



MUTALE MUNICIPALITY-LIM342

2011-2012

# *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 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 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. A number of 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
- Tshilama streets paving was at the design face
- Masisi streets paving is currently being implemented.
- Tshidongololwe bridge

In addition, to the above roads projects, there are several electricity projects implemented. This include

- Thanuha not yet energised
- Tshambuka not yet energised
- Muhotoni

# Chapter 1

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

The remaining projects will be energised during 2012/2013. 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. Valuable inputs were received during this public participation process. The main challenges facing the Municipality is small revenue collection due to none payment of services.

## **f. Future Actions:**

Our future plans include engaging community structures and leaders on issues of payment of services. 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 electricity, sanitation, and housing we believe that the fight for a better life for all will soon be won. Much still need to be done in the areas of roads and water. 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.

(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 2011/12 period under review. The report details the organization's performance by reflecting on the performance of each departments.

In line with the IDP 2011/2012 the municipality has implemented a number of projects in the area of roads and electricity. Many 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 passable. On the issue of sanitation, 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 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 removal is collected at Tshilamba and Masisi town on daily basis. Indigent households receiving 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 at wards 11 and 12. 1000 jobs were created. **The development of Awelani Eco-Tourism was a major achievement in terms of local economic development. This projects will assist in the creation of both temporary and permanent jobs for local people.**

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 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. In addition financial management policies have been developed to ensure compliance with the MFMA and other Treasury circulars.

In terms of shares services, the municipality is sharing Audit committee with Vhembe District municipality. By sharing audit committee with the district municipality, our municipality got an opportunity to learn good practices from other local municipality.

**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 with Eskom. The COGHSTA department is responsible for housing provision. However in all the above basic services, the municipality pay pivotal role of coordination. The municipality was responsible for refuse removal, LED, Roads and Sorm 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 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.

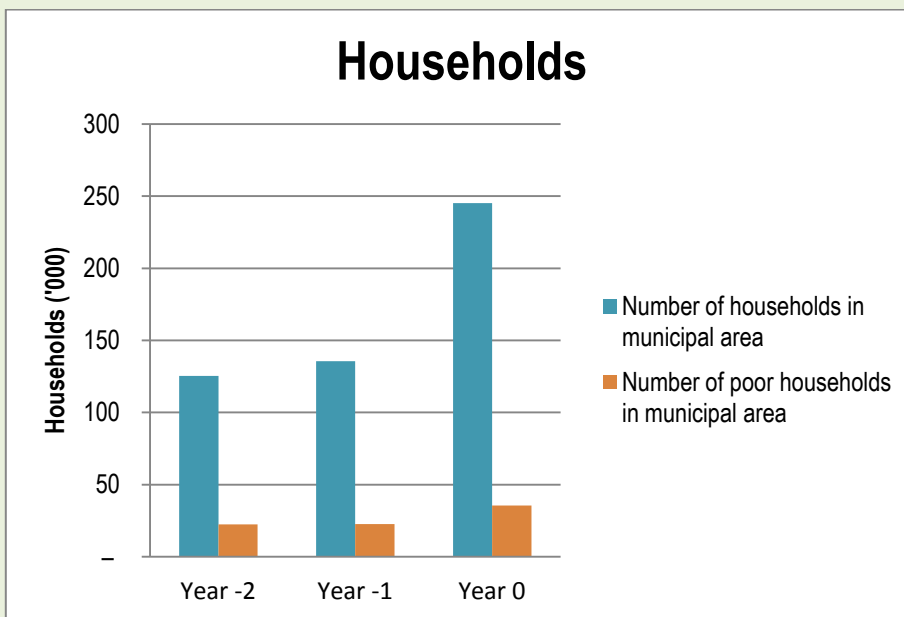
T 1.2.1

Population Details									Population '000
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	5397	5302	10699	6470	7654	14124	6029	5987	12017
Age: 5 - 9	6297	6391	12688	8818	7365	16183	5794	5680	11474
Age: 10 - 19	11513	9144	20657	14487	15141	29628	12 125	11408	23533
Age: 20 - 29	5163	7139	12302	7228	9336	16564	6846	8209	15055
Age: 30 - 39	3238	5185	8423	4752	6409	11161	3566	6062	9628
Age: 40 - 49	2060	2605	2060	3011	5524	8535	2870	4683	7553
Age: 50 - 59	1321	1967	3288	2023	2750	4773	1884	20202	22086
Age: 60 - 69	908	1638	2546	1422	1807	3229	1189	1914	3103
Age: 70+	465	1029	1494	257	818	1075	447	758	1205

