



MUTALE MUNICIPALITY-LIM342

2012-2013

DRAFT ANNUAL REPORT

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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of



Preface

Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

July 2012



Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

a. Vision:

A developmental municipality that insures sustainable economic growth and equitable service delivery.

b. Mission statement:

We strive to provide quality services and build local economy through information and knowledge sharing, strong partnership and in harmony with the natural environment.

c. Key Policy Developments:

In order to ensure the improvement on service delivery, the following key policies have been developed : Spatial development framework and land use Management scheme (LUMS) were developed to facilitate the development in the area. HR Policies have been reviewed including Employment Equity, Occupational Health and Safety, Staff attendance and punctuality policy, Relocation policy, Recruitment and Selection Policy, Smoking policy, Staff retention policy, HIV/AIDS policy, Bursary policy and Education and Training policy. In addition to the above HR policies, key finance policies were also developed and some reviewed in line with the budget process. These include Supply Chain Management, Credit Control policy, Cash Investment policy, Asset Control policy, Risk Management policy etc.

The above policies have been developed to ensure that the municipality is achieving its strategic objectives.

d. Key Service Delivery Improvements

While there are still many challenges in relation to service delivery, the following projects have been implemented during the year under review:

- Thengwe/Tshandama road was completed
- Mangwele road
- Tshilamba streets paving was at the design face
- Masisi streets paving is currently being implemented.
- Tshidongololwe bridge

In addition to the above roads projects, several electricity projects were implemented. These include

- Thanuha not yet energised
- Tshambuka not yet energised

Chapter 1

- Muhotoni
- Bileni not yet energised
- Dovho/ Duluthulu
- Nkotswi
- Tshikuyu
- Matatani and Domboni
- Mukununde
- Tshamutavha
- Maludzhawela
- Maramanzhi
- Guyuni

The remaining projects will be energised during 2013/2014. 4000 VIP toilets and 265 housing units were completed

e. Public Participation:

In line with the provisions of the Systems Act and the Constitution of the Republic of South Africa, public participations meetings were held in all wards to solicit community inputs on draft by-laws and the IDP, as well as the budget. Valuable inputs were received during these public participation processes. The main challenge facing the Municipality is small revenue base due to none- payment of services.

f. Future Actions:

Our future plans include engaging community structures and leaders on issues of payment of services and have revenue increase strategies. To seek assistance from the department of COGHSTA and Treasury to engage departments which are not paying municipal services. As part of action plan, the Municipality intends to use Public Private Partnership approach to implement some of the Infrastructure development projects.

g. Agreements / Partnerships:

No agreements or partnership has been entered into during the year under review.

h. Conclusion:

Looking at the progress made with regard to access to basic services electricity, sanitation, and housing we believe that the fight for a better life for all will soon be won. Much however still need to be done in the areas of roads and water provision. The backlog on roads and water is still huge. We finally wish to thank our communities and other role players including government departments for their support. Together we shall overcome the challenges ahead of us and create a better more humane community.

(Signed by :) _____

Mayor Cllr Mukwevho N.J

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

This report intends to provide an in-depth and accurate account on the level of performance achieved for the 2012/123 period under review. The report details the organization's performance by reflecting on the performance of each department. In line with the IDP 2012/2013 the municipality has implemented a number of projects in the area of roads and electricity. Many more communities and households are currently having access to electricity although there is still a backlog. The biggest challenge is on access roads. Most of our access roads are not in good conditions due lack of regular maintenance. This will be eased by a new maintenance machinery purchased though not equal to the task at hand. On the provision of sanitation services, we are glad to report that our municipality has no backlog. This does not mean that sanitation is no longer a requirement. The future sanitation needs will be dependent on number of new settlements/ villages established. While water provision is a district function, we are satisfied by the progress made in this area. There were many water projects implemented during the year under review. These include Madadani -Tshiungani water reticulation, Manenzhe Bale water reticulation, Mutale regional water scheme upgrading, Masisi water reticulation, Rambuda- Tshixwadza pipeline extension, etc.

Refuse removal (waste management) is collected at Tshilamba and Masisi town on a daily basis. Indigent households receive 50% discount on refuse removal. Housing is a responsibility of the department of COGHSTA in the province. However the municipality plays an important role in terms of coordinating the identification of beneficiaries and monitoring the construction process. During the year under review, 750 RDP houses were constructed in wards 3,4 &5. The municipality has also implemented EPWP projects in line with national policy guidelines. As part of EPWP programme 13 culverts were constructed in various ward and 244 jobs were created. In addition, community works programme (CWP) was implemented in wards 11 and 12. 1000 jobs were created. The development of Awelani Eco-Tourism was a major boost in terms of local economic development. These projects will assist in the creation of both temporary and permanent jobs for local people as well as building capacity and multi skilling disadvantaged communities. The main challenge facing the municipality is lack of sound revenue base. The municipality depends mainly on grants from National governments to provide services to the communities. In this regard we are referring specifically to MIG and equitable shares. Own revenue constitute less than 50% of the budget of the municipality. This has a negative impact on service delivery since the municipality cannot implement capital projects from own revenue. A considerable number of administrative policies including financial management and human resources have been developed and approved by council during the year under review. Fourteen human resources policies have been approved. This assists the municipality in terms of complying with the legislative framework governing the municipalities as well as gradually creating a sound administrative system capable of satisfactory executing local government constitutional mandate. In addition financial management policies have been developed to ensure compliance with the MFMA and other Treasury circulars. The municipality is having an Internal audit unit which currently assist in risk management. The municipality shares with shares the Audit committee with Vhembe District municipality. By sharing audit committee with the district municipality, our municipality get an opportunity to share good governance practices with other local municipalities.

Municipal Manager

T 1.1.1



Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

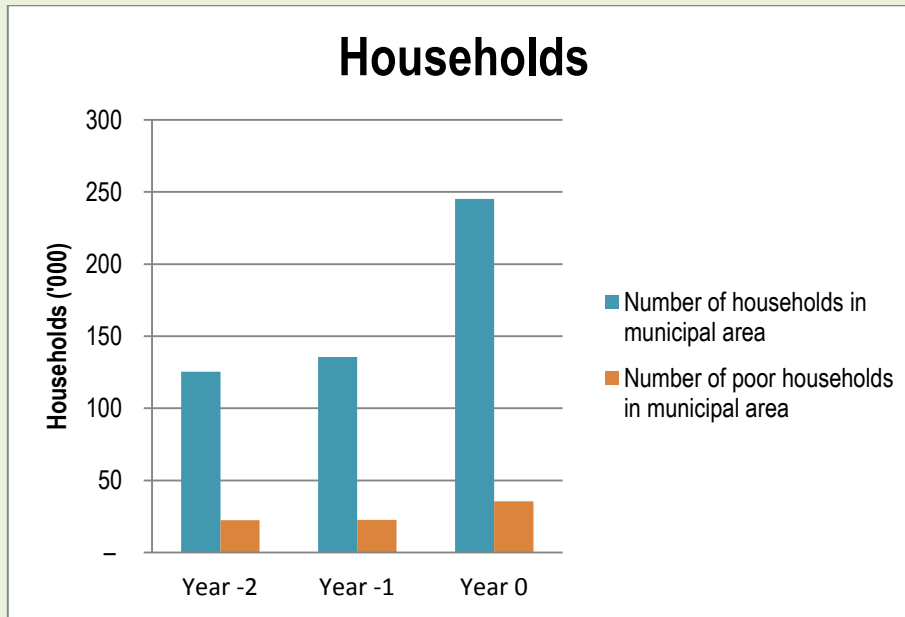
In terms of basic service delivery, the district municipality is responsible for water provision and sanitation. The responsibility of electricity provision rest is with ESKOM. The COGHSTA department is responsible for housing provision. However in all the above basic services, the municipality play s the pivotal role of coordination. The municipality is responsible for refuse removal, LED, Roads and Storm Water and Local Planning. In this regard refuse collection was done at Tshilamba and Masisi town including clinics and schools next to the two towns. When it comes to LED, Awelani eco tourism project was completed and CWP was implemented at wards 11 and 12. With regard to storm water drainage 15 culverts were constructed in all wards using labour intensive method (EPWP). On Local planning the municipality is responsible for the Town Planning function; Land-use Management Applications; Building Control; Geographical Information System and Survey. The unit is aimed at promoting and guiding spatial and physical development of the municipality by provision integrated, strategic, developmental and regulatory frameworks through implementation of Land Use Management Scheme and spatial Development Frameworks. The municipality has currently two Nodal points which are Tshilamba and Masisi. The municipality is normally assisted by provincial government and Vhembe District Municipality in provision of planning services. However during the year under review, the municipality did not execute any major planning work due to economic situation the province has found itself in. nonetheless the municipality has continued to provide small scale planning services such as change of rural land use and demarcation of sites approved by COGSTA.

T 1.2.1

Population Details									Population '000
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	6029	5987	12016	5397	5302	10699	6470	7654	14124
Age: 5 - 9	5794	5680	5680	6297	6391	12688	8818	7365	16183
Age: 10 - 19	12125	11 408	11781	11513	9144	20657	14487	15141	29628
Age: 20 - 29	6846	8 209	15055	5163	7139	12302	7228	9336	16564
Age: 30 - 39	3566	6062	11775	3238	5185	8423	4752	6409	11161
Age: 40 - 49	2870	4683	7553	2060	2605	2060	3011	5524	8535
Age: 50 - 59	1884	3202	5086	1321	1967	3288	2023	2750	4773
Age: 60 - 69	1193	1914	3107	908	1638	2546	1422	1807	3229
Age: 70+	1245	3177	4422	465	1029	1494	257	818	1075
Source: Statistics SA									T 1.2.2



Chapter 1

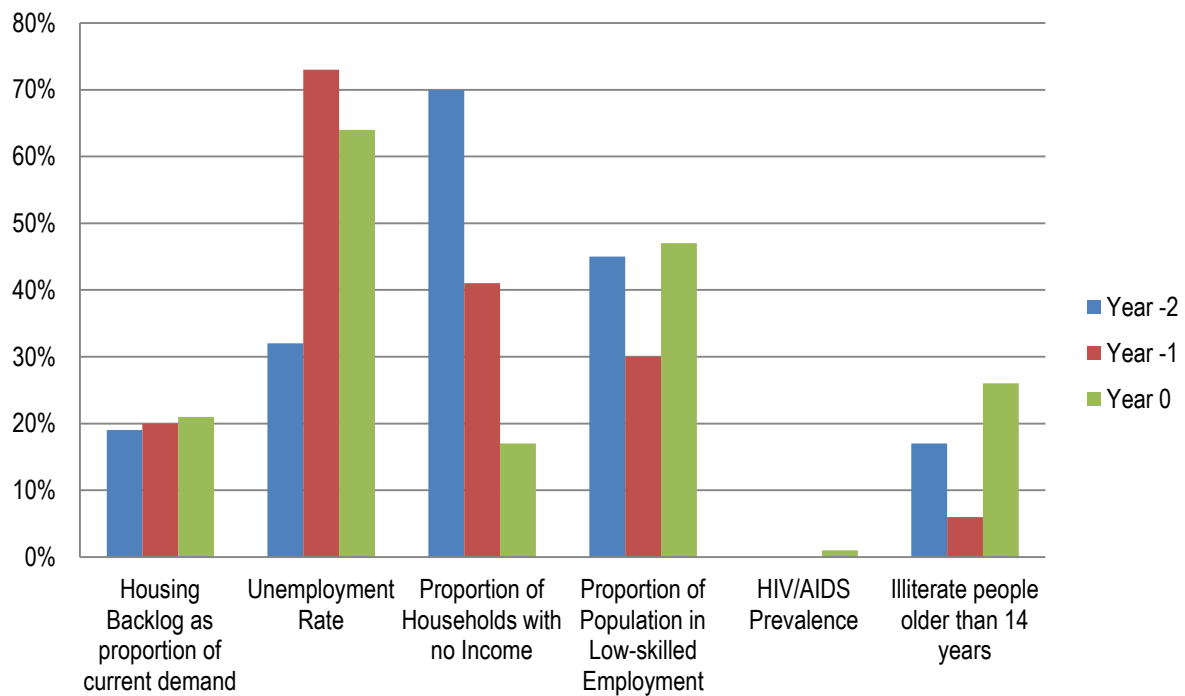


Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	20%	73%	70%	45%	0.81%	17%
Year -1	21%	64%	41%	30%	0,9%	6%
Year 0	29%	45.3%	59.5%	76.6%	1%	11.5%
T 1.2.4						



Chapter 1

Socio Economic Status



T 1.2.5



Chapter 1

Overview of Neighbourhoods within Mutale Municipality'		
Settlement Type	Households	Population
Towns		
Masisi	250	1500
Tshilamba	770	4350
Sub-Total	1020	5850
Townships		
Tshandama	538	3228
Tshilamba	770	4350
Masisi	250	1500
Sub-Total	1558	9078
Rural settlements		
150 Villages	22930	137580
Sub-Total	22930	137580
Informal settlements		
Sub-Total	0	0
Total	25368	152208
		T 1.2.6

Natural Resources	
Major Natural Resource	Relevance to Community
Vegetation	Collection of firewood and provide grazing land for domestic animals
Rivers	Used as catchments for the supply of raw water to treatment plants for the supply of portable water
Minerals (e.g. Coal)	Used by Industries during clay bricks processing and production of electricity by Eskom
	T 1.2.7



Chapter 1

COMMENT ON BACKGROUND DATA:

The municipality has three major Natural resources which are Rivers, Vegetation and Mineral resources.

- In order to provide portable water to the community, the municipality has blocked two rivers and build two treatment plants in Nwanedi and Mutale. Challenges faced by the municipality with regard to waters resources is that the municipal area is generally dry and agricultural activities taking place on the mountainous area are impacting on the service.
- Vegetation provide alternative means of energy to household not connected to available Eskom network and provide grazing land for domestic animals in the municipality. Main plants includes Marula and baobab trees which improves tourism potential of Mutale as there is big tree in Tshipise The challenge is that, agricultural activity is encroaching onto much vegetation causing deforestation which could lead to reduction of such important natural resource.

T 1.2.8

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Technical department is composed of Five divisions which are: 1.Water and Sanitation, 2.Roads and Storm Water, 3.Housing and Electricity, 4.Planning AND 5.Mechanical Workshop. Vhembe District Municipality is a Water Service Authority and Provider.

• No of households electrified during this financial year	631
• No of households provided with water during the financial year	0
• No of new houses built in the municipality during the financial year	501
• No of households provided with sanitation.	0
• No of households provided with refuse removal in the financial year.	3 201
• No of villages provided with access roads in the municipality.	20
SERVICE BACKLOGS	
1. WATER BACKLOGS	BACKLOG
• Backlogs to be eliminated(no of households receiving below minimum standard of services)	2800



Chapter 1

Backlogs to be eliminated(percentage identified as backlog)	11%
2. SANITATION BACKLOGS	
Backlogs to be eliminated(no of households receiving below minimum standard of services)	0
3. REFUSE REMOVAL BACKLOGS	
Backlogs to be eliminated(no of households receiving below minimum standard of services)	21 738
Backlogs to be eliminated(percentage identified as backlog)	87%
4. ELECTRICITY BACKLOGS	
Backlogs to be eliminated(no of households receiving minimum standard of services)	1550
Backlogs to be eliminated(percentage identified as backlog)	12%
5. HOUSING BACKLOGS	
Backlogs to be eliminated(no of households receiving below minimum standard of services)	59 for (12/13) 568 for previous
Backlogs to be eliminated(percentage identified as backlog)	27%

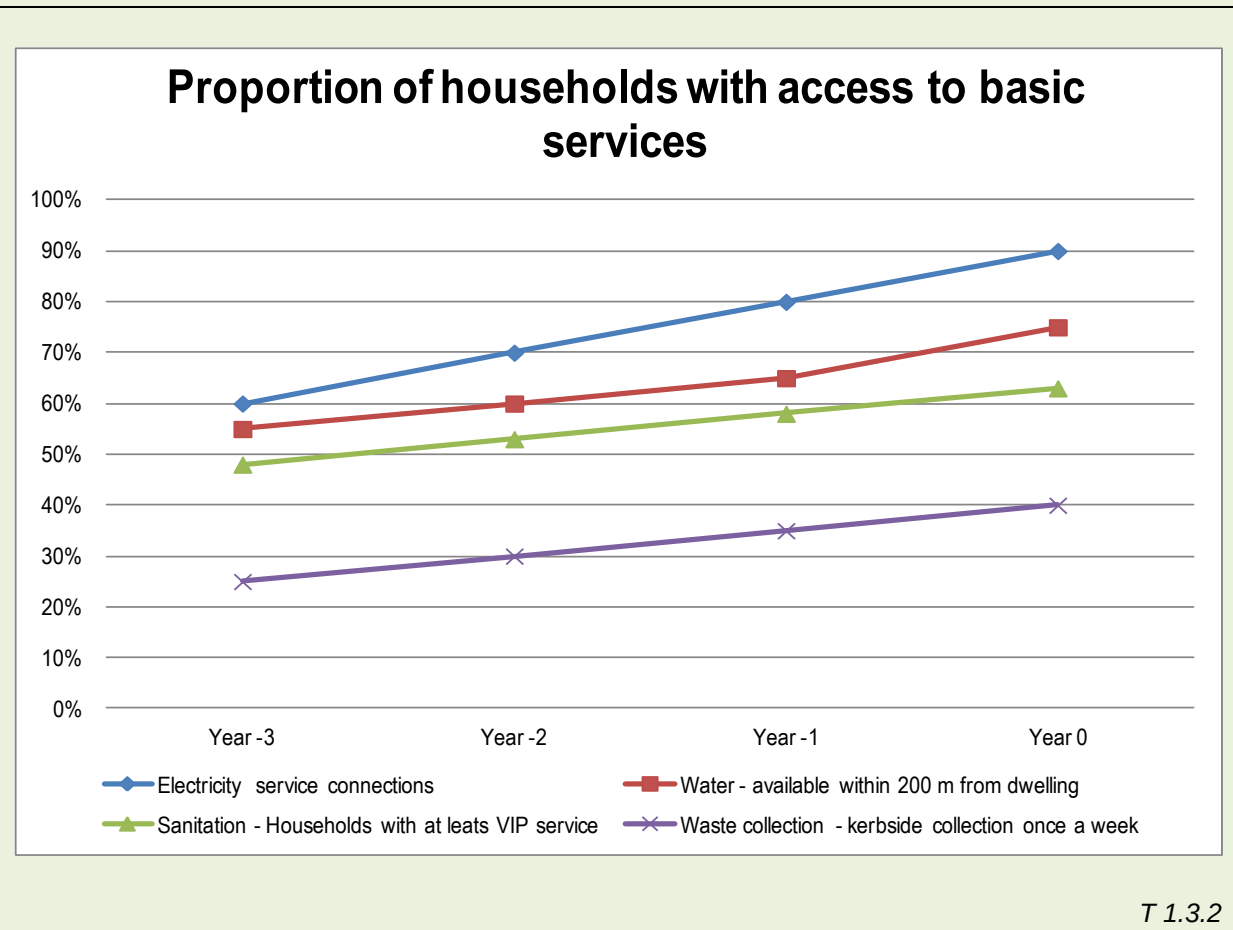
FREE BASIC SERVICES

SERVICE	NO. OF HHS BENEFITTED (2011/2012)
1.Water	519
2.Sanitation	22551
3.Electricity	1 487
4.Refuse removal	42
<i>T 1.3.1</i>	



Chapter 1

Proportion of Households with minimum level of Basic services				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections	77%	84%	88%	90%
Water - available within 200 m from dwelling	72%	74%	88%	89%
Sanitation - Households with at least VIP service	98%	100%	100%	100%
Waste collection - kerbside collection once a week	13%	13%	13%	13%



COMMENT ON ACCESS TO BASIC SERVICES:

Water backlog has not been reduced was still 2800 in year 1 to year 0 respectively. No sanitation backlog during year 0. Electricity reduced by 2% between year -1 and year 0. Housing reduced by 3% between year -1 and year 0. Refuse removal remained the same due to lack of the required resources.

T 1.3.3



Chapter 1

1.4. FINANCIAL HEALTH OVERVIEW

The financial year under review was a difficult period for the municipality in that the recovery of debtors deteriorated and the cash flow throughout the period was under pressure. Although the municipality has arrear creditors, the municipality was still able to cover its short term commitments. This is evident from the liquidity ratios included in Chapter 5.

The challenges with regards to the arrear creditors necessitated that the municipality put in place a strategy to address the worsening of growing creditor's age balance. This was done in terms of a financial austerity measures Strategy, one of the pillars of the Strategy amongst others, is the suspension of official subsistence and travelling cost.

Although the municipality could not maintain the healthy cash flow situation as in the previous financial years, management is certain that the municipality would still be able to operate into the foreseeable future and as a result the going concern assumption would not be affected.

T 1.4.1

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	79586000	77222813	64,412,275
Taxes, Levies and tariffs	0	0	4,389,309
Other	16567820.68	12301892.38	2,174,989
Sub Total	96153820.68	89524705.38	70,976,573
Less: Expenditure	58538072.67	65335615.45	54,800,337
Net Total*	37615748.01	241 89089.93	16,176,236
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	52%
Repairs & Maintenance	2%
Finance Charges & Impairment	9%
T 1.4.3	



Chapter 1

COMMENT ON OPERATING RATIOS:

Employee costs are outside the norm of 30% due to reasons such as;

- An existing arrangement to enable traffic officers to work on weekends;
- Implementations' of performance management system.
- Effecting of long service award to officials who served municipality unbreakable period of more than 10 years.

T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget	26 850 676	13 451 100	18 222 542
Adjustment Budget	12904741.81	20 933 506.4	24 189 090
Actual	0	17 066 100	18 430
			T 1.4.4

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

In June 2012, there were vacancies that have not been filled, primarily due to a moratorium on filling vacancies, but also due to resignations

T 1.5.1



Chapter 1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

The municipality obtained a disclaimer audit opinion with other matters during the 2012-13 financial year.

The financial statements of the municipality was regarded as fairly stated except for certain components of Property, Plant and Equipment, Intangible assets and certain transactions contained as part of assets and liabilities.

Matters of disclaimer raised were regarding commitment register and restatement of prior year figures during the year and budget related disclosures. Matters relating to the audit of predetermined objectives were also raised.

Compliance issues, particularly on supply chain management were raised and other matters of non-compliance with the MFMA and DoRA.

Furthermore, areas of internal control weaknesses were also mentioned which included matters of financial and performance management and governance.

Although the municipality aimed to obtain a better opinion during the 2013-14 financial year. The matters raised in the current audit report are unlikely to recur in the current year.

The audit report is contained in Chapter 6 of this annual report. The accounts of the municipality were too deficient in essential detail for the Auditor General to form an opinion as the financial viability or rectitude of this municipality'

T 1.6.1



Chapter 1

1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	31 December
2	Consider & approve, reject or refer back the annual report at a council meeting	31 January
3	Place the annual report on the municipal website for inputs	5 February
4	Oversight Committee assesses Annual Report	31 March
5	Council adopts Oversight report	
6	Oversight report is made public	
7	Oversight report is submitted to relevant provincial councils	
8	Annual Report and Oversight reports to be used as input on commencement of draft budget/IDP finalization for the next year.	1 April
T 1.7.1		

COMMENT ON THE ANNUAL REPORT PROCESS:

The Municipality endeavours to support the new annual report process being developed by National Treasury as far

T 1.7.1.1



Chapter 1

1.8 ANNUAL REPORT FOR THE AUDIT COMMITTEE TO COUNCIL FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON MUTALE LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Mutale Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statements of financial performance, changes in net assets and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

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

Basis for disclaimer of opinion

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence on the difference of R2 996 660 between the fixed asset register and property, plant and equipment of R73 656 535 (2012: R63 414 728) as disclosed in the statement of financial position. In addition, there were also noted differences of R4 656 588 (2012: R653 237) between the general ledger and note 6 to the financial statements. I was unable to confirm these differences by alternative means. Consequently I was unable to determine whether any adjustments to property, plant and equipment in the financial statements were necessary.
5. The municipality did not review the useful lives of all classes of assets within property, plant and equipment at each reporting date in accordance with Standard of Generally



Chapter 1

Recognised Accounting Practice, GRAP 17, *Property, plant and equipment*. I have not determined the correct net carrying amount of property, plant and equipment in the financial statements and the consequential impact on the surplus for the period and the accumulated surplus as it was impractical to do so.

6. Standard of Generally Recognised Accounting Practice, GRAP 17, *Property, plant and equipment*, requires that a municipality depreciate separately, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item. A sports facility with a carrying value of R1 200 000 included in the financial statements, was not depreciated in terms of the above requirement. I have not determined the correct net carrying amount as it was impractical to do so.
7. Land owned by municipality was not recorded in the accounting records of the municipality for the current and prior financial years. Furthermore, I identified other movable assets which were not recorded in the accounting records of the municipality. The municipality did not maintain adequate systems to identify and maintain records of all property, plant and equipment. Consequently I was not able to determine the full extent of the understatement in property, plant and equipment stated at R73 656 535 in the statement of financial position as it was impracticable to do so.
8. The municipality accounted for a sports facility with carrying value of R532 989 (2012: R337 719) which is situated in an area outside the jurisdiction of the municipality. As a result of this and other matters reported in the preceding paragraphs, I am unable to determine the net effect on property, plant and equipment and the consequential impact on the surplus for the period and accumulated surplus.
9. In the 2011-12 financial year, I was unable to obtain sufficient appropriate audit evidence on property, plant and equipment with a carrying value of R63 414 728. The municipality did not address the matters on property, plant and equipment reported on in the prior year audit. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment in the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Leases

10. Standard of Generally Recognised Accounting Practice, GRAP 13, *Leases* requires a lease to be classified as a finance lease if it transfers substantially all risk and rewards incidental to ownership. The municipality is a party to a lease agreement that constitutes a finance lease, but which has been accounted for as an operating lease. As the municipality did not maintain adequate systems for the recording of leases, I was unable to determine the extent of the adjustments required to be made to property, plant and equipment, and the consequential impact on surplus for the period and accumulated surplus.

Provisions

11. The municipality does not have an accounting policy in place setting out the basis and principles for the recognition and measurement of long service awards provision as required by Standard of Generally Recognised Accounting Practice, GRAP3, *Accounting policies, changes in accounting estimates and errors*. I was unable to confirm long



Chapter 1

service awards by alternative means. Consequently, I was unable to determine whether any adjustments to long service awards stated at R1 723 000 in note 12 to the financial statements were necessary.

12. I was unable to obtain sufficient appropriate audit evidence on the legality of the site used by the municipality for dumping refuse. Consequently I was unable to determine whether any provision as required by Standard of Generally Recognised Accounting Practice, GRAP 19, *Provisions, contingent liabilities and contingent assets* was necessary.

Provision for doubtful debts

13. The municipality did not assess whether objective evidence of impairment exists individually for receivables that are individually significant, as required by Standard of Generally Recognised Accounting Practice, GRAP 104, *Financial Instruments*. I have not determined the correct amount of the impairment as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to trade and other receivables from exchange transactions and receivables from non-exchange transactions stated at R1 716 238 and R8 129 620, respectively, in the financial statements were necessary.

Receivables from non-exchange transactions

14. The municipality recognised a receivable for an amount withheld by National Treasury for conditional grants not utilised in 2011. There is no indication that National Treasury will transfer the amount that was withheld back to the municipality. Consequently, receivables from non-exchange transactions is overstated by R900 000 (2012: R900 000) and accumulated surpluses overstated by the same amount.

Receivables from exchange transactions

15. The municipality levied property rates on public service infrastructure in contravention with section 7(2)(a)(ii) of the Municipal Property Rates Act (MPRA), 2004 (Act No. 6 of 2004). Consequently, receivables from property rates overstated by R4 105 528 (2012: R3 802 323), revenue overstated by R303 205 (2012: R289 123) and accumulated surpluses overstated by the same amount.
16. With reference to the preceding paragraph, the municipality also recognised interest income of R575 392 (2012: R1 153 184) in the financial statements on amounts owed to the municipality on public service infrastructure. I could not reliably determine the interest amount that should be recognised in the accounting records of the local municipality due to limitations on the municipality's recording keeping system. Consequently, I was unable to quantify the value of the adjustments required to interest income in the statement of financial performance.

Payable from exchange transactions

17. I was unable to obtain sufficient appropriate audit evidence to confirm suspense accounts with a debit balance of R914 583 included in payables from exchange transactions of R6 351 048 as disclosed in note 9 to the financial statements. I was unable to confirm the suspense accounts by alternative means. Consequently I was unable to determine whether any further adjustments to payables from exchange transactions in the financial statements were necessary.
18. Trade and other receivables from exchange transactions amounting to R914 583 was



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offset against trade and other payables from exchange transactions, contrary to the requirements of Standard of Generally Recognised Accounting Practice, GRAP 1, *Presentation of financial statements*. Consequently, payables from exchange transactions are understated by R914 583 (2012: R1 385 727) and receivables from non-exchange transactions are understated by the same amount.

19. During 2012, the municipality did not record all other goods and services received but not yet paid for, which resulted in accruals being understated by R2 047 571. In addition, due to an inadequate system in place for managing accruals, there were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all accruals were properly recorded. Consequently, I was unable to determine whether any further adjustments to accounts payable stated at R19 237 156 in financial statements were necessary. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
20. During 2012 the municipality did not record all retentions on infrastructure assets, which resulted in retentions being understated by R958 846. Consequently, retentions are understated by R958 846 and infrastructure assets are understated by the same amount. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Statement of changes in net assets

21. The municipality disclosed an amount of R3 689 984 in the statement of changes in net assets to rectify prior year misstatements which does not agree to note 33 to the financial statements. Furthermore, there is a difference of R12 363 008 between the audited closing balance for the 2011-12 financial year and the restated opening balance for accumulated surplus. I was unable to obtain sufficient appropriate audit evidence for the differences. I was unable to confirm the differences by alternative means. Consequently, I was unable to determine whether any adjustments to the accumulated surplus were necessary.
22. I was unable to obtain sufficient appropriate audit evidence on the write off of prior year receivable balance related to water transactions which were transferred to Vhembe District Municipality amounting to R2 734 046. I was unable to confirm this write-off by alternative means. Consequently, I was unable to determine whether any adjustments to the accumulated surplus were necessary.
23. During 2012, the municipality processed an adjustment to correct prior period errors. The amount of the adjustment against accumulated surplus in the prior year was R1 607 663. This error was not corrected retrospectively in accordance with Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*. Furthermore, the municipality did not restate the prior year comparative amounts disclosed in the financial statements for trade and other payables (R1 184 905), other income (R2 569 571), trade and other receivables (R222 997) balances and investment property and did not adequately disclose the effects of the adjustment in note 33 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on



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the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Revenue

24. I was unable to obtain sufficient appropriate audit evidence on the difference of R690 122 between the prior year financial statements and the current year comparative figure for revenue from exchange transactions. In addition, the municipality did not disclose the nature of the restatement as required by Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting policies, changes in accounting estimates and errors*. I was unable to confirm the restatement by alternative means. Consequently I was unable to determine whether any adjustment to the revenue from exchange transactions of the corresponding figure stated to the amount in the financial statements was necessary.

Depreciation

25. I was unable to obtain sufficient appropriate audit evidence on a difference of R541 830 between depreciation disclosed in the statement of financial performance and note 6 to the financial statements. Consequently I was unable to determine whether any adjustments to depreciation stated at R2 127 156 in the statement of financial performance and property, plant and equipment stated at R73 656 535 in the statement of financial position, was necessary.

Irregular expenditure

26. The municipality made payments in contravention of the supply chain management requirements which were not included in irregular expenditure, resulting in irregular expenditure being understated by R737 062.
27. The municipal council condoned irregular expenditure in contravention of the MFMA section 170, resulting in irregular expenditure being understated by R5 663 693 (2012: R12 561 554).

Fruitless and wasteful expenditure

28. Due to inadequate implementation of processes to identify, record and report on fruitless and wasteful expenditure. I was unable to obtain sufficient and appropriate audit evidence to satisfy myself that the fruitless and wasteful expenditure amounting to R24 877 (2012: R76 287), as disclosed in note 34 to the financial statements is complete. Furthermore, the municipal council condoned fruitless and wasteful expenditure as disclosed in note 34 of the financial statements amounting to R2 110 313 (2012: R270 831) in contravention of section 170 of the MFMA.

Commitments

29. We identified in note 36 to the financial statements that commitments were overstated by an amount of R2 516 070, as the municipality did not maintain adequate systems for recording of commitments. I was unable to determine the extent of the adjustments required for commitments.
30. During 2012, no contract management system was in place for the identification and recognition of contracts and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself that commitments of R39 548 828 as stated in note 36 to the financial statements,



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are complete. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Contingent liability

31. The municipality has not disclosed a contingent liability in note 38 to the financial statements in respect of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement. I was unable to confirm the contingent liability by alternate means. Consequently, I am unable to determine whether any adjustments to the contingent liability to the financial statements were necessary.

Related parties

32. The municipality is occupying an office building owned by Vhembe District Municipality for which no rent is paid. The municipality did not disclose the transaction as related party in accordance International Public Sector Accounting Standard, IPSAS 20, *Related party disclosures*.

Cash flow statement

33. Standard of Generally Recognised Accounting Practice, GRAP 2, *Cash flow statements* requires that the municipality summaries the entity's operating, investing and financing activities. I was unable to confirm whether the cash flow statement and the related notes are fairly stated due to the material effect of the scope limitation and identified misstatements as reported in this report.

Statement of comparison of budget and actual amounts

34. Standard of Generally Recognised Accounting Practice, GRAP 24 *Presentation of Budget Information in Financial Statements* requires that the municipality present a comparison of the budget amounts for which it is held publicly accountable and actual amounts. Furthermore, GRAP 24 requires that the municipality explain the differences between actual amount and budgeted amounts. A difference of R21 523 000 between actual grants received and budgeted was not explained.

Aggregation of immaterial uncorrected misstatements

35. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position:
 - Trade and other receivables from non- exchange transaction reflected at R8 129 620 is understated by R85 670.
 - Value-added-tax (VAT) receivable reflected at R10 382 489 is overstated by R25 208.
 - Investment property reflected at R2 350 000 is overstated by R350 000 and accumulated surplus is understated by the same amount.
 - Consumer desposits reflected at R213 434 is overstated by R185 816.

In addition, I was unable to obtain sufficient appropriate audit evidence and was unable to confirm the following elements by alternative means:

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- Cash and cash equivalent of R11 753 as included in the disclosed balance of R20 368 910.
- Intangible assets of R253 673 as included in the financial statements of R253 673.
- The comparative figure of revenue from non exchange transaction was restated by R289 999.

As a result, I was unable to determine whether any further adjustments to these elements were necessary.

Preparation of the financial statements

36. I was unable to obtain sufficient appropriate audit evidence that the accounting officer fulfilled his responsibility for the preparation and fair presentation of the financial statements in accordance with Standard of Generally Recognised Accounting Practice as written representation in this respect was not provided. I was also unable to obtain written representation from the accounting officer that I was provided with all relevant information and access as agreed in terms of the audit engagement and that all transactions had been recorded and are reflected in the financial statements. I could not determine the effect of the lack of such representations on the financial position of the municipality at 30 June 2013, or the financial performance and cash flows for the year then ended.

Disclaimer of opinion

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

Emphasis of matters

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

Restatement of corresponding figures

39. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2013 in the financial statements of the municipality at, and for the year ended, 30 June 2012.

