipal performance planning, monitoring, evaluation and reporting.   | The municipal council should direct the establishment and implementation of municipal performance management system.  | PMS Policy approval by Council   | Strategic Manager  | Mar-15   |
| 7 | EX.107 - AOPO - Key Performance Indicators not well defined and verifiable | <b>Leadership</b><br>The accounting officer did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities.   | The accounting officer should establish and communicate standard policies and procedures to guide the formulation of key performance indicators so that they are well defined and verifiable. | Refinement of indicators and targets to comply with the FMPPI                                  | Strategic Manager  | Ongoing  |
| 8 | EX.45 - Planning: Non implementation of PROPAC resolutions                 | <b>Oversight responsibility</b><br><br>Management did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities as key control weaknesses identified by oversight committee (PROPAC) were not resolved | Management should develop and implement an action plan to comply with resolutions issued by PROPAC.   | PROPAC resolutions will be followed up and monitored closely with other municipal resolutions. | Strategic Manager  | Ongoing  |
| 9 | EX.84 - Sector procedures - SDBIP for 2014-15 not compliant                | <b>Oversight responsibility</b><br>The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control  | Management should review key service delivery objectives included in the SDBIP and correct accordingly  | The SDBIP will be amended and reviewed to ensure the inclusion of the said indicators.         | Strategic Manager  | Jan-15   |

## TECHNICAL SERVICES DEPARTMENT

|   | FINDINGS   | INTERNAL CONTROL DEFFICIENCY   | RECOMMENDATION   | REMEDIAL ACTION   | RESPONSIBLE PERSON                     | DUE DATE   |
|---|--|--|--|---|--|------------|
| 1 | EX.74.ADJUSTED. Inventory: Difference between inventory listing and general ledger   | The difference is caused by the fact that the inventory records were not updated regularly with the movement of the inventory  | Monthly reconciliations between the inventory register and the General Ledger should be prepared,  | The monthly reconciliations between the inventory register and the General Ledger is being prepared.  | Technical Officers /Inventory Officers | 31/01/2015 |
| 2 | EX.84 - Sector procedures - SDBIP for 2014-15 not compliant  | The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control   | Management should review key service delivery objectives included in the SDBIP and correct   | The water and sanitation 2014-15 target must corrected in the SDBIP   | DIRECTOR TECHNICAL                     | 31/01/2015 |
| 3 | EX.86 - Sector Procedures - Sanitation backlog not eradicated by end of 2014   | The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control   | The municipal manager should ensure that adequate budgetary resources are made available to enable the achievement of minimum standard of sanitation services to all households in the Tswelopele municipal area | The Municipality will engage the Department of Human Settlement to speed up the project. There cannot be a target date on this item as it is dependent on the Department's proceedings and program. | DIRECTOR TECHNICAL                     | 31/01/2015 |
| 4 | EX.87.Service delivery: Water services Development plan  | The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control   | The municipal council should draft and approve the water services development plan (WSDP).   | The Municipality should review and adopt the WSDP   | DIRECTOR TECHNICAL                     | 31/03/2015 |
| 5 | EX.88 - Sector Procedures - Road infrastructure policy & road maintenance plan & road asset management system not in place | Management did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities | Management should design, communicate and implement road infrastructure policy and maintenance plan and road asset management system   | Development of road infrastructure policy, maintenance plan and asset management system   | DIRECTOR TECHNICAL                     | 31/03/2015 |

|   | FINDINGS  | INTERNAL CONTROL DEFFICIENCY  | RECOMMENDATION  | REMEDIAL ACTION  | RESPONSIBLE PERSON | DUE DATE   |
|---|---|---|---|--|--------------------|------------|
| 6 | EX.7 - Monthly reconciliation of inventory records to the stock listing not performed | The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control  | Monthly reconciliations between physical inventory, the inventory register and the General Ledger should be prepared to ensure proper management of inventory and keep the Inventory Register updated | Daily monitoring and recording of inventory, and monthly reconciliation between inventory and general ledger. The register will be updated monthly | DIRECTOR TECHNICAL | 31/01/2015 |
| 7 | EX.25 - Revenue: distribution losses not calculated on a monthly basis                | Management does not prepare regular, accurate and complete financial and performance reports for distribution losses as monthly reconciliation of the number of units of water billed vs. purchased is not prepared and any variances above the expected norm followed up and billed if necessary | The chief financial officer should prepare monthly reports for distribution losses across all operations that generates revenue so as to assess their profitability and sustainability                | Distribution losses to be calculated on a monthly basis  | DIRECTOR TECHNICAL | 31/01/2015 |