Source: Statistics SA T 1.2.2



# Chapter 1



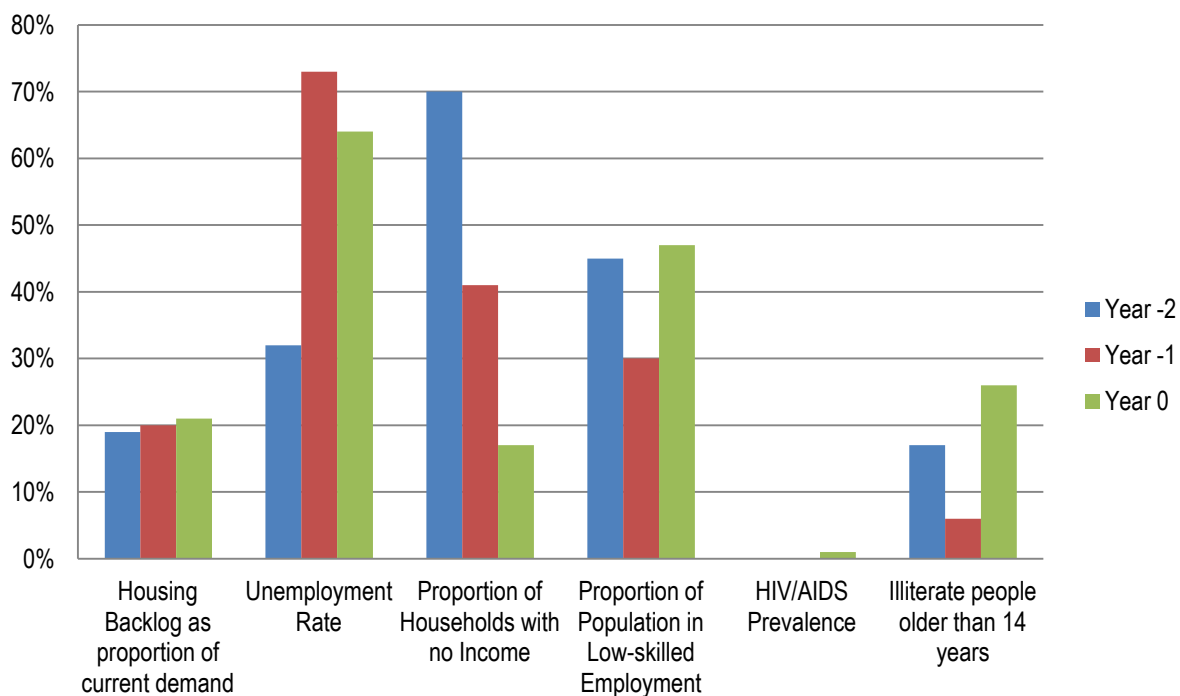
Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	19%	32%	70%	45%	0.81%	17%
Year -1	20%	73%	41%	30%	0,9%	6%
Year 0	21%	64%	17%	47%	1%	26%

T 1.2.4



# Chapter 1

## Socio Economic Status



T 1.2.5

### Overview of Neighbourhoods within 'Name of Municipality'

Settlement Type	Households	Population
<b>Towns</b>		
Masisi	250	1500
Tshilamba	700	4200
Sub-Total	950	5700
<b>Townships</b>		
Tshandama	538	3228
Tshilamba	700	4200
Masisi	250	1500
Sub-Total	1488	8928
<b>Rural settlements</b>		



# Chapter 1

150 Villages	22930	137580
Sub-Total	22930	137580
Informal settlements		
Sub-Total	0	0
Total	25368	152208
		<i>T 1.2.6</i>