Material underspending of the conditional grant

40. As disclosed in note 13 to the financial statement, the municipality under spent on national lottery grant R1 227 722, disaster grant of R24 642 977, operational and maintenance grant of R6 698 025. As a consequence, the municipality has not achieved its objectives of providing services to the community.

Additional matters



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

Unaudited supplementary schedules

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

Withdrawal from the audit engagement

43. Due to the limitation imposed on the scope of the audit by management, I have disclaimed my opinion on the financial statements. But for the legislated requirement to perform the audit of municipality, I would have withdrawn from the engagement in terms of the ISAs.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

44. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
45. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priority. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information (FMPPI)*.

The reliability of the information in respect of the selected development priority is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

46. The material findings are as follows:

Usefulness of information

Presentation

Measures taken to improve performance not disclosed

47. Section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total



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of 27% of the planned targets not achieved were not reflected in the annual performance report. This was due to a lack of review of the presentation of the annual performance report by management.

48. Section 46 of the MSA requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 67% measures taken to improve performance as disclosed in the annual performance report. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the reliability of the measures taken to improve performance.

Consistency

Reported objective not consistent with planned objectives

49. The MSA, section 41(c), requires that the integrated development plan should form the basis for the annual report, therefore requiring consistency of objectives between planning and reporting documents. A total of 86% of the reported objectives are not consistent with the objectives as per the approved integrated development plan. This was due to a lack of review of the annual performance report by management.

Measurability

Performance targets not well defined

50. The National Treasury *Framework for managing programme performance information (FMPPI)* requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 28% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was not aware of the requirements of the *FMPPI*.

Reliability of information

Reported information not reliable

51. The National Treasury *FMPPI* requires that institutions should 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.
52. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to service delivery. This was due to limitations placed on the scope of my work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the development priority.

Compliance with laws and regulations

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

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Strategic and performance management

- 54. The IDP adopted by the municipality does not reflect and identify a financial plan and the key performance indicators and targets, as required by sections 26 and 41 of the MSA.
- 55. The municipality did not afford the local community at least 21 days to comment on the final draft of its integrated development plan before the plan was submitted to council for adoption, as required by Municipal planning and performance management regulation 15(3).
- 56. Section 46 of the MSA requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 27% of the planned targets not achieved were not reflected in the annual performance report. This was due to a lack of review of the presentation of the annual performance report by management.

Annual financial statements, performance and annual reports

- 57. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Furthermore, material misstatements identified by the auditors in the submitted financial statements were not corrected and the supporting records could not be provided, subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.
- 58. The council's oversight report on the 2011-12 annual report was not made public within seven days of its adoption, as required by section 129(3) of the MFMA.

Procurement and contract management

- 59. 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) and (c).
- 60. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).
- 61. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
- 62. Awards were made to providers who are in the service of other state institutions or whose directors are in the service of other state institutions, in contravention of the MFMA section 112(j) and SCM regulation 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

Human resource management and compensation

- 63. An acting Municipal manager and CFO were appointed for a period of more than six months, in contravention of section [54A(2A)/56(1)(c)] of the MSA.

Expenditure management

- 64. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2) (e) of the MFMA.
- 65. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and/or accounted for creditors, as required by section 65(2)(b) of the MFMA.



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66. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.

Conditional grants

67. Unspent conditional grant funds not approved by the National Treasury for retention were not surrendered to National Revenue Fund, as required by section 21(1) of the DoRA.

Revenue management

68. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.
69. The municipality did not update its valuation roll in accordance with section 23(1) to (5) of the Municipal Property Rates Act.

Assets management

70. 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.
71. An effective system of internal control for assets (including a complete and accurate asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Liability management

72. 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

73. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
74. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
75. The condoning of irregular expenditure was not approved by the appropriate relevant authority, in accordance with the requirements of section 170 of the MFMA. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2) of the MFMA.

Internal control

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

Leadership



Chapter 1

77. The leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management units. This, in turn, resulted in irregular, fruitless and wasteful as well as unauthorised expenditure.
78. Leadership did not regularly monitor management's compliance with laws, regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted.

Financial and performance management

79. A lack of adequate technical knowledge within management, high level of reliance on consultants with regard to the preparation of the annual financial statements and a lack of adherence to laws and regulations resulted in the opinion received on the submitted annual financial statements and reported performance against predetermined objectives.
80. The municipality did not have a proper system of record management that provides for the maintenance of information that supports the reported performance contained in the annual performance report. This includes information that relates to the collection, collation, verification, storing and reporting of actual performance information.

Governance

81. Management's ineffectiveness in adequately implementing audit recommendations, prevented the governance structures from promoting accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.
82. The municipality did not adequately develop a risk strategy and action plan to manage identified risks. Consequently, internal controls were not selected and developed to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives.
83. The financial statements had material misstatements identified through the audit process, which are attributable to the lack of risk assessment performed, weaknesses in the design and implementation of internal control in respect of financial management, and financial reporting and weaknesses in the information systems.



Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

1. Sections 40 and 41 of our Constitution provide:-

“40 Government of the Republic

(1) In the Republic, government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated.

(2) All spheres of government must observe and adhere to the principles in this Chapter and must conduct their activities within the parameters that the Chapter provides.

41 Principles of co-operative government and intergovernmental relations

(1) All spheres of government and all organs of state within each sphere must -

- (a) preserve the peace, national unity and the indivisibility of the Republic;
- (b) secure the well-being of the people of the Republic;
- (c) provide effective, transparent, accountable and coherent government for the Republic as a whole;
- (d) be loyal to the Constitution, the Republic and its people;
- (e) respect the constitutional status, institutions, powers and functions of government in the other spheres;
- (f) not assume any power or function except those conferred on them in terms of the Constitution;
- (g) exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere; and
- (h) co-operate with one another in mutual trust and good faith by -

- (i) fostering friendly relations;
 - (ii) assisting and supporting one another;
 - (ii) informing one another of, and consulting one another on, matters of common interest;
 - (iv) co-ordinating their actions and legislation with one another;
 - (v) adhering to agreed procedures; and
 - (vi) avoiding legal proceedings against one another.
- (2) An Act of Parliament must -

- (a) establish or provide for structures and institutions to promote and facilitate intergovernmental relations; and
- (b) provide for appropriate mechanisms and procedures to facilitate settlement of Intergovernmental disputes.

(3) An organ of state involved in an intergovernmental dispute must make every reasonable effort to settle the dispute by means of mechanisms and procedures provided for that purpose, and must exhaust all other remedies before it approaches a court to resolve the dispute

Chapter 2

4) If a court is not satisfied that the requirements of subsection (3) have been met, it may refer a dispute back to the organs of state involved.”

2. Broad Powers and functions of the municipality

Section 151(2) of the Constitution: The Executive and Legislative authority of a municipality is vested in its municipal council.

Section 156(1) of the Constitution: A municipality has executive authority in respect of, and has the right to administer –

- the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 (of the Constitution); and
- any other matter assigned to it by national or provincial legislation.

Section 156(5) of the Constitution: A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.

3. Governance is about “how” an organisation is run. In the running of Mutale, a clear distinction is made between the politically elected structure (Councillors serving on the Council which is responsible for the oversight and legislative function of the municipality, as well as those matters which it has retained as its own functions. Other elected Councillors serve as full time office bearers involved in the day-to-day running of the Municipal Council from the political perspective, namely the Mayor with his Mayoral Committee) and the administration.

The Council is chaired by the Speaker. The executive is headed by the Mayor with his Mayoral Committee of five(4) members(councilors and 3 Sec 57 Managers. The structure of Council is laid out in greater detail later in this chapter.

The Administration is headed by the Municipal Manager, who is also the organisation’s Accounting Officer. Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making powers are clear and unambiguous (see the notes below).

T 2.0.1



Chapter 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The political governance of Mutale Municipality comprises of the Mayor, the Speaker and the Chief Whip. The Executive Committee is responsible the identification and prioritisation of community needs and overseeing the implementation of budget and the IDP. During the year under review, the Municipality was sharing the Audit Committee with other local Municipalities and the District Municipality. The Oversight Committee was established in the form of MPAC and comprised of non Executive Members. The role of the MPAC is to interrogate the annual report and also to oversee the financial management of the Municipality.

T 2.1.1

Photos

POLITICAL STRUCTURE

Function



Cllr Mukwevho N.J

MAYOR



Cllr Netshipise L.H

SPEAKER



Cllr Nekhunguni A.E

CHIEF WHIP



Chapter 2

Photos (optional)

EXECUTIVE COMMITTEE



Cllr Mukwevho N.J



Cllr Lieba N.A



Cllr Netshisaulu A.G



Cllr Rambuda A.S

T 2.1.1

COUNCILLORS



Chapter 2

Mutale Municipal Council comprises of 26 Councilors including the Mayor and the Speaker. Out of the 26 Councilors, 13 are Ward Councilors and 13 are PR Councilors. There are three Portfolio Committees namely; Budget and Treasury, Corporate Support and Community Services and Infrastructure Development and Planning. **Appendix A** where a full list of Councilors can be found (including committee allocations and attendance at council meetings).

Also refer to **Appendix B** which sets out committees and committee purposes.



Cllr Gadabeni R
Ward 10
ANC



Cllr Khunwana KJ
Ward 9
ANC



Cllr Lukhalimana
PR Councillor
PAC



Cllr Mariba
PR Councillor
DA



Cllr Matshusa AB
PR Councillor
ANC



Cllr Nephali NH
Ward 01
ANC



Cllr Mavhungu
PR Councillor
ANC



Cllr Munzhelele NP
PR Councillor
COPE



Cllr Mudzielwana NE
Ward 02
ANC



Cllr Mpondo LD
PR Councillor
ANC



Cllr Mbedzi MP
Ward 12
ANC



Cllr Nekhunguni PD
Ward 04
ANC



Cllr Netshipise G
Ward 13
ANC



Cllr Netshisaulu LM
Ward 11
ANC



Cllr Raluswina TJ
Ward 6
ANC



Cllr Tshivhenga KP
PR Councillor
ANC



Cllr Madumi TS
PR Councillor
ANC

T 2.1.2

POLITICAL DECISION-TAKING

Political decisions are taken in a formal Council meeting where all participating political parties in Council have equal opportunity to deliberate the items as per the agenda, after which a resolution is adopted. Where consensus cannot be achieved, items are put to the vote after debate

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

Chapter 2

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The head of municipal administration is the municipal manager who is also called the accounting officer. The main responsibility of the Municipal Manager is to provide strategic and administrative leadership to the Municipal administration. The Municipal Manager as the Accounting officer ensures the development of IDP as strategic plan of the Municipality. Furthermore, the Municipal Manager ensures proper financial management and provide direction during the compilation of municipal budget. Municipal Manager also ensures that the Municipality complies with applicable legislation such as the MFMA, MSA, and Structures Act etc and also with the reporting requirements.

Together with the other section 56 Managers reporting directly to the Municipal Manager, they constitute the top management of the Municipality. The role of other managers is to provide strategic leadership to their respective department.

T 2.2.1



Chapter 2

Photo

TOP ADMINISTRATIVE STRUCTURE TIER 1



NETSHANZHE T.G(contract ended Nov 2012,Razwiedani S S acted until June 2013)

*Directors
Optional*

EXECUTIVE DIRECTOR: MS
TSHIKUNDAMALEMA V.J -CFO(resigned)
DIRECTOR: Technical Services MR
CHAUKE M,M(resigned)



DIRECTOR Corporate Services : MR
RAMUVHUNDU P.S

Note: * denotes officials on fixed term performance contracts reporting to the Municipal Manager under the Municipal Systems Act Section 57. T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS



Chapter 2

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality does not participate in National IGR Structures.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

In line with the Intergovernmental Framework Act, Mutale Municipality participate in the following IGR Structures namely; Premier/ Mayors Forum and provincial Municipal Manager's Forum.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Mutale Municipality does not have Municipal entities.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

Mutale Municipality participates in District IGR Structure including municipal Managers forum. This has helped a lot in terms of resolving district wide challenges and sharing good practices.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION



Chapter 2

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public Participation has become one of the key features of developmental government. This aspect has been entrenched in the Constitution of the country and Chapter 4 of the Municipal System Act, which then becomes a legislative requirement. Participation of affected and interested parties ensures that the IDP addresses real issues that are experienced by communities within the Municipality. Participation of the public in Local Government matters takes place through a structured manner hence the establishment of the IDP Representative Forum. A review of existing representatives will be made in order to involve stakeholders that were not included during the initial stage of planning process.

At the Local level, participation will be restricted to local communities, District municipality, Provincial and National Sector Departments, representatives of marginalized groupings and organized stakeholders. Like during the planning process, the local municipality will be responsible for arrangements and major link between the municipal government and communities.

ACTIVITIES AND MECHANISMS

Public Participation has become one of the key features of developmental government. This aspect has been entrenched in the Constitution of the country and Chapter 4 of the Municipal System Act, which then becomes a legislative requirement. Participation of affected and interested parties ensures that the IDP addresses real issues that are experienced by communities within the Municipality. Participation of the public in Local Government matters takes place through a structured manner hence the establishment of the IDP Representative Forum. A review of existing representatives will be made in order to involve stakeholders that were not included during the initial stage of planning process.

T 2.4.0

2.4 PUBLIC MEETINGS



Chapter 2

COMMUNICATION, PARTICIPATION AND FORUMS

Mutale municipality used the following mode of communication namely Print media; newsletter, notices, radio, Imbizo's and electronic media to inform the community of the processes and progress of the IDP review. Date of the meeting schedules of all IDP related structures, including the Ward committee Meeting, IDP process Plan, which is obtainable from municipality. In addition to other mechanism such as loud-hailing, the MLM also uses radio stations for advertising meetings, workshops, conferences, summits and other mechanism. Communication through the print media is done through local, regional and national newspapers, websites and newsletters.

Imbizos, IDP Rep Forum, Consultative and ward committee meetings are held as per approved process plan to give various communities time to participate and give inputs on IDP and service delivery processes. IDP Rep forum meetings and Imbizos are held once per quarter. Ward committee members and organized organization are trained annually on IDP and/or municipal planning processes. The municipal Imbizo and steering committee are also functional. The schedule of the municipal IDP and Imbizos are in Section F (6) of this document. There is a need for advocating and awareness campaigns on IDP process & its importance.

Ward committees have been established in each ward. There are 13 ward committees in Mutale Municipality and each of the 11 members including ward councilors who are chairperson's .The ward committees ensures that the needs of the communities are taken on board during the planning process of the municipality. The ward committees meet once in each month.

T 2.4.1

WARD COMMITTEES

The municipality has established 13 ward committees comprise of 10 members each. The main purpose of ward committees is to promote community involvement on issues relating to municipal governance and service delivery. Ward committee's play a key role during the IDP process particularly the analysis phase. Ward committee made valuable contribution during the budget process. Another key achievement made during the year under review was the development of four by-laws where in ward committees made important contribution. 158 ward committee meetings were held during the year under review. Refer to **Appendix E** which contains further details on ward committee governance and to **Appendix F** that contains performance data on a ward by ward basis.

T 2.4.2



Chapter 2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward committee meetings	Quarterly	26	15	130	Yes	Imbizos, IDP rep forums, territorial council meetings
IDP rep forums	Quarterly	26	15	100	Yes	IDP rep forum, public participation meeting for each ward
Council	Quarterly	26	15	50	Yes	Imbizos, IDP rep forums, territorial council meetings

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Meetings are effective as the communities are able to raise their issues, participation in the decision making and the municipality is able to report back to its community, resulting in good governance.

T 2.4.3.1



Chapter 2

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-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?	Yes
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The governance structure of Mutale municipality comprises of the council with 26 councilors, political management team: Mayor, Speaker and Chief whip. In addition there is an Executive committee consisting of four members, viz: Mayor and three heads of portfolio committee. The administration part is composed of the municipal manager and three Senior Managers reporting directly to the mm (Technical, finance and corporate services). The council is responsible for the following ensure that the planning process is focused on priority issues, and it is strategic and implementation orientated and ensure that Sector requirements are adhered to. The Executive Committee, recommend to the Council the approval of reviewed IDP and table the Municipal Process Plan to the Council for approval. Governance structures and systems such as Internal Audit Unit, Audit committee and Oversight committee are functional in the Municipality.

T 2.6.0



Chapter 2

2.6 RISK MANAGEMENT

There is a need for risk management so that risk assessment will be conducted regularly to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution.

Risk Management in the municipality provides a framework to identify, assess and manage potential risks and opportunities. It provides a way for managers to make informed management decisions.

The overall duty of the Risk Management Unit shall be to advice, monitor and oversee the entire risk management process in Mutale Municipality. The primary objective of the Risk Management Committee is to assist the Accounting Officer of the municipality in discharging accountability by reviewing the effectiveness of risk management process and providing recommendations for improvement within the Municipality Benefits of Risk Management

Review the risk management policy and strategy and recommend for approval by Council. Review the risk appetite and tolerance and recommend for approval by Council. Review the Municipality's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register. Evaluate the effectiveness of mitigating strategies to address the material risks of the Municipality.

The Risk management Unit assists the municipality in achieving its objectives by using systematic; disciplined approach to evaluate and improve the effective management, control and governance processes. This is done through the implementation of approved Risk Management strategy and Anti-Fraud and Corruption strategy. Currently the municipality does not have a Risk Management Officer, however internal audit is executing the duties of Risk Officer.

The Municipality's top five (5) risks:

- Constant breakdowns of the machine
- Lack of feedback and input by community and the municipality on service delivery
- Nonpayment of rates by government
- Non adherence to internal controls
- Unavailability of land

T 2.6.1



Chapter 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Mutale Municipality has measures for the prevention, detection, deterrence and management of fraud and corruption or any other dishonest activities of a similar nature and for fair dealing in matters pertaining to such.

The Mutale Municipality is firmly committed to dealing with fraud and corruption or any other dishonest activities of a similar nature and deal equally with officials from inside and outside the Council. In addition there will be no distinction made in investigation and action between allegations of financial misconduct and other allegations of impropriety

Fraud and corruption is an ever-present threat to service delivery and hence it must be a concern to all employees, Councilors, service providers and members of the public. Fraud and corruption may occur internally or externally and may be perpetrated by anybody including employees, members of the public, councilors, consultants, suppliers, contractors or development partners, individually or in collusion with others.

- ✚ The Municipality has an Audit Committee appointed in line of sec 166 of the MFMA;
- ✚ The committee consists of four members appointed during the financial year.
- ✚ The municipality share the Audit committee with the Vhembe District Municipality

The Audit committee only meets twice during the financial year, April and May 2012

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The municipality 's Supply Chain Management Unit is a support function for all business units within the council to ensure provision of efficient ,transparent, fair, equitable and cost effective procurement services hence assisting them to implement their service delivery priorities. In terms of the MAFA SCM regulation; the SCM unit is



Chapter 2

established to implement SCM policy adopted by council. SCM Unit operates under the direct supervision of the Chief Financial Officer to whom this duty has been delegated in terms of sec 82 of the MAFMA.

CORE FUNCTIONS

Demand Management
Acquisition Management
Logistic Management
Disposal Management
SCM risk Management
Performance Management

The Supply Chain Management policy for the year 2012/13 was adopted by council on the 22 December 2012 in terms of SCM regulation 3 (1)(a) and implemented immediately thereafter, this was the second review since 2005. The main change to the SCM policy was on the alignment with the SCM regulation on composition of Bid Adjudication committee. Further review was on the alignment of the policy with the preferential procurement regulation 2011, issued in terms of the sec 5 of the preferential procurement policy framework Act, no 5 of 2000 (PPPFA). The regulation was published in government gazette and aim to align the Preferential procurement policy framework act 2000 and the Broad-based Black Economic Empowerment Act, 2003 effective from 7 December 2011.

An SCM Implementation Plan was developed and implemented throughout the year and quarterly reports on implementation were submitted to council.

Bid Specification Committee

The bid specification committee was Composed as follows:

Munzhedzi J (SCM Officer)
End-User

Bid Evaluation Committee

The Bid evaluation committee was composed of the middle Managers and members were appointed as and when there was a tender to be evaluated.

The following Middle Managers formed part of the Bid Evaluation Committee in 2012/13 financial year:



Chapter 2

1. Kharivhe L
2. Mphephu M
3. Nepfumembe N

Bid Adjudication Committee

The Bid Adjudication committee was composed of fixed members (Manager reporting directly to the Municipal Manager as well as SCM Practitioner) and other members appointed as follows:

1. Ramuvhundu P
2. Tshinavhe TA
3. Mutambedzo IE
4. Rabada NC

PERFORMANCE OF SUPPLY CHAIN MANAGEMENT

In terms of MFMA SCM regulation, the SCM Policy of the municipality must provide for a system of demand, Acquisition, Logistics, Disposal, Risk and performance management. The current SCM policy has been aligned to provide for that.

DEMAND MANAGEMENT

During the 2012/13 financial year, a procurement plan was not established and head of departments were responsible for determining the when to procure their goods and services for implementation of their service delivery plans.

ACQUISITION MANAGEMENT

Thresholds for procurement as per sec 12 of SCM regulation had been set and complied with but there were instances where deviation occurred. A register of deviations was established and reported to the Accounting officer

Bid documentation was reviewed to ensure full compliance with circular 25 and the latest preferential procurement regulation 2011

Certain provisions of the SCM regulation were not fully complied with during the financial year, this will however be rectified in the new financial period; Regulation 42 and 45.

Chapter 2

LIST OF ACCREDITED SUPPLIER (DATABASE)

Supplier database was established and in place. Supplier database was maintained in Finwise System that rotates supplier selection.

COMPETITIVE BIDS

There was only one competitive bid during the year for **Review LED Strategy** that was awarded to **Urban Econ**

DEVIATION FROM PROCUREMENT PROCESS

A register of deviation from normal supply chain process was established and in place. Deviations were reported to the Municipal managers.

UNSOLICITED BIDS

There was no unsolicited bid approved during the financial year

LOGISTIC MANAGEMENT

The municipality has a system in place for Inventory Management and there were variances identified during Annual Stock Count. The variances were mostly caused by Stock issue forms not captured in the system as well as overstatement caused by duplication by Invoice and GRV captured.

DISPOSAL MANAGEMENT

An effective system of disposal management has been established and processes developed to ensure compliance with sec 40 of the SCM regulation.

There was a council resolution taken during 22 December 2012 for the disposal of the Old Mayoral Vehicle(Resolution no 74/2/2013).

Disposal Committee was not established during the year 2012/13

Chapter 2

RISK MANAGEMENT

Operational Risk register was established and is in place. Contracts were being monitored by the legal division even though there was human capital challenge as there was one officer monitoring contracts.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Property Rates By-Laws		Yes	16 May 2012		20 January 2012
Building Regulations By-Laws		Yes	16-May-12		20 January 2012
Advertising and Hoarding By-Laws		Yes	16-May-12		20 January 2012
Meeting and Procession By-Laws		Yes	16-May-12		20 January 2012

*Note: See MSA section 13.

T 2.9.1



Chapter 2

2.10 WEBSITES

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	Yes	06/06/2012
All current budget-related policies	Yes	06/06/2012
The previous annual report (Year -1)	Yes	12/03/2012
The annual report (Year 0) published/to be published	No	To be published
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	26/03/2013
All service delivery agreements (Year 0)	Yes	07/02/2013
All long-term borrowing contracts (Year 0)	Yes	07/02/2013
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	12/06/2013
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	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	No	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	19/03/2013
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		T 2.10.1



Chapter 3

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

INTRODUCTION

Mutale Municipality performs the following function as its key priorities services, Roads and Storm water, Waste Management, Municipal Planning services. Water and sanitation services are rendered by district Municipality as is a water services Authority. The municipality facilitates the provision of Electricity and Housing. The Municipality has during the year under review implemented and facilitated the development of the following projects: Tshidongololwe Low level bridge, Masisi street paving phase 1, Tshilamba street tarring and facilitate the construction of 660 low-cost houses and electrification of 1203 Households.

T 3.0.1

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

The Municipality together with other spheres of government provide these basic services as outlined in table T3.0.1*

T 3.1.0

3.1. WATER PROVISION

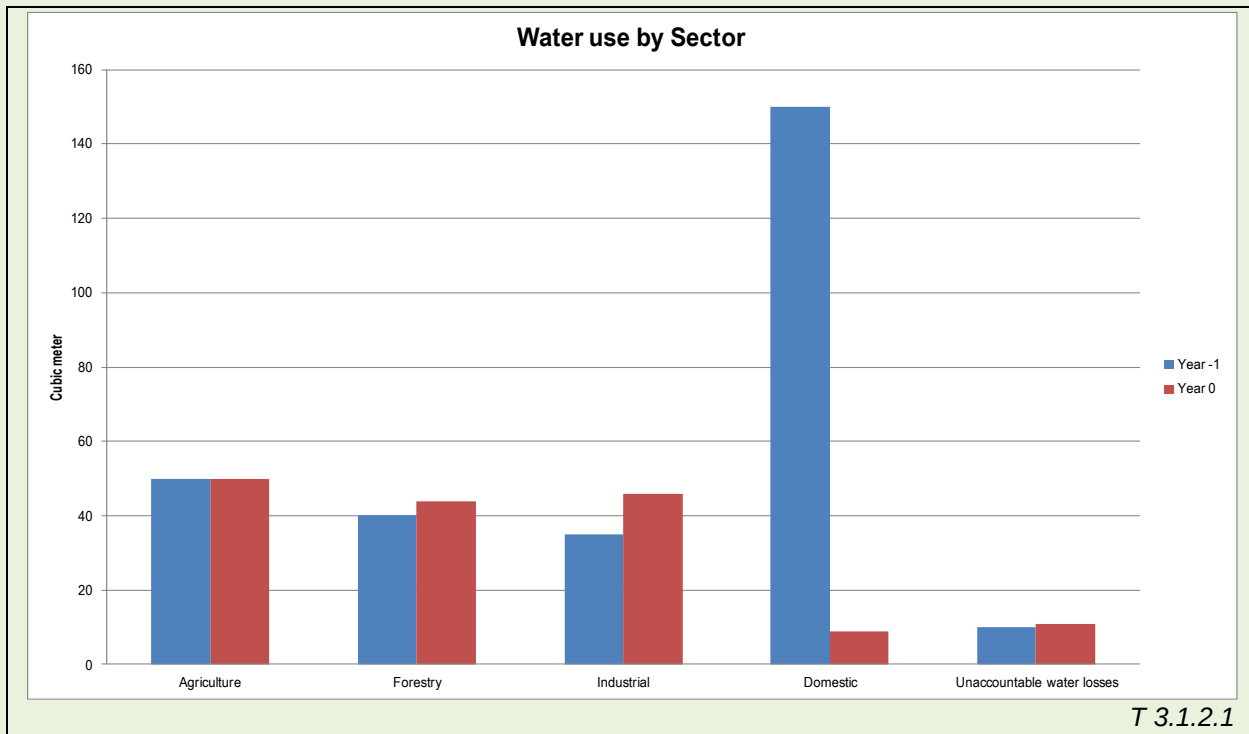
INTRODUCTION TO WATER PROVISION

The municipality is acting as an agent of Vhembe District Municipality (Water Service Authority) to facilitate water provision. The Municipality did not include any service standards as part of service delivery standards on water provision.

T 3.1.1

Chapter 3

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	VDM	VDM	VDM	VDM	VDM
Year 0	VDM	VDM	VDM	VDM	VDM
					T 3.1.2



COMMENT ON WATER USE BY SECTOR:

Quantified used water by the sectors can be provided by Vhembe District Municipality as a water authority and provider.

T 3.1.2.2



Chapter 3

Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	1120.00	1249.00	2500.00	0.00
Piped water inside yard (but not in dwelling)	2300.00	2762.00	4000.00	0.00
Using public tap (within 200m from dwelling)	14289.00	17511.00	15169.00	0.00
Other water supply (within 200m)				0.00
<i>Minimum Service Level and Above sub-total</i>	17989.00	21522.00	21669.00	0.00
<i>Minimum Service Level and Above Percentage</i>	74%	88%	89%	0.00
Water: (below min level)				0.00
Using public tap (more than 200m from dwelling)				0.00
Other water supply (more than 200m from dwelling)	6	2,947	2,800	0.00
No water supply				0.00
<i>Below Minimum Service Level sub-total</i>	6	2,947	3	0.00
<i>Below Minimum Service Level Percentage</i>	26%	12%	11%	0.00
Total number of households*	24,469	24,469	24,469	0.00

* - To include informal settlements

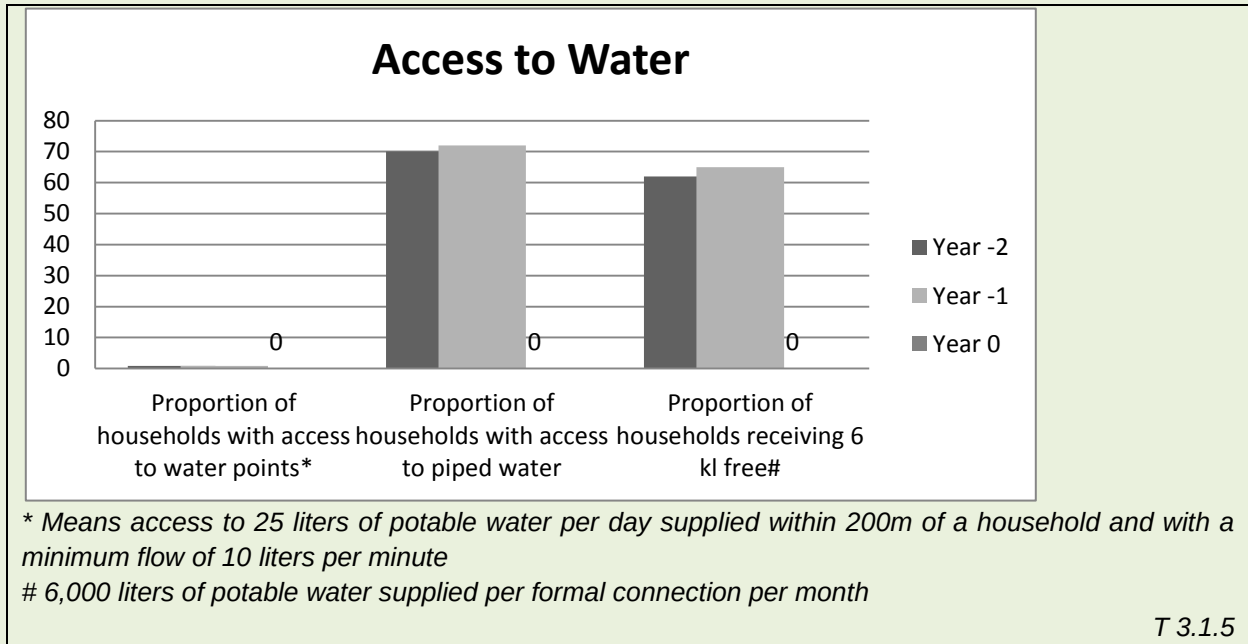
T 3.1.3

Households - Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Households Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	24,469	24,469	–	VDM	VDM	VDM
Households below minimum service level	6,480	2,947	–	VDM	VDM	VDM
Proportion of households below minimum service level	26%	12%	0%	VDM	VDM	VDM
Informal Settlements						
Total households	24	24	–	VDM	VDM	VDM
Households ts below minimum service level	6,480	2,947	–	VDM	VDM	VDM
Proportion of households ts below minimum service level	26%	12%	0%	VDM	VDM	VDM

T 3.1.4



Chapter 3



Use data below to populate graph

Access To Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free
Year -2	0.88	70	62
Year -1	0.89	72	65
Year 0	VDM	VDM	VDM

T 3.1.5



Chapter 3

Water Service Policy Objectives Taken From IDP										
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1		Year 3	
		Target	Actual	Target		Actual	Target			
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)	
Service Objective xxx										
<i>Households without minimum water supply</i>	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	
<i>Improve reliability of water supply</i>	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (xxx interruptions of one hour or more during the yr)	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	
<i>Improve water conservation</i>	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	Information to be supplied by the District as Authority and Provider of water services	
T 3.1.6										

Chapter 3

Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	VDM	VDM	VDM	
4 - 6		VDM	VDM	VDM	
7 - 9		VDM	VDM	VDM	
10 - 12		VDM	VDM	VDM	
13 - 15		VDM	VDM	VDM	
16 - 18		VDM	VDM	VDM	
19 - 20		VDM	VDM	VDM	
Total					
T3.1.7					

Financial Performance Year 0: Water Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	VDM	VDM	VDM	
Expenditure:		VDM	VDM	VDM	
Employees		VDM	VDM	VDM	
Repairs and Maintenance		VDM	VDM	VDM	
Other		VDM	VDM	VDM	
Total Operational Expenditure		VDM	VDM	VDM	
Net Operational Expenditure					
T 3.1.8					

Chapter 3

Capital Expenditure Year 0: Water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	VDM	VDM	VDM	
		VDM	VDM	VDM	
Project A		VDM	VDM	VDM	280
Project B		VDM	VDM	VDM	150
Project C		VDM	VDM	VDM	320
Project D		VDM	VDM	VDM	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.1.9					

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

Water services are the function of the District Municipality as Authority and Provider.

T 3.1.10



Chapter 3

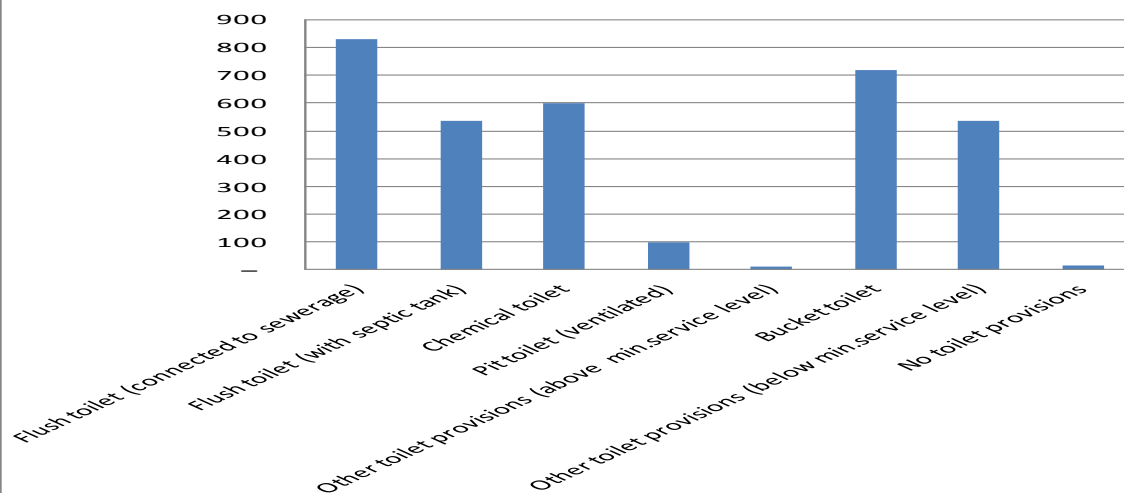
3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Waste Water is a District Municipality function; however the municipality plays a facilitating role in terms of the identification of beneficiaries. There are two Townships connected to sewer reticulation; Tshilamba and Mutale Extension 1. The oxidation pond is not adequate and they need to be upgraded.