## COMMUNITY SERVICES DEPARTMENT

|    | FINDINGS   | INTERNAL CONTROL DEFFICIENCY   | RECOMMENDATION   | REMEDIAL ACTION  | RESPONSIBLE PERSON | DUE DATE   |
|----|--|--|--|--|--------------------|------------|
| 68 | Contingent Liabilities: Landfill site not registered (EX.92) | The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control | <p>Management should ensure that the landfill sites are registered with the National department of environmental affairs. The municipality should disclose a contingent liability as follows;</p> <p>Contingent liability - Unlicensed landfill sites<br/>The municipality managed 2 landfill sites without the required licenses in contravention of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008). In terms of section 68(1) of the National Environmental Management: Waste Act, 2008 a fine of R10 million or imprisonment for a period not exceeding 10 years for any person convicted of the offence could be imposed. Furthermore, the municipality may be subject to legal action by other institutions or members of the public since unauthorized landfill sites are operated that could have an environmental, health or safety risk to the community</p> | The Department of Economic Development, Tourism and Environmental affairs is in process of assisting the municipality to regularize the landfill site. | Director           | 2015/06/30 |



AUDIT AND PERFORMANCE COMMITTEE

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**AUDIT COMMITTEE ANNUAL REPORT 2013-14**

**FOR**

**TSWELOPELE LOCAL MUNICIPALITY**

## REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE OF TSWELOPELE LOCAL MUNICIPALITY FOR THE YEAR 2013/2014

### 1. BACKGROUND

The audit and performance committee report that it has complied with its responsibilities arising from Section 166 of the Municipality Finance Management Act and Treasury Regulations 27.1.8 and 27.1.10. The audit committee consists of non-executive members including the chairperson and it has also adopted formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged most of its responsibilities as contained therein.

The Terms of Reference for the Committee are compiled in accordance with section 166 of the MFMA and the King III Report on Corporate Governance, and are enshrined in the Audit Committee Charter.

### 2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted of three (3) members and was scheduled to meet, at least, four (4) times per annum in terms of its approved terms of reference. The Audit Committee members are listed below. During the year for which this report refers, five (5) meetings were held and attendance of members is indicated hereunder:

| Member                    | Number of meetings held | Number of meetings attended |
|---------------------------|-------------------------|-----------------------------|
| Mr. V. Vapi (Chairperson) | 5                       | 5                           |
| Mr. M. Tshofela           | 5                       | 3                           |
| Mr. C. Van Wyk            | 5                       | 5                           |

#### Number of meetings held per quarter

| Quarter         | Date                           |
|-----------------|--------------------------------|
| 1 <sup>st</sup> | 15 July 2013<br>26 August 2013 |
| 2 <sup>nd</sup> | 28 October 2013                |
| 4 <sup>th</sup> | 23 April 2014<br>30 June 2014  |

It should be mentioned that Mr. M Tshofela resigned during the year under review, consequently could not attend all the meetings. The resignation date was the 11<sup>th</sup> February 2014.

### **3. INTERNAL AUDIT**

The audit committee approved its terms of reference as well as that of Internal Audit Unit in a meeting held on the 15<sup>th</sup> July 2013. It is recommended practice that the terms of reference be reviewed on an annual basis to ensure that the latest pronouncements are taken into account in the Policy documents.

The committee has also approved the internal audit function's annual audit plan for the financial year ended 30 June 2014 in a meeting held on the 26<sup>th</sup> August 2013.

The Internal Audit Unit designed the Internal Audit Methodology and The Quality Assurance and Improvement Program for the Municipality. The Audit Committee approved and adopted these documents during a meeting held on the 23<sup>rd</sup> April 2014. This was in an attempt to comply with IPPF Standard 1300 . Quality Assurance and Improvement Program and Provincial Treasury Evaluation Reports.

The internal audit unit has a responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Tswelopele Municipality's operations. The head of internal audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the committee on a regular basis.

The head of internal audit has direct access to the committee, primarily through its chairman.

The positions for two more Internal Auditors were incorporated into the Internal Audit Unit structure. The appointment of the Internal Auditor within the Unit is anticipated to take place in the beginning of the 2014/15 financial year. This will go a long way to ensuring functionality of Internal Audit Unit as this is one of the areas that are closely guarded by the Auditor General.

### **4. THE ADEQUACY AND EFFECTIVENESS OF GOVERNANCE, RISK MANAGEMENT AND CONTROL**

The internal audit unit of the Tswelopele Local Municipality has furnished the audit committee with reports of its evaluation of the adequacy and effectiveness of governance, risk management and internal control processes within the Municipality. It is the view of the committee that, although, the governance, risk management and internal control processes are partly adequate, more effective efforts should be put in place to improve the internal control environment of the Municipality.

### ***Governance***

All significant structures and processes that provide strategic direction are in place and functioning as intended. The structures referred to include the Council, the Audit Committee, the Executive Management, staff and the Internal Audit Unit.