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
	<i>T 1.2.7</i>

## 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*



# Chapter 1

## 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. The main challenge is budget constrain to eradicate backlogs.

<ul style="list-style-type: none"> <li>No of households electrified during this financial year</li> </ul>	1153
<ul style="list-style-type: none"> <li>No of households provided with water during the financial year</li> </ul>	147
<ul style="list-style-type: none"> <li>No of new houses built in the municipality during the financial year</li> </ul>	265
<ul style="list-style-type: none"> <li>No of households provided with sanitation.</li> </ul>	3825
<ul style="list-style-type: none"> <li>No of households provided with refuse removal in the financial year.</li> </ul>	3 201
<ul style="list-style-type: none"> <li>No of villages provided with access roads in the municipality.</li> </ul>	39
<b>SERVICE BACKLOGS</b>	
<b>1. WATER BACKLOGS</b>	<b>BACKLOG</b>
<ul style="list-style-type: none"> <li>Backlogs to be eliminated(no of households receiving below minimum standard of services)</li> </ul>	<b>2800</b>
<ul style="list-style-type: none"> <li>Backlogs to be eliminated(percentage identified as backlog)</li> </ul>	11%
<b>2. SANITATION BACKLOGS</b>	
<ul style="list-style-type: none"> <li>Backlogs to be eliminated(no of households receiving below minimum standard of services)</li> </ul>	0
<b>3. REFUSE REMOVAL BACKLOGS</b>	
<ul style="list-style-type: none"> <li>Backlogs to be eliminated(no of households receiving below minimum standard of services)</li> </ul>	21 268
<ul style="list-style-type: none"> <li>Backlogs to be eliminated(percentage identified as backlog)</li> </ul>	87%
<b>4. ELECTRICITY BACKLOGS</b>	



# Chapter 1

<ul style="list-style-type: none"> <li>Backlogs to be eliminated(no of households receiving minimum standard of services)</li> </ul>	2821
<ul style="list-style-type: none"> <li>Backlogs to be eliminated(percentage identified as backlog</li> </ul>	12%
<b>5. HOUSING BACKLOGS</b> <ul style="list-style-type: none"> <li>Backlogs to be eliminated(no of households receiving below minimum standard of services)</li> </ul>	6607
<ul style="list-style-type: none"> <li>Backlogs to be eliminated(percentage identified as backlog)</li> </ul>	27%

## FREE BASIC SERVICES

SERVICE	NO. OF HHS BENEFITTED (2011/2012)
1.Water	400
2.Sanitation	22551
3.Electricity	1363
4.Refuse removal	10

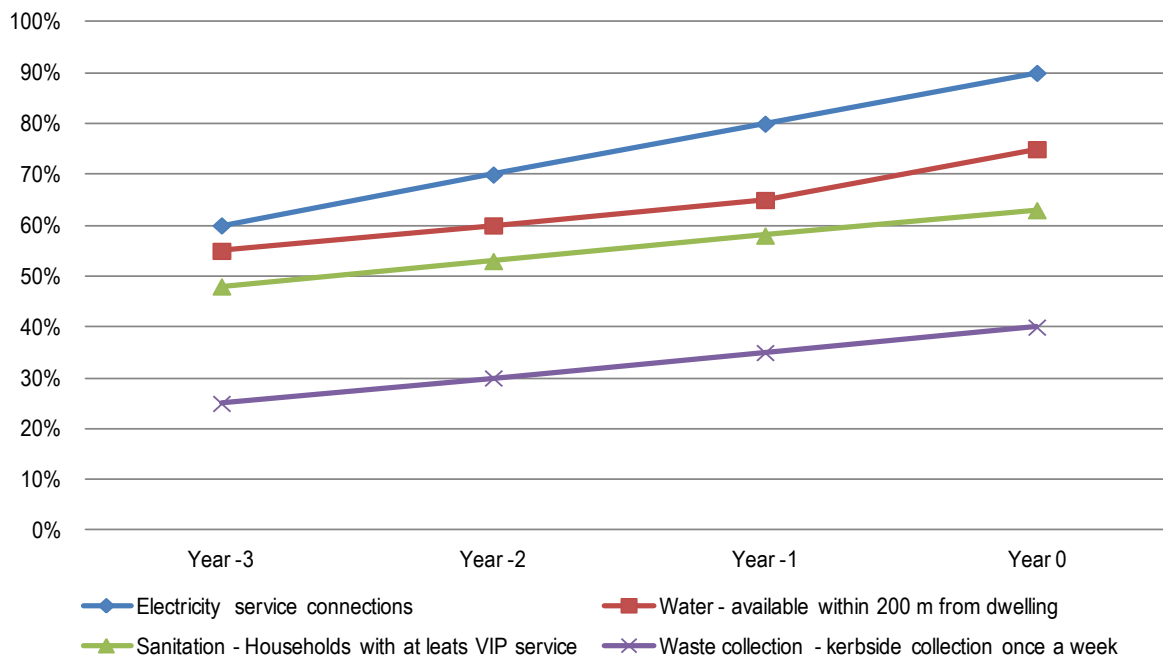
T 1.3.1

Proportion of Households with minimum level of Basic services				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections	73%	77%	84%	88%
Water - available within 200 m from dwelling	72%	74%	88%	89%
Sanitation - Households with at least VIP service	72%	98%	100%	100%
Waste collection - kerbside collection once a week	13%	13%	13%	13%



# Chapter 1

## Proportion of households with access to basic services



T 1.3.2

### COMMENT ON ACCESS TO BASIC SERVICES:

Water backlog has been reduced from 6480 to 2800 in year 2 to year 0 respectively. No sanitation backlog during year 0. Electricity reduced from 5639 HHS to 2821 HHS. Housing reduced from 7130 HHS to 6607 HHS. Refuse removal remained the same due to lack of the required resources.