T 3.2.1

Sanitation/Sewerage: (above minimum level) - Year 1



T 3.2.2

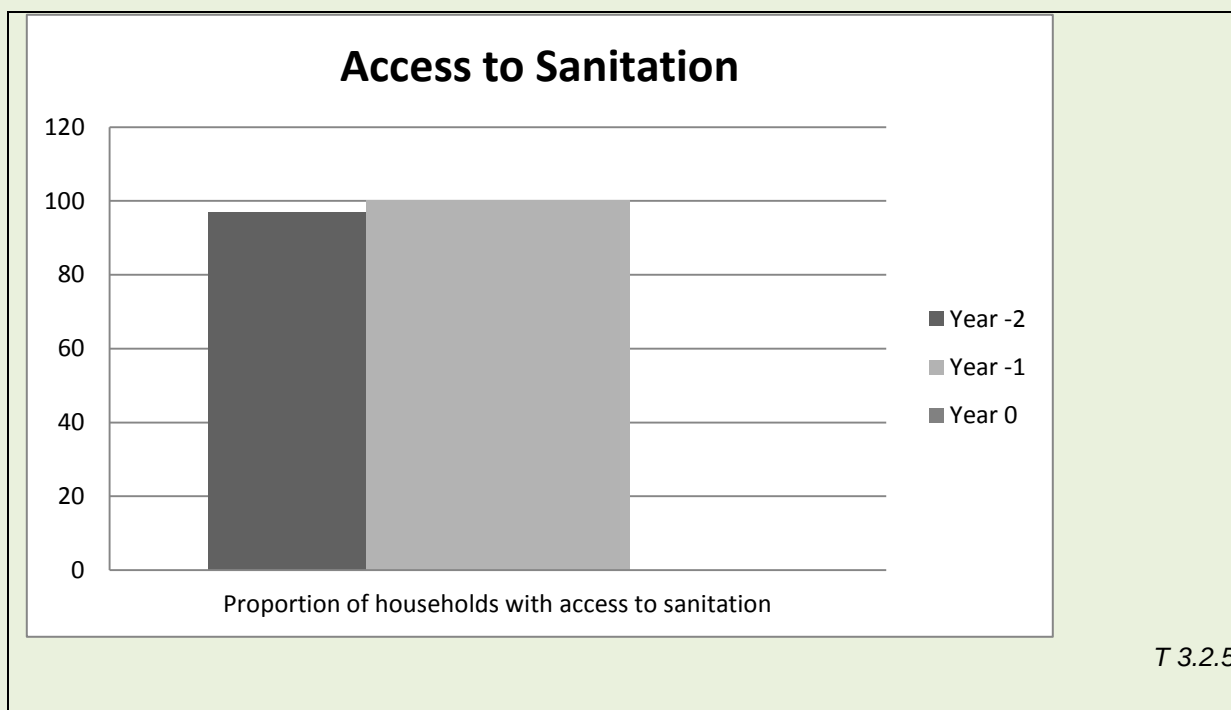


Chapter 3

Sanitation Service Delivery Levels				*Households
Description	Year -3	Year -2	Year -1	Year 0
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	600	720	930	–
Flush toilet (with septic tank)	952	502	535	–
Chemical toilet	535	511	601	–
Pit toilet (ventilated)	135	103	100	–
Other toilet provisions (above minimum service level)	13	15	11	–
<i>Minimum Service Level and Above sub-total</i>	2,236	1,851	2,178	–
<i>Minimum Service Level and Above Percentage</i>	59.9%	55.5%	63.1%	–
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	952	938	720	–
Other toilet provisions (below minimum service level)	535	535	535	–
No toilet provisions	11	12	15	–
<i>Below Minimum Service Level sub-total</i>	1,498	1,485	1,271	–
<i>Below Minimum Service Level Percentage</i>	40.1%	44.5%	36.9%	–
Total households	3,734	3,336	3,449	
*Total number of households including informal settlements				T 3.2.3

Chapter 3

Households - Sanitation Service Delivery Levels below the minimum						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	24,469	24,469				
Households below minimum service level		VDM	VDM			
Proportion of households below minimum service level	0%	#VALUE!	#VALUE!	#DIV/0!	#DIV/0!	#DIV/0!
Informal Settlements						
Total households						
Households below minimum service level						
Proportion of households below minimum service level	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						T 3.2.4



Chapter 3

Use data below to populate graph

Access To Sanitation

Access to Sanitation	
	Proportion of households with access to sanitation
Year -2	97
Year -1	100
Year 0	0

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target	Actual		Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To facilitate with VDM that sewage ponds are upgraded by 2016	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality
T 3.2.6									



Chapter 3

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	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	0	0	0	0	0
Note: employees under sanitation are found at Vhembe District Municipality					T 3.2.7

Financial Performance Year 0: Sanitation Services						R'000
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:	VDM	VDM	VDM	VDM	VDM	
Employees		VDM	VDM	VDM	VDM	
Repairs and Maintenance		VDM	VDM	VDM	VDM	
Other						
Total Operational Expenditure						
Net Operational Expenditure						
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.2.8



Chapter 3

Capital Expenditure Year 0: Sanitation Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	VDM	0	0	0	0
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
<i>Note: Mutale municipality did not incur any capital expenditure on sanitation since this is a district function</i>					
					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Municipality has already engaged the District Municipality with regard to upgrading of the current state of sewer ponds as it raises the concern from the community and department of environmental affairs. No VIP toilets were constructed during the year under review.

T 3.2.10



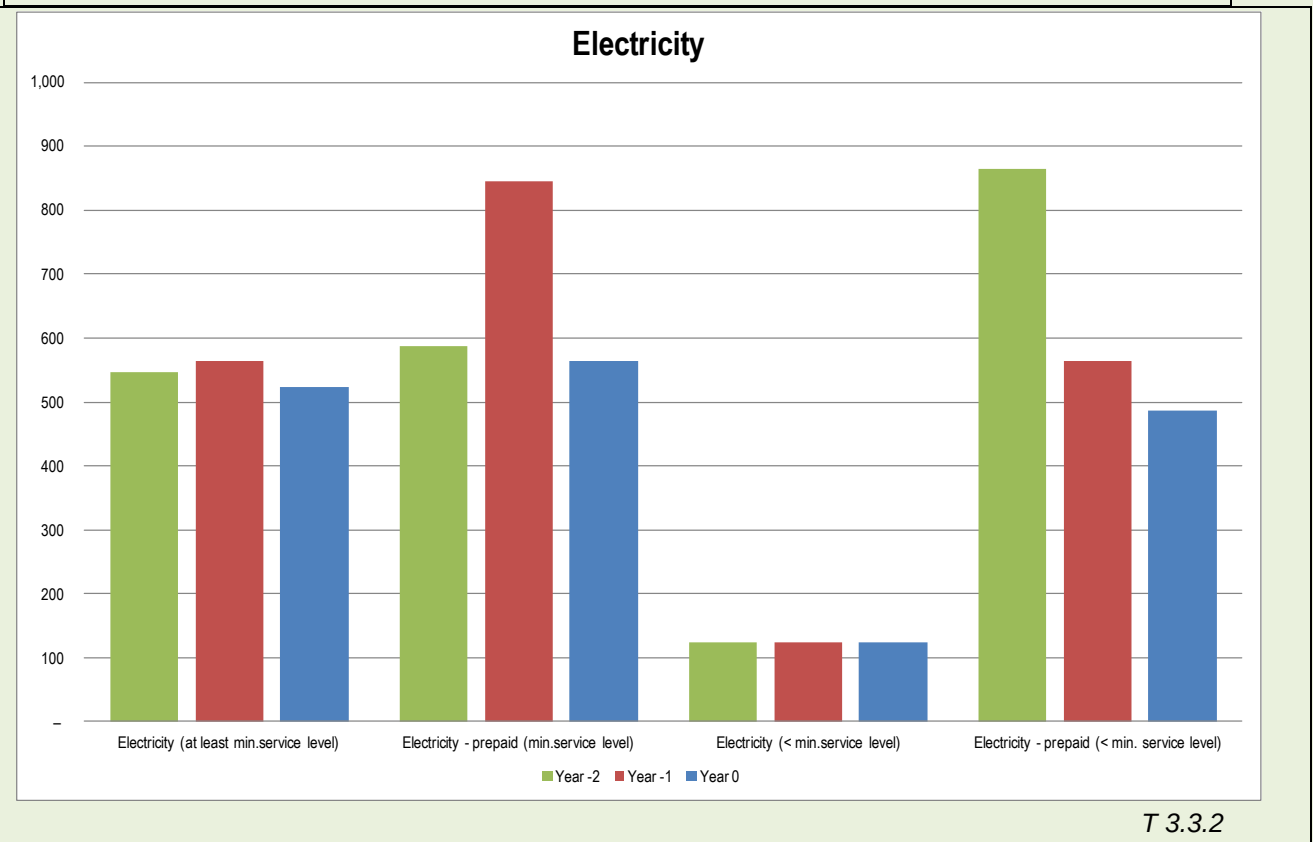
Chapter 3

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Mutale Municipality does not have a licence to provide electricity, Eskom provide electricity all municipal areas.

T 3.3.1



Chapter 3

Electricity Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	630	630	630	641
Electricity - prepaid (min.service level)	18,200	19,865	20,638	641
<i>Minimum Service Level and Above sub-total</i>	18,830	20,495	21,268	21,268
<i>Minimum Service Level and Above Percentage</i>	77.0%	83.8%	86.9%	86.9%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	4,639	2,974	3,201	3,201
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	1,000	1,000	1,000	1,000
<i>Below Minimum Service Level sub-total</i>	5,639	3,974	3,201	3,201
<i>Below Minimum Service Level Percentage</i>	23.0%	16.2%	13.1%	13.1%
Total number of households	24	24	24	24
T 3.3.3				

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Households Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	24,469	24,469	24,469			24,469
Households below minimum service level	5,639	3,974	2,959	Eskom	Eskom	3
Proportion of households below minimum service level	23%	16%	12%	#VALUE!	#VALUE!	13%
Informal Settlements						
Total households	-	-				
Households ts below minimum service level	-	-				
Proportion of households ts below minimum service level						
T 3.3.4						



Chapter 3

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1		Year 3
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
Ensure provision of minimum supply of electricity to all households	Ensure that 1153 households are electrified by 2012	3974	2821	641		889	732	889	866
T 3.3.5									

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	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	0	0	0	0	0
NB: The Municipality does not have an employees dealing with electricity since it is not our competency, housing coordinator is assigned to facilitate electricity projects with the community. T 3.3.6					

Chapter 3

Financial Performance Year 0: Electricity Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	#DIV/0!
Expenditure:		0	0	0	
Employees		0	0	0	#DIV/0!
Repairs and Maintenance		0	0	0	#DIV/0!
Other		0	0	0	#DIV/0!
Total Operational Expenditure	0	0	0	0	#DIV/0!
Net Operational Expenditure	0	0	0	0	#DIV/0!
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.3.7					

Capital Expenditure Year 0: Electricity Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Electrification of Various Villages					
Electrification of 6 villages					
Electrification of Domboni,mukununde etc					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T 3.3.8					

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Electricity provision is the competency of Eskom since the Municipality does not have a license in the area. However, Eskom is doing well in reducing the backlog. There is no formal agreement between Eskom and Municipality. 1153 households in the whole municipality were connected to electricity.

T 3.3.9



Chapter 3

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

The municipality is currently rendering waste management services to only 13% of the total households within its area of jurisdiction. The majority of the households receiving waste management services are found in formal townships and the rest from rural settlements. The Municipality is unable to render this service to the majority due to lack of resources including equipment and funds to execute the function. During the financial year 2012/ 2013, the municipality took position two on the cleanest and greenest municipality competitions. There different community cooperative doing recycling within the municipality although the concept is not popular amongst the community. The municipality wish to have (1.) makwilidza Land fill site licensed, (2.) extend waste removal service to rural area and (3.) introduce street cleaning through EPWP programme.

T 3.4.1

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	3,201	3,201	3,201	3,201
<i>Minimum Service Level and Above sub-total</i>	3,201	3,201	3,201	3,201
<i>Minimum Service Level and Above percentage</i>	13.1%	13.1%	13.1%	13.1%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	–	–	–	–
Using communal refuse dump	2	2	2	2
Using own refuse dump	6	6	6	6
Other rubbish disposal	10	10	10	10
No rubbish disposal	4	4	4	4
<i>Below Minimum Service Level sub-total</i>	21	21	21	21
<i>Below Minimum Service Level percentage</i>	86.9%	86.9%	86.9%	86.9%
Total number of households	24,469	24,469	24,469	24,469

T 3.4.2

Chapter 3

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	24,469	24,469	24,469			24,469
Households below minimum service level	21,268	21,268	21,268			21,268
Proportion of households below minimum service level	87%	87%	87%			87%
Informal Settlements						
Total households						
Households ts below minimum service level	-	-	-		-	-
Proportion of households ts below minimum service level	-	-	-			-
T 3.4.3						



Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1		Year 3
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
To reduce health hazards and ensure safe living environment by 2017	Licensing of landfill sites.	One Land fill site to be licensed	Target was not achieved						
	Removal of solid waste and dispose it at a local Dumping Site	Collection of waste from 11 service points	the target was achieved	Collection of waste from 11 service points	Collection of waste from 11 service points				
	Extension of waste removal services to other rural settlement within mutale			Extension of waste service to	No extension of service was done				

T 3.4.4

Chapter 3

Employees: Solid Waste Management Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	6	10	6	4	67
7 - 9	0	0	0	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	6	10	6	4	67
T3.4.5					

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	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	0	0	0	0	0
N.B. Landfill site not yet operational pending licensing T3.4.6					

Chapter 3

Financial Performance Year 0: Solid Waste Management Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	259743	650317	424159	224660	-189%
Expenditure:					
Employees	781246	595388	859569	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	781246	595388	859569	0	0%
Net Operational Expenditure	521503	-54929	435410	-224660	76%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.4.7					

Financial Performance Year 0: Waste Disposal and Other Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure					
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.4.8					



Chapter 3

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	0	0	0	0	
Project B		0	0	0	
Project C					
Project D					0
T 3.4.9					

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

No capital project was implemented during the year under review. Unlicensed landfill (Makwilidza) is a source of concern to the municipality.

T 3.4.10



Chapter 3

3.5 HOUSING

INTRODUCTION TO HOUSING

Provision of housing is the responsibility of the department of COGHSTA. However the municipality plays a facilitation role in terms of compilation of housing needs analysis, identification of beneficiaries' preparation of happy letters, and housing inspection. During the year under review the municipality facilitated the construction of 660 units but only 501 units were completed.

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	24469	24469	100.0%
Year -2	24469	24469	100.0%
Year -1	24469	24469	100.0%
Year 0	24469	24469	100.0%
no informal settlement			T 3.5.2

Housing Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Ensure provision of houses to qualifying beneficiaries	Ensure provision of 265 houses to qualifying beneficiaries by 2012	300	265	265	660	Not known	Not known	Not known	Not known
T3.5.3									



Chapter 3

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	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	1	1	1	0	0
T 3.5.4					

Financial Performance Year 0: Housing Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		0	0	0	0
Employees		C	0	0	0
Repairs and Maintenance		C	0	0	0
Other		C	0	0	0
Total Operational Expenditure		C	0	0	0
Net Operational Expenditure		C	0	0	0
T 3.5.5					



Chapter 3

Capital Expenditure Year 0: Housing Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
					T 3.5.6

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Housing service is not the competency of the Municipality but of COGHSTA. The Municipality only coordinates in the form of beneficiaries' identification. However the department is doing well in providing this service. We managed to complete 501 houses during the year under review.

T 3.5.7



Chapter 3

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

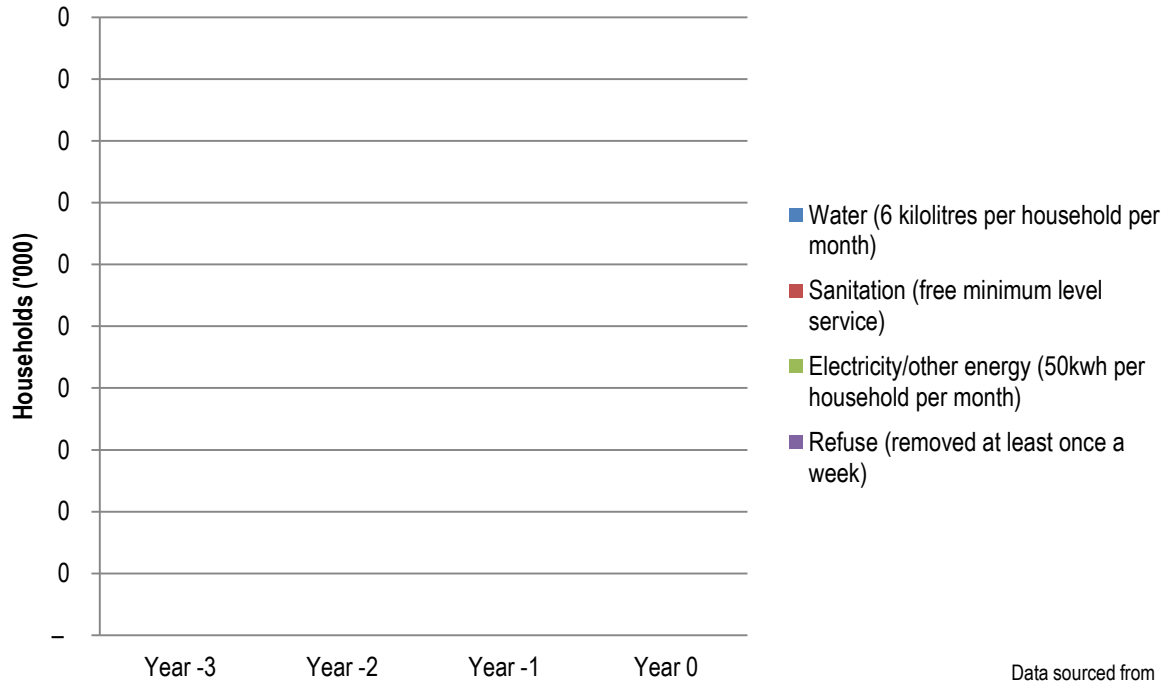
The Municipality has approved an indigent policy which serve as a guidelines for the provision of indigent services. We are providing free basic services in 1. Water, 2. Sanitation, 3. Electricity and 4. Refuse. The challenge is that we have many indigent households and the majority of them are not getting indigent support services due to non availability of infrustracture or service.

T 3.6.1



Chapter 3

Free Basic Household Services



Data sourced from
MRPP A10

T 3.6.2

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year -2										
Year -1			400		22,551		1,000		37	
Year 0			0		0		0		0	
T 3.6.3										

T 3.6.3

Chapter 3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	244	0	0	0	#DIV/0!
Waste Water (Sanitation)	240		0	0	#DIV/0!
Electricity	120		0	0	#DIV/0!
Waste Management (Solid Waste)	110		0	0	#DIV/0!
Total	714		0	0	#DIV/0!
T 3.6.4					

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)		*Previous Year (v)	*Current Year (vi)		*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
To ensure that indigent get free basic services		0.00	0.00						
T 3.6.5									

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Indigents are not getting enough support services from the municipality due to limited resources and service infrastructure.

T 3.6.6

Chapter 3

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

3.7 ROADS

INTRODUCTION TO ROADS

As a local Municipality our responsibility is limited to provide access roads and internal streets. The municipality have tarred streets and gravel access roads. Our Municipality is composed of 13 wards. It has a infrastructure maintenance plan draft. During the year under review we could not finish our wards. The main challenge being resources. We do not have a grader, Rubber dozer, excavator, bull dozer and loader. We only have a one TLB and one tipper truck which is no longer reliable. The support that we provide to the community is the implementation of EPWP programme which recruits local labourers to assist in roads maintenance.

T 3.7.1

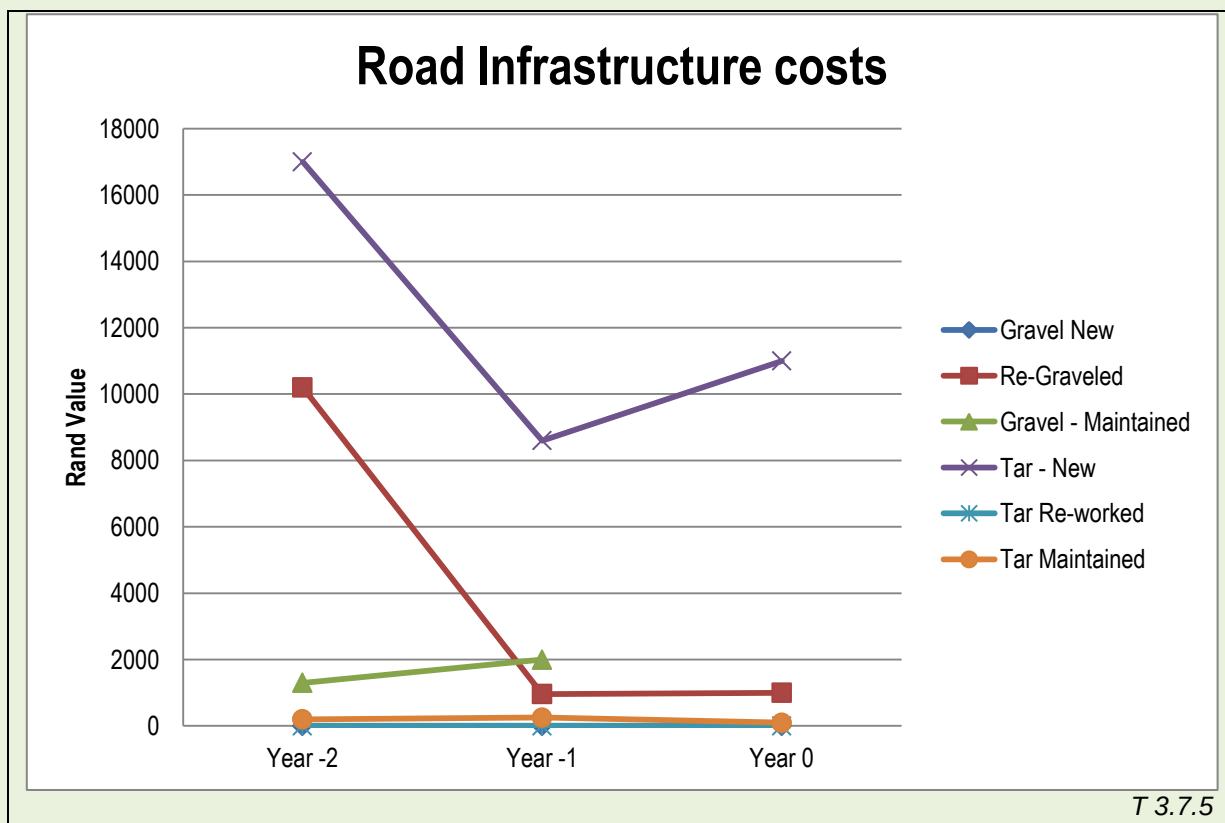
Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	294 KM	0	3.4 KM	150KM
Year -1	294 KM	0	3.2KM	195KM
Year 0	294 KM	0	5.5 KM	0
T 3.7.2				

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	8.3 KM	3.4 KM	0	0	1.5 KM
Year -1	11.5 KM	3.2 KM	0	0	1.5 KM
Year 0	17KM	5.5 KM	0	0	0
T 3.7.3					



Chapter 3

Cost of Construction/Maintenance							R' 000
	Gravel			Tar			
	New	Re-Graveled	Maintained	New	Re-worked	Maintained	
Year -2	0	10200	1300	17000	0	200	
Year -1	0	960	2000	8600	0	250	
Year 0	0	1000	0	11000	0	100	
							T 3.7.4



Chapter 3

Road Service Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
To ensure that roads are upgraded, maintained and in good conditions at all times	294 KMs of Municipal roads developed	3.2 KMs (290.8 kms remaining)	3.2 kms (284 kms remainin g)	5.5 kms (284 kms remaining)	5.5 kms (284 kms remaining)	284 kms	6.5 kms (284 kms remaining)	6.5 kms	8 kms
T 3.7.6									

T 3.7.6

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	4	10	4	6	60%
7 - 9	5	9	5	5	56%
10 - 12	0	0	0	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	10	20	10	11	55%

T3.7.7

Chapter 3

Financial Performance Year 0: Road Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	16705	19777	19777	19837	0%
Expenditure:					
Employees	3459	3975	4371	4004	1%
Repairs and Maintenance	2229	2953	1770	1309	-126%
Other	45	135	135	43	-214%
Total Operational Expenditure	5733	7063	6276	5356	-32%
Net Operational Expenditure	10972	-12714	-13501	-14481	12%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.7.8					

Capital Expenditure Year 0: Road Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	22359	22359	17064	0%	
Thengwe Tshandama road	1248	1248	802	0%	802
Masisi Streets	12000	12000	10185	0%	10185
Khakhu Mangwele road	891	891	0	0%	0
Tshidongololwe Bridge	4720	4720	4233	0%	4233
Tshilamba Streets	3500	3500	1845	0%	1845
T 3.7.9					



Chapter 3

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The municipality has implemented four capital projects which are: 1. Tshilamba streets tarring, 2. Masisi streets tarring, 3. Tshidongololwe low level bridge. The challenge that we have is that the only capital funder is MIG. The Municipality cannot provide capital funding for projects because of low revenue collection. The only fund that the Municipality can provide is on maintenance. Our year 5 target can be attained provided MIG is still in place to provide capital funding. Provincial roads are upgraded and maintained by the department of roads and transport.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Transport is not the responsibility of the Local municipality but is a function of the Provincial Department of Roads and Transport. The role of the local Municipality on transport is to facilitate the implementation of transport programmes initiated by the department. These includes Shovakalula, distribution of reflective belts to donkeys and cattle and scholar patrol.

The following impacts were made to our communities:

- Through the programmes of Shovakalula, the Municipality has contributed towards the culture of learning.
- Through the programmes of distribution of reflective belts to donkeys and cattle the municipality contributed in the reduction of road accidents caused by stray animals.
- Through the programme of scholar patrol, the Municipality contributed in the reduction of fatalities to school children and promotion of road safety.

T 3.8.1

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

The Municipality did not implement capital project since transport function is a Provincial competency.

T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The municipality does not have an entity rendering storm water drainage services. However during the year under review, the municipality start to improve delivery of storm water drainage system through the EPWP programme. This programme was extended to all 13 wards within the municipality. 13 culverts were built, one in each ward. 10 job opportunities were created in each ward (130 people were employed). The municipality provided all materials.

T 3.9.1

Chapter 3

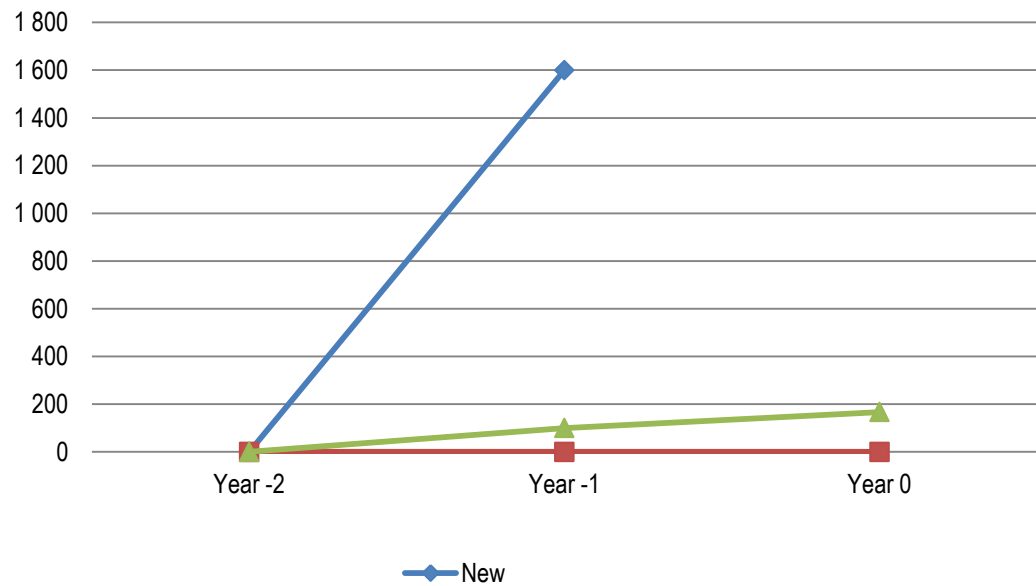
Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2		0	0	0
Year -1		8 Culverts	0	3 Culverts
Year 0		1 Low level bridge	0	5 Culverts
				T 3.9.2

Cost of Construction/Maintenance				R' 000
	Storm water Measures			
	New	Upgraded	Maintained	
Year -2	0	0	0	
Year -1	1,600	0	100	
Year 0	5,500	0	167	
				T 3.9.3



Chapter 3

Stormwater infrastructure costs



T 3.9.4



Chapter 3

Storm water Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1		Year 3
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Development of fully integrated storm water management systems including wetlands and natural water courses</i>	None	No	No	No	No	No	No	No	No

T 3.9.5

Employees: Storm water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	4	10	4	6	60%
7 - 9	5	9	5	4	56%
10 - 12	0	0	0	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	10	20	10	10	50%
T 3.9.6					



Chapter 3

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Most of the municipal roads are gravel which makes them vulnerable to erosion during rainy times. The Municipality did not implement any storm water capital project during the year under review.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Mutale Municipality is a rural Municipality with two small towns established in terms of Proclamation R293. The Municipality has very few large commercial development and available vacant land surrounding the towns. The challenges Mutale is facing are ownership of land and flexibility of traditional leadership with regard to land disposal and development. The other most important challenge is land tenure system within the municipality that discourage developers to invest within our municipality.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The municipality had with the assistance of Coghsta planned to develop Township in the rural area, which will in turn assist in land tenure upgrading of rural land parcels and assist in during provision of engineering services. The municipality is currently without measure retail and chain stores therefore depend largely on Thulamela Municipality for such and banking services. The municipality has approved building plans for one large development which is completed in an attempt to grow the Town. This will also provide employment to the impoverished surrounding communities. The municipality also intends to invite developers in an effort to bring major development in the municipality to boost the economy of the municipality.

T 3.10.1



Chapter 3

Planning Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Ensure development of Municipal Growth point	Approval of Building Plans and Land Use Applications in line with Spatial Development Framework and LUMS	50 building plans 30 Land use applications	59 building plans 15 land use applications	50 building plans 30 Land use applications	40 building plans 30 Land use applications	31 building plans 22 Land use applications	Processing of all building plans approval and all land use management applications inline with SDF and LUMS	Processing of all building plans approval and all land use management applications inline with SDF and LUMS	Processing of all building plans approval and all land use management applications inline with SDF and LUMS
Ensure implementation of Spatal Development Framework (SDF) and Land Use Management Scheme (LUMS)	Conduct workshop on LUMS and SDF Ensure that SDF and LUMS are part of public participation process	2 Workshops	0	2 Workshops	1 Workshop to be conducted	0	1 Workshop to be conducted	1 Workshop to be conducted	1 Workshop to be conducted
T 3.10.3									

Chapter 3

Financial Performance Year 0: Planning Services						R'000
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	16334	1704	2034	1199	-42%	
Expenditure:						
Employees	1375	1719	1848	1848	7%	
Repairs and Maintenance					#DIV/0!	
Other	50	430	430	133	-223%	
Total Operational Expenditure	1425	2149	2278	1981	-8%	
Net Operational Expenditure	14909	445	244	782	43%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.10.5

Capital Expenditure Year 0: Planning Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A						
Project B						
Project C						
Project D						
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).						T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

In terms of the municipal IDP, Development planning intended to develop two new nodal points. However due to lack of funds and available land for development, the targets could not be achieved.

T 3.10.7

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic development involves building the capacity of SMMEs, assisting SMMEs and cooperative to access funding and promotion of local economic development. Our priorities during 2012/2013 include the following marketing of tourism attraction points, Forming partnership with other municipalities. Facilitates the Limpopo transboundary programme between South Africa, Zimbabwe and Mozambique. To enhance our performance the following measures were taken : implementation of Community Work Programme, 4 workshops were conducted to capacitate SMMEs and cooperatives. Distribution of seeds , implements, manure and pesticides, provision of drip pipes, water pump , fencing, water tanks and citrus trees. The main challenge was lack of coordination among stakeholders when applying for funding.

T 3.11.1

Economic Activity by Sector				R '000
Sector	Year -2	Year -1	Year 0	
Agric, forestry and fishing	Facilitate awareness campaign	Facilitate awareness campaign	Facilitate awareness campaign. Distribution of seeds , implements, manure and pesticides, provision of drip pipes, water pump , fencing, water tanks and citrus trees.	
Mining and quarrying	Coordinate social labour plan with Tshikondeni mine	Coordinate social labour plan with Tshikondeni mine	Coordinate social labour plan with Tshikondeni mine Preparation for mine closure plan	
Manufacturing	One cooperative for sewing and netting is in existence	One cooperative for sewing and netting is in existence	One cooperative for sewing and netting is in existence	
Wholesale and retail trade	N/A	N/A	N/A	
Finance, property, etc.	N/A	N/A	N/A	
Govt, community and social services	Promotion of youth in business e.g agriculture, SMMEs	Promotion of youth in business e.g agriculture, SMMEs	Promotion of youth in business e.g agriculture, SMMEs and tourism	

Chapter 3

	and tourism	and tourism	
Infrastructure services	None	7 km tarred road was constructed at Zwigodini linking D3695 road with Big tree	None
Total			
T 3.11.2			

Economic Employment by Sector			
Sector	Year 1 No.	Year -1 No.	Jobs Year 0 No.
Agric, forestry and fishing	N/A	597	425
Mining and quarrying	N/A	1 254	1,311
Manufacturing	N/A	350	366
Wholesale and retail trade	N/A	1 484	1133
Finance, property, etc.	N/A	909	1 238
Govt, community and social services	N/A	4138	5 100
Infrastructure services	N/A	271	181
Total	N/A	9003	9 754
T 3.11.3			

COMMENT ON LOCAL JOB OPPORTUNITIES:

Local economic growth initiatives are moving very slow. No industries were established over the past 2 years, no wholesales, no return shop. There is a considerable improvement with regard to tourism attraction point. Over the past two years the following new tourism attraction point were developed Awelani Eco –Tourism, Tshulu Wilderness, Big Tree Holiday Lodge, Wilderness Camp and Singo Safari Camp.

T 3.11.4



Chapter 3

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2	N/A	N/A	N/A	N/A
Year -1	N/A	N/A	N/A	N/A
Year 0	N/A	N/A	N/A	N/A
Initiative A (Year 0)	N/A	N/A	N/A	N/A
Initiative B (Year 0)	N/A	N/A	N/A	N/A
Initiative C (Year 0)	N/A	N/A	N/A	N/A
T 3.11.5				

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	2	60
Year -1	2	38
Year 0	4	221
* - Extended Public Works Programme	T 3.11.6	

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives 									



Chapter 3

		studies	& Tshikunda malema along the Limpopo river, Makuleke region			manure and pestisid es, provisio n of drip pipes, water pump , fencing, water tanks and citrus trees.	campaign between South Africa and Zimbabwe	fence and citrus trees	
									T 3.11.7

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
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%
Total	1	1	1	0	0%
T 3.11.8					



Chapter 3

Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	67	125	123	95	-32%
Expenditure:					
Employees	458	493	493	493	0%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	60	85	80	60	-42%
Total Operational Expenditure	518	578	573	553	-5%
Net Operational Expenditure	451	453	450	458	1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.11.9					



Chapter 3

Capital Expenditure Year 0: Economic Development Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A					
Project B					
Project C					
Project D					
					T 3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:
There was no LED capital projects implemented during the year under review.
T 3.11.11

Chapter 3

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Mutale Municipality has two community halls namely:- Mutale and Masisi Town Halls and one Arts and Culture Centre. The community halls are used as venues for meetings and other functions while the Arts and Craft Centre is used for the promotion of Arts and Culture. Currently Arts and Craft Centre is utilised by women who are sewing traditional clothes.