### ***Risk Management***

The appointment of the Risk Officer is appreciated as it will enhance the implementation of the Risk Management and facilitate the establishment of a fully-fledged Risk Management Unit that will ensure that response strategies are designed in order to keep significant risks within the risk appetite of the Municipality and ultimately impacting on the achievements of the municipality's objectives.

Risk Management unit was established during the financial year. Risk Management Strategy and Policy has been developed by the Risk Officer. The Risk Management Committee for managing and monitoring of risks has also been established during the year under review.

### ***Internal Controls***

Based on the reports presented, the Audit Committee has noted that existing internal controls are partly adequate in most areas within the Municipality and therefore partly effective during the financial year ended 30 June 2014.

## **5. THE QUALITY OF MANAGEMENT AND MONTHLY / QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT**

The quality of in year management and monthly/quarterly reports submitted in terms of MFMA and the Division of Revenue Act is reasonable.

## **6. EVALUATION OF FINANCIAL STATEMENTS**

The Audit Committee has:

- Reviewed and discussed with the Accounting Officer the Audited Annual Financial statements to be included in the annual report;
- Reviewed the Accounting Policies and Practices
- Reviewed the Auditor General's management letter and management response; and
- Reviewed significant adjustments resulting from the audit.
- Reviewed the Municipality's compliance with legal and regulatory provisions.

The Audit and Performance Committee concurs with and accepts the conclusions of the Auditor General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

## **7. PERFORMANCE MANAGEMENT**

The Audit and Performance Committee is not satisfied that the Management has implemented an effective system of monitoring progress with the achievement of performance targets.

It is however noted that great effort put into improving performance management and strides have been achieved by the Municipality. The appointment of a Strategic Manager will guide and direct performance management in the Municipality. The development and presentation of the Performance Management Policy framework to the Audit and Performance Committee clearly indicates the tone set by Management regarding performance management.

Efforts were also made by the Strategic Manager together with the Internal Audit Unit to review the targets and Indicators in the Service Delivery and Budget Implementation Plan in order to ensure compliance with the Framework for Managing Program Performance Information. The Office of the Auditor General was also involved in an advisory role to ensure targets and indicators are in conformance with the framework. The project was also undertaken to ensure alignment between Integrated Development Plan objectives and that of the Service Delivery and Budget Implementation Plan during the year under review.

## **8. CONCLUSION**

The committee is grateful for the co-operation and support rendered by the Municipal Manager, Mr. T L. Mkhwane and his team throughout the reporting period.

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**Mr. V. Vapi**

CHAIRPERSON OF THE AUDIT COMMITTEE

## GLOSSARY

|   |  |
|---|--|
| <b>Accessibility indicators</b>           | Explore whether the intended beneficiaries are able to access services or outputs.   |
| <b>Accountability documents</b>           | Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.                                    |
| <b>Activities</b>                         | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.   |
| <b>Adequacy indicators</b>                | The quantity of input or output relative to the need or demand.  |
| <b>Annual Report</b>                      | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.  |
| <b>Approved Budget</b>                    | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.   |
| <b>Baseline</b>                           | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.   |
| <b>Basic municipal service</b>            | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.   |
| <b>Budget year</b>                        | The financial year for which an annual budget is to be approved . means a year ending on 30 June.  |
| <b>Cost indicators</b>                    | The overall cost or expenditure of producing a specified quantity of outputs.  |
| <b>Distribution indicators</b>            | The distribution of capacity to deliver services.  |
| <b>Financial Statements</b>               | Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.   |
| <b>General Key performance indicators</b> | After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.  |
| <b>Impact</b>                             | The results of achieving specific outcomes, such as reducing poverty and creating jobs.  |
| <b>Inputs</b>                             | All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.  |
| <b>Integrated Development Plan (IDP)</b>  | Set out municipal goals and development plans.   |
| <b>National Key performance areas</b>     | <ul style="list-style-type: none"> <li>É Service delivery &amp; infrastructure</li> <li>É Economic development</li> <li>É Municipal transformation and institutional development</li> <li>É Financial viability and management</li> <li>É Good governance and community participation</li> </ul> |
| <b>Outcomes</b>                           | The medium-term results for specific beneficiaries that are the consequence  |

|  |  |
|--|--|
|  | of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".   |
| <b>Outputs</b>                                     | The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.   |
| <b>Performance Indicator</b>                       | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)  |
| <b>Performance Information</b>                     | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.   |
| <b>Performance Standards:</b>                      | The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.   |
| <b>Performance Targets:</b>                        | The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.  |
| <b>Service Delivery Budget Implementation Plan</b> | Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.  |
| <b>Vote:</b>                                       | One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.<br>Section 1 of the MFMA defines a <del>vote</del> as:<br><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i><br><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i> |