T 1.3.3

### 1.4. FINANCIAL HEALTH OVERVIEW

Local Municipality strives to be financially stable, even though the negative economic Climate and the high level of unemployment present in our community and high indigency rate have had a serious impact on payment from debtors for services rendered by the municipality.

To ensure that MLM stays financially sustainable and continues to implement its mandate effectively without impairing its capital base, a Long Term Financial Plan will be drafted to support the Budgets 2013/14 – 2015/16

T 1.4.1



# Chapter 1

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	79586000	77222813	60648102
Taxes, Levies and tariffs	0	0	0
Other	16567820.68	12301892.38	9952311
Sub Total	96153820.68	89524705.38	70600413
Less: Expenditure	58538072.67	65335615.45	43477250
Net Total*	37615748.01	24189089.93	27123163
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	70%
Repairs & Maintenance	
Finance Charges & Impairment	5%
T 1.4.3	

## COMMENT ON OPERATING RATIOS:

From the above ratios, it can be noted that for Employee Cost (which was higher than the benchmark of 30%), Mutale Local Municipality tends to control and manage expenditure for this expenditure type very well. As for Repairs & Maintenance (which is lower than the benchmark of 8%) it needs to be stressed that a huge amount of funds were utilized to upgrade assets via the Capital Budget, rather than utilizing funds from the Operational Budget.

T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget	26850676.16	13451100	18222542
Adjustment Budget	12904741.81	20933506.4	24189090
Actual	0	17066100.27	11813527
			T 1.4.4



# Chapter 1

## 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*

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

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	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January
<i>T 1.7.1</i>		

### 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 2012

### ROLE OF THE AUDIT COMMITTEE

The audit committee, is an independent advisory committee appointed by the Council, established in terms of section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

### AUDIT COMMITTEE MEMBERSHIP AND ATTENDANCE.

The Audit Committee was appointed 01 January 2012 and comprise of Mr Dzuguda N.A, M Mbewu B, Mrs Gololo M and Mr Nemugumoni O. The appointment is for a three year term until 31 December 2014.

The schedule below details the meetings attended during the current year:

Name of member	Attended	Apologies	Total
Mbewu B (Chairperson, resigned subsequent to year-end in October 2012)	2	Nil	2
Gololo M.N	2	Nil	2
Nemugumoni M.O	2	Nil	2
Dzuguda N.A	1	1	2

### TERMS OF REFERENCE

The audit committee has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The audit committee also reports that it has complied with its responsibilities arising from section 166 of the Municipal Management finance Act, the King Report on the Best Practices on Corporate Governance for South Africa and other applicable legislative requirements



# Chapter 1

## Register of interest

Audit Committee Member	Interest Declared
B Mbewu	None
A Dzuguda	None
O Nemugumoni	None
M Gololo	None

## Area of focus

### The work of the Audit Committee focused on the following:

1. The Audit Committee terms of reference
2. The work of Internal Audit
3. Risk Management
4. Performance Management
5. Financial Accountability and governance
6. Liaison with management and external stakeholders

### 1. The Audit Committee Terms of Reference

- Audit Committee Charter - The Audit Committee provided input in the Audit Committee Charter and it was ready for submission for approval during the council meeting which was held in March 2012.

### 2. The work of Internal Audit

- Internal Audit Charter – Charter was approved and recommended to council for noting
- Internal Audit plan – Review of the internal Audit activities and approval of a three year internal audit plan
- Internal Audit reports – Audit Committee discussed reports in detail and recommended to management to develop a findings register of all findings raised by internal audit
- The Audit Committee note with concern the following:
  - Due to the non appointment of Risk officer and the Risk Committee, Internal Audit had to assist with the functionalities of risk management.
  - Management does not promptly address the issues raised by Internal Audit. Issues that were raised by the Auditor-General have been raised by Internal Audit.



# Chapter 1

- The internal audit division does not have a Chief Audit Executive, but relies on an internal auditor and an intern who do not have adequate experience for the level of reporting to Audit Committee and Council.