In collaboration with the provincial department of sports Arts and Culture, one community library was built but not yet officially opened pending for the installation of equipments and library systems.

T3.12.1

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Follow ing Year (x)

To ensure proper facilitation of construction of community library	1 community library constructed	Installation of electric devise security system	Community library have been completed	Adjudication process	Designing of Mutale community library	Approval of the funding	Process of consultation	Site identification of the library	Application of grants funds from Arts and Culture national department for the construction of one library
T 3.12.3									

Chapter 3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	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	0	0	0	0	0
T 3.12.4					

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:	0	0	0	0	0%
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%
T 3.12.5					



Chapter 3

Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
					T 3.12.6

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

Installation of book shelves is still in the process.

T 3.12.7

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

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Disaster Management is both a District and Local Municipality's function. Disaster Management has four key performance areas namely: - Institutional capacity for disaster management, risk reduction, risk assessment, response and recovery.

During the year under review, the following achievements have been made:

1. Institutional Capacity for Disaster Management

- Ward disaster management committees were established in all thirteen wards

2. Risk Reduction

- Fourteen ward disaster management committees' workshops were conducted to create communities awareness on disaster issues.
- Eight awareness campaigns were conducted

3. Risk Assessment

- Risk Assessment was conducted and fifteen hazards were identified within Mutale Municipal area namely: - Drought, deforestation, storm, stray animals, dumping of pampers on river-beds/residential areas, animal diseases, wild animals, forest fires, heat waves, floods and fog

4. Response and Recovery

- Seven hundred and sixty four families were affected by storm

Chapter 3

- One hundred and forty one families at Mutele B were affected during the blasting of open pit at Tshikondeni mine.
- Fifteen families were affected by fire.
- Four hundred and fifty food parcels were supplied to the victims
- Regular monitoring was done on cracked houses at Mutele B and Mohau tree which is poisonous to animals

As a measure to improve our performance, the Municipality has trained all wards disaster management committees

T 3.13.1

Chapter 3

Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
To ensure proper institutional capacity	Establishment of thirteen ward disaster management committees	13 ward disaster management committees	13 ward disaster management committees established	11 ward disaster management committees were established	11 ward disaster management committees were established	11 ward disaster management committees were established	1 local disaster management committee for the whole municipality established	To establish 1 local disaster management committee for the whole municipality. To develop disaster management plan	None
To ensure risk reduction	Conduct disaster awareness workshops in all wards	13 disaster awareness workshops to be conducted	14 disaster awareness workshops were conducted. 8 disaster awareness campaign were conducted	11 awareness campaign to be conducted	11 disaster awareness campaign were conducted	11 awareness campaign were conducted			
To ensure risk assessment	Identification and prioritization of hazards	Conduct 4 risk assessments	10 risk assessments were conducted in wards 1,2,3,4,5,6,7,9,10,12	1 risk assessment to be conducted	1 risk assessment s workshop were conducted	11 risk assessments workshop to be conducted	11 risk assessments workshops were conducted	11 risk assessments workshop to be conducted	11 risk assessments workshops were conducted

Chapter 3

To ensure prompt response to all reported disaster and other related incidents	Assessment of damages, distribution of disaster relief , evacuation of homeless victims to a safe place	To respond to 500 affected households	Assessment of damages, distribution of disaster relief , evacuation of homeless victims to a safe place to 764 households damaged by storm, 15 fire incidents and 141 households at Mutele B damaged by Tshikondeni mine operation. 450 food parcels were distributed	To respond to all reported disasters and related incidents	Assessment of damages, distribution of disaster relief , evacuation of homeless victims to a safe place was done at 137 households damaged by storm, 7 fire incidents , 71 food parcels, 67 blankets and 11 tents were distributed to the victim. 13 temporary shelters were distributed to the households	Assessment of damages, distribution of disaster relief , evacuation of homeless victims to a safe place was done at 137 households damaged by storm, 7 fire incidents , 71 food parcels, 67 blankets and 11 tents were distributed to the victim. 13 temporary shelters were distributed to the households			
T 3.13.3									



Chapter 3

Employees: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	1	1	2	50%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	1	1	2	50%
T 3.13.4					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

There was no capital project implemented by disaster management unit during the year under review.

T 3.13.7

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

Sports Arts and Culture involve the management of sports facilities, promotion and development of Arts and Culture. Our top three priorities service delivery were the completion of 6 sports ground and the completion of community library. There was no progress regarding the completion of six sports ground. Community library is completed and only the installation of equipment is still outstanding.

T 3.14

Chapter 3

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	2	0%
10 - 12	0	0	0	0	0%
13 - 15	1	3	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%

Financial Performance Year 0: Sport and Recreation					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					#DIV/0!
Expenditure:					
Employees	375	391	399	399	2%
Repairs and Maintenance					#DIV/0!
Other	25	30	30	25	-20%
Total Operational Expenditure	400	421	429	424	1%
Net Operational Expenditure	400	421	429	424	1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.14.4					



Chapter 3

Capital Expenditure Year 0: Sport and Recreation					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A					
Project B					
Project C					
Project D					
<i>No capital project in sport was implemented</i>					
T 3.14.5					

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The five priority capital projects were as follows: Masisi, Tshikundamalema, Manenzhe, Muswodi and Makuya multi purpose sports centres. The budget for the above sports centres was R5m funded by the national lottery. All projects could not be implemented due to challenges with the contractors, municipality budgetary constraints and withholding of another balance from National Lottery due to non-compliance. In addition to the above projects, the municipality had planned to implement Tshilamba and Tshixwadza multi-purpose sports ground which could not happen due to lack of funding. The 2 projects were supposed to be funded by Vhembe District Municipality and their budget was R1m.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The executive committee comprises of four members whereas council consist of 26 members. During the year under review the executive committee held 8 meetings and council held seven meetings. The top priority of the executive committee was to develop IDP and budget, identification and prioritisation of community needs and to enhance public participation on municipal affairs. A priority of council in other hand is to approve IDP and budget, policies, and by-laws.

T 3.15.1



Chapter 3

The Executive and Council Policy Objectives Taken From IDP									
Service Objectives 									



Chapter 3

			with the IDP						
T 3.15.3									

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	2	2	2	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%
Total	3	3	3	0	0%
T 3.15.4					

Financial Performance Year 0: The Executive and Council					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					#DIV/0!
Expenditure:					
Employees	6337	6886	6886	6631	-4%
Repairs and Maintenance					#DIV/0!
Other	1326	1512	1896		#DIV/0!
Total Operational Expenditure	7663	8398	8782	6631	-27%
Net Operational Expenditure	7663	8398	8782	6631	-27%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.15.5					



Chapter 3

Capital Expenditure Year 0: The Executive and Council					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	180	737	737	76%	
Project A	180	737	737	76%	737
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.15.6					

3.16 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The financial health of the municipality deteriorated during the financial year in that the payment levels for services decreased significantly. This impacted especially on the municipality's ability to maintain and repair aging infrastructure such as roads.

Based on the financial situation where the cash flow was under pressure, a financial austerity measures strategy have been formulated, one of the notable measures was to suspend subsistence and travelling expenditure by officials.



Chapter 3

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2011/2012		2012/2013			2013/2014	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	3,705,145	29%	1,633,552	1,633,552	43%	4,000,000	60%
Electricity - B							
Electricity - C							
Water - B							
Water - C							
Sanitation							
Refuse	262,777	96%	288,418	288,418	55%	1,026,000	90%
Other	42,939	3%	41,515	11,642	28%	118,904	95%
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							
T 3.16.2							

Concerning T 3.25.2

The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.

T 3.16.2.1



Chapter 3

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	12	12	12	0	0%
7 - 9	6	6	6	0	0%
10 - 12	2	2	2	0	0%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	22	22	22	0	0%

Financial Performance Year 0: Financial Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	59,854	47,926	48,473	48246	-99236%
Expenditure:					
Employees	4561	7226	7226	5725	-26%
Repairs and Maintenance	945	993	1122	774	-28%
Other	7337	7647	7061	5817	-31%
Total Operational Expenditure	12843	15866	15409	12316	-29%
Net Operational Expenditure	-59841	-47910	-48458	-35930	-33%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.16.5					



Chapter 3

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A				#DIV/0!	
Project B				#DIV/0!	
Project C				#DIV/0!	
Project D				#DIV/0!	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.16.6

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Total repair and maintenance for municipal assets reduced and total expenditure was less compared to total budget in the 2013 due to deterioration of payment of serves by consumers, which negatively affected the municipality's cash flow and ability to maintenance infrastructure in particular

T 3.16.7



Chapter 3

3.17 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resource Services involve organisational development, human resource development, occupational health and safety, labour relations, recruitment and section, PMS and personnel administration. The priorities for the year under review were job evaluation, individual performance assessment and filling of vacant position in order to improve performance. The following measures were taken. Performance assessment tool has been developed. Fifteen vacant posts were filled. Fourteen HR policies were developed. 2011/2012 organisational structure was reviewed.

T 3.17.1

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Skills development	Submission of WSP to DOL & training of employees	WSP for 2010/2011 to be submitted on 30 June 2011	WSP for 2010/2011 was submitted to DOL	To submit 2011/2012 WSP on 30 June 2012	WSP for 2011/2012 to be submitted on 30 June 2012	WSP for 2011/2012 to be submitted on 30 June 2012	WSP 2012/2013 to be submitted on 30 June 2013	WSP 2012/2013 to be submitted on 30 June 2013	N/A
		Training of 60% of employees	51% of employees was trained	Training of 30% of employees	54% of employees was trained	54% of employees was trained	30% of employees to be trained	30% of employees to be trained	N/A
Review of the organizational structure	To review 2010/2011 & 2011/2012 organisational structure	To review 2010/2011 organisational structure by 30 May 2011	Reviewed 2010/2011 organisational structure was approved by council	To review 2011/2012 Organisational structure by 31 May 2012	Reviewed 2011/2012 organisational structure was approved by council on 31 May 2012	Reviewed 2011/2012 organisational structure was approved by council on 31 May 2012	To review 2012/2013 organisational structure by 31 May 2013	To review 2012/2013 organisational structure by 31 May 2013	N/A

Chapter 3

			on 31 May 2011						
Performance Management System	Development of performance assessment tool and assessment of employees	Performance assessment tool was developed	To conduct quarterly assessment for all 125 employees	125 employees were assessed for 2011/2012	125 employees were assessed for 2011/2012	125 employees were assessed for 2011/2012	To conduct quarterly assessment performance for 2012/2013	To conduct quarterly assessment performance for 2012/2013	To conduct quarterly assessment performance for 2013/2014
Review and development of HR policies	To develop HR policies	None	To review 14 HR policies	14 HR policies have been reviewed and approved by council	14 HR policies have been reviewed and approved by council	14 HR policies have been reviewed and approved by council	N/A	N/A	N/A
Career enhancement	Provision of bursary to employees	20 employees to be given bursaries	8 employees were awarded municipal bursary	To award municipal bursary to 20 employees	13 employees were awarded bursary	13 employees were awarded bursary	To award municipal bursary to 20 employees	N/A	N/A
ABET Programme	To reduce illiteracy level	30% reduction in illiteracy level	6 employees attended ABET programme	30% reduction in illiteracy level	6 employees attended ABET programme	6 employees attended ABET programme	6 employees attended ABET programme	N/A	N/A
Employment equity	Submission of employment equity report to DOL	EE report to be submitted by 1 October 2011	EE report was submitted on line on 15 February 2011	EE report to be submitted by 1 October 2012	EE report was submitted on line on 15 February 2012	EE report was submitted on line on 15 February 2012	EE report was submitted on line on 15 February 2012	N/A	N/A
	Compliance with 50/50 women representation	To appoint 1 women at Top management	None compliance with 50/50		None compliance with 50/50 women	None compliance with 50/50 women	None compliance with 50/50 women		



Chapter 3

	ive at top manageme nt and 2% disability representat ion	ent	women represe ntation and 2% disabilit y require ment		represent ation and 2% disability requireme nt	represent ation and 2% disability requireme nt	represent ation and 2% disability requireme nt		
Occupational Health and Safety	Report al Occupation al injuries to compensati on commissio ner	100% of occupatio nal injuries to be reported	2 injuries were reporte d	100% of occupatio nal injuries to be reported	None	None	None	N/A	N/A
	Conduct medical surveillanc e to all employees working with sewerage	To send 6 employee s for medical surveillanc e	6 employ ees were sent for medica l surveill ance	To send all employee working under hazadours areas for medical surveillanc e	None	None	None	None	None
T 3.17.3									



Chapter 3

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	18	3	18	0	0%
7 - 9	56	4	53	2	50%
10 - 12	42	2	42	3	150%
13 - 15	9	2	9	4	200%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	125	11	122	9	82%
T3.17.4					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

No capital project was implemented by human resource division during the year under review.

T 3.17.7



Chapter 3

3.18 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The main focus for the ICT function is to provide a secure, speedy and reliable service to the users. Resources have been allocated to support these performance targets. Municipality has experienced connectivity problems in the year under review, but these problems have been identified, addressed and overcome.

T 3.18.1

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	2	1	1	50%
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	1	2	1	1	0%
T3.18.4					



Chapter 3

Financial Performance Year 0: ICT Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					#DIV/0!
Expenditure:					
Employees	194	209	269	209	0%
Repairs and Maintenance	50	54	54	55	2%
Other	144	144	144	43	-235%
Total Operational Expenditure	388	407	467	307	-33%
Net Operational Expenditure	388	407	467	307	-33%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.18.5					

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0
Softwares	315 000	50 000		86536.00	0
Computer Equipments	100 000	50 000			0
Equipment \Printer	50 000				0
					0
T 3.18.6					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

There was no capital project under ICT only softwares procured. No revenue was received from the ICT services but only Expenditure for salaries

T3.18.7



Chapter 3

3.19 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The function of property management falls under Budget and Treasury office include the following : compilation of asset register, verification of asset and disposal of asset. The Municipality possess properties in the form of buildings, office furnitures and equipments, vehicles and land. All properties are contained in the municipal property register.

The legal section is responsible for the provision of legal services to the entire municipality. This includes the provision of legal opinions, drafting of contracts, drafting of by-laws and policies, attending to court litigations, ensuring legal compliance and deal with labour cases

Risk management function is located within the Internal Audit Unit. This function involves risk assessment, risk identification, risk reduction and compiling risk register.

Procurement services falls within the Supply Chain Management unit. This involves demand management, acquisition, logistic and disposal management.

T3.19.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Analysis of function	Statistical information on available property	Number of facilities	Number of users
N/A	N/A	N/A	N/A
<i>T 3.19.2</i>			



Chapter 3

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	 (iv)	*Previous Year (v)	*Current Year (vi)	 (vii)	*Current Year (viii)	*Curren t Year (ix)	*Followin g Year (x)
Service Objective xxx									
<i>Provision of legal services</i>	Compliance with relevant legislation	8 legal opinions to be given	5 legal opinions were given	12 legal opinions to be given	4 legal opinions were given	4 legal opinions to be given	N/A	N/A	N/A
<i>Drafting of agreements</i>	Drafting of 8 agreements	To draft 8 agreements	5 agreements were drafted	To draft 10 agreements	3 agreements were drafted	3 agreements were drafted	N/A	N/A	N/A
<i>Development and formulation of By-laws</i>	Introducing 6 By-laws	To develop 6 By-laws	4 By-laws developed	To develop 6 By-laws	4 By-laws were developed	4 By-laws were developed	N/A	N/A	N/A
Development of policies	Develop 14 policies	To develop 14 policies	14 policies were developed	To develop 8 policies	2 policies were developed	2 policies were developed	N/A	N/A	N/A
Attending to labour issues	Ensuring attendance of labour cases	To attend to 4 labour cases	0	To attend to 6 labour cases	0	N/A	N/A	N/A	N/A
T 3.19.3									

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	2	2	2	0	0%
10 - 12					0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%



Chapter 3

Total	4	4	4	0	0%
T 3.19.4					



Chapter 4

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

INTRODUCTION

Mutale municipality has a total of 161 employees including councilors. All employees have job descriptions in line with TASK requirements. To ensure that the municipality is complying with National and provincial frameworks, 14 HR policies have been approved by council. The Labour forum has been established to create a platform whereby issues related to employees affairs are discussed. Human Resource Division is responsible for Human Resource management, Organizational development and Human resource development and Performance Management System and compliance to the legislations e.g. BSCA, Employment Equity Act, Labour Relations Act, Occupational Health SDA

The Organizational structure of Mutale municipality consists of the Council as the highest political structure and three main Departments namely: Technical Services, Corporate Support and Community Services, Budget & Treasury and Municipal Managers Office. The Council consists of 26 Councilors including the Mayor and the Speaker. There are three Portfolio committees established by the Executive Committee namely Infrastructure Development and Planning, Budget & Treasury, and Corporate support and Community Services. The main role of the Portfolio Committees is to play oversight role over their respective departments by monitoring the implementation of their programmes.

In line with the provision of System Act all section 56 Managers had signed performance agreements. Performance evaluation for section 55 and 56 Managers were not conducted regularly as required by COGTA Performance Regulations. Municipal Performance Management policy is in place and it provides a framework within which the performance of staff can be measured against the overall objectives of the municipality. The special programmes unit was established and an officer was designated. The main aim of the unit is to coordinate special programmes activities so that the interests of designated groups are taken on board

T 4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	–	–	–	–	–
Waste Water (Sanitation)	0.00	0.00	0.00	0.00	%
Electricity	0.00	0.00	0.00	0.00	%
Waste Management	10.00	10.00	10.00	0.00	%
Housing	1.00	1.00	1.00	0.00	%
Roads & Storm water Drainage)	1.00	2.00	2.00	0.00	%
Roads	10.00	10.00	15.00	0.00	%
Transport	14.00	14.00	14.00	0.00	%
Planning	6.00	6.00	6.00	1.00	%
Local Economic Development	1	1	1	0.00	%
Planning (Strategic & Regulatory)	3.00	3.00	3.00	0.00	%



Chapter 4

Local Economic Development	2.00	2.00	2.00	0.00	%
Community & Social Services	20.00	25.00	25.00	6.00	%
Environmental Protection	0.00	1.00	2.00	1.00	%
Health	0.00	1.00	0.00	1.00	%
Security and Safety	14.00	14.00	14.00	0.00	%
Sport and Recreation	1.00	2.00	1.00	2.00	%
Corporate Officers and Other	41.00	43.00	38.00	5.00	%
Totals	125.00	136.00	135.00	16.00	0.00
T 4.1.1					

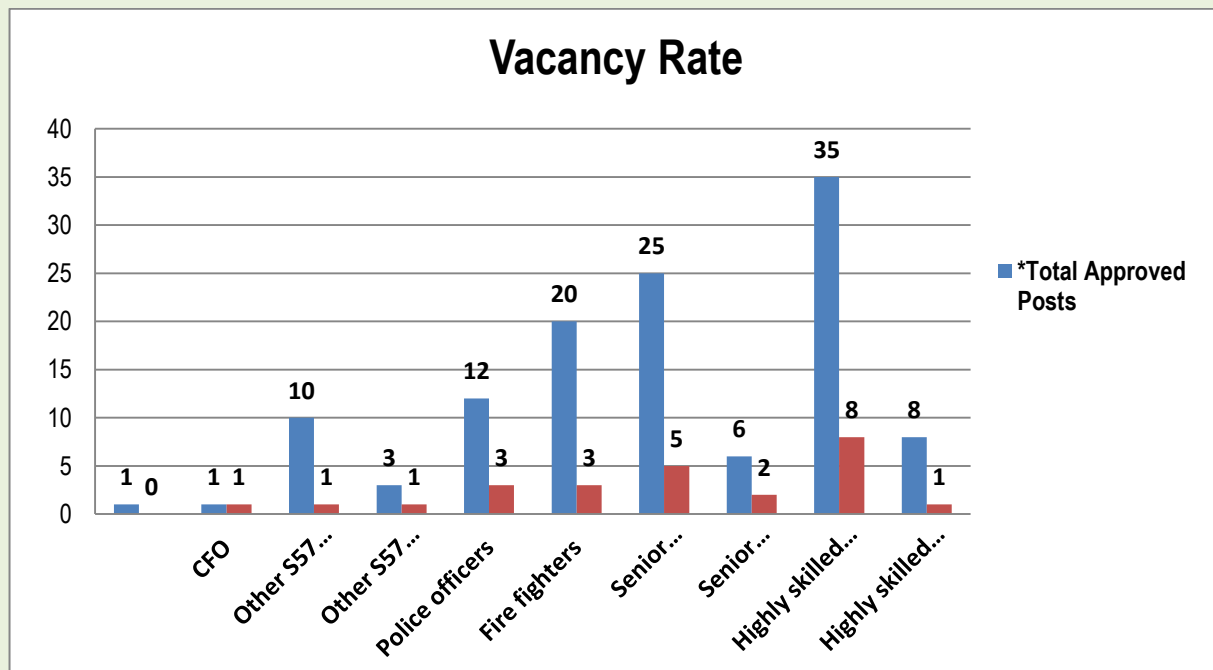


Chapter 4

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	2	1	50.00
Other S57 Managers (Finance posts)	0	1	#DIV/0!
Police officers	0	3	#DIV/0!
Fire fighters	0	3	#DIV/0!
Senior management: Levels 13-15 (excluding Finance Posts)	1	5	500.00
Senior management: Levels 13-15 (Finance posts)	2	2	100.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	1	8	800.00
Highly skilled supervision: levels 9-12 (Finance posts)	2	1	50.00
Total	10	25	250.00
T 4.1.2			



Chapter 4



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year - 2012/2013	161	5	32.2%
Year -1: 2011/2012	153	11	0%
Year 0: 2010/2011	5	24	11%
*			T 4.1.3



Chapter 4

COMMENT ON VACANCIES AND TURNOVER:

The fillings of senior management post undergo several stages including approval by executive committee, council and MEC for local government. The filling of other post is regulated by the recruitment and selection policy of the municipality. The policies stipulate how recruitment and selection process should be conducted. It takes a minimum of three month for section 55/56 post to be filled. Our turnover rate is significant low.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The municipality has human resource policies in place which serve as framework for workforce management. All policies are approved by council before implemented. For the year under review 14 policies have been reviewed and approve by council.

T 4.2.0



Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%	100%	2-Jun-11
2	Attraction and Retention	100%	100%	2-Jun-11
	Bursary policy	100%	100%	2-Jun-11
3	Code of Conduct for employees	0%	0%	2-Jun-11
4	Delegations, Authorisation & Responsibility	100%	100%	2-Jun-11
5	Disciplinary Code and Procedures	100%	100%	2-Jun-11
6	Essential Services	0%	0%	n/a
7	Employee Assistance / Wellness	0%	0%	n/a
8	Employment Equity	100%	100%	2-Jun-11
9	Exit Management	100%	100%	2-Jun-11
10	Grievance Procedures	100%	100%	2-Jun-11
11	HIV/Aids	100%	100%	2-Jun-11
12	Human Resource and Development	100%	100%	2-Jun-11
13	Information Technology	100%	100%	2-Jun-11
14	Job Evaluation	100%	100%	2-Jun-11
15	Leave	100%	100%	2-Jun-11
16	Occupational Health and Safety	100%	100%	2-Jun-11
17	Official Housing	0%	0%	n/a
18	Official Journeys	100%	100%	2-Jun-11
19	Official transport to attend Funerals	100%	100%	2-Jun-11
20	Official Working Hours and Overtime	100%	100%	2-Jun-11
21	Organisational Rights	100%	100%	2-Jun-11
22	Payroll Deductions	100%	100%	2-Jun-11
23	punctuality	100%	100%	2-Jun-11
24	property	100%	100%	2-Jun-11
25	Performance Management and Development	100%	100%	2-Jun-11
26	Recruitment, Selection and Appointments	100%	100%	2-Jun-11
27	Remuneration Scales and Allowances	100%	100%	2-Jun-11
28	relocation	100%	100%	2-Jun-11
29	Resettlement	100%	100%	2-Jun-11
30	Sexual Harassment	100%	100%	2-Jun-11
31	Skills Development	100%	100%	2-Jun-11
32	Smoking	100%	100%	2-Jun-11
33	substance abuse	100%	100%	2-Jun-11
34	Special Skills	0%	0%	n/a
35	Work Organisation	0%	0%	n/a
36	Uniforms and Protective Clothing	100%	100%	2-Jun-11
37	Other:			
T 4.2.1				



Chapter 4

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All the above policies are currently being implemented.

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	
Permanent disablement	0	0	0%	0	
Fatal					
Total	0	0		0	0

T 4.3.1

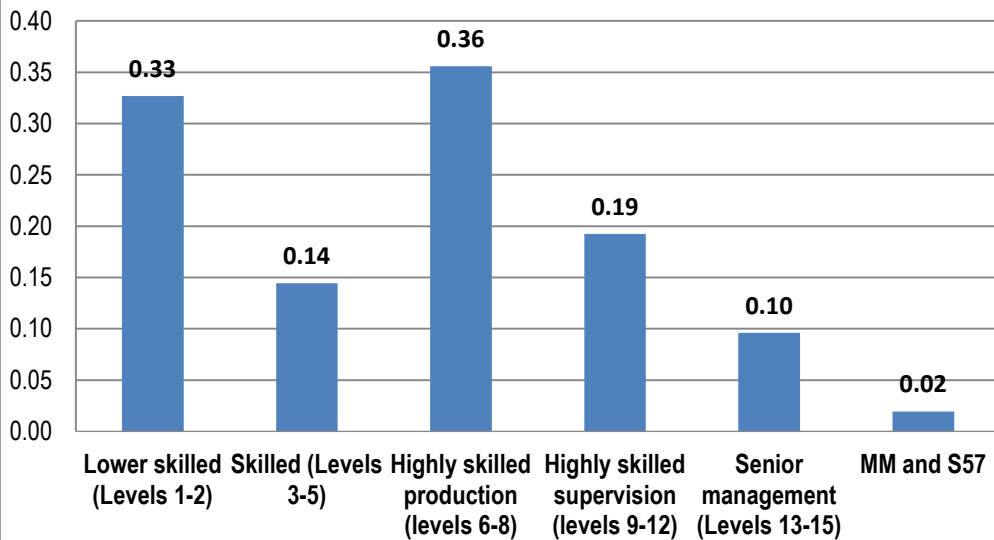
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	0	0%	0	0	0.00	
Skilled (Levels 3-5)	15	0%	19	19	0.14	
Highly skilled production (levels 6-8)	37	0%	42	42	0.36	
Highly skilled supervision (levels 9-12)	21	0%	23	23	0.19	
Senior management (Levels 13-15)	10	0%	0	14	0.10	
MM and S57	2	0%	0	0	0.02	
Total	84	0%	98	98	1.13	0

T 4.3.2



Chapter 4

Average Number of Days Sick Leave (excluding IOD)



COMMENT ON INJURY AND SICK LEAVE:

No injury on duty was reported. Sick leaves are managed in terms of main collective agreements on condition of service.

T 4.3.4



Chapter 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Lower skilled (Levels 1-2)	0			
Skilled (Levels 3-5)	0			
Highly skilled production (levels 6-8)	0			
Highly skilled supervision (levels 9-12)	(1)Fraud	1 May 2013	Disciplinary hearing was conducted. Case finalised	September 2013
Senior management (Levels 13-15)	n/a			
MM and S57	n/a			
T 4.3.5				

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Lower skilled (Levels 1-2)	n/a		
Skilled (Levels 3-5)	n/a		
Highly skilled production (levels 6-8)	n/a		
Highly skilled supervision (levels 9-12)	fraud and corruption	suspended pending the investigation outcomes	
Senior management (Levels 13-15)	n/a		
MM and S57	n/a		
T 4.3.6			



Chapter 4

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female				
	Male				
Skilled (Levels 3-5)	Female	22			
	Male	30			
Highly skilled production (levels 6-8)	Female	18			
	Male	29			
Highly skilled supervision (levels 9-12)	Female	6			
	Male	9			
Senior management (Levels 13-15)	Female	3			
	Male	6			
MM and S57	Female	0			
	Male	4			
Total		127			
Has the statutory municipal calculator been used as part of the evaluation process ?					yes
T 4.4.1					

COMMENT ON PERFORMANCE REWARDS:

The Municipality has been experiencing challenges in terms of cascading performance assessment to lower levels. This was due to lack of effective tool of assessment. However, employee assessments were conducted apply the tool for section 56 Managers. This was done as a pilot project hoping that going forward we would have developed an effective tool.

T 4.4.1.1



Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Capacity building for municipal employees and councillors is dealt with in terms of work skills plan which is compiled annually and submitted to LGSETA for approval. The municipality conduct skills audit annually to determine training needs to every employee. Employees are sent on training intervention identified in the WSP.

T 4.5.0

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target
MM and s56	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	0	0	0	2	0	0	3	0
Councillors, senior officials and managers	Female	16	0	4	0		5	0	0	7	0	0	16	0
	Male	24	0	2	0	0	3	0	0	1		0	6	0
Technicians and associate professionals*	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	6	0	1	0	0	0	0	0	0	0	0	1	0
Professionals	Female	6	0	2	0	0	2	0	0	2	0	0	6	0
	Male	7	0	1	0	0	3	0	0	3	0	0	7	0



Chapter 4

Sub total	Female	22	0	10	0	0	0	0	0	9	0	0	22	0
	Male	40	0	10	0	0	0	0	0	6	0	0	17	0
Total		62		10	0	0	0	0	0	15		0	39	
*Registered with professional Associate Body e.g CA (SA)														T 4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consoli dated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidat ed: Total number of officials that meet prescribed competen cy levels (Regulatio n 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	1	1
Chief financial officer	1	0	1	0	1	1
Senior managers	2	0	2	0	2	2
Any other financial officials	7	0	7	0	0	7
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	12	0	12	0	4	11
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						
						T 4.5.2



Chapter 4

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	0								
	Male	3					144000.00	96000.00		
Legislators, senior officials and managers	Female	16			200000	18750.00				
	Male	24			200000	18750.00				
Professionals	Female	6			20000	6600.00				
	Male	7								
Technicians and associate professionals	Female	0								
	Male	6			240000	6250.00				
Clerks	Female	9								
	Male	17	150000	36000.00						
Service and sales workers	Female	1								
	Male	1								
Plant and machine operators and assemblers	Female	0								
	Male	9			20000.00	3324.00				
Elementary occupations	Female	10								
	Male	14								
Sub total	Female									
	Male									
Total										
% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
T4.5.3										



Chapter 4

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The municipality has spent an amount of R438 384.87 On skills development programmes implemented during the year under review. The budget for skills development was R60000-00. The variance between the amounts spends and the budget was dealt with due to insufficient cash flow. In terms of minimum competency requirements, only one section 56 manager completed the programme while others are still busy with the programme.

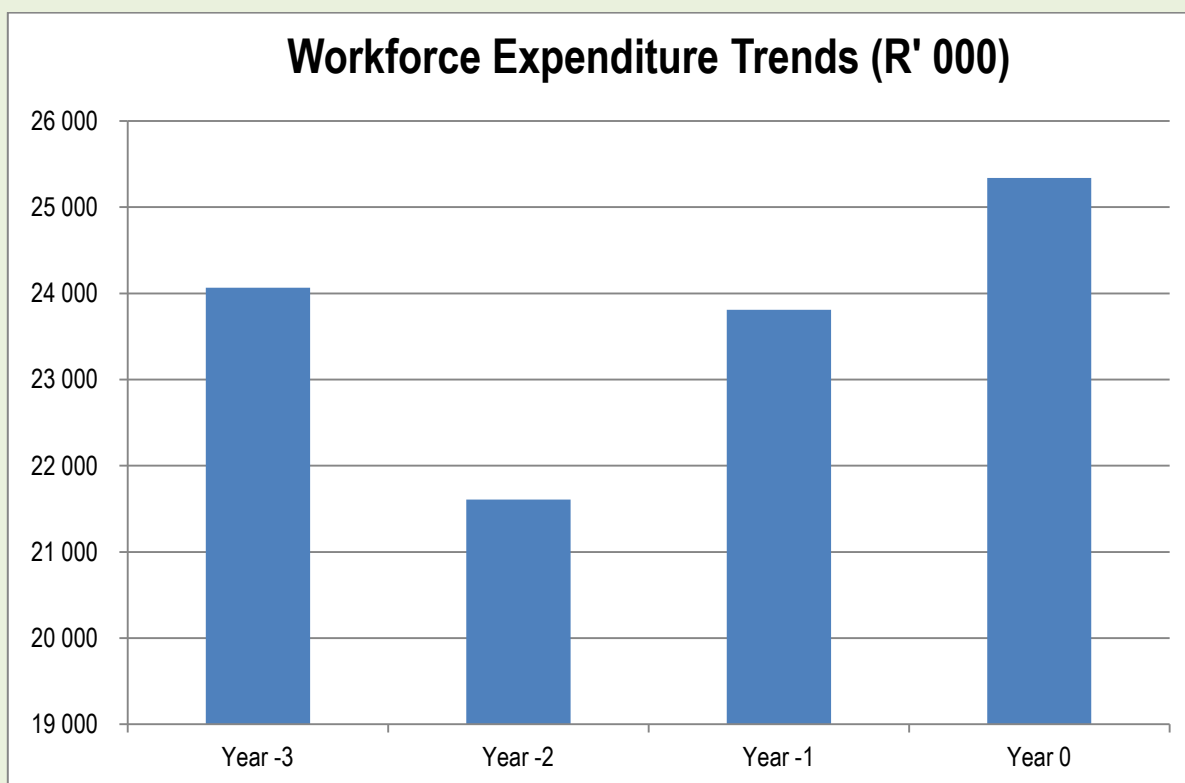
T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Workforce expenditure is managed through the payroll system administered by pastel evolution system. Each department is allocated budget for employee related cost which mainly covers salaries, training, accommodation, S&T and overtime. Expenditure management is done by budget and treasury office.

T 4.6.0



Chapter 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	n/a
0	0	0	0	n/a
0	0	0	0	n/a
0	0	0	0	n/a
0	0	0	0	n/a

T 4.6.3

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

T 4.6.4



Chapter 4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

During the previous financial years, there were a number of employees who were transferred internally some vertically while others horizontally. With regard to those transferred vertically, their salaries had to be adjusted to those of the new posts. Hence there were four employees whose salaries were upgraded during the year under review

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

No other comments except the information provided in appendix J.