## APPENDICES

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

| COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE |                       |                      |                            |  |   |
|--|-----------------------|----------------------|----------------------------|--|---|
| COUNCIL MEMBERS  | FULL TIME / PART TIME | COMMITTEES ALLOCATED | WARD AND PARTY REPRESENTED | PERCENTAGE COUNCIL MEETINGS ATTENDANCE | PERCENTAGE APOLOGIES FOR NON-ATTENDANCE |
|  | FT/PT                 |                      |                            | %                                      | %                                       |
| MAYOR MATHIBE  | FT                    | FINANCE              | ANC                        |  |   |
| SPEAKER MATLAKALA  | FT                    |                      | WARD 2 AND ANC             |  |   |
| CLLR MOALOSI   | PT                    | SPORT                | WARD 3 AND ANC             |  |   |
| CLLR ESAU  | PT                    |                      | WARD 1 AND ANC             |  |   |
| CLLR NJODINA   | PT                    |                      | WARD 4 AND ANC             |  |   |
| CLLR RASEU   | PT                    |                      | WARD 5 AND ANC             |  |   |
| CLLR NGESE   | PT                    |                      | WARD 6 AND ANC             |  |   |
| CLLR TAEDI   | PT                    |                      | WARD 7 AND ANC             |  |   |
| CLLR BALENI  | PT                    |                      | WARD 8 AND ANC             |  |   |
| CLLR BONOKWANE   | PT                    |                      | ANC                        |  |   |
| CLLR TALJAARD  | PT                    |                      | ANC                        |  |   |
| CLLR PHUKUNTSI   | PT                    |                      | ANC                        |  |   |
| CLLR HORN  | PT                    |                      | DA                         |  |   |
| CLLR JOUBERT   | PT                    |                      | DA                         |  |   |
| CLLR SNYER   | PT                    |                      | COPE                       |  |   |



## APPENDIX B . COMMITTEES AND COMMITTEE PURPOSES

| COMMITTEES AND THEIR PURPOSE    |   |
|---------------------------------|---|
| MUNICIPAL COMMITTEES            | PURPOSE OF COMMITTEE  |
| Finance Committee               | Deals with municipal financial management.  |
| Audit Committee                 | It is independent advisory body to council, municipal manager and management staff on financial controls, risk management, accounting policies, performance management. |
| Housing & erven                 | Deals with housing & erven matters within the municipality.   |
| Local Labour Forum [LLF]        | Platform were organized labour and the employer negotiates and bargains on issues affecting labour at local level.  |
| Education                       | Deals with local educational matters.   |
| Sports                          | Deals with issues affecting all sporting codes.   |
| Agriculture & Rural Development | Deals with all matters pertaining to agriculture and rural  |
| Economic Development            | Deals with local economic development issues.   |
| Social Development              | Deals with social & welfare issues affecting the community.   |

## APPENDIX C – FUNCTIONS OF MUNICIPALITY

| MUNICIPAL FUNCTIONS  | FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO) |
|--|--|
| CONSTITUTION SCHEDULE 4, PART B FUNCTIONS  |  |
| Air pollution  | Yes  |
| Building regulations   | Yes  |
| Child care facilities  | No   |
| Electricity and gas reticulation   | Yes  |
| Firefighting services  | No   |
| Local tourism  | Yes  |
| Municipal airports   | No   |
| Municipal planning   | Yes  |
| Municipal health services  | No   |
| Municipal public transport   | No   |
| Stormwater management systems in built-up areas  | Yes  |
| Trading regulations  | Yes  |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems | Yes  |
| Beaches and amusement facilities   | No   |
| Billboards and the display of advertisements in public places  | Yes  |
| Cemeteries, funeral parlours and crematoria  | Yes  |
| Cleansing  | No   |
| Control of public nuisances  | Yes  |
| Control of undertakings that sell liquor to the public   | No   |
| Facilities for the accommodation, care and burial of animals   | No   |
| Fencing and fences   | Yes  |
| Licensing of dogs  | Yes  |
| Licensing and control of undertakings that sell food to the public   | Yes  |
| Local amenities  | Yes  |
| Local sport facilities   | Yes  |
| Markets  | No   |
| Municipal abattoirs  | No   |
| Municipal parks and recreation   | Yes  |
| Municipal roads  | Yes  |
| Noise pollution  | Yes  |
| Pounds   | Yes  |
| Public places  | Yes  |
| Refuse removal, refuse dumps and solid waste disposal  | Yes  |
| Street trading   | Yes  |
| Street lighting  | Yes  |
| Traffic and parking  | Yes  |

## VOLUME II: ANNUAL FINANCIAL STATEMENTS