### 3. Risk Management

- Risk Management policy and Strategy 2011/2012, Risk Management Committee Charter 2011/2012 – Audit Committee made inputs on the above mentioned documents and resolved that after incorporation of the input, the documents be submitted to Council for approval.
- Risk Assessment report – Audit Committee advised management that the problems that surround the governance and control processes are arising because Risk management processes and structure are not functional. Audit Committee noted with concern that it has been raised many times that Management should expedite the appointment of Risk Officer/Manager.

Though Internal Audit has been assisting, it is imperative to mention the fact that Internal Auditors performing Risk Management functions impair highly on their independency and stretch the Internal Audit Resources.

- Risk management Strategy and Risk Management Charter – The Audit Committee resolved that internal Audit finalize input on the documents, circulate them to members and submit final document to council.
- Fraud and corruption Hotline – Audit Committee is happy to pronounce that a service provider has been appointed to manage the Hotline for the Vhembe District.
- Risk Management Implementation plan – Audit Committee advised management to develop and finalise Risk Management Implementation plan.

### 4. Performance Management

- Draft Annual performance report – Audit Committee noted that Annual performance report was not compliant with s 46 of the Local Government: Municipal Systems Act as it did not reflect the following:
  - Performance of service providers
  - Comparison of the current year performance with target set for and performance in the previous financial year – s46(1)(b)
  - The meeting also noted that annual performance report was not prepared using the template issued by National treasury
- The Audit Committee resolved that Performance Management reports be audited by internal audit before being submitted to Audit Committee and performance evaluation panel.
- Performance Management Policy and Framework – Audit Committee resolved that they should be provided with the framework after it has been reviewed but before it goes to council so that Audit Committee can make inputs
- The Audit Committee notes with concern the lack of capacity in the Performance Management Unit and has recommended that an appointment be made of a person with adequate required skills.



# Chapter 1

## 5. Financial Accountability and governance

- Audit Committee reviewed the financial statements and noted that financial statements were in a poor state. The Audit Committee reports that the Chief Financial Officer's immediate resignation in May 2012 had a significant impact on the status of the financial statements. A consultant was only appointed in August to assist with the preparation of the financial statements.

Financial statements that were discussed at the Audit Committee meeting were submitted to AGSA without submission to the Audit Committee, and Audit Committee noted that some of the inputs made to the AFS were not incorporated in the AFS.

- Audit committee concurs and accepts the Auditor General of South Africa's conclusions on the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor General of South Africa.
- **Audit Action plan** – COGHSTA advised Finance regarding the template that must be used and the deadlines to be adhered to regarding the preparation, review and submission of the action plans to the relevant stakeholders. It was recommended that a distinction be made between findings impacting on audit opinion, compliance findings and other findings
- **2011/2012 AFS preparation plan** – The preparation plan could not be submitted to the Audit Committee. It was recommended that the plan be prepared and submitted to the Audit Committee, but that was not done.

## 6. Liaison with management and external stakeholders

The Audit Committee engaged with management regarding various key functionalities. These were some of the key issues:

- Liaison with management regarding:
  - Finalization of the Annual Report for 2010/2011 financial year
  - SDBIP and performance agreements for 2012/2013
  - Strategic Risk Register 2012/2013
  - Liaison with internal Audit and Risk Management functions

### THE EFFECTIVENESS OF INTERNAL CONTROL.

In line with the Municipal Finance Management Act and the King 111 Report on Corporate Governance requirements, Internal Audit provides the Audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process as well as the identification of corrective actions and suggested enhancements to the controls and process.

During the year under review, several deficiencies in the system of internal controls and/or deviations were reported by the internal auditors and the Auditor- General of South Africa, in certain instances, the matters reported previously have not been fully and satisfactorily addressed.

The Audit committee reports that risk management was not effective during the year. The annual risk assessment was conducted but the Risk Management Committee was not operational and therefore management was not reporting to the Audit Committee on risk management.

Minutes and record of decisions



# Chapter 1

A note of actions and decisions taken was circulated to the Audit Committee after each meeting. Minutes were taken at each meeting and forwarded to Audit Committee members for comment. These minutes were formally approved in the subsequent Audit Committee meeting.

## **Communicating the work of the Audit Committee**

The Audit Committee submitted quarterly reports to the Municipality Council, reporting on issues during the relevant quarter.