T 4.6.6



Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

Annual Financial Statement was prepared using Case ware Software by Camelsa Consulting @ a cost of R387 000.00. CAMELSA Consulting was appointment in July 2012 a month before the due date for submission of AFS due to the unexpected resignation of the CFO in June 2012. The Municipality has no Fixed Assets Register software and the Fixed Assets Register was done in Excell. T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included at Appendix K.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary

Description R thousands	2012/2013											2011/2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	2,455	1,389	1,389			1,389	1,440		51	4%	-70%				3,316
Service charges	713	296	296			296	249		(47)	-19%	-187%				225
Investment revenue	83	427	427			427	401		(26)	-6%	79%				385
Transfers recognized - operational	56,031	46,592	46,592			46,592	42,889		(3,703)	-9%	-31%				46,738
Other own revenue	6,776	6,193	6,193			6,193	4,474		(1,718)	-38%	-51%				6,027
Total Revenue (excluding capital transfers and contributions)	66,057	54,897	54,897			54,897	49,453		(5,443)	(0)	(0)				56,691
Employee costs	30,303	29,717	29,717			29,717	28,522		(1,195)	-4%	-6%				25,157
Remuneration of councilors	6,881	6,735	6,735			6,735	6,683		(52)	-1%	-3%				6,417
Debt impairment		-	-				668			100%	100%				

Chapter 5

	-				-			668						1,371
Depreciation & asset impairment	3,240	1,374	1,374		1,374	2,127		753	35%	-52%				2,117
Finance charges	337	400	400		400	184		(216)	-118%	-83%				-
Materials and bulk purchases	-	-	-		-	-		-						-
Transfers and grants	-	-	-		-	-		-						-
Other expenditure	22,881	22,485	22,485		22,485	12,125		(10,360)	-85%	-89%				8,414
Total Expenditure	63,642	60,711	60,711	-	-	60,711	50,309	(10,402)	-73%	-134%				43,477
Surplus/(Deficit)	2,415	(5,815)	(5,815)	-		(5,815)	(856)	4,959	-579%	382%				13,213
Transfers recognised - capital	16,128	43,077	43,077			43,077	17,543	(25,534)	-146%	8%				13,910
Contributions recognised - capital & contributed assets						-								
Surplus/(Deficit) after capital transfers & contributions	18,543	37,262	37,262			37,262	12,032	(25,230)	-210%	-54%				27,123
Share of surplus/ (deficit) of associate						-								
Surplus/(Deficit) for the year	18,543	37,262	37,262			37,262	16,071	(21,191)	-132%	-15%				27,123
Capital expenditure & funds sources														
Capital expenditure	18,543	41,387	41,387			41,387	18,430	(22,957)	-125%	-1%				
Transfers recognised - capital	16,128	40,228	40,228			40,228	17,543	(22,685)	-129%	8%				
Public contributions & donations	-	-	-			-	-	-						
Borrowing	-	-	-			-	-	-						
Internally generated funds	2,415	1,159	1,159			1,159	888	(272)	-31%	-172%				
Total sources of capital funds	18,543	41,387	41,387			41,387	18,430	(22,957)	-125%	-1%				
Cash flows														
Net cash from (used) operating	(12,423)	41,214	41,214			41,214	38,308	(2,906)	-8%	132%				19,089
Net cash from (used) investing	(9,572)	(37,859)	(37,859)			(37,859)	(17,615)	20,244	-115%	46%				(20,797)



Chapter 5

Net cash from (used) financing Cash/cash equivalents at the year end	(964) (22,959)	(778) 2,578	(778) 2,578		(778) 2,578	(421) 20,369		356 17,791	-85% -207%	-129% 49%				1,003 (69)
T 5.1.1														

Notes

3 = sum of column 1 and 2

2 represents movements in original budget to get to final adjustment budget (including shifting of funds)

Virements must offset each other so that virements in Total

Expenditure equals zero

6 = sum of column 3, 4 and 5

8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure

9 = 7 - 6

10 = (7/6)*100

11 = (9/1)*100

14 = 13 - 12

15 in revenue equals Audited Outcome plus funds actually recovered

15 in expenditure equals Audited Outcome less funds actually recovered

15 in Cash Flow equals Audited Outcome plus funds recovered

This schedule must be part of the financial statements of the municipality (all other schedules, A2 - A7, should form part of the annexures to the financial statements. These schedules do not directly form part of the audit opinion)



Chapter 5

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	26,485	23,572	28,075	23,042	-2.30%	-21.84%
Waste Water (Sanitation)	8,541	8,285	9,054	8,456	2.02%	-7.07%
Electricity	12,355	10,254	12,478	13,219	22.43%	5.61%
Waste Management	14,232	13,235	13,662	12,097	-9.41%	-12.94%
Housing	6,542	5,496	5,954	6,346	13.40%	6.19%
Component A: sub-total	68,155	60,842	69,222	63,161	3.67%	-9.60%
Waste Water (Stormwater Drainage)	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Roads	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Transport	5,322	4,470	5,747	4,630	3.45%	-24.14%
Component B: sub-total	16,607	8,455	8,624	9,554	11.50%	9.73%
Planning	1,254	1,003	1,191	1,354	25.93%	12.04%
Local Economic Development	2,516	2,063	2,264	2,340	11.83%	3.23%
Component B: sub-total	3,769	3,066	3,455	3,693	17.00%	6.46%
Planning (Strategic &					9.78%	-2.17%



Chapter 5

Regulatory)	12,546	10,413	11,793	11,542		
Local Economic Development	2,355	2,190	2,425	2,402	8.82%	-0.98%
Component C: sub-total	14,900	12,603	14,218	13,944	9.62%	-1.97%
Community & Social Services	4,565	3,698	4,337	4,291	13.83%	-1.06%
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%
Health	5,649	4,971	6,157	4,971	0.00%	-23.86%
Security and Safety	5,649	4,971	6,157	4,971	0.00%	-23.86%
Sport and Recreation	5,649	4,971	6,157	4,971	0.00%	-23.86%
Corporate Policy Offices and Other	5,649	4,971	6,157	4,971	0.00%	-23.86%
Component D: sub-total	32,808	28,552	35,122	29,145	2.04%	-20.51%
Total Expenditure	136,240	113,518	130,642	119,497	5.00%	-9.33%
T 5.1.2						

COMMENT ON FINANCIAL PERFORMANCE

The overall performance on the budget of the municipality is indicative of the challenges experienced by the municipality, although improvement compared to the previous year, the budget assumptions were not achieved. This is mainly attributable to revenue targets in respect of rates and taxes not being achieved in that the general increase in rebate reduced income drastically.

T5.1.3



Chapter 5

5.2 GRANTS

Grant Performance						
Description	R' 000					
	2011/2012	2012/2013			2012/2013 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	39,566	47,041	47,441	47,095		
Equitable share	37,232	42,892	42,892	42,889	0%	0%
Municipal Systems Improvement	790	800	800	800	0%	0%
Department of Water Affairs	1,254	1,500	1,500	1,500	0%	0%
Levy replacement	290	1,000	1,000	1,000	0%	0%
Other transfers/grants [insert description]		849	1,249	906	6%	-38%
Provincial Government:	-	-	-	-		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants [insert description]						
District Municipality:	-	-	-	-		
[insert description]						
Other grant providers:	-	-	-	-		
[insert description]						
Total Operating Transfers and Grants	39,566	47,041	47,441	47,095		



Chapter 5

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

*Note: For Municipal Infrastructure Grant (MIG) see T5.8.3. For other conditional transfers including Neighborhood Development Partnership Grant (NDPG); Public Transport Infrastructure and Systems Grant (PITS) see **Appendix L**. T 5.2.2*

The variance is bigger than 10% in all the grants. The lowest variance is VDM grant-District grant for operation and maintenance of water and sewer at 24% due to the fact that it was withdrawn in March 2012 and few transfers were made to cover for salaries of seconded staff

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset Management is crucial in the sustainability of the municipality. Our Capital budget was mainly composed of projects funded by MIG and only few Assets to be funded by own sources. Most projects were multi year projects from prior year and only Tshilamba streets and Tshidongololwe Low Level Bridge were new projects.

Asset Managements Section has only 1 official and an Intern; It has one vacancy for the Manager Assets which we were in the process of appointing by year end.

T 5.3.1



Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	CNT 246 L- JEEP GRAND CHEROKEE			
Description	JEEP GRAND CHEROKEE			
Asset Type	MOTOR VEHICLE			
Key Staff Involved	MAYOR			
Staff Responsibilities	CHAUFFER			
Asset Value	Year -3	Year -2	Year -1	Year 0
				646,545.96
Capital Implications	MAYOR WILL BE SAFE AND COMFORTABLE			
Future Purpose of Asset	SAFETY & SECURITY OF MAYOR			
Describe Key Issues	TO PREVENT RISK OF THE MAYOR			
Policies in Place to Manage Asset	FIXED ASSET POLICY			
Asset 2				
Name	NISSAN NP300			
Description	NISSAN NP300 2.4 HI-RIDER D/CAB			
Asset Type	MOTOR VEHICLE			
Key Staff Involved	TECHNICIAN			
Staff Responsibilities	TECHNICAL STAFF			
Asset Value	Year -3	Year -2	Year -1	Year 0
				238,704.00
Capital Implications	STAFF WILL BE SAFE AS MOST OF THE ROAD ARE GRAVEL			
Future Purpose of Asset	SERVICE DELIVERY			
Describe Key Issues	THE SAFETY OF EMPLOYEE IS ALSO IMPORTANT			
Policies in Place to Manage Asset	FIXED ASSET POLICY			
Asset 3				
Name	KOMATSU			
Description	KOMATSU GD675-5 MOTOR GRADERS			
Asset Type	PLANT & EQUIPMENT			



Chapter 5

Key Staff Involved	MACHINE OPERATOR			
Staff Responsibilities	TECHNICAL STAFF			
Asset Value	Year -3	Year -2	Year -1	Year 0
				2,230,546.00
Capital Implications	ROADS WILL BE MAINTAINED, REDUCE ACCIDENT			
Future Purpose of Asset	SERVICE DELIVERY (ROADS MAINTENANCE)			
Describe Key Issues	THE MAIN AIM OF THE MUNICIPALITY IS SERVICE DELIVERY			
Policies in Place to Manage Asset	FIXED ASSET POLICY			
T 5.3.2				

COMMENT ON ASSET MANAGEMENT:

It can be noted from our Capital budget that our primary focus is building infrastructure projects to have better access to and from our Areas for better service T 5.3.3



Chapter 5

Repair and Maintenance Expenditure: Year 2012/2013				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	7,013,260	7,164,150	1,308,756	81%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

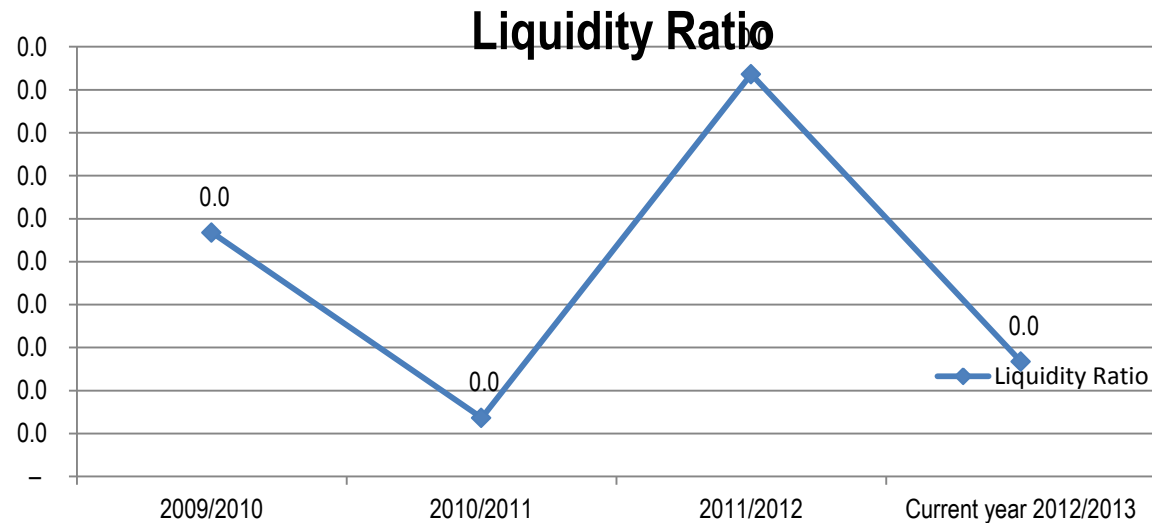
With the Adjustment Budget 2012/13, the budgeted amount was reduced by 16%, due to maintenance which was initially budgeted for, but did not seem urgent. Of the Adjustment budget, 33.5% was spent, which is quite in line with average expenditure for the 2012/13 Financial Year

T 5.3.4.1



Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

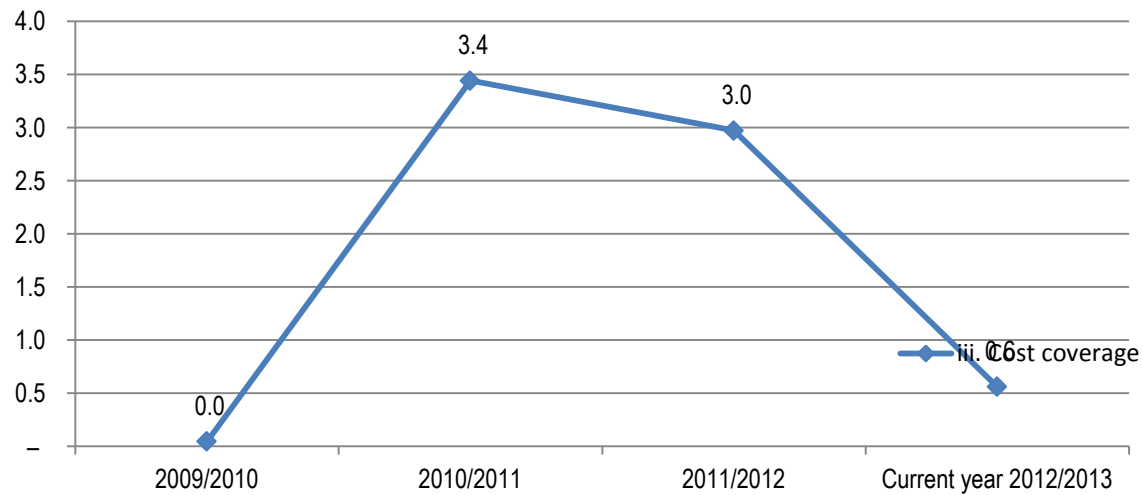
Data used from MBRR SA8

T 5.4.1



Chapter 5

Cost Coverage



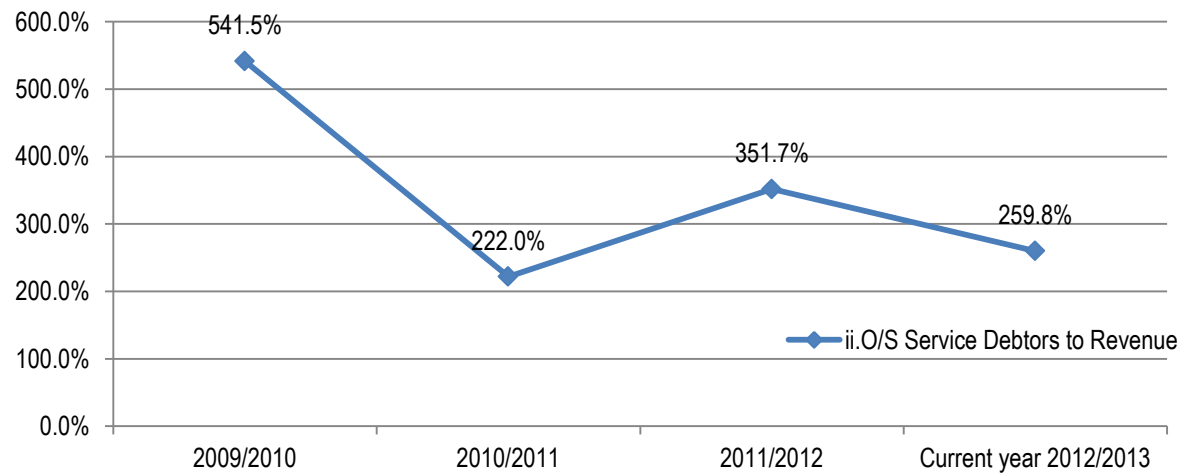
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8



Chapter 5

Total Outstanding Service Debtors

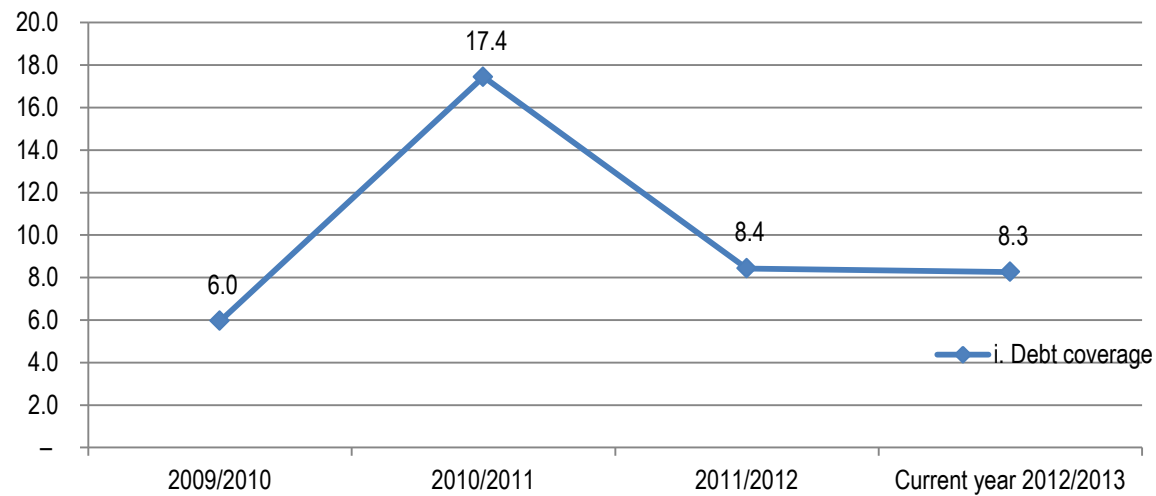


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.



Chapter 5

Debt Coverage



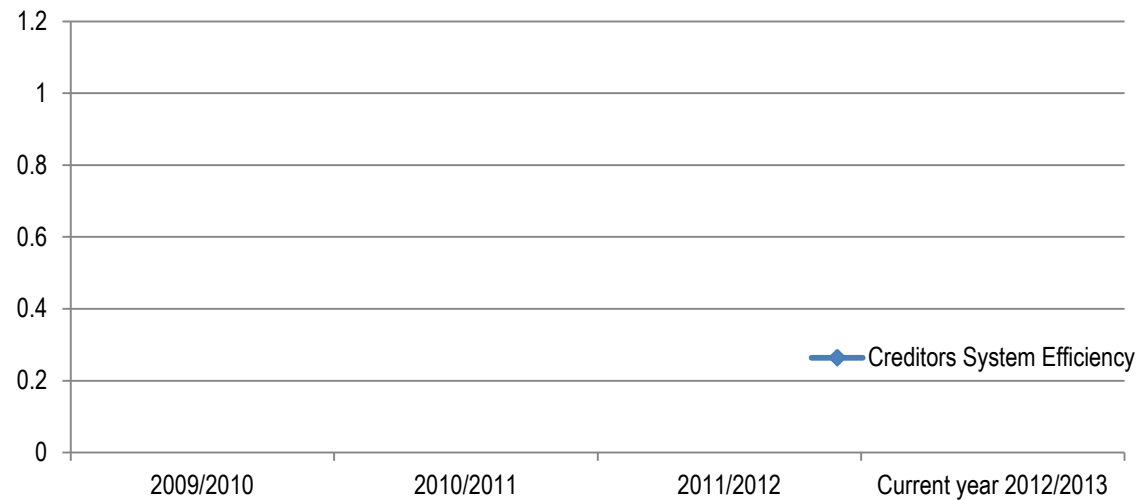
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8



Chapter 5

Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

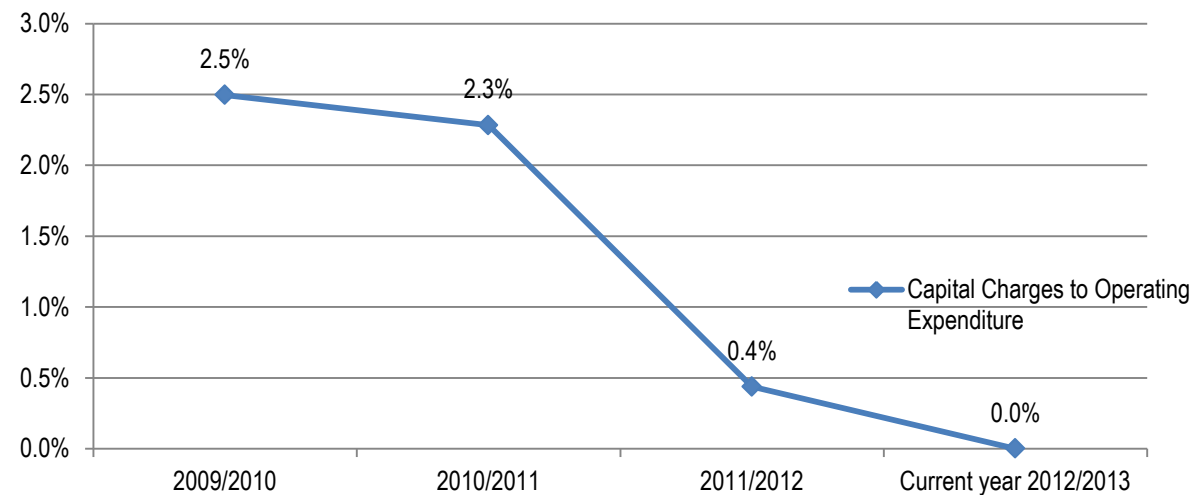
Data used from MBRR SA8

T 5.4.5



Chapter 5

Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

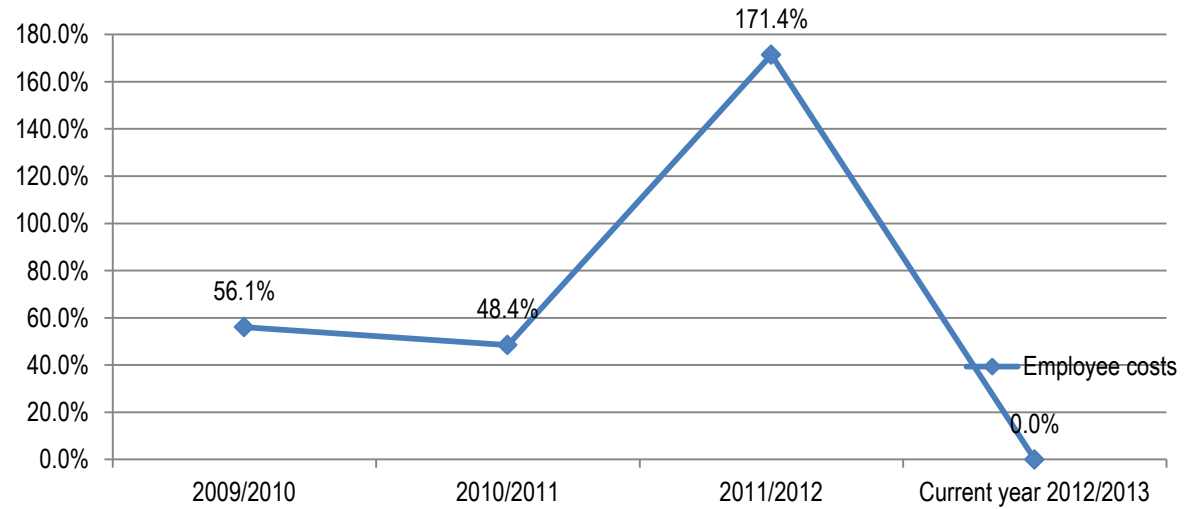
Data used from MBRR SA8

T 5.4.6



Chapter 5

Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

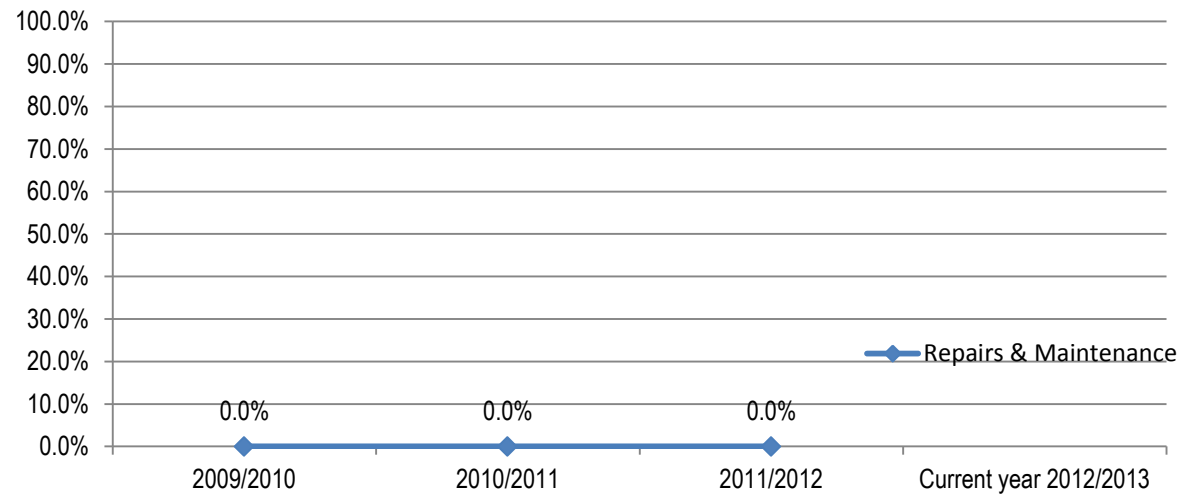
Data used from MBRR SA8

T 5.4.7



Chapter 5

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T 5.4.8



Chapter 5

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

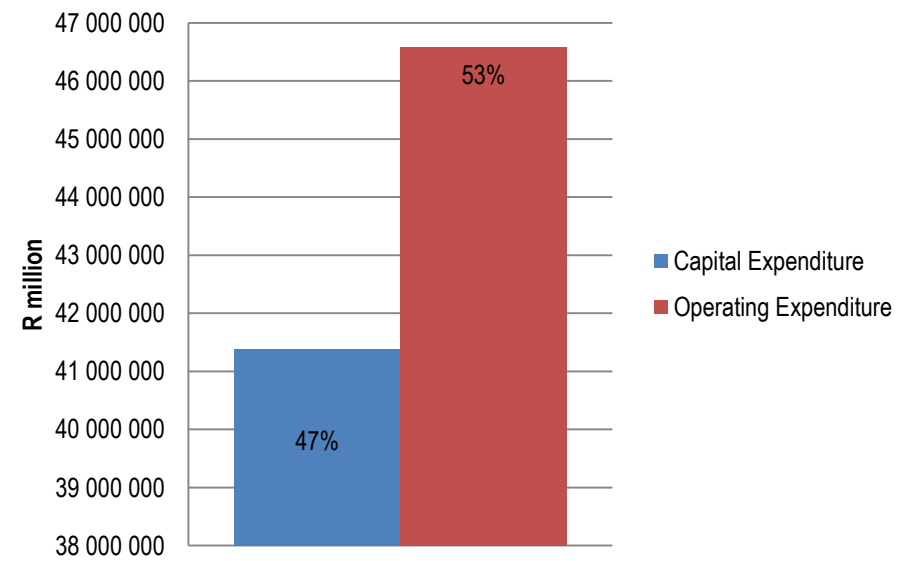
From our capital budget , it can be seen that our main objective is to upgrade and maintain assets for better access to and from our

T 5.5.0



Chapter 5

Capital Expenditure: Year 0



T 5.5.1



Chapter 5

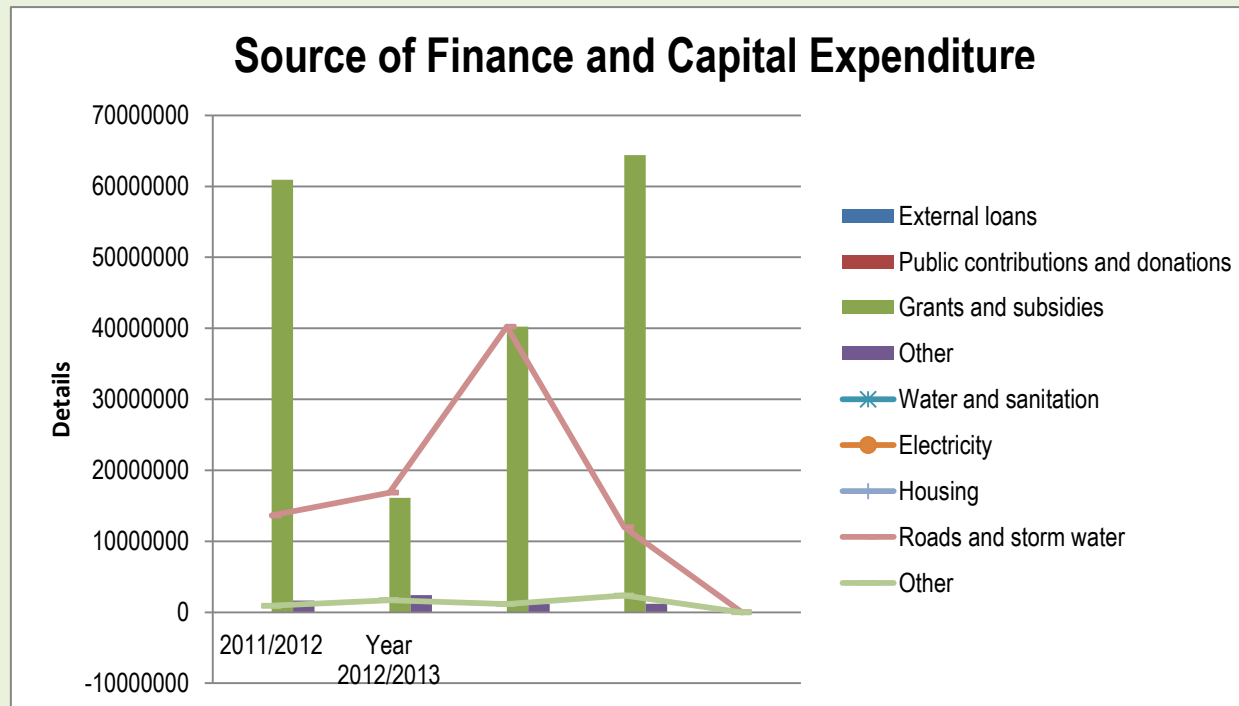
5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		2011/2012	Year 2012/2013				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies	60,938,102	16,128,150	40,228,150	64,412,275	38%	75%
	Other	1,633,550	2,415,000	1,159,062	1,198,765	3%	-101%
Total		62,571,652	18,543,150	41,387,212	65,611,040	41%	-26%
Percentage of finance							
	External loans	0%	0%	0%	0%	0%	0%
	Public contributions and donations	0%	0%	0%	0%	0%	0%
	Grants and subsidies	97%	87%	97%	98%	92%	-283%
	Other	3%	13%	3%	2%	8%	383%
Capital expenditure							
	Water and sanitation						
	Electricity						
	Housing						
	Roads and storm water	13,633,485	16,848,150	40,228,150	11,971,031	-236%	-41%
	Other	904,381	1,695,000	1,159,062	2,349,162	51%	28%
Total		14,537,866	18,543,150	41,387,212	14,320,193	-185%	-13%
Percentage of							



Chapter 5

expenditure							
	Water and sanitation	0%	0%	0%	0%	0%	0%
	Electricity	0%	0%	0%	0%	0%	0%
	Housing	0%	0%	0%	0%	0%	0%
	Roads and storm water	94%	91%	97%	84%	127%	316%
	Other	6%	9%	3%	16%	-27%	-216%
T 5.6.1							



Chapter 5

COMMENT ON SOURCES OF FUNDING:

Capital Project was funded by MIG and the municipality utilised 100% of the Allocation received in the 2011/2012 financial year.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

R' 000					
Name of Project	Current: Year 2012/2013			Variance: Current Year 2012/2013	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Masisi street	7,000,000	9,208,490	9,653,070	27%	5%
Tshilamba street	7,962,950	2,000,000	1,790,932	-345%	-12%
Tshidongololwe to vuvha	1,165,200	4,719,660	4,129,319	72%	-14%
Thengwe/Tshandama Road		1,000,000	0		
Tshikotoni river bridge		1,000,000	0		
Nkotswi bridge		6,000,000	0		
Dotha bridge		7,000,000	0		
Luphephe bridge		1,500,000	0		
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	Masisi street Paving				
Objective of Project	Paving of internal street				
Delays	Supply of Materials				
Future Challenges	none				
Anticipated citizen benefits	paved streets and easy access				
Name of Project - B	Tshilamba street Tarring				
Objective of Project	Streets Paving				
Delays	Submission of As built drawings(Designs)				



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Future Challenges	None
Anticipated citizen benefits	Tarred Streets and Accessible Streets with the township
Name of Project - C	Tshidongololwe to vuvha
Objective of Project	Low Level Bridge
Delays	None
Future Challenges	None
Anticipated citizen benefits	easy Access Roads
Name of Project - D	Thengwe/Tshandama road
Objective of Project	Tarring of road
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - E	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
T 5.7.1	

COMMENT ON CAPITAL PROJECTS:

Capital projects were funded from MIG grant. Projects were progressing smoothly as there were no hiccups encountered during the year

T 5.7.1.1



Chapter 5

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June Year 2013				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management	3205	13%	21264	87%
Housing		%		%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				T 5.8.2



Chapter 5

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
Infrastructure - Road transport	16,128,150	40,228,150	17,542,911	8%	#####	
Roads, Pavements & Bridges	16,128,150	40,228,150	17,542,911	8%	#####	
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	



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** MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

T 5.8.3

COMMENT ON BACKLOGS:

MIG funds have been used in the 2011/12 financial year to reduce the backlogs in Basic Services in particular tarring/paving of roads

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cashflow Management is of the utmost importance. We need to ensure that the income is coming in as importance of managing cash flow will make sure that income is detected early and will ensure that expenditure is managed accordingly. Cashflow of Council is monitored and reported to the Municipal Manager on a daily basis.

T 5.9



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5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2011/2012	Current: Year 2012/2013		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	5,665,544	9,822,346	6,159,922	16,686
Government - operating	56,819,681	55,031,103	46,192,000	66,832,661
Government - capital	13,995,000	16,128,150	18,777,000	17,542,911
Interest	385,059	203,500	426,705	976,225
Dividends	0	0	0	
Payments				
Suppliers and employees	55,659,664	93,945,193	54,437,337	46,876,901
Finance charges	-2,117,007	336,746	-400,000	183,613
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	19,088,613	12,423,348	16,718,290	132,428,997
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-8,867,552		250,000	-17,614,886
Decrease (Increase) in non-current debtors		6,098,630	3,049,315	
Decrease (increase) other non-current receivables		458,000	229,000	
Decrease (increase) in non-current investments				
Payments				
Capital assets	19,189,079	16,128,150	18,007,212	
NET CASH FROM/(USED) INVESTING	-	-9,571,520	-	-17,614,886



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ACTIVITIES	28,056,631		14,478,897	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	1,607,663			
Borrowing long term/refinancing	-243,030			
Increase (decrease) in consumer deposits		13,000	9,000	
Payments				
Repayment of borrowing		-977,152	-786,800	-274,015
NET CASH FROM/(USED) FINANCING ACTIVITIES	1,364,633	-964,152	-777,800	-274,015
NET INCREASE/ (DECREASE) IN CASH HELD	-7,603,385	22,959,020	1,461,593	114,540,096
Cash/cash equivalents at the year begin:		-		0
Cash/cash equivalents at the year end:		22,959,020	1,461,593	114,540,096
Source: MBRR A7		T 5.9.1		

COMMENT ON CASH FLOW OUTCOMES:

Due to MLM making investments of portions of Grant money when received to be available when the money was needed for earmarked expense, it was achieved to end off the 2011/12 financial year with a positive cash flow

T 5.9.1



Chapter 5

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Borrowing was reduced from R2 1 05 547 to R 1 227 066 by year end. There was no new borrowing done during the year under review and Investments were done on a short term basis to cover earmarked expenditure.

T 5.10.1

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	2010/2011	2011/2012	2012/2013
Municipality	1,674,646.00	1,431,838.00	1,157,823.00
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit	111	111	0
Financial Leases	430790	684124	0
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	2,105,547	2,116,073	1,157,823
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			

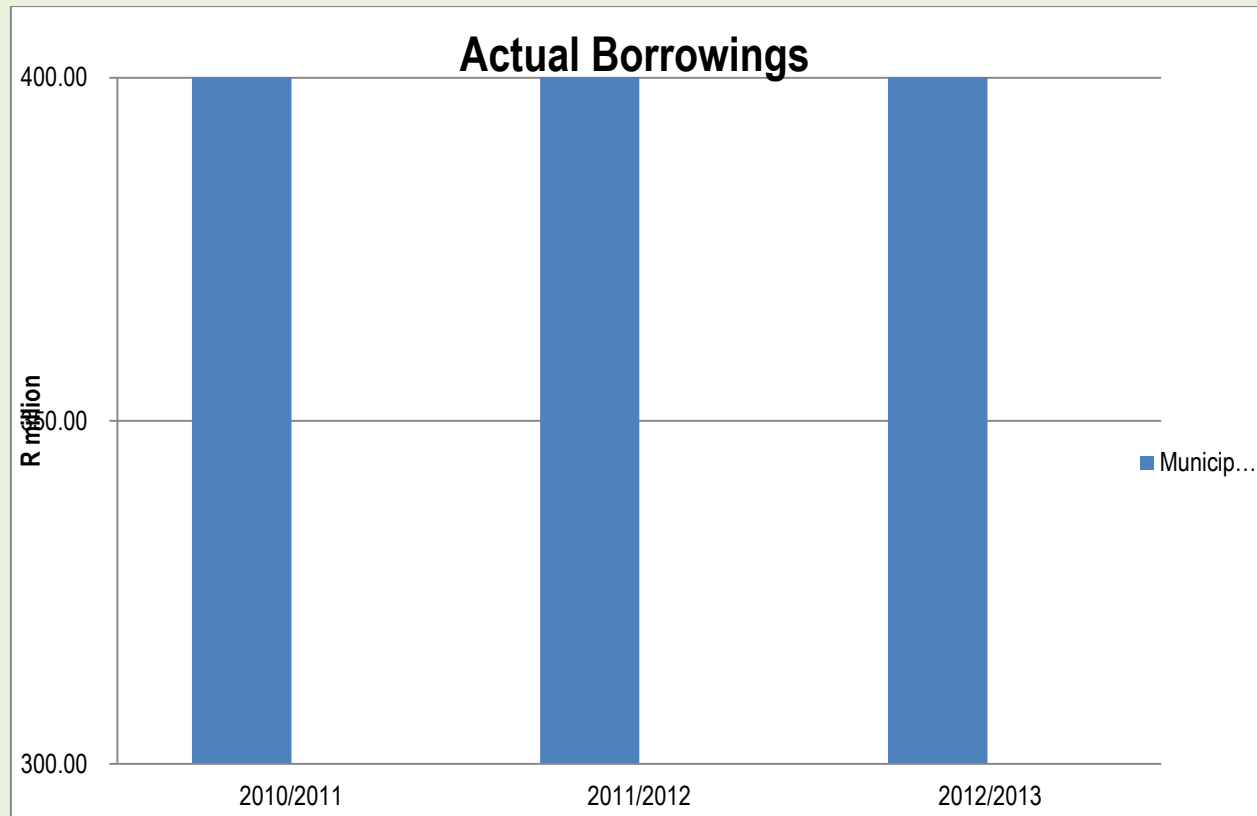


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Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
<i>T 5.10.2</i>			



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Municipal and Entity Investments			
			R' 000
Investment* type	2010/2011	2011/2012	2012/2013
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			24,624,977
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			
Other			
Municipality sub-total	0	0	24,624,977
Municipal Entities			
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			
Other			
Entities sub-total	0	0	0



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Consolidated total:	0	0	24,624,977
			T 5.10.4

COMMENTS ON BORROWING AND INVESTMENTS

The municipality did not borrow during the year under review but was servicing the prior year long term loan borrowed from FNB to construct a K53 Test Ground.

The Municipality was not having any investment by year end as short term investments were done during the year.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

There were no PPP in the year under review

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SCM Policy

Mutale Municipality has amended its SCM policy to provide for the new legislation and internal processes to ensure MFMA, SCM Regulations compliant.

Oversight Role of Council

No Councillors are part of any SCM committee or involved in Procurement process.



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Bid Committees

The Municipality has Bid Specification committee, Bid Evaluation committee and Bid Adjudication Committee. Members of Bid Evaluation committee are appointed by the Accounting officer as and when there is a bid.

SCM Units

Mutale Municipality SCM Unit has 6 officials. 1 Officer is in the process of completing the prescribed levels required for their Positions as per the Competency Regulation Guidelines. 2 officials has completed the Minimum competency levels. All should be compliant by 2013.

Lists of accredited prospective providers

The municipality has a database system (Finwise) to rotate suppliers

Unsolicited bids

There was no unsolicited bids by the municipality

Awards to Close family members and person in the service of the state

There were no awards to close family members and person in the service of the state

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.



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The municipality was on full implementation of Grap Statndards from the 2010/11 financial year. The Annual financial Statements were prepared in accordance with full Grap compliance but there were instances where material misstatements identified by the Auditors were not adequately corrected which resulted in the financials receiving a disclaimer Audit

T 5.13



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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	QUALIFICATION
Non-Compliance Issues	Remedial Action Taken
1. Third party payments not made within required timeframes Per section 63(1)(b) of the MFMA, 2003 (Act No. 56 of 2003), accounting officer of a municipality is responsible for the management of the liabilities of the municipality.	Closely monitor officials charged with the calculation and disbursement of third party payments in order to ensure that they do so within the stipulated times thus avoid the payment of interest and penalties on late payments by the municipality.
2. Leave not approved by head of section Per section 20(10)(a) of the Basic Conditions of Employment Act (BCEA), 1997 (Act No. 75 of 1997) Annual leave must be taken in accordance with an agreement between the employer and employee. Furthermore, Part V, section F (b) of the Regulations to the Public Service Act, 2000 (Government Notice No. R. 1 of 5 January 2001 as amended), A head of department shall record all leave taken by an employee accurately and in full.	Put mechanisms in place to ensure that no employee takes leave without head of section approval.
3. Non submission of report to Treasury on minimum competency levels Per regulation 14(2)(a) of the Regulations on Minimum Competency Levels, the	Put mechanisms in place to ensure that reports required by the Treasury are submitted thereto within the stipulated timeframes.

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municipality must submit a consolidated report on compliance with prescribed competency levels by 30 January and 30 July to	
4. Committee did not meet 4 times during the 2011/12 financial year Audit finding Per section 166(4)(b) of the MFMA, 2003 (Act 56 of 2003), the audit committee must meet as often as is required to perform its functions, but at least four times a year.	
5. - Internal Audit Plan for 2011/12 not tabled and approved by council at meetings PER SECTION 166(2)(A) OF THE MFMA, 2003 (ACT 56 OF 2003), THE AUDIT COMMITTEE OF A MUNICIPALITY MUST ADVISE THE MUNICIPAL COUNCIL, political office bearers, the accounting officer and the management of the Municipality on matters relating to internal financial control and internal audits	
6. Unit not able to complete all planned activities for the 2011/12 financial year Per section 62(c)(ii) of the MFMA, 2003 (Act 56 of 2003), the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of internal audit operating in accordance with any prescribed norms and standards.	
7. - Reconciliation of Budget to Actual information 1. It was noted that the reconciliation of budgeted to actual income for the 2011/12 does not disclose a variance for the difference between the budgeted and actual income relating to "rental of facilities and equipment."	Obtain approved budget and financial performance statement. Update budget disclosure note to align it with the financial records.



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8. Irregular, Unauthorised and Fruitless and wasteful expenditure - Amounts not properly investigated by council Section 32(2) of the MFMA, 2003 (Act No. 56 of 2003) requires that a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure	Council to establish MPAC to execute the responsibility of investigating on its behalf.
9. No approval of Inventory adjustments by council During the performance of the year end stock count for the 2011/12 financial year, discrepancies were identified between the actual quantities of inventories on hand and the quantities recorded as per the Pastel Evolution system in the inventory control account.	Ensure that adjustments for discrepancies on year-end inventory counts are approved by the council prior to the effecting of adjustments thereof on the accounting records.
10. Bid Evaluation Committees not properly constituted Per sections 29(2) of the Supply Chain Management (SCM) policy of the municipality (adopted in January 2006), <i>"a bid adjudication committee must consist of at least four senior managers of the municipality or municipal entity which must include: the chief financial officer, or if the chief financial officer is not available other manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; at least one supply chain management practitioner who is an official of the municipality of municipal entity, and; a technical expert in the relevant field who is an official of the municipality or the municipal entity."</i>	Ensure that bid evaluation committees are properly constituted in order to avoid non-compliance with the municipality's SCM policies and procedures.
11. Compliance: Valuation roll Per section 23(4) of the Municipal Property Rates Act (MPRA), 2004 (Act No. 6 of 2004), "The register of properties must be open for inspection by the public during office hours. If the municipality has an official website or other website available to it, the register must be displayed on that website".	Ensure that part of the valuation roll is updated annually and availed for public inspection.



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12. Procurement of goods with a transaction value of less than R200 000

In terms of sections 12 (1) (c) and Sec (16) (a), (C) of the supply chain management regulations, goods and services of a transaction value of over R1 000 up to R200 000 (VAT included) may only be procured by way of formal written price quotations for procurements.

Capacitate official working in supply chain management to ensure that SCM controls are adhered to. Ensure adherence to SCM regulations of the municipality. Instances of departure thence should be noted for possible ratification by council.

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON MUTALE LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

84. I was engaged to audit the financial statements of the Mutale Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statements of financial performance, changes in net assets and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

85. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

86. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act



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No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

87. I was unable to obtain sufficient appropriate audit evidence on the difference of R2 996 660 between the fixed asset register and property, plant and equipment of R73 656 535 (2012: R63 414 728) as disclosed in the statement of financial position. In addition, there were also noted differences of R4 656 588 (2012: R653 237) between the general ledger and note 6 to the financial statements. I was unable to confirm these differences by alternative means. Consequently I was unable to determine whether any adjustments to property, plant and equipment in the financial statements were necessary.
88. The municipality did not review the useful lives of all classes of assets within property, plant and equipment at each reporting date in accordance with Standard of Generally Recognised Accounting Practice, GRAP 17, *Property, plant and equipment*. I have not determined the correct net carrying amount of property, plant and equipment in the financial statements and the consequential impact on the surplus for the period and the accumulated surplus as it was impractical to do so.
89. Standard of Generally Recognised Accounting Practice, GRAP 17, *Property, plant and equipment*, requires that a municipality depreciate separately, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item. A sports facility with a carrying value of R1 200 000 included in the financial statements, was not depreciated in terms of the above requirement. I have not determined the correct net carrying amount as it was impractical to do so.
90. Land owned by municipality was not recorded in the accounting records of the municipality for the current and prior financial years. Furthermore, I identified other movable assets which were not recorded in the accounting records of the municipality. The municipality did not maintain adequate systems to identify and maintain records of all property, plant and equipment. Consequently I was not able to determine the full extent of the understatement in property, plant and equipment stated at R73 656 535 in the statement of financial position as it was impracticable to do so.
91. The municipality accounted for a sports facility with carrying value of R532 989 (2012: R337 719) which is situated in an area outside the jurisdiction of the municipality. As a result of this and other matters reported in the preceding paragraphs, I am unable to determine the net effect on property, plant and equipment and the consequential impact on the surplus for the period and accumulated surplus.
92. In the 2011-12 financial year, I was unable to obtain sufficient appropriate audit evidence on property, plant and equipment with a carrying value of R63 414 728. The municipality did not address the matters on property, plant and equipment reported on in the prior year audit. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment in the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2012 was modified



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accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Leases

93. Standard of Generally Recognised Accounting Practice, GRAP 13, *Leases* requires a lease to be classified as a finance lease if it transfers substantially all risk and rewards incidental to ownership. The municipality is a party to a lease agreement that constitutes a finance lease, but which has been accounted for as an operating lease. As the municipality did not maintain adequate systems for the recording of leases, I was unable to determine the extent of the adjustments required to be made to property, plant and equipment, and the consequential impact on surplus for the period and accumulated surplus.

Provisions

94. The municipality does not have an accounting policy in place setting out the basis and principles for the recognition and measurement of long service awards provision as required by Standard of Generally Recognised Accounting Practice, GRAP3, *Accounting policies, changes in accounting estimates and errors*. I was unable to confirm long service awards by alternative means. Consequently, I was unable to determine whether any adjustments to long service awards stated at R1 723 000 in note 12 to the financial statements were necessary.
95. I was unable to obtain sufficient appropriate audit evidence on the legality of the site used by the municipality for dumping refuse. Consequently I was unable to determine whether any provision as required by Standard of Generally Recognised Accounting Practice, GRAP 19, *Provisions, contingent liabilities and contingent assets* was necessary.

Provision for doubtful debts

96. The municipality did not assess whether objective evidence of impairment exists individually for receivables that are individually significant, as required by Standard of Generally Recognised Accounting Practice, GRAP 104, *Financial Instruments*. I have not determined the correct amount of the impairment as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to trade and other receivables from exchange transactions and receivables from non-exchange transactions stated at R1 716 238 and R8 129 620, respectively, in the financial statements were necessary.

Receivables from non-exchange transactions

97. The municipality recognised a receivable for an amount withheld by National Treasury for conditional grants not utilised in 2011. There is no indication that National Treasury will transfer the amount that was withheld back to the municipality. Consequently, receivables from non-exchange transactions is overstated by R900 000 (2012: R900 000) and accumulated surpluses overstated by the same amount.

Receivables from exchange transactions

98. The municipality levied property rates on public service infrastructure in contravention with section 7(2)(a)(ii) of the Municipal Property Rates Act (MPRA), 2004 (Act No. 6 of 2004). Consequently, receivables from property rates overstated by R4 105 528 (2012:

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R3 802 323), revenue overstated by R303 205 (2012: R289 123) and accumulated surpluses overstated by the same amount.

99. With reference to the preceding paragraph, the municipality also recognised interest income of R575 392 (2012: R1 153 184) in the financial statements on amounts owed to the municipality on public service infrastructure. I could not reliably determine the interest amount that should be recognised in the accounting records of the local municipality due to limitations on the municipality's recording keeping system. Consequently, I was unable to quantify the value of the adjustments required to interest income in the statement of financial performance.

Payable from exchange transactions

100. I was unable to obtain sufficient appropriate audit evidence to confirm suspense accounts with a debit balance of R914 583 included in payables from exchange transactions of R6 351 048 as disclosed in note 9 to the financial statements. I was unable to confirm the suspense accounts by alternative means. Consequently I was unable to determine whether any further adjustments to payables from exchange transactions in the financial statements were necessary.
101. Trade and other receivables from exchange transactions amounting to R914 583 was offset against trade and other payables from exchange transactions, contrary to the requirements of Standard of Generally Recognised Accounting Practice, GRAP 1, *Presentation of financial statements*. Consequently, payables from exchange transactions are understated by R914 583 (2012: R1 385 727) and receivables from non-exchange transactions are understated by the same amount.
102. During 2012, the municipality did not record all other goods and services received but not yet paid for, which resulted in accruals being understated by R2 047 571. In addition, due to an inadequate system in place for managing accruals, there were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all accruals were properly recorded. Consequently, I was unable to determine whether any further adjustments to accounts payable stated at R19 237 156 in financial statements were necessary. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
103. During 2012 the municipality did not record all retentions on infrastructure assets, which resulted in retentions being understated by R958 846. Consequently, retentions are understated by R958 846 and infrastructure assets are understated by the same amount. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Statement of changes in net assets

104. The municipality disclosed an amount of R3 689 984 in the statement of changes in net assets to rectify prior year misstatements which does not agree to note 33 to the financial statements. Furthermore, there is a difference of R12 363 008 between the audited closing balance for the 2011-12 financial year and the restated opening balance for accumulated surplus. I was unable to obtain sufficient appropriate audit evidence for



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the differences. I was unable to confirm the differences by alternative means. Consequently, I was unable to determine whether any adjustments to the accumulated surplus were necessary.

105. I was unable to obtain sufficient appropriate audit evidence on the write off of prior year receivable balance related to water transactions which were transferred to Vhembe District Municipality amounting to R2 734 046. I was unable to confirm this write-off by alternative means. Consequently, I was unable to determine whether any adjustments to the accumulated surplus were necessary.
106. During 2012, the municipality processed an adjustment to correct prior period errors. The amount of the adjustment against accumulated surplus in the prior year was R1 607 663. This error was not corrected retrospectively in accordance with Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*. Furthermore, the municipality did not restate the prior year comparative amounts disclosed in the financial statements for trade and other payables (R1 184 905), other income (R2 569 571), trade and other receivables (R222 997) balances and investment property and did not adequately disclose the effects of the adjustment in note 33 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures.

Revenue

107. I was unable to obtain sufficient appropriate audit evidence on the difference of R690 122 between the prior year financial statements and the current year comparative figure for revenue from exchange transactions. In addition, the municipality did not disclose the nature of the restatement as required by Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting policies, changes in accounting estimates and errors*. I was unable to confirm the restatement by alternative means. Consequently I was unable to determine whether any adjustment to the revenue from exchange transactions of the corresponding figure stated to the amount in the financial statements was necessary.

Depreciation

108. I was unable to obtain sufficient appropriate audit evidence on a difference of R541 830 between depreciation disclosed in the statement of financial performance and note 6 to the financial statements. Consequently I was unable to determine whether any adjustments to depreciation stated at R2 127 156 in the statement of financial performance and property, plant and equipment stated at R73 656 535 in the statement of financial position, was necessary.

Irregular expenditure

109. The municipality made payments in contravention of the supply chain management requirements which were not included in irregular expenditure, resulting in irregular expenditure being understated by R737 062.
110. The municipal council condoned irregular expenditure in contravention of the MFMA section 170, resulting in irregular expenditure being understated by R5 663 693 (2012: R12 561 554).



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Fruitless and wasteful expenditure

111. Due to inadequate implementation of processes to identify, record and report on fruitless and wasteful expenditure. I was unable to obtain sufficient and appropriate audit evidence to satisfy myself that the fruitless and wasteful expenditure amounting to R24 877 (2012: R76 287), as disclosed in note 34 to the financial statements is complete. Furthermore, the municipal council condoned fruitless and wasteful expenditure as disclosed in note 34 of the financial statements amounting to R2 110 313 (2012: R270 831) in contravention of section 170 of the MFMA.

Commitments

112. We identified in note 36 to the financial statements that commitments were overstated by an amount of R2 516 070, as the municipality did not maintain adequate systems for recording of commitments. I was unable to determine the extent of the adjustments required for commitments.
113. During 2012, no contract management system was in place for the identification and recognition of contracts and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself that commitments of R39 548 828 as stated in note 36 to the financial statements, are complete. My audit opinion on the financial statements for the period ended 30 June 2012 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Contingent liability

114. The municipality has not disclosed a contingent liability in note 38 to the financial statements in respect of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement. I was unable to confirm the contingent liability by alternate means. Consequently, I am unable to determine whether any adjustments to the contingent liability to the financial statements were necessary.

Related parties

115. The municipality is occupying an office building owned by Vhembe District Municipality for which no rent is paid. The municipality did not disclose the transaction as related party in accordance International Public Sector Accounting Standard, IPSAS 20, *Related party disclosures*.

Cash flow statement

116. Standard of Generally Recognised Accounting Practice, GRAP 2, *Cash flow statements* requires that the municipality summaries the entity's operating, investing and financing activities. I was unable to confirm whether the cash flow statement and the related notes are fairly stated due to the material effect of the scope limitation and identified misstatements as reported in this report.

Statement of comparison of budget and actual amounts

117. Standard of Generally Recognised Accounting Practice, GRAP 24 *Presentation of Budget Information in Financial Statements* requires that the municipality present a comparison of the budget amounts for which it is held publicly accountable and actual



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amounts. Furthermore, GRAP 24 requires that the municipality explain the differences between actual amount and budgeted amounts. A difference of R21 523 000 between actual grants received and budgeted was not explained.

Aggregation of immaterial uncorrected misstatements

118. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position:

- Trade and other receivables from non- exchange transaction reflected at R8 129 620 is understated by R85 670.
- Value-added-tax (VAT) receivable reflected at R10 382 489 is overstated by R25 208.
- Investment property reflected at R2 350 000 is overstated by R350 000 and accumulated surplus is understated by the same amount.
- Consumer desposits reflected at R213 434 is overstated by R185 816.

In addition, I was unable to obtain sufficient appropriate audit evidence and was unable to confirm the following elements by alternative means:

- Cash and cash equivalent of R11 753 as included in the disclosed balance of R20 368 910.
- Intangible assets of R253 673 as included in the financial statements of R253 673.
- The comparative figure of revenue from non exchange transaction was restated by R289 999.

As a result, I was unable to determine whether any further adjustments to these elements were necessary.

Preparation of the financial statements

119. I was unable to obtain sufficient appropriate audit evidence that the accounting officer fulfilled his responsibility for the preparation and fair presentation of the financial statements in accordance with Standard of Generally Recognised Accounting Practice as written representation in this respect was not provided. I was also unable to obtain written representation from the accounting officer that I was provided with all relevant information and access as agreed in terms of the audit engagement and that all transactions had been recorded and are reflected in the financial statements. I could not determine the effect of the lack of such representations on the financial position of the municipality at 30 June 2013, or the financial performance and cash flows for the year then ended.

Disclaimer of opinion

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

Emphasis of matters

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

Restatement of corresponding figures

122. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2013 in the financial statements of the municipality at, and for the year ended, 30 June 2012.

Material underspending of the conditional grant

123. As disclosed in note 13 to the financial statement, the municipality under spent on national lottery grant R1 227 722, disaster grant of R24 642 977, operational and maintenance grant of R6 698 025. As a consequence, the municipality has not achieved its objectives of providing services to the community.

Additional matters

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

Unaudited supplementary schedules

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

Withdrawal from the audit engagement

126. Due to the limitation imposed on the scope of the audit by management, I have disclaimed my opinion on the financial statements. But for the legislated requirement to perform the audit of municipality, I would have withdrawn from the engagement in terms of the ISAs.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

127. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
128. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is



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

The reliability of the information in respect of the selected development priority is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

129. The material findings are as follows:

Usefulness of information

Presentation

Measures taken to improve performance not disclosed

130. Section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 27% of the planned targets not achieved were not reflected in the annual performance report. This was due to a lack of review of the presentation of the annual performance report by management.
131. Section 46 of the MSA requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 67% measures taken to improve performance as disclosed in the annual performance report. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the reliability of the measures taken to improve performance.

Consistency

Reported objective not consistent with planned objectives

132. The MSA, section 41(c), requires that the integrated development plan should form the basis for the annual report, therefore requiring consistency of objectives between planning and reporting documents. A total of 86% of the reported objectives are not consistent with the objectives as per the approved integrated development plan. This was due to a lack of review of the annual performance report by management.

Measurability

Performance targets not well defined

133. The National Treasury *Framework for managing programme performance information (FMPPI)* requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 28% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was not aware of the requirements of the *FMPPI*.

Reliability of information



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Reported information not reliable

134. The National Treasury *FMPP* requires that institutions should 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.
135. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to service delivery. This was due to limitations placed on the scope of my work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the development priority.

Compliance with laws and regulations

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

Strategic and performance management

137. The IDP adopted by the municipality does not reflect and identify a financial plan and the key performance indicators and targets, as required by sections 26 and 41 of the MSA.
138. The municipality did not afford the local community at least 21 days to comment on the final draft of its integrated development plan before the plan was submitted to council for adoption, as required by Municipal planning and performance management regulation 15(3).
139. Section 46 of the MSA requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 27% of the planned targets not achieved were not reflected in the annual performance report. This was due to a lack of review of the presentation of the annual performance report by management.

Annual financial statements, performance and annual reports

140. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Furthermore, material misstatements identified by the auditors in the submitted financial statements were not corrected and the supporting records could not be provided, subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.
141. The council's oversight report on the 2011-12 annual report was not made public within seven days of its adoption, as required by section 129(3) of the MFMA.

Procurement and contract management

142. 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) and (c).
143. Bid adjudication was not always done by committees which were composed in



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accordance with SCM regulation 29(2).

144. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
145. Awards were made to providers who are in the service of other state institutions or whose directors are in the service of other state institutions, in contravention of the MFMA section 112(j) and SCM regulation 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

Human resource management and compensation

146. An acting Municipal manager and CFO were appointed for a period of more than six months, in contravention of section [54A(2A)/56(1)(c)] of the MSA.

Expenditure management

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

Conditional grants

150. Unspent conditional grant funds not approved by the National Treasury for retention were not surrendered to National Revenue Fund, as required by section 21(1) of the DoRA.

Revenue management

151. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.
152. The municipality did not update its valuation roll in accordance with section 23(1) to (5) of the Municipal Property Rates Act.

Assets management

153. 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.
154. An effective system of internal control for assets (including a complete and accurate asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Liability management

155. 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

156. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section



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32(2) of the MFMA.

157. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
158. The condoning of irregular expenditure was not approved by the appropriate relevant authority, in accordance with the requirements of section 170 of the MFMA. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2) of the MFMA.

Internal control

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

Leadership

160. The leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management units. This, in turn, resulted in irregular, fruitless and wasteful as well as unauthorised expenditure.
161. Leadership did not regularly monitor management's compliance with laws, regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted.

Financial and performance management

162. A lack of adequate technical knowledge within management, high level of reliance on consultants with regard to the preparation of the annual financial statements and a lack of adherence to laws and regulations resulted in the opinion received on the submitted annual financial statements and reported performance against predetermined objectives.
163. The municipality did not have a proper system of record management that provides for the maintenance of information that supports the reported performance contained in the annual performance report. This includes information that relates to the collection, collation, verification, storing and reporting of actual performance information.

Governance

164. Management's ineffectiveness in adequately implementing audit recommendations, prevented the governance structures from promoting accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.
165. The municipality did not adequately develop a risk strategy and action plan to manage identified risks. Consequently, internal controls were not selected and developed to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives.



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166. The financial statements had material misstatements identified through the audit process, which are attributable to the lack of risk assessment performed, weaknesses in the design and implementation of internal control in respect of financial management, and financial reporting and weaknesses in the information systems.

Polokwane

13 December 2013



T 6.2.3

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COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated
T 6.2.5



APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councilors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr Mukwevho N.J	FT/PT	Executive Committee	PR	100%	0%
Cllr Netshipise L.H	FT/PT	Speaker	PR	100%	0%
Cllr Lieba N.A	FT/PT	Budget & Treasury	PR	100%	0%
Cllr Netshisaulu A.G	PT	Infrastructure Development and Planning	Ward Councilor	100%	0%
Cllr Rambuda A.S	PT	Corporate Support and Community Services	Ward Councilor	100%	0%
Cllr Madume T.S	PT	Infrastructure Development and Planning	PR	100%	0%
Cllr Nekhunguni A.E	FT/PT	Chief Whip	PR	100%	0%
Cllr Nephali H.N	PT	Infrastructure Development and Planning	Ward Councilor	100%	0%
Cllr Mudzielwana N.E	PT	Corporate Support and Community Services	Ward Councilor	100%	0%
Cllr Maisha V.R	PT	Corporate Support and Community Services	Ward Councilor	100%	0%
Cllr Nekhunguni P.D	PT	Budget & Treasury	Ward Councilor	100%	0%
Cllr Raluswina T.J	PT	Infrastructure Development and Planning	Ward Councilor	100%	0%
Cllr Thambatshira A.S	PT	Budget & Treasury	Ward Councilor	100%	0%
Cllr Netshisaulu L.M	PT	Corporate Support and Community Services	Ward Councilor	100%	0%
Cllr Khunwana K.J	PT	Infrastructure Development and Planning	Ward Councilor	100%	0%
Cllr Gadabeni R.L	PT	Infrastructure Development and Planning	Ward Councilor	100%	0%
Cllr Mbedzi M.P	PT	Infrastructure Development and Planning	Ward Councilor	100%	0%
Cllr Mpondo L.D	PT	Corporate Support and Community Services	PR	100%	0%
Cllr Matshusa A.B	PT	Corporate Support and Community Services	PR	100%	0%
Cllr Tshivhenga K.P	PT	Corporate Support and Community Services	PR	100%	0%
Cllr Mariba M.J	PT	Budget and Treasury	PR	100%	0%
Cllr Lukhalimana K.A	PT	Infrastructure Development and Planning	PR	100%	0%
Cllr Mawela N.G	PT	Corporate Support and Community	PR	100%	0%

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		Services			
Cllr Nekhubvi G.G	PT	Corporate Support and Community Services	PR	100%	0%
Cllr Munzhelele N.P	PT	Corporate Support and Community Services	PR	100%	0%
Cllr Mavhungu A.R	PT	Corporate Support and Community Services	PR	100%	0%
Note: * Councilors appointed on a proportional basis do not have wards allocated to them					T A

Concerning T A

All councillors are attending meetings as expected

T A.1

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Municipal Public Accounts Committees	To play oversight role on municipal finances and interrogate annual report
Budget committee	Assist during the preparation of annual budget
Audit committee	Assist the municipality on issues relating to internal audit
Portfolio Committee	Oversee the implementation of departmental SDBIPs
IDP Steering Committee	Assist during the development of IDP
T B	

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Managers Office	Mr Netshanzhe T.G
Corporate Services	Mr Ramuvhundu P.S
T C	

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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	NO	
Building regulations	YES	
Child care facilities	YES	
Electricity and gas reticulation	NO	
Firefighting services	NO	
Local tourism	YES	
Municipal airports	NO	
Municipal planning	YES	
Municipal health services	NO	
Municipal public transport	NO	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	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	NO	
Beaches and amusement facilities	NO	
Billboards and the display of advertisements in public places	YES	
Cemeteries, funeral parlours and crematoria	YES	
Cleansing	YES	
Control of public nuisances	YES	
Control of undertakings that sell liquor to the public	YES	
Facilities for the accommodation, care and burial of animals	NO	
Fencing and fences	NO	
Licensing of dogs	NO	
Licensing and control of undertakings that sell food to the public	NO	
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	

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Public places	YES	
Refuse removal, refuse dumps and solid waste disposal	YES	
Street trading	YES	
Street lighting	YES	
Traffic and parking	YES	
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>T D</i>

APPENDIX E – WARD REPORTING

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 1	Cllr Nephali H.N	Yes	12	12	4
	Nelufhangani Takalani Leah				
	Munyai Tshimangadzo				
	Mavhungu Musiwalo Hellen				
	Vele Azwinndini.Hendrick				
	Chauke Tshifhiwa Eunice				
	Sidze Rendani Elvis				
	Nnduvheni Rofhiwa				
	Ntshavheni Azwitamisi Angelinah				
	Lungwani Mberegeni Obert				
	Mabade Aifheli Phenius				
Ward 2	Cllr Mudzielwana N.E	Yes	12	12	4
	Mavhungu Azwinndini Vidah				
	Rakhalaru Khathutshelo Eulander				
	Nemufulwi Azwihangwisi Nelson				
	Munzhedzi P. Ntshengedzeni				
	Nevhulaudzi Aluimelwi Olga				

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	Munyai Khathutshelo Eric				
	Musandiwa M.Jeremia				
	Ntshavheni Nthuseni Lawrence				
	Maano Violet				
	Phungo Azwinndini.Esther				
Ward 3	Cllr Rambuda A.S	Yes	12	12	4
	Muthelo Nthudzeni Patric				
	Tshililo Azwinndini Bisto				
	Rambasa Azwinyandi Thelma				
	Nengome Mashudu Grace				
	Mphigalale Nnditsheni Rhinas				
	Tshabuse Takalani				
	Mudau Azwinndini				
	Tshikunde tshilidzi Sanah				
	Makuya Mukondeleli				
	Nedzungani Nkhumiseni Ester				
Ward 4	Cllr Nekhunguni P.D	Yes	12	12	4
	Ramarumo Muanalo Virginia				
	Themeli Rabelani Ivy				
	Themeli Rudzani				
	Nevhudzholi Maluta				
	Makhanthisa Mashudu Harry				
	Netsianda Tshengedzeni				
	Nevhutalu Ndivhaleni Alfred				
	Langa Raisibe.Yvone				
	Nevhutalu Avhapfani				
	Masiagwala Nyadzani				
Ward 5	Cllr Maisha V.R	Yes	12	12	4
	Netshikweta Nkhangweleni				

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	Nethengwe Portia Ntambudzeni				
	Munyaliwa Alufheli Joyce				
	Nekhavambe Takalani Simon				
	Mafukasaga Lambani Shadrack				
	Mabila Elelwani Dorah				
	Nemalale Ntsedzeni Walter				
	Ntshavheni Grace				
	Nenzhelele Nkoleleni				
	Ndou Takalani Roselyn				
Ward 6	Cllr Raluswina T.J	Yes	12	12	4
	Ndou Thikolelwi Judith				
	Muthego Azwitamisi Edward				
	Ramukhadi Salphina				
	Tshikalange Azwitamisi Christina				
	Munenyiwa Mbambadzeni Emely				
	Makhado Takalani Gloria				
	Mudzanani Takalani Justice				
	Mungadi Musandiwa Merium				
	Munyai Thikolelwi Edward				
	Makhado Mpho Richard				
Ward 7	Cllr Thambatshira A.S	Yes	12	12	4
	Takalani Khathutshelo Nelson				
	Nemalale Ntshengedzeni Emely				
	Nyatheli Robert				
	Madamalala Azwifarwiri Bethuel				
	Mphuladzila Tshifhiwa Agnes				

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	Nemukula Tshifhiwa				
	Mudzudzanyi Thembelihle Gladys				
	Khorommbi Thizwikoni Adolph				
	Nduvheni Vuledzani Mercy				
	Thiba Nancy Vhutshilo				
Ward 8	Cllr Netshisaulu A.G	Yes	12	12	4
	Tseisi Tshifhiwa				
	Tshamano Thizwilondi Edson				
	Ntsieni Hosea				
	Makungo Azwifarwi Elinah				
	Mashila Mukondeleli Bettina				
	Nekhumbe Elekanyani Solomon				
	Nekhumbe Alilali				
	Ratshili Tshililo Elisa				
	Mutwanamba Vuledzani				
	Nemangaya Robert				
Ward 9	Cllr Khunwana J.K	Yes	12	12	4
	Ndou Elekanyani Ronald				
	Nembilwi Fhatuwani Clement				
	Ndou Takalani Elisabeth				
	Makungo Lufuno Annah				
	Matodzi Ndidzulafhi Annetia				
	Mafunise Lufuno				
	Muleba Ofhani Linah				
	Netshipale Phekha Alpheus				
	Manngwe Takalani Suzan				
	Shongani Ntsudzuluseni Patric				
Ward 10	Cllr Gadabeni R.L	Yes	12	12	4
	Ngwana Takalani Elia				

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	Mammbeda Blessing				
	Phaswana Magret				
	Lidzebe Tshifhiwa				
	Netshipale Edzisani Elijah				
	Ndou Thifhelimbilu Grace				
	Mulaudzi Tshianeo Beatty				
	Mukhuvha Naledzani				
	Ndou David Ratshilumela				
	Netshipale Naledzani Lucy				
Ward 11	Cllr Netshisaulu L.M	Yes	12	12	4
	Raselabe Tshamano Abel				
	Nevhulamba Rabelani Caroline				
	Godzwana Thivhulawi Grace				
	Kwinda Luwina				
	Maemu Humbulani Gloria				
	Manenzhe Khangale Malakia				
	Nare Johannes Masilo				
	Ndou Avhapfani Sharon				
	Nkawane Sarah				
	Nevhulamba Azwitamisi Caswell				
Ward 12	Cllr Mbedzi M.P	Yes	12	12	4
	Mbedzi Tendani Florence				
	Munzhelele Vhulahani.Solomon				
	Madzivha Tshifularo				
	Mafela Muravha Eric				
	Nemalale Mashudu Delthast				
	Ndadza Vhulahani Eric				
	Baloyi Simon				
	Mashula Mushaathoni Catherine				
	Munzhelele Ndivhudzannyi Caroline				

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	Ramufhi Mpho Mathews				
Ward 13	Clr Nekhubvi G.G	Yes	12	12	4
	Makuya Nyadzeni Rachel				
	Nephawe Azwindini Shadrack				
	Mulaudzi Tshifaro Petrus				
	Sithaba Phedziseni Rodney				
	Nekhavambe Nthanyiseni Tryphinah				
	Makhesha Azwinndini Alice				
	Savhasa Mavis				
	Tshinavhe Azwiitwi Josephina				
	Khashane Thabelo Onnex				
	Mukwevho Lufuno Joseph				
T E					

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	21669	24469	21268	3201	
Households without minimum service delivery	2800	0	3201	21268	
Total Households*	24669	24469	24469	24469	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
1	Water	Seven capital projects were implemented namely Tshiungani/Baimoro/madadani pipeline; Rambuda-Tshixwadza pipeline; Madatshitshi/Mavhode pipeline; Nwanedi/Luphephe treatment plant; Manenzhe/Bale pipeline; Mutale regional water scheme upgrade and Masisi sand well. 21669 households received water at RDP standard.
2	Electricity	3201 households were connected to electricity
3	Sanitation	24469 households received VIP toilets
4	Waste removal	3201 households received refuse removal services

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco	Cllr Netshisaulu A.G	10 cattle
	Cllr Lieba N.A	5 hector orchard
	Cllr Madume T.S	Eating house, Tshidzi farming cc and Rambuda development trust
	Cllr Rambuda A.S	Payout from the Department of Education
Councillor	Cllr Mbedzi M.P	taxi owner
	Cllr khunwana K.G	10 goats
	Cllr Thambatshira A.S	Accommodation for rental, member of P& T security company, member of Ratakuwa Corporative
	Cllr Nephali A.H	Nil
	Cllr Mpondo L.D	Crop farmer, Cattle
	Cllr Netshipise L.H	Pension payout from Department of Education
	Cllr Tshivhenga K.P	Nil
	Cllr Mudzielwana N.E	Photocopy Machine
	Cllr Gadabeni R.L	Big tree trading and construction, photocopier shop and primary ICT
	Cllr Matshusa A.B	Matshusa construction and general dealer
	Cllr Mavhungu A.R	10 cattle
	Cllr Maisha R.V	Gospel group, women construction company, Todani security and skills development

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	Cllr Munzhelele M.P	Nil
	Cllr Nekhunguni P.D	Nyaluwo investment , member of ieC sasol
	Cllr Raluswinga T.G	Nil
	Cllr Lukhalimana K.A	Taxi owner and educator
	Cllr Mukwevho N.J	Tupperware agent
	Cllr Nekhubvi G.G	Nil
	Cllr Mariba M.J	Stratcorp empowermant holding
	Cllr Nekhunguni A.E	Nyaluwo investment , member of ieC sasol
	Cllr Netshisaulu L.M	Pension payout from Department of Education
Municipal Manager	Mr Netshanzhe T.G	Eating house, GTC consulting, RTR enterprise, brickyard, treasury trading & migodi investment
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials	Mr Ramuvhundu P.S	Nil
* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighborhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
Other Specify:						
Other capital transfers [Disaster]		24,300	24,300	100%	0%	
EPWP Incentives	1,000	1,000	1,000	0%	0%	
Total						
* This includes Neighborhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.						