## **APPRECIATION**

The Audit committee wish to thank the Accounting Officer of Mutale Local Municipality and the Municipal Officials for the cordial manner in which this year's Audit was conducted. The Audit committee will continue to engage the municipality, various stakeholders such as Auditor-General of South Africa, COGHSTA and the Provincial Treasury with a view of getting their co-operation for improved governance and realization of the Municipal 's vision of getting a clean audit opinion by 2014 and into perpetuity.



# 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;
  - (iii) 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

## INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

*Note: The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.*

**Delete Directive note once comment is completed** - Provide brief introduction to Political and Administrative governance at your municipality.

T 2.1.0



# 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



**MAYOR**

Cllr Mukwevho N.J



**SPEAKER**

Cllr Netshipise L.H



**CHIEF WHIP**

Cllr Nekhunguni A.E



# Chapter 2

*Photos (optional)*

## EXECUTIVE COMMITTEE



Cllr Mukwevho N.J



Cllr Lieba N.A



Cllr Netshisaulu A.G



Cllr Rambuda A.S

T2.1.1



# Chapter 2

## COUNCILLORS

Mutale Municipal Council comprises of 26 Councillors including the Mayor and the Speaker. Out of the 26 Councillors, 13 are Ward Councillors and 13 are PR Councillors. 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 Councillors 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 Raluswinda 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



# Chapter 2

## 2.2 ADMINISTRATIVE GOVERNANCE

### 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

<i>Photo</i>	<b>TOP ADMINISTRATIVE STRUCTURE TIER 1</b>	<b>Function</b>
	 <b>NETSHANZHE T.G</b>	<b>MUNICIPAL MANAGER</b>
<i>Directors Optional</i>	<b>EXECUTIVE DIRECTOR: MS TSHIKUNDAMALEMA V.J</b> <b>DIRECTOR: MR CHAUKE M,M</b>	
	 <b>DIRECTOR: MR RAMUVHUNDU P.S</b>	
	<p>Note: * denotes officials on fixed term performance contracts reporting to the Municipal Manager under the Municipal Systems Act Section 57. T2.2.2</p>	



# Chapter 2

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

*Note: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41.*

**Delete Directive note once comment is completed** - Provide a brief overview of co-operative governance and intergovernmental relations for your municipality. Explain the various contributions to service delivery offered by those involved.

T 2.3.0

## 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



# Chapter 2

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 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



# Chapter 2

## 2.4 PUBLIC MEETINGS

### 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 Councillors	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

### RISK MANAGEMENT

*Note: MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.*

The Unit is mandated, through its charter, to provide independent, objective assurance and consulting services, geared towards adding value and improving the Municipality's operations. It helps the organization to accomplish its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit's plans, which are aligned with Municipality strategy and most pertinent risks, are supported by senior management and approved by the independent Audit Committee. It communicates audit results to the various levels of management, including Senior and the Municipal Manager, as well as to other assurance providers and the Audit Committee.

The Risk management Unit assists PM 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 unit. The CFO is serving as the risk manager. The rest is coordinated by the internal audit unit.

T 2.6.1

## 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



# Chapter 2

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

*Note: MFMA section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.*

#### 1. Supply chain Management policy

- ✚ The municipality has a supply chain management policy in place aligned to SCM regulation

#### 2. Unsolicited bids

- ✚ The municipality did not have any unsolicited bids

#### 3. Approval of Tenders not recommended

- ✚ The municipality did not have any tender approved other than the recommended bids during the normal implementation of supply chain management policy

#### 4. Councilors barred from serving on municipal bid committees

- ✚ No councilor is a member of any bid committee

#### 5. Interference

- ✚ No interference with the system of supply chain management



# Chapter 2

## 6. Challenges:

- ✦ There are no proper training that has been offered to newly appointed personnel
- ✦ The tender box is too small and inaccessible after hours and on weekends.

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

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
Current annual and adjustments budgets and all budget-related documents	Yes	28/11/2011
All current budget-related policies	Yes	08/07/2011
The previous annual report (Year -1)	Yes	12/03/2012
The annual report (Year 0) published/to be published	Yes	06/02/2013
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	25/08/2011
All service delivery agreements (Year 0)	No	N/A
All long-term borrowing contracts (Year 0)	No	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	No	N/A
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	No	N/A
<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 and water and sanitation services although district Municipality is a water services Authority, facilitate the provision of Electricity and Housing. The Municipality has during the year under review implemented and facilitated the development of the following projects: Khakhu Managwele Rehabilitation of gravel road, Thengwe –Tshandama upgrading from Gravel to Tar, facilitate the construction of 265 low-cost houses and electrification of 1153 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