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APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2011/2012	Current year 2012/2013			Planned Capital expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	–	–		–	1,500	–	25,781
Infrastructure: Road transport - Total	–	–		–	–	–	25,781
<i>Roads, Pavements & Bridges</i>							25,781,000
<i>Storm water</i>							
Infrastructure: Electricity - Total	–	–		–	–	–	–
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	–	–		–	–	–	–
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							

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Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	1,500	-	-
<i>Waste Management</i>					1,500		
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community - Total	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing			195				
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<i>Table continued next page</i>							

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Capital Expenditure - New Assets Programme*							
R '000							
Description	2011/2012	Current year 2012/2013			Planned Capital expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	–	–		–	–	–	–
Buildings							
Other							
Investment properties - Total	–	–		–	–	–	–
Housing development							
Other							
–							
Other assets	–	1,500	8,668	–	1,300	3,000	15,795
General vehicles		580	1,137		180	180	500,000
Specialised vehicles							
Plant & equipment		720	7,400		1,020	2,720	15,010,000
Computers - hardware/equipment							100,000
Furniture and other office equipment		200	107		100	100	135,000
Abattoirs							
Markets							
Civic Land and Buildings							

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Other Buildings							50,000
Other Land							
Surplus Assets - (Investment or Inventory)							
Other		-	24				
<u>Agricultural assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	-	1,500	8,668	-	2,800	3,000	41,576
<u>Specialised vehicles</u>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a) T M.1							

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APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	2011/2012	Current year 2012/2013			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	–	16,128	32,428	–	17,013	17,996	500
Infrastructure: Road transport -Total	–	16,128	32,428	–	17,013	17,996	500
Roads, Pavements & Bridges		16,128	32,428		17,013	17,996	500,000
Storm water							
Infrastructure: Electricity - Total	–	–	–	–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–	–	–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–	–	–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	–	–	–	–	–	–	–
Waste Management							

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Transportation							
Gas							
Other							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							
Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	2011/2012	Current year 2012/2013			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							

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<u>Investment properties</u>	-	-	-	-	-	-
Housing development						
Other						
<u>Other assets</u>	-	915	96	-	600	550
General vehicles						
Specialised vehicles						
Plant & equipment						720,000
Computers - hardware/equipment	315	-				
Furniture and other office equipment						
Abattoirs						
Markets						
Civic Land and Buildings						
Other Buildings	600	96		600	550	200,000
Other Land						
Surplus Assets - (Investment or Inventory)						
Other						
<u>Agricultural assets</u>	-	-	-	-	-	-
List sub-class						
<u>Biological assets</u>	-	-	-	-	-	-
List sub-class						
<u>Intangibles</u>	-	-	-	-	-	-

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Computers - software & programming Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	-	17,043	32,524	-	17,613	18,546	1,420
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 2012/2013					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Roads					
Masisi Street	7,000,000.00	9,208,490.00	9,653,070.04	5%	27%
Tshilamba Street	7,962,950.00	2,000,000.00	1,790,931.65	-12%	-345%
Tshidongololwe to Vuvha	1,165,200.00	4,719,660.00	4,129,318.78	-14%	72%
Thengwe/ Tshandama Road		1,000,000.00	-		

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Tshikotoni river bridge		1,000,000.00	-		
Nkotswi bridge		6,000,000.00	-		
Dotha bridge		7,000,000.00	-		
Luphephe bridge		1,500,000.00	-		
T N					

Capital Programme by Project by Ward: Year 2012/2013			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Roads			
Masisi Street	Ward 12	YES	
Tshilamba Street	Ward 5	NO	
Tshidongololwe to Vuvha	Ward 07	YES	
Thengwe/ Tshandama Road	Ward 04 and 05	NO	
Tshikotoni river bridge	Ward 08	NO	
Nkotswi bridge	Ward 12	NO	
Dotha bridge	Ward 13	NO	
Luphephe bridge	Ward 08	NO	
Housing			
Refuse removal			

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Storm water		
Economic development		
Sports, Arts & Culture		
Environment		
Health		
Safety and Security		
ICT and Other		
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APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	The following basic services are provided water	70%
	sanitation	100%
	remove refusal	20%
	electricity	80%
Output: Implementation of the Community Work Programme	Community Work Programme is implemented at wards 11,12,13	100%
Output: Deepen democracy through a refined Ward Committee model	13 Ward committees have been established	100%
Output: Administrative and financial capability	The municipality has administrative staff to implement municipal programmes. However financial capability remain a challenge	50%
T S		

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PERFORMANCE OF SERVICE PROVIDERS: 2012/2013 FINANCIAL YEAR

No.	Service Provider	Project name	Type of project	Performance target (2012/2013)	Actual performance achieved by the end of the financial year	Action taken to address poor performance
1	DDp Valuers	Valuation roll	Property valuation	Implementatio n of new valuation roll	Valuation roll register	None
2	Sweet dreams	Masisi streets	Infrastructure (roads)	Upgrading of streets from gravel to paved	Construction of 70% progress	None
3	Nevhutalu consulting	Tshilamba streets	Infrastructure (roads)	Upgrading of streets from gravel to pared	Design to tender stage	None

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4	Boitusong Tracing consulting	Masisi streets	Infrastructure (roads)	Upgrading of streets from gravel to surfaced	Tender to monitoring	Convening contractual meetings
5	Mkhacani construction	Tshodong ololwe bridge	Infrastructure (roads)	Construction of bridge	Completed construction	None
6	Zwothe consulting	Tshodong ololwe bridge	Infrastructure (roads)	Construction of bridge	Construction monitoring	None
7	A.S Ramodile projects	Rehabilitation of Khakhu – Mangwele road	Infrastructure (roads)	Rehabilitation road to be usable	Working on drainage structures	Convening contractual meetings
8	Skioo construction and projects	Thengwe – Tshandam a road	Infrastructure (roads)	Upgrade road from gravel to tar	Tarring of 6,8km	Convening tripartite meetings

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ANNUAL PERFORMANCE ASSESSMENT REPORT JULY – JUNE 2012/2013

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Priority Area	Objectives	Strategy	Key Performance Indicator	Measurement Source	2011/12		2012/13		Measures to improve performance
					Target	Actual	Target	Actual	
POLICIES	To ensure the development of new and review of existing HR policies and 100% implementation of existing ones	Drafting new policies Consultation with labour unions and preparing workshops	Development, review and management of policies. -Staff workshops on existing policies	Number of policies developed or reviewed and Approved by Council	14 new HR policies	14	10 new HR policies	10	None
PMS	To facilitate the assessment of all employees by June 2013	Coordination of performance evaluations by distribution of necessary documentation and provide guidance to supervisors	Employees performance evaluation	Number of employees assessed on quarterly basis	123	123	127	0	Development and implementation of assessment tool

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Employee Development	To ensure training of 30% of Municipal officials by June 2013	Development of training programme -Preparation of training Committee meeting - Attending LGSETA meetings	Implementation of 2012/2013 WSP and Co-ordination of training programmes	% of staff members trained	30%	101(79%)	30% of staff members trained by June 2013	48 (54%)	None
Organogram	To ensure alignment of the organisational structure with the reviewed IDP and Budget for 2012/2013	-Issuing of a circular to all employees informing them about the review of the Organizational Structure, -Preparing draft organizational structure	Consultation with various structures such as Unions, Management and EXCO	An aligned organisational structure with the IDP and Budget 2012/2013	Approved organisational structure for 2012/2013	1	Approved organisational structure for 2012/2013 by April 2013	1	None
Basic Education	To ensure 15% reduction on illiteracy level by June 2013	-Issuing of a Circular to all members to invite them to register for ABET Programme Identification of Service providers Allocation of ABET participants to	Implementation of ABET program	Number of employees participated on ABET programme	6	9	40 employees to be trained on ABET programmes	6	Provide incentives to successful ABET participants

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		various levels							
Labour relations	To ensure good relationship between the employer and the employee	Processing all labour cases and complaints according to procedures	Implementation of new disciplinary and grievance procedures Keep proper records of all labour cases Advice employees on grievance procedures	% of labour cases reported resolved	0	0	100%	100%	None

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Task Job Evaluation	To ensure 100% compliance with TASK Job evaluation by June 2013	Compilation of employees job descriptions according TASK requirement	Implementation of TASK results	NO of jobs descriptions compiled and graded	0	0	125	125	None
Building Maintenance	To ensure regular maintenance of municipal buildings To ensure healthy and safety work place	Regular assessments of buildings to determine their conditions Compilation of assessment report	Maintenance of municipal buildings	% of maintenance work carried out	100%	100%	100%	100%	Hiring of skilled artisans

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Auxiliary Services	To ensure a conducive workplace by providing office furniture and cleansing services	-Conduct furniture needs analysis and produce report with costs Prioritisation according to needs	Procurement of office furniture for municipal employees and Councillors	Number of employees and Councillors to receive office furniture	0	0	15 employees and two Councilors to be provided with office furniture	0	None

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	To ensure compliance with OHS	- Conduct needs analysis - Prioritisation according to needs - Compilation of specification and seek approval from the Municipal Manager	Procurement of uniform and protective clothing	Number of employees who received uniform and protective clothing	50	50	50 employees employees to be provided with uniform and protective clothing	50	None
Records Keeping	To ensure proper records management	-Opening and closing of files - Filling - Recording of incoming and outgoing mails - Faxing and photocopying of documents - Maintenance of filling index - Collection and opening of post - Dispatching of files to different destines - Renewal of post bag	Review of the filling system	100% Accurate records keeping and protection of specified information	100%	100%	100%	100%	Training of registry staff

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Electricity & Telephone	To ensure timeous processing of electricity and telephone statement	-Verification of monthly statements - Completion of expenditure requisition form and submit to Finance for processing of payments	Processing of payments for electricity and telephone accounts	None cut off of services due to late or none processing of payments	12	12	12 statements processed	12	None
Security & Risk		-Preparing shifts	Provision of security	MONTHLY	Provision of	Security	Provision of	Security	Hiring of enough

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Management		for security personnel - Verifying work attendance by paying unannounced visits to work stations	to municipal properties	REPORT	security guards on a 24 hour daily	guards deployed on a 24 hour daily	security guards on a 24 hour daily	guards deployed on a 24 hour daily	security guards Training of securities

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KPA 2: SERVICE DELIVERY

Priority Area	Objective	Strategy	Indicator	Measurement Source	2011/12		2012/13		Measures to improve performance
					Target	Actual	Target	Actual	
Vehicle Registration and Licences	To ensure proper registration and licensing as per Road Traffic Act at all time	Registration and Licensing of vehicles	Completion of vehicle registration and RLV forms	To register 400 vehicles and to license 5000 vehicles by June 2013	500 500	859 613	800 vehicles registered. 3000 vehicles license issued	827 vehicles registered. 5151 vehicles license issued	Marketing through public participation
Accident Response	To reduce road accident rate by 5% by June 2013	-Responding to road accidents -Removing damaged vehicles from the road - Clearing of debris - Putting of signage to show motorist that an accident has occurred. -Direct motorist to an alternative route in case of total road blockage	Accidents response	5% reduction in road accidents by June 2013	0	0	1%	1%	None

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Vehicle Testing		Completion of necessary documentation - Verification of vehicle registration information -Verification of police clearance report against the vehicle -Conduct vehicle inspection	Vehicle road worthiness test	To test 200 vehicles for roadworthiness	200	200	50	0	None

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Drivers Licence	To ensure the issuing of authentic and legal compliant driving licenses	vision test -theory test - learners issue, driving license test - issue of driver license	Driving license Testing Report	Zero fraudulent driving license cases reported	0	0	0 case reported	0	None
Road Safety	To ensure roads safety at all times	Settings cones - Stopping of vehicles	Roadblocks, speed prosecution and patrolling	To conduct 100 road blocks, 150 speed prosecution and	100	100	100 roadblocks to be conducted -37speed	98	Procurement of roadblock equipment Speed calibration of

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		- Inspection of vehicles -Issuing of fines -Speed prosecution - Visible patrol - Stop and check vehicles		200 patrols by 30 June 2013			prosecution conducted and daily patrolling	19	speed machines
Disaster Management	To ensure prompt respond to all reported disaster incidents	Assess damages caused by the incidents -Compilation of report -Distribute food parcels, blankets' and tents	Number of disaster cases responded to	100 % response to all reported disaster incidents	100%	100%	100%	100%	None

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	To ensure proper disaster risk management	Identification of all possible causes of disaster incidents - Rating of identified risks in terms of high, low and medium scale	Risk Assessment	Identification of all risks	100%risk identified	100%risk identified	Conduct risk assessment with all stakeholders	100%	None
Sports	To ensure proper coordination of OR Tambo games	-Identification of participants for various sports codes - Organize local OR Tambo \events - Logistical arrangements e.g identification of venue for event	Number of Sport codes played and events hosted	To hold 4 local events	0	0	4	0	Development of plan for local OR Tambo games

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	- Coordination of Syadlala mass participation games	Recruit 40 new athletes	Number of new participants for Syadlala mass participation games	To recruit 40 new athletes	300	268 participants	40	10	Poor planning
	To ensure proper management and coordination of club development	Coordination and Management of Club development	Number of clubs that received assistance	To develop 7 Clubs	0	0	7	0	Poor planning
	To ensure the promotion of indigenous games	Identification of indigenous games participants	Number of indigenous games promoted	5 indigenous games targeted at Tshixwadza and Tshilamba areas	0	0	5	1	Budget provision
	To ensure the promotion of cultural activities	-Identification of cultural activities- Organization of Mutale cultural festival	Number of cultural festivals organized	To hold one cultural festival	0	0	1	0	Coordination with ward councillors

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	To ensure the provision of administrative service to the community	Issuing of letters for confirming residential address to community members	Number of confirmation of residential address letters issued	No of letters issued to community members by 30 June 2013	1000	1220	1000 letters issued	1365	None
Roads & Storm Water	To ensure that Roads are up graded, maintained and in good conditions at all times	BLADING	No of streets bladed in a ward	Monthly reports	120km	120km	140	00	Buying of the grader
		REGRAVELLING	No of roads regravelled	Monthly reports	21000 ³	21000 ³	25000 ³	15342m ³	Breakdown, delay of serving of the TLB
		CULVERT construction	Culverts constructed	Monthly Reports	0	0	13	15	None

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		PATCH WORK	No of potholes patched	Monthly reports	55m ²	55m ²	65m ²	167m ²	None
		BUSH CLEARING	M ² of Bush cleared	Monthly reports	55000m ²	55000m ²	70000m ²	65342m ²	To appoint staff
		UPGRADING OF ROADS FROM GRAVEL TO TAR	Km of Tarred Road	Monthly reports	0	0	5km	0	None
Waste Management Services	To ensure proper Environmental Management at all time	Extension of waste Management Services to Rural areas	Volume of Waste Collected	Volume of Waste Collected	None	None	Licensing of Makwilidza Land fill site	None	Consultation with LEDET on making application and Licensing of the Landfill Site
Land Use Management	Ensure that all development are done within the required framework as per LUMS and SDF	Development complies with municipal policies and bylaws	Area of Land developed in m ²	Area of Land developed in m ²	0	5148.74m ²	Development of 2 Nodal points	1	Consultation with Traditional leaders on making land available for development

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Housing	To ensure proper co-ordination of the construction of housing units by 2014	Increased number of housing beneficiaries	No of units constructed	Monthly reports	400	400	660	587	Paying contractor in time
			No of unblocked units	Monthly reports	0	0	0	0	None
			No of emergency units constructed	Monthly reports	0	0	21	21	Paying contractor in time
Electricity	To ensure Universal Access to Electricity by 2014	New connections	Number of households with electricity	Monthly reports	0	0	631	631	Consultation with Eskom to provide more units
	To ensure that all indigent are provided with Free Basic Electricity by 2014	Sending FBE Beneficiaries to Eskom	Number of hh receiving FBE	Monthly report	0	0	5000	500	Consultation with Eskom to provide more units

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Water	To ensure that Free Basic Water is extended to 400 Beneficiaries by 2014	Extend FBW to 100 households	Number of Beneficiaries receiving FBW	Monthly reports	0	0	100	100	None
	To ensure that House connection is extended to all villages with reliable water source by 2014	Installation of meters	Number of households with yard connections	Monthly report	0	0	550	550	None

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KPA 3: LOCAL ECONOMIC DEVELOPMENT

Priority Area	Objective	Strategy	Indicator	Measurement Source	2011/12		Annual 2012/13		Measures to improve performance
					Target	Actual	Target	Actual	
Local Economic Planning	To ensure sound planning and forecasting for future economic growth and development	Develop economic plans and engage in collaborative research aimed at improving quality of our LED strategies and plans	Reviewed and updated LED plans	Quarterly reports	0	0	1	1	None

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	Review LED Strategy	Appointment of service provider to review LED strategy	Reports on state of progress regarding LED implementation of strategy	Quarterly reports	1	1	1	1	Interact with sector departments and parastatals
Institutional Capacity Development	To build capacity	By recruiting and appointing in critical budgeted positions in our approved organogram	Staffed development	Quarterly reports	4	1	28	28	None

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		By entering into SLAs with other government organs for secondment of staff	Seconded official or intern	Quarterly reports	0	0	1	1	None	
	To facilitate and coordinate implementation of current commitments by our IDP departments of Agric, land affairs and rural development	Participate in project implementation steering committees	Reports from the steering committees	Quarterly reports	0	0	0	0	None	

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		By facilitating commercialization of the sector in strategic areas	No. Of commercial enterprises formed	Quarterly reports	4	3	5	5	None
		By leveraging resourcing through provision of municipal services to agreed sites	No.bof sites with new municipal service	Quarterly reports	1	1	2	2	Requisition of cooperatives

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AGRICULTURE & FARMING			By prioritisation basic network infrastructure construction in our MIG programme	No. Of sites assisted through MIG	Quarterly reports	0	0	1	1	To engage tribal authorities for release land for development
										-

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To facilitate growth of the manufacturing		By coordination research and training support to local operators	No. Of training programs provided	Quarterly reports	4	4	4	4	Engage LEDA and other sector department
		By creating planned	No. Of spaces	Quarterly reports	0	0	4	4	To engage with

APPENDICES

MANUFACTURING RETAIL AND TRADE	capacity and improve value chain beneficiation on in strategic sectors like agriculture, forestry and trade	spaces for manufacturing activity (e.g. land and municipal services	provided for commercial purposes							sector departments and parastatals
		By mainstreaming the activity through creative regulation for contribution to local revenues and municipal	Approved by-law	Quarterly reports	0	0	3	3		To engage with sector departments and parastatals

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		By developing and implementing a tourism sector plan	Approved tourism sector plan	Quarterly reports	0	0	1	1	Community sector departments parastatals	-

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TOURISM DEVELOPMENT	To facilitate tourism development and support for local operators									
		By facilitating linkages with markets via organized exhibition and market fares	No. Of exhibitions organized and attended	Quarterly reports	2	2	3	3	Establishment of CTA's as monitoring tool for tourism	

APPENDICES

By facilitating training and support through partnerships with various organizations and agencies	No. Of training provided to tourism operators	Quarterly reports	2	2	2	2	Capacity building by parastatals
By coordinating packaging and servicing of strategic visitors sites of	No. Of sites serviced or renovated sites	Quarterly reports	2	1	3	3	Grading of roads, leading to attraction points

APPENDICES

		attraction as business offerings to tourism markets							
			Marketing tools packaged for tourism operators	Quarterly reports	0	0	1000 brochures	0	To appoint tourism officer
		By contributing funding to market local touring and facilitate earning of revenues through locally based levies	By-law developed	Quarterly reports	3	3	8	8	None

APPENDICES

	To support development of local SMME sector and improve their contribution to job creation	By facilitating training and research support	No. Of training provided to local SMME	Quarterly reports	4	4	4	4	Establishment of SMME forum	

APPENDICES

SMME DEVELOPMENT									
		By coordinating linkages to unlock funding and marketing challenges	No. Of co-operatives funded	Quarterly reports	3	3	4	4	SMME forum
		Co-ordinate their organization into formally registered legal entities	No. Of new co-operatives registered	Quarterly reports	2	2	5	5	Capacitating building of cooperatives and SMME's

APPENDICES

KPA 4. FINANCIAL VIABILITY

Priority Area	Objectives	Indicator	Measurement Source	2011/12		2012/13		Measures to improve performance
				Target	Actual	Target	Actual	
Revenue collection and debt management	To ensure significant increase in revenue Collection by 10%	Reviewed revenue enhancement strategy	Quarterly reports	0	0	6518 729	4721 076	Issue statement in time Improved communication with customers
		Debtors handed over for collection to attorney	Number of debtors handed over	0	0	Hand Over Long Outstanding Debtor to Attorneys for collection	35	Continued engagement with customers to pay their debts

APPENDICES

		Increase in own revenue	Quarterly reports	0	0	1641 566	61218	Identification of other sources of revenue Cost benefit analysis in tariff
	Ensure credible valuation roll by June 2013	Credible valuation roll	Approved valuation roll	0	0	100% data cleansing	100%	Supplementary valuation roll

APPENDICES

Expenditure management	To pay creditors within 30 days of receiving invoice	Reduction on Interests charged	Quarterly reports	0	0	100%	50%	To improve cash flow
Supply Chain Management	To ensure the effective and efficient usage of the Supply Chain Management	Approved reviewed policy	Quarterly reports	1	1	1	1	None
			Monthly	4	4	4	4	None

APPENDICES

		Quarterly reports	reports					
		Approved Procurement plans	Quarterly reports	4	4	4	4	None
		Monthly report submitted	Monthly reports	12	12	12	12	None
		Quarterly reports	Quarterly Inventory counts reports	4	4	4	4	None

APPENDICES

Asset Management	To ensure assets owned by Mutale are correctly captured in the Fixed Assets Register	Updated fixed Assets Register	Quarterly Reports	100%	100%%	100%	100%	None
		No of Assets unbundled	Unbundling reports	100%	100%	100%	100%	None
		No of Assets reviewed	Assessment report	100%	100%	100%	100%	None

APPENDICES

		Impairment assessment and condition analysis	Quarterly reports	100%	100%	100%	100%	None
		No. of assets correctly assessed and insured	Quarterly reports	100%	100%	100%	100%	None
Fleet Management	To ensure cost effective and efficient use of municipal motor fleet	Approved policy	Approved policy	1	1	1	1	None

APPENDICES

	Ensure daily monitoring and monthly reporting on fleet position and condition	Monthly reports on fleet	Monthly reports	12	12	12	12	None
Telephone Management	To ensure cost effective and efficient use of telephones	Approved policy	Monthly reports	12	12	12	12	None
		Submitted reports on	Monthly reports	5%	5%	10%	10%	None

APPENDICES

		telephones						
Risk Management	To improve audit opinion	Number of findings addressed	Monthly reports	1	1	1	1	To appoint risk officer
	To have an effective Risk Management Strategy	Approved policy	Quarterly reports	1	1	1	1	To appoint risk officer
		Approved policy	Quarterly reports	1	1	1	1	To appoint risk officer
Financial Management	Present fully Grap compliant Financial Statements	Fairly presented financial statements	Quarterly	1	1	1	1	None

APPENDICES

Information And Communication Technology	Ensure the smooth running of IT and communication network	Reliable and useful IT system	Quarterly reports	4	3	4	3	Training to be provided to Billing module users
		Working computer and IT network	Monthly reports	100%	70	100	80%	Appointment of service provider to supply new computer hard ware
		100% connection to	Monthly reports	100%	80%	100%	90%	To upgrade exchange server from 2003 to 2007

APPENDICES

		e-mails at all times						
		Updated website	Quarterly Website update report	100%	100%	100%	100%	None

APPENDICES

KPA 5: GOOD GOVERNANCE

Priority Area	Objectives	Strategy	Indicator	Measurement Source	2011/12		2012/13		Measures to improve performance
					Target	Actual	Target	Actual	
Public Participation	Ensuring that all stakeholders participate in the affairs of	Review & implement Public Participation strategy	Approved strategy	Approved strategy	1	1	1	1	None
		Review communication strategy	Approved strategy	Approved strategy	1	1	1	1	None
		Capacitate ward committees	No. of workshops organized for ward Committees.	Quarterly reports	1	1	3	1	To conduct quarterly workshop

APPENDICES

		the Municipality	Strengthen relations with and coordinate the work of CDWs, Ward Committees and Traditional Leaders	No of meetings held and joint programmes organised	quarterly	4	4	4	4	Allocation of enough budget
			Coordinate stakeholder consultation	No of consultative forums/ meetings held	quarterly	4	4	4	4	None
			Strengthening of community based Project Steering	Develop projects register	quarterly	4	4	4	4	None

APPENDICES

		Committee meetings							
Communication	To promote and enhance communication in all municipal	Review communications strategy	Adopted strategy	Quarterly reports	1	1	1	1	None
	activities	Develop and implement a media plan	Adopted plan	Quarterly reports	0	0	1	0	Appointment of communication officer
		Develop quarterly internal newsletters	No. of newsletter published	Quarterly reports	0	0	4	0	Appointment of communication officer
Employee wellness programme	Create conditions conducive for	Organize awareness programmes	No. of workshop organized	Quarterly reports	0	0	4	1	None
		Cascade PMS to	Signed AA's	Quarterly	4	0	4	0	Review of PMS

APPENDICES

	a healthy working environment	all levels in the municipality	and PA's	reports					framework and policy
Councillor Support	Create climate conducive to the workings of the council and councillor	Organize and conduct induction to the new councillors	Councillor induction workshop	Quarterly report	1	1	1	1	None
		Review the rules of order	Rules reviewed	Quarterly report	1	1	1	1	None
		Coordinate functioning of council	Minutes and resolutions	Council resolutions Quarterly reports	4	4	4	11	None
Internal Audit	To ensure that audit related policies are reviewed	Internal Audit Charter Audit Committee Charter Strategic Internal Audit Plan	Number of policies to be reviewed	Number of policies to be reviewed	6	6	6	6	None

APPENDICES

	To ensure proper and effective facilitation of risk assessment	Approved risk framework (Policy, strategy and Charter Establish risk management committee Develop terms of reference for risk committee Conduct risk assessment	Number of risk assessment to be conducted	Risk assessment (Strategic and operational)	2	2	2	2	None
	To ensure that internal audit reports are issued	Report preparation	No. of reports issued	Quarterly reports	5	5	8	8	None

APPENDICES

	To ensure effective secretariat support to Audit Committee	Preparation for audit committee meetings	No of audit committee meetings held per quarter	4 meetings annually	4	4	4	4	None
Audit Report	To ensure the municipality obtain clean Audit by 2014	Develop and implement action plan to Address issues raised by Auditors	100% Implementation of AG queries	100% Implementation of AG queries	To obtain clean audit	Disclaimer	Qualified	Qualified	To address AG issues raised by auditors

Spatial Development Framework		Ensure proper demarcation of land	Review SDF	Reviewed SDF	Quarterly reports	0	0	1	1	None
By-laws		Ensure proper compliance with the Legislation	Develop and review by-laws	Approved by-law	Quarterly reports	0	0	1	2	None
IDP		To ensure the proper	Develop IDP	Adopted IDP	Quarterly reports	0	0	1	2	None

APPENDICES

		development and review of a credible IDP								
Budget		Credible budget	Prepare budget according to Circular 48 & 66.	Budget in line with IDP	Quarterly reports	1	1	1	1	None
Special Programme		Development and capacitating of the Vulnerable groups	Develop and Implement Youth Development Strategy	Approved strategy	Quarterly Report	0	0	1	0	None
			Develop and Implement gender development Strategy	Approved strategy	Quarterly Report	0	0	1	0	None

APPENDICES

			Develop and implement old persons development strategy	Approved strategy	Quarterly Report	0	0	1	0	None
			Develop and implement disabled development strategy	Approved strategy	Quarterly Report	0	0	1	0	None
Priority Skills		To retain scarce skills in our area	Offer financial assistance	No. of students assisted	Quarterly reports	0	0	1	1	None
			Review and implement retention strategy	Adopted strategy	Quarterly reports	1	1	1	1	None
Annual Report					Approved	1	1	1	1	None

APPENDICES

			Development of the Annual Report	Adopted Annual report	Annual Report					
Oversight Report			Development of the oversight report	Council report	Approved Annual Report	1	1	1	1	None

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VOLUME II: ANNUAL FINANCIAL STATEMENTS

MUTALE LOCAL MUNICIPALITY



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013**

Annual
Financial
Statements

APPENDICES

for

Mutale Municipality

for the year ended 30
June:

2013

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Acting Municipal Manager:	Razwiedani Shumani Samuel
Name of Chief Financial Officer:	Marutha Melvin
Contact telephone number:	015 967 9608
Contact e-mail address:	melvinm@mutale.gov.za
Name of contact at provincial treasury:	Rapholo M.G
Contact telephone number:	015 291 8437
Contact e-mail address:	rapholomg@treasury.limpopo.gov.za
Name of relevant Auditor:	Auditor General South Africa
Contact telephone number:	015 283 9300
Contact e-mail address:	thabomog@agsa.co.za
Name of contact at National Treasury:	Nekhavambe Obrey
Contact telephone number:	
Contact e-mail address:	Obrey.nekhavambe@treasury.gov.za

Mutale Municipality

APPENDICES

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013

General information

Members of the Council

Councillor N.J. Mukwevho
Councillor L.H. Netshipise
Councillor A.H. Nekhunguni
Councillor N.A. Lieba
Councillor A.G. Netshisaulu
Councillor A.S. Rambuda
Councillor T.S. Madume
Councillor L.D. Mpondo
Councillor A.B. Matshusa
Councillor K.P. Tshivhenga
Councillor A.R. Mavhungu
Councillor N.G. Mawela
Councillor N.P. Munzhelele
Councillor M.J. Mariba
Councillor K.A. Lukhalimana
Councillor H.N. Nephali
Councillor N.E. Mudzielwana
Councillor T.S. Pandelane
Councillor V.R. Maisha
Councillor T.J. Raluswinga
Councillor A.S. Thabatsira
Councillor G.G. Nekhubvi
Councillor J.K. Khunwana
Councillor R.L. Gababeni
Councillor M.P. Mbedzi
Councillor L.M. Netshisaulu

Mayor

Speaker

Chief Whip

Member of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Municipal Manager

Mr Razwiedani S.S.