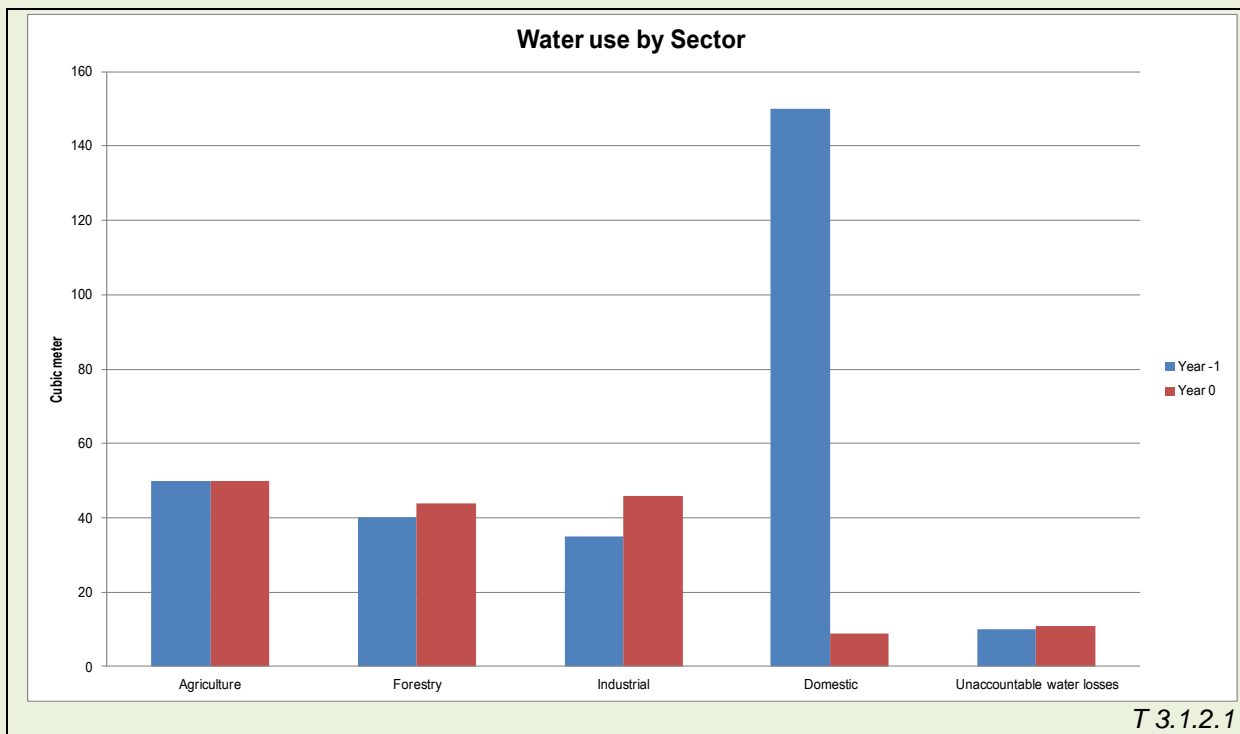
With regard to water services , the municipality is acting as an agent of Vhembe District Municipality ( Water Service Authority) to facilitate projects implementation. Therefore we as the Local Municipality have not included any service standards as part of service delivery standards.

*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:

Comment on the above trends, and on more specific issues concerning water supply and demand as appropriate.

T 3.1.2.2

# Chapter 3

Water Service Delivery Levels					Households
Description	Year -3	Year -2	Year -1	Year 0	
	Actual No.	Actual No.	Actual No.	Actual No.	
<b>Water: (above min level)</b>					
Piped water inside dwelling	1120.00	1200.00	1249.00	2500.00	
Piped water inside yard (but not in dwelling)	2300.00	2500.00	2762.00	4000.00	
Using public tap (within 200m from dwelling )	13049.00	14289.00	17511.00	15169.00	
Other water supply (within 200m)					
<i>Minimum Service Level and Above sub-total</i>	16469.00	17989.00	21522.00	21669.00	
<i>Minimum Service Level and Above Percentage</i>	0.67	0.74	0.88	0.89	
<b>Water: (below min level)</b>					
Using public tap (more than 200m from dwelling)	8000.00	6480.00	2947.00	2800.00	
Other water supply (more than 200m from dwelling)	n/a	n/a	n/a	n/a	
No water supply					
<i>Below Minimum Service Level sub-total</i>	8	6	3	3	
<i>Below Minimum Service Level Percentage</i>	33%	26%	12%	11%	
<b>Total number of households*</b>	<b>24,469</b>	<b>24,469</b>	<b>24,469</b>	<b>24,469</b>	