Chief Financial Officer

APPENDICES

Mr Marutha R.M

Grading of Local Authority

Grade 2

Auditors

Auditor-General

Bankers

FNB

Registered Office:

Old Manenu Building,Battalion Building,Mutale Town

Physical address:

New Municipal Offices
Mutale
0956

Postal address:

PRIVATE BAG X1254
MUTALE
0956

Telephone number:

015 967 9600

Fax number:

015 967 9677

E-mail address:

info@mutale.gov.za

APPENDICES

for the year ended 30 June 2013

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

DATE

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Mutale Municipality Statement of Financial Position as at 30 June 2013

	Note	2013 R	2012 R
ASSETS			
Current assets		40,718,543	14,861,416
Inventories	2	121,287	107,265
Cash and cash equivalents	3	20,368,910	97,192
Trade and other receivables from exchange transactions	4	1,716,238	1,580,136
Trade and other receivables from non-exchange transactions	5	8,129,620	5,497,486
VAT receivable	11	10,382,489	7,579,337
Non-current assets		76,260,208	66,018,401
Property, plant and equipment	6	73,656,535	63,414,728
Intangible assets	7	253,673	253,673
Investment Property	8	2,350,000	2,350,000
Total assets		116,978,751	80,879,817
LIABILITIES			
Current liabilities		51,965,623	32,705,742
Trade and other payables from exchange transactions	9	18,874,282	19,237,156
Consumer deposits	10	213,434	212,587
Current portion of unspent conditional grants and receipts	13	32,568,724	12,834,635
Current portion of long-term borrowings	14	309,183	274,015
Current portion of finance lease liability	15	-	147,349
Non-current liabilities		2,571,640	1,908,823
Non-current borrowings	14	848,640	1,157,823
Non-current provisions	12	1,723,000	751,000
Total liabilities		54,537,263	34,614,565
Net assets		62,441,488	46,265,252
NET ASSETS			
Accumulated surplus		62,441,488	46,265,252
Total net assets		62,441,488	46,265,252

Mutale Municipality Statement of Financial Performance

APPENDICES

for the year ending 30 June 2013

	Note	2013 R	2012 R
REVENUE			
Revenue from exchange transactions		4,585,985	5,750,513
Service charges	17	248,714	224,660
Rental of facilities and equipment	18	55,114	63,706
Interest earned - external investments	19	400,833	385,059
Interest earned - outstanding receivables	20	575,392	1,153,184
Licences and permits		2,107,167	2,290,354
Other income from exchange transactions	22	1,198,765	1,633,550
Revenue from non-exchange transactions		66,390,588	64,722,479
Property rates	16	1,440,293	3,315,697
Fines		538,020	468,680
Government grants and subsidies	21	64,412,275	60,938,102
Total revenue		70,976,573	70,472,992
EXPENSES			
Employee related costs	23	28,537,173	24,817,545
Remuneration of councillors	24	6,630,878	6,336,832
Bad debts		668,167	126,245
Depreciation and amortisation expense	25	2,127,156	1,758,712
Repairs and maintenance		1,308,756	2,228,726
Finance costs	26	183,613	1,926,925
Contracted services	27	1,503,211	546,361
General expenses	28	9,312,834	13,123,513
Total expenses		50,271,787	50,864,861
Impairment loss	29	-4,528,550	-
Gain on fair value adjustment	30	-	453,770
Surplus for the period		16,176,236	20,061,901
Surplus for the period		16,176,236	20,061,901
Attributable to owners of the controlling entity		16,176,236	20,061,901
		-	-
Surplus for the period		16,176,236	20,061,901

Mutale Municipality
Statement of Changes in Net Assets

APPENDICES

as at 30 June 2013

		Accumulated Surplus/(Deficit)	Total: Net Assets
	Note	R	R
Balance at 30 June	2011	29,893,335	29,893,335
Changes in accounting policy			-
Correction of prior period error	33	-3,689,984	-3,689,984
Restated balance		26,203,351	26,203,351
Correction of prior period error			-
<i>Other items</i>			-
<i>Other items</i>			-
Net gains and losses not recognised in the statement of financial performance			-
Transfers to / from accumulated surplus/(deficit)			-
Surplus / (deficit) for the period		20,061,901	20,061,901
Balance at 30 June	2012	46,265,252	46,265,252
Correction of prior period error			-
Surplus / (deficit) for the period		16,176,236	16,176,236
Balance at 30 June	2013	62,441,488	62,441,488

APPENDICES

Mutale Municipality Cash Flow Statements as at 30 June 2013			
	Note	2013 R	2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		85,368,482	63,099,161
Sales of goods and services		16,686	6,668,171
Grants		84,375,572	54,892,748
Interest received		976,225	1,538,243
Other receipts			
Payments		47,060,514	54,048,745
Employee costs		34,376,051	30,403,377
Suppliers		12,500,850	21,718,443
Interest paid		183,613	1,926,925
Other payments			
Net cash flows from operating activities	31	38,307,968	9,050,416
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)			
Proceeds from sale of fixed assets		-17,614,886	-8,867,552
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			
Movement			
Net cash flows from investing activities		-17,614,886	-8,867,552
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-421,364	-526,360
Repayment of borrowings		-274,015	-242,919
Proceeds from finance lease liability			
Repayment of finance lease liability		-147,349	-283,441
Net cash flows from financing activities		-421,364	-526,360
Net increase / (decrease) in cash and cash equivalents		20,271,718	-343,496
Net cash and cash equivalents at beginning of period		97,192	440,688
Net cash and cash equivalents at end of period	32	20,368,910	97,192

APPENDICES

Description R thousands	2011/2012												
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	6	7	8	9	10	11	12	13	14	15
Financial Performance													
Property rates	2,455	1,389	1,389	1,389	1,440		(51)	104%	59%				3,316
Service charges	713	296	296	296	249		47	84%	35%				225
Investment revenue	83	427	427	427	401		26	94%	486%				385
Transfers recognised - operational	56,031	46,592	46,592	46,592	42,889		3,703	92%	77%				46,738
Other own revenue	6,776	6,193	6,193	6,193	4,474		1,718	72%	66%				6,027
Total Revenue (excluding capital transfers and contributions)	66,057	54,897	54,897	54,897	49,453		5,443	90%	75%				56,691
Employee costs	30,303	29,717	29,717	29,717	28,522		1,195	96%	94%				25,157
Remuneration of councillors	6,881	6,735	6,735	6,735	6,683		52	99%	97%				6,417
Debt impairment	116	–	–	–	668		(668)	0%	576%				1,371
Depreciation & asset impairment	3,240	1,374	1,374	1,374	2,127		(753)	155%	66%				2,117
Finance charges	337	400	400	400	184		216	46%	55%				–
Materials and bulk purchases	–	–	–	–	–		–	0%	0%				–
Transfers and grants	–	–	–	–	–		–	0%	0%				–
Other expenditure	22,881	22,485	22,485	22,485	12,125		10,360	54%	53%				8,414
Total Expenditure	63,642	60,711	60,711	60,711	50,272		10,440	83%	79%				43,477
Surplus/(Deficit)	2,415	(5,815)	(5,815)	(5,815)	(818)		(4,996)	14%	-34%				13,213
Transfers recognised - capital	16,128	43,077	43,077	43,077	17,543		25,534	41%	109%				13,910
Contributions recognised - capital & contributed assets	–	–	–	–	(4,693)		4,693	0%	0%				
Surplus/(Deficit) after capital transfers & contributions	18,543	37,262	37,262	37,262	12,032		25,230	32%	65%				27,123
Share of surplus/(deficit) of associate			–	–				0%	0%				
Surplus/(Deficit) for the year	18,543	37,262	37,262	37,262	16,071		21,191	43%	87% #DIV/0!				27,123
Capital expenditure & funds sources													
Capital expenditure	18,543	41,387	41,387	41,387	18,430		22,957	45%	99%				–

APPENDICES

Transfers recognised - capital	16,128	40,228	40,228	40,228	17,543		22,685	44%	109%				-
Public contributions & donations	-	-	-	-	-		-	0%	0%				-
Borrowing	-	-	-	-	-		-	0%	0%				-
Internally generated funds	2,415	1,159	1,159	1,159	888		272	77%	37%				-
Total sources of capital funds	18,543	41,387	41,387	41,387	18,430		22,957	45%	99%				-
									#DIV/0!				
Cash flows									0%				
Net cash from (used) operating	(12,423)	41,018	41,018	41,018			41,018	77%	0%				19,089
Net cash from (used) investing	(9,572)	(37,859)	(37,859)	(37,859)			(37,859)	77%	0%				(20,797)
Net cash from (used) financing	(964)	(778)	(778)	(778)			(778)	77%	0%				1,003
Cash/cash equivalents at the year end	(22,959)	2,578	2,578	2,578			2,578	77%	0%				(69)
									#DIV/0!				

APPENDICES

Mutale Municipality **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** for the year ending 30 June 2013

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

BASIS OF PRESENTATION

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

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

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

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

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

PRESENTATION CURRENCY

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

GOING CONCERN ASSUMPTION

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

COMPARATIVE INFORMATION

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

APPENDICES

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

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

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

GRAP 105 - Transfers of Functions Between Entities Under Common Control
GRAP 106 - Transfers of Functions Between Entities Not Under Common Control
GRAP 107 - Mergers
GRAP 18 - Segment Reporting
GRAP 20 - Related Party Disclosures

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 - Segement Reporting

Nature of impending changes in accounting policy:

No significant changes expected

Impact on the municipality's financial statements once implemented:

No significant changes expected

1.2 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets when:

- it is probable that future economic benefits or service potetional associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and

APPENDICES

servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

INITIAL MEASUREMENT

Items of property, plant and equipment are initially measured at cost at the acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

SUBSEQUENT EXPENDITURE

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

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

DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after taking into account an assets' residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure

Electricity	20
Roads	20
Fencing	14

APPENDICES

Other Assets

Plant and equipment	20
Office Equipment	17
Furniture and fittings	17
Motor Vehicles	10
Other Vehicles	17
Computer Equipment	5

Community

Buildings	30
Recreational Facilities	30
Bins	8

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

IMPAIRMENT

Refer to accounting policy number 1.16

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.3 INTANGIBLE ASSETS

INITIAL RECOGNITION

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

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

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

APPENDICES

Intangible assets are initially recognised at cost.

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

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

SUBSEQUENT MEASUREMENT

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

OR

Intangible assets are subsequently carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

AMORTISATION

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

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

IMPAIRMENT

APPENDICES

Refer to accounting policy number 1.16

DERECOGNITION

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

1.4 INVESTMENT PROPERTY

INITIAL RECOGNITION

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

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

SUBSEQUENT MEASUREMENT

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. The assumptions for determining the fair value of the Investment property is set out in note 8 of the Financial Statements.

Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

IMPAIRMENT - INVESTMENT PROPERTY HELD AT COST

Refer to accounting policy number 1.16

APPENDICES

DERECOGNITION

Investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property.

All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.5 INVENTORIES

INITIAL RECOGNITION AND MEASUREMENT

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

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

SUBSEQUENT MEASUREMENT

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

The basis of determining cost is the weighted-average method.

DERECOGNITION

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

1.6 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

APPENDICES

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

INITIAL MEASUREMENT

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

INVESTMENTS AT AMORTISED COSTS

Investments, which include [listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks] are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

INVESTMENT AT FAIR VALUE

Investments, which represent investments in residual interest for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

INVESTMENT AT COST

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

APPENDICES

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

TRADE PAYABLES AND BORROWINGS

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

CASH AND CASH EQUIVALENTS

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

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

IMPAIRMENT OF FINANCIAL ASSETS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

IMPAIRMENT FOR FINANCIAL ASSETS HELD AT AMORTISED COST

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

APPENDICES

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS HELD AT COST

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION

A financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.7 UNAUTHORISED EXPENDITURE

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

APPENDICES

1.8 IRREGULAR EXPENDITURE

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

1.9 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.1 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

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

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

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating ;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and

APPENDICES

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

1.11 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

1.12 LEASES

MUNICIPALITY AS LESSEE

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

APPENDICES

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

DERECOGNITION

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

MUNICIPALITY AS LESSOR

RECOGNITION

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

APPENDICES

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

DERECOGNITION

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

1.13 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

MEASUREMENT

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

APPENDICES

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

Interest revenue is recognised on a time proportion basis.

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

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

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

EXPENDITURE FROM EXCHANGE TRANSACTIONS

Expenditure arising from exchange-transactions is similar to the policy for exchange revenue.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

RECOGNITION

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

MEASUREMENT

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

APPENDICES

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

EXPENDITURE RELATING TO NON-EXCHANGE TRANSACTIONS

Expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

1.14 BORROWING COSTS

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

1.15 RETIREMENT BENEFITS

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

1.16 IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

APPENDICES

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount).

MEASUREMENT

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

An asset is part of a cash generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value in use is determined as a function of the discounted future cash flows from the asset. In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Where the asset is a non-cash generating asset the value in use is determined through depreciated replacement cost, restoration cost approach or service units approach. The decision to the approach to use is dependent on the nature of the identified impairment.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

REVERSAL OF IMPAIRMENT

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

IMPAIRMENT OF SPECIFIC NON-FINANCIAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

APPENDICES

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

INTANGIBLE ASSETS

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

HERITAGE ASSETS

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

APPENDICES

for the year ended 30 June 2013

	Note	2013 R	2012 R
2 INVENTORIES			
Closing balance of inventories		<u>121,287</u>	<u>107,265</u>
Consumable stores		<u>121,287</u>	<u>107,265</u>

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash on hand	9,927	7,280
Cash at bank	301,064	89,912
Call deposits	20,057,919	-
	<u>20,368,910</u>	<u>97,192</u>

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

FNB Bank - Current Account 54660083097

Cash book balance at beginning of year	<u>85,927</u>	<u>431,691</u>
Cash book balance at end of year	<u>297,047</u>	<u>85,927</u>
Bank statement balance at beginning of year	<u>196,133</u>	<u>607,476</u>
Bank statement balance at end of year		<u>196,133</u>

Current Account (Other Account)

FNB Bank - Investment Account 62047182556

Cash book balance at beginning of year	<u></u>

APPENDICES

	3,985	1,054
Cash book balance at end of year	4,017	3,985
Bank statement balance at beginning of year	3,985	1,054
Bank statement balance at end of year		3,985
<u>Fixed Deposits</u>		
FNB Bank Fixed Deposit account		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	20,057,919	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	20,057,919	
<u>Cash on hand</u>		
	9,927	7,280
Total cash and cash equivalents	20,368,910	97,192

4	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances	Provision for Doubtful Debts	Net Balance
		R	R	R
	<u>Trade receivables</u>			
	as at 30 June 2013			
	Service debtors			
	Refuse	891,791	244,898	646,894
	Sundry	1,474,172	404,827	1,069,344
	Total	2,365,963	649,725	1,716,238

APPENDICES

Total Trade and other receivables

2,365,963	649,725	1,716,238

as at 30 June 2012

Service debtors

Refuse

729,301	185,168	544,133

Sundry

1,388,555	352,552	1,036,003

Total

2,117,856	537,720	1,580,136

Total Trade and other receivables

2,117,856	537,720	1,580,136

Aging Refuse and Sundry Debtors

Current

46,846	46,846

30 Days

35,016	35,016

60 Days

39,275	35,156

90 Days

44,244	39,604

120 Days

37,855	33,886

150 Days

36,672	32,827

180 Days

2,126,054	1,894,521

Total

2,365,963	2,117,856

Reconciliation of the doubtful debt provision

Balance at beginning of the year

537,720	535,195

Contributions to provision

112,005	2,525

Doubtful debts written off against provision

-

Reversal of provision

-

-

Balance at end of year

649,725	537,720

The fair value of trade and other receivables approximates their carrying amounts.

APPENDICES

5 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Trade receivables - Property Rates	4,460,292	3,785,855
Traffic fine debtors	620,820	272,700
National Treasury	900,000	-
Eskom Deposits	232,199	232,199
Other debtors	1,916,309	1,206,733
Total	8,129,620	5,497,486

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
<u>Trade receivables - Property Rates</u>			
as at 30 June 2013			

Property Rates	7,481,331	3,021,039	4,460,292
	<u>7,481,331</u>	<u>3,021,039</u>	<u>4,460,292</u>

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
as at 30 June 2012			

Property Rates	6,286,101	2,500,247	3,785,855
	<u>6,286,101</u>	<u>2,500,247</u>	<u>3,785,855</u>

Property Rates: Ageing

Current	148,130	124,465
30 Days	110,724	93,034
60 Days	124,190	104,349
90 Days	139,901	117,550
120 Days	119,701	100,578
150 Days		

APPENDICES

	115,961	97,435
180 Days	6,722,724	5,648,691
Total	7,481,331	6,286,101

Reconciliation of the doubtful debt provision for property rates

Balance at beginning of the year	2,500,247	2,376,527
Contributions to provision	556,162	123,720
Doubtful debts written off against provision	35,370	-
Reversal of provision	-	-
Balance at end of year	3,021,039	2,500,247

The fair value of property rates approximates their carrying amounts.

APPENDICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

	Note	2012 R
7 INTANGIBLE ASSETS		
Reconciliation of carrying value	Computer Software R	Total R
as at 1 July 2012	253,673	253,673
Cost	469,287	469,287
Correction of error		
Change in accounting policy		-
Accumulated amortisation and impairment losses	-215,614	215,614
Acquisitions	86,536	86,536
Amortisation	-86,536	86,536
as at 30 June 2013	253,673	253,673
Cost	555,823	555,823
Accumulated amortisation and impairment losses	-302,150	302,150
Reconciliation of carrying value	Computer Software R	Total R
as at 1 July 2011	242,916	242,916
Cost	379,988	379,988
Accumulated amortisation and impairment losses	-137,072	137,072
Additions	89,299	89,299
Amortisation	-78,542	78,542

APPENDICES

as at 30 June 2012

	253,673	253,673
Cost	469,287	469,287
Accumulated amortisation and impairment losses	-215,614	215,614

INVESTMENT PROPERTY CARRIED FAIR VALUE

Reconciliation of carrying value	Investment property R	Total R

as at 1 July 2011

	1,896,230	1,896,230
Cost	-	-
Correction of error	1,896,230	1,896,230

Fair value adjustments

453,770 453,770

as at 30 June 2012

	2,350,000	2,350,000
Fair value	2,350,000	2,350,000

INVESTMENT PROPERTY CARRIED AT FAIR VALUE

Reconciliation of fair value	Investment property R	Total R

as at 1 July 2012

2,350,000 2,350,000

Fair value adjustment

- -

as at 30 June 2013

2,350,000 2,350,000

APPENDICES

Mutale Municipality NOTES TO THE FINANANCIAL STATEMENTS for the year ended 30 June 2013

		2013 R	2012 R
9	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade creditors	6,074,608	6,552,816
	Payments received in advance	127,412	-
	Retentions	3,664,606	3,322,450
	Staff leave accrual	2,093,631	2,083,469
	Accrued bonus	562,977	463,410
	Other creditors	6,351,048	6,815,011
	Total	18,874,282	19,237,156
	The fair value of trade and other payables approximates their carrying amounts.		
10	CONSUMER DEPOSITS		
	Rental deposits	213,434	212,587
	Total consumer deposits	213,434	212,587
11	VAT RECEIVABLE		
	VAT receivable	10,382,489	7,579,337
		10,382,489	7,579,337
12	NON-CURRENT PROVISIONS		
	Provision for long-service awards	1,723,000	751,000

APPENDICES

Total Non-Current Provisions		1,723,000	751,000
UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
National Lottery Grant	1,227,722	1,227,722	
Municipal Infranstructure Grant	-	4,908,888	
Disater Grant	24,642,977	-0	
Operations and Maintenance Grant (Vhemde District Municipality)	6,698,025	6,698,025	
Total Unspent Conditional Grants and Receipts		32,568,724	12,834,635
Non-current unspent conditional grants and receipts		-	-
Current portion of unspent conditional grants and receipts		32,568,724	12,834,635
Disaster Grant funds are invested in ring-fenced investment until utilised.			
Financial Management Grant (FMG)			
Balance unspent at beginning of year	-0	-	
Current year receipts	1,500,000	1,254,007	
Conditions met - transferred to revenue	(1,500,000)	1,254,007	
Conditions still to be met - remain liabilities	-0	-0	
Municipal Infrastrusture Grant (MIG)			
Balance unspent at beginning of year	4,908,888	9,403,579	
Current year receipts	16,977,000	13,995,000	
Conditions met - transferred to revenue	-	-	
Funds withheld	17,485,889	13,909,812	
Conditions still to be met - remain liabilities	-0	4,908,888	

APPENDICES

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	-	-
Current year receipts	800,000	790,000
Conditions met - transferred to revenue	-	-
	800,000	790,000
Conditions still to be met - remain liabilities	-	-

National Lottery Grant

Balance unspent at beginning of year	1,227,722	1,227,722
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
	1,227,722	1,227,722
Conditions still to be met - remain liabilities	-	-

Expanded Public Works Programme Grant

Balance unspent at beginning of year	-	-
Current year receipts	1,000,000	290,000
Conditions met - transferred to revenue	-	-
	1,000,000	290,000
Conditions still to be met - remain liabilities	-	-

Integrated National Electrification Programme

Balance unspent at beginning of year	1,123,958	-
Current year receipts	-	1,168,000
Conditions met - transferred to revenue	680,365	2,291,958
	-	-
Conditions still to be met - remain liabilities	1,804,322	1,123,958

Local Economic Development(LED)

APPENDICES

Balance unspent at beginning of year	-0	-
Current year receipts	-	444,352
Conditions met - transferred to revenue	-	444,352
Conditions still to be met - remain liabilities	-0	-0

Disaster Grant

Balance unspent at beginning of year	-	-
Current year receipts	24,700,000	-
Conditions met - transferred to revenue	57,023	-
Conditions still to be met - remain liabilities	24,642,977	-

Operations & Maintenance Grant (Vhembe District Municipality)

Balance unspent at beginning of year	6,698,025	11,569,961
Current year receipts	-	4,288,190
Conditions met - transferred to revenue	-	9,160,126
Conditions still to be met - remain liabilities	6,698,025	6,698,025

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, 2013), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

14 BORROWINGS

Long-term loan	848,640	1,157,823
Non - current borrowings	848,640	1,157,823
Current portion transferred to current		

APPENDICES

liabilities

Long-term Loan	309,183	274,015

Total borrowings

1,157,823	1,431,838

Refer to Appendix A for more detail on borrowings.

15 FINANCE LEASE LIABILITY

	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
2013			
Amounts payable under finance leases			
Within one year	-		
Within two to five years			
	-	-	-
Less: Amount due for settlement within 12 months (current portion)			-
			-
2012			
Amounts payable under finance leases			
Within one year	147,349		147,349
Within two to five years			
	147,349	-	147,349
Less: Amount due for settlement within 12 months (current portion)			-
			147,349
			-

APPENDICES

The lease term is for 5 years escalating at 10% per annum and no arrangement have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

16 PROPERTY RATES

Actual

Property rates	1,440,293	3,315,697
Total property rates	1,440,293	3,315,697
Property rates - penalties imposed and collection charges	-	-
Total	1,440,293	3,315,697

Household	Household	Business	Industrial/ Commercial	PSI
Total value of land plus improvement	47,756,255	114,358,521	99,570,183	1,228,290,000
Property rate	0.002	0.004	0.005	0.0005

17 SERVICE CHARGES

Refuse removal	248,714	224,660
Total Service Charges	248,714	224,660

18 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	55,114	63,706
Total rentals	55,114	63,706

19 INTEREST EARNED - EXTERNAL INVESTMENTS

APPENDICES

Bank	28,169	23,301
Financial assets	372,664	361,758
Total interest	400,833	385,059

20 INTEREST EARNED - OUTSTANDING RECEIVABLES

Consumer Debtors	575,392	1,153,184
Total interest	575,392	1,153,184

21 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	42,889,000	37,232,000
Expanded Public Works Programme Grant (EPWP)	1,000,000	290,000
Financial Management Grant (FMG)	1,500,000	1,254,007
Municipal Infrastructure Grant (MIG)	17,485,888	13,909,812
Municipal Systems Improvement Grant (MSIG)	800,000	790,000
Operations and Maintenance Grant	-	4,725,973
Local Economic Grant	-	444,352
Integrated National Electrification Grant	680,365	2,291,958
Disaster Grant	57,023	-
Total Government Grant and Subsidies	64,412,275	60,938,102

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of which is funded from the grant.

Changes in levels of government grants

APPENDICES

Based on the allocations set out in the Division of Revenue Act, 2013 of, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

Other income

Commision on Sale of sites	390,543	789,036
Sale of sites	310,823	241,744
Other Income	497,399	602,770
Total Other Income	1,198,765	1,633,550

23 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	18,114,054	15,423,326
Bonus	1,329,683	1,205,573
Employee related costs - Contributions for UIF, pensions and medical aids	4,566,069	4,113,399
Workers Compensation Assistance	-	792,500
Housing benefits and allowances	29,160	34,478
Overtime payments	359,071	451,624
Transport Allowances	2,266,401	2,237,886
Long-service awards	273,223	229,682
Performance bonus	730,561	
Leave Gratuity	137,947	
Cellphone Allowance	160,400	145,388
Subsistence Allowances	43,752	37,344
Reimbursive Travelling Allowance	301,936	
Shift and Acting Allowance	221,916	146,221
Other employee related costs	3,000	125

APPENDICES

Total	28,537,173	24,817,545

There were no advances to employees

Remuneration of the Municipal Manager

Annual Remuneration	183,596	425,897

Travel and Related Allowances		232,936

Backpay	193,876	57,912

Cellphone Allowances	43,508	21,600

Contributions to UIF, Medical and Pension	-	112,298

Total	420,979	850,643

Remuneration of the Chief Finance Officer

Annual Remuneration	210,213	440,264

Travel and Related Allowances	220,644	184,826

Performance and other bonuses	38,965	11,700

Contributions to UIF, Medical and Pension	6,539	96,557

Leave Grauity		44,909

Acting Allowances	-	15,571

Total	476,361	793,827

Remuneration of Individual Executive Directors

**Technical
Services
R**

**Corporate
Services
R**

2013

Annual Remuneration	450,276	450,276

Performance- and other bonuses	12,000	12,000

Travel, motor car, accommodation, subsistence and other allowances	199,626	199,626

Contributions to UIF, Medical and Pension Funds	105,031	105,031

Total	766,933	766,933

**Technical
Services**

**Corporate
Services**

APPENDICES

	R	R
2012		
Annual Remuneration	400,972.80	288,515.99
Travel and Related Allowances	199,582.23	169,235.72
Contributions to UIF, Medical and Pension Funds	90,490.09	44,999.33
Total	691,045	502,751

24 REMUNERATION OF COUNCILLORS

Executive Mayor	610,601	579,903
Speaker	456,550	490,365
Chief Whip	430,570	457,723
Executive Committee Members	882,973	977,670
Councillors	3,533,249	1,470,642
Councillors' pension and medical aid contributions	683,916	759,950
Councillors' allowances	33,020	1,600,579
Total Councillors' Remuneration	6,630,878	6,336,832

In-kind Benefits

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

25 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	2,127,156	1,758,712
Total Depreciation and Amortisation	2,127,156	1,758,712

26 FINANCE COSTS

Borrowings	158,986

APPENDICES

Trade and other payables	21,627	1,926,925
Bank overdrafts	3,000	-
FC Other	-	-
Total Finance Costs	183,613	1,926,925

27 CONTRACTED SERVICES

Security	415,765	546,361
Other	4,347	-
Professional	1,083,099	
	1,503,211	546,361

28 GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	194,007	285,390
Audit fees	1,227,288	394,048
Bank charges	111,429	222,935
Bursaries	35,206	80,266
Cleaning	99,866	9,868
Conferences and delegations	40,242	36,700
Entertainment	15,855	7,552
Electricity	1,454,202	247,013
Electrical Projects	745,495	7,387,421
Insurance	178,616	85,212
Legal expenses	140,937	178,667
Licence fees - vehicles	1,399	24,351
Postage		

APPENDICES

		3,607	7,193
	Printing and stationery	459,745	99,912
	Professional fees	263,475	206,978
	Rental of computer equipment	74,604	52,391
	Other rentals	234,432	90,061
	Staff welfare	69,621	71,308
	Telephone cost	575,758	438,503
	Training	355,885	275,725
	Travel and subsistence	957,446	566,021
	Ward Committees	762,019	310,200
	Other	1,311,699	2,045,797
		9,312,834	13,123,513
29	IMPAIRMENT LOSS		
	Property, plant and equipment	4,692,758	-
	Total Impairment loss / (Reversal of Impairment Loss)	4,692,758	-
30	PROFIT ON FAIR VALUE ADJUSTMENT		
	Investment property carried at fair value	-	453,770
	Total Profit on Fair Value Adjustment	-	453,770
31	CASH GENERATED BY OPERATIONS		
	Surplus/(deficit) for the year	16,176,236	20,061,901
	Adjustment for:-		
	Depreciation and amortisation	2,127,156	1,758,712
	Provision for doubtful debt		

APPENDICES

	668,167	126,245
Finance costs	-	-
Fair value adjustments	-	453,770
Impairment loss / (reversal of impairment loss)	4,528,550	-
Provision for long terms service awards		
Other non-cash item	972,000	751,000
Operating surplus before working capital changes:	24,472,108	22,244,088
(Increase)/decrease in inventories	14,022	228,820
(Increase)/decrease in trade and other receivables from exchange transactions	136,102	6,045,354
(Increase)/decrease in trade and other receivables from non-exchange transactions	2,632,134	-
(Increase)/decrease in VAT receivable	2,803,152	1,328,477
Increase/(decrease) in conditional grants and receipts	19,963,297	9,366,627
Increase/(decrease) in trade payables	362,874	3,317,161
Increase/(decrease) in consumer deposits	847	804
Cash generated by/(utilised in) operations	38,487,968	9,050,415

32 CASH AND CASH EQUIVALENTS

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

Bank balances and cash	20,368,910	97,192
Net cash and cash equivalents (net of bank overdrafts)	20,368,910	97,192

33 CORRECTION OF ERROR

During the year ended 30 June 2012, Revenue from traffic fines were recognised on a cash basis. Revenue has been now been recognised on an accrual basis.

The comparative amount has been restated as follows:

APPENDICES

Revenue from non-exchange transactions:
Traffic fines
Trade and other debtors from non-exchange transactions

272,700

272,700

- -

Net effect on surplus for the year

- 272,700

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

34

Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance

10,631,301

Unauthorised expenditure current year

-

Approved by Council or condoned

10,631,301

Transfer to receivables for recovery

Unauthorised expenditure awaiting
authorisation

- -

Incident steps/criminal proceedings	Disciplinary
<i>Unbudgeted expenditure hearing held on xxx</i>	<i>Disciplinary</i>

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful
expenditure

Opening balance -

2,110,313 270,831

Fruitless and wasteful expenditure current
year

24,877 2,110,313

- -

Condoned or written off by Council

2,110,313 270,831

To be recovered – contingent asset

Fruitless and wasteful expenditure awaiting
condonement

24,877 2,110,313

Incident steps/criminal proceedings	Disciplinary

APPENDICES

Late payments of accounts

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	5,663,693	12,561,554
Fruitless and wasteful expenditure current year		5,663,693
	-	-
Condoned or written off by Council	5,663,693	12,561,554
Transfer to receivables for recovery – not condoned		
Irregular expenditure awaiting condonement	-	5,663,693

Incident steps/criminal proceedings

*Non-adherence to Supply Chain
Disciplinary hearing*

35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to organised local government

Opening balance		-
Council subscriptions	400,000	630,749
Amount paid - current	-	630,749
Balance unpaid (included in payables)	400,000	-

Audit fees

Opening balance	523,395	514,893
Current year audit fee	1,451,268	1,006,794
Amount paid - current year	549,785	998,292
Amount paid - prior year	525,407	
Balance unpaid (included in payables)	899,471	523,395

APPENDICES

VAT

VAT input receivables and VAT output payables are shown in the note. All VAT returns have been submitted.

PAYE and UIF

Opening balance	528,158	1,308,107
Current year payroll deductions	3,157,957	146,416
	-	-
Amount paid - current year	1,908,029	926,365
	-	-
Amount paid - prior year	528,158	
Balance unpaid (included in payables)	1,249,928	528,158

Pension and Medical Aid Deductions

Opening balance	1,546,838	2,222,588
Current year payroll deductions and Council Contributions	6,968,170	1,061,685
	-	-
Amount paid - current year	5,322,050	1,737,435
	-	-
Amount paid - prior year	1,546,838	
Balance unpaid (included in payables)	1,646,121	1,546,838

Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

as at 30 June 2013

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
Councillor KA Lukhalimana	813	669	143
Councillor TS Madume	3,159	3,067	93
Total Councillor Arrear Consumer Accounts	3,972	3,736	236

APPENDICES

as at 30 June 2012

Councillor PD Nekhunguni	1,016	530	486
Councillor RV Maisha	1,287	205	1,082
Councillor TJ Raluswunga	718	473	245
Councillor AG Netshisaulu	252	40	212
Councillor AE Nekhunguni	169	169	
Councillor TS Madume	232	40	192
Councillor R Masiandoita	3,767	283	3,484
Councillor AR Mavhungu	57	34	23
Councillor KA Lukhalimana	1,173	622	551
Councillor xx	-		
Total Councillor Arrear Consumer Accounts	8,671	2,396	6,275

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

Municipality has applied deviations from Supply Chain Regulation during the financial year. The report highlighting the deviation has been attached as an Annexure to the annual financial statements.

36 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for

Infrastructure
Community
Heritage
Other

6,816,675 **29,309,807**

6,816,675	29,309,807

- Approved but not yet contracted for

Infrastructure

2,516,070 **10,239,020**

2,516,070	10,239,020

APPENDICES

Community
Heritage
Other

Total

9,332,745	39,548,828

This expenditure will be financed from:

- External Loans

- Government Grants

9,092,745	37,183,828

- Own resources

240,000	2,365,000

- District Council Grants

9,332,745	39,548,828

37 EMPLOYEE BENEFITS

Expenses and income recognised in surplus for the period

Current service costs

131,000	114,000

Interest costs

Expected return on plan assets

44,000	-

Expected return on any reimbursement right recognised as an asset

Actuarial gains

885,000	33,000

Past service costs

Losses on curtailments

Other (please specify)

972,000	147,000

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

Discount rate

7.25%	8.25%

CPI 6.00% 6.25%

6.25%	6.00%

Salary increase rate 6.90% 7.15%

Net Discount Rate 1.26% 0.09%

0.09%	1.26%

Mortality SA85-90 SA85-90

SA85-90	SA85-90

63	63

APPENDICES

38 CONTINGENT LIABILITY

Claim for damages

The Municipality is being sued by a contractor for outstanding payments. Based on attorneys conclusions, it is highly probable that the municipality will win the case. The court date has not been set.

39 RELATED PARTIES

Members of key management

Close family member of key management

Associate of close family member of key management

Other related party relationships

Compensation to councillors and other key management (refer to note 24 & 25)

Municipality is involved in an Agency relationship with Vhembe District Municipality. Related party transactions are:

Municipality incurs expenditure and collects cash for the provision of water related service on behalf of the District

40 EVENTS AFTER THE REPORTING DATE

National Treasury withheld an amount of R6.1m from municipality's equitable share to fund previous unspent conditional grants. The Accounting Officer is not aware of any additional significant material or circumstance that occurred after year-end and warrant adjustment or disclosure in the financial statements.

KEY SOURCES OF ESTIMATION

41 UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment

Recoverable amounts of property, plant and equipment

Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)

APPENDICES

Present value of defined benefit obligation
Provision for doubtful debts
Impairment of assets
Provision for long-term service award

42 RISK MANAGEMENT

Maximum credit risk exposure

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

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

Cash and cash equivalents	20,358,983	89,912
Trade and other receivables	9,845,858	7,077,622
	30,204,841	7,167,534

These balances represent the maximum exposure to credit risk.

Liquidity risk

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

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

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

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

APPENDICES

- FNB Loan

1,157,823

1,431,838

1,157,823

1,431,838

43

RESTATEMENT OF COMPARATIVE INFORMATION

Expanded Public Works Programme has been reclassified from other income to government grants and subsidies. The effect of the restatement is as follows:

Statement of Financial Performance:

Other Income

-
290,000

Government grants and subsidies

290,000

-