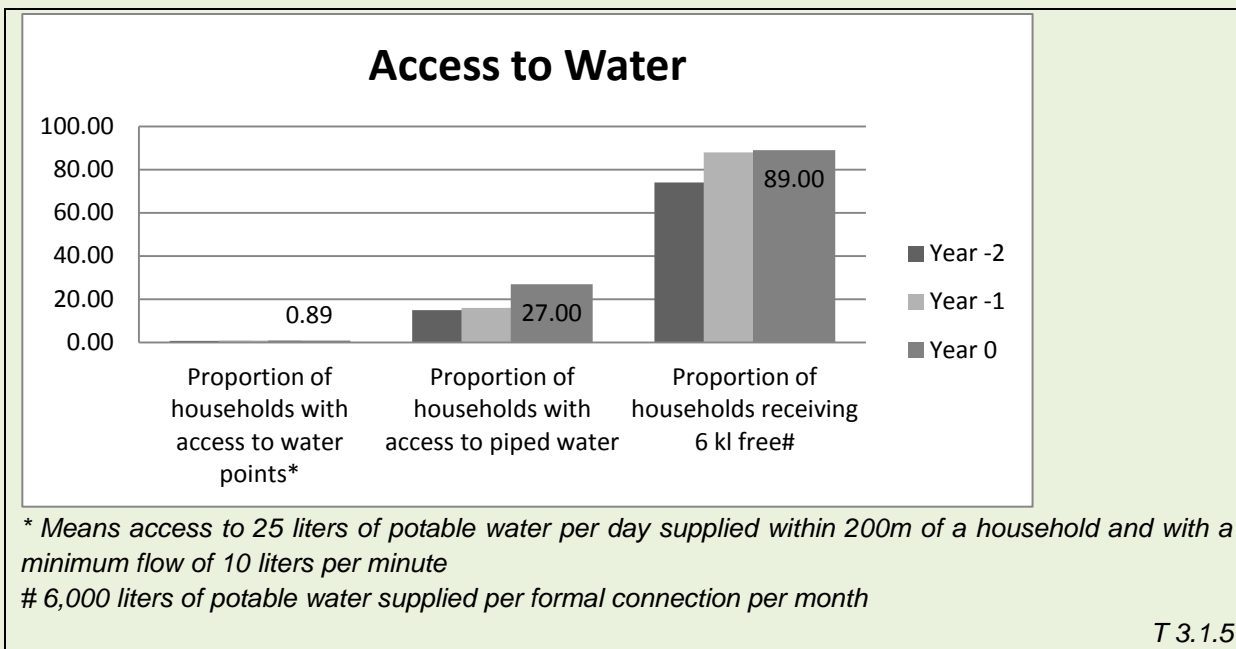
\* - To include informal settlements

T 3.1.3

Households - Water 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.	
<b>Formal Settlements</b>							
Total households	24,469.0	24,469.0	24,469.0	VDM	VDM	VDM	
Households below minimum service level	8,000.0	6,480.0	2,947.0	VDM	VDM	VDM	
Proportion of households below minimum service level	33%	26%	12%	VDM	VDM	VDM	
<b>Informal Settlements</b>							
Total households	24,469.0	24,469.0	24,469.0	VDM	VDM	VDM	
Households ts below minimum service level	8,000.0	6,480.0	2,947.0	VDM	VDM	VDM	
Proportion of households ts below minimum service level	33%	26%	12%	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	0.74	15.00	74.00
Year -1	0.88	16.00	88.00
Year 0	0.89	27.00	89.00

T 3.1.5

# Chapter 3

Water 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)
<b>Service Objective xxx</b>									
<b>Households without minimum water supply</b>	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
<b>Improve reliability of water supply</b>	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
<b>Improve water conservation</b>	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	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: all employees connected to water provision are at Vhembe District Municipality as water authority.*  
T3.1.7

Financial Performance Year 0: Water Services					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	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
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0

*Note: the municipality incurred expenditure on water related services on behalf of VDM and such expenditures were refunded*  
T 3.1.8

# Chapter 3

Capital Expenditure Year 0: Water Services						R' 000
Capital Projects	Year 0				Total Project Value	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	0	0	0	0		
	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	

*Note: all capital projects on water services were implemented by Vhembe District municipality as water authority.*

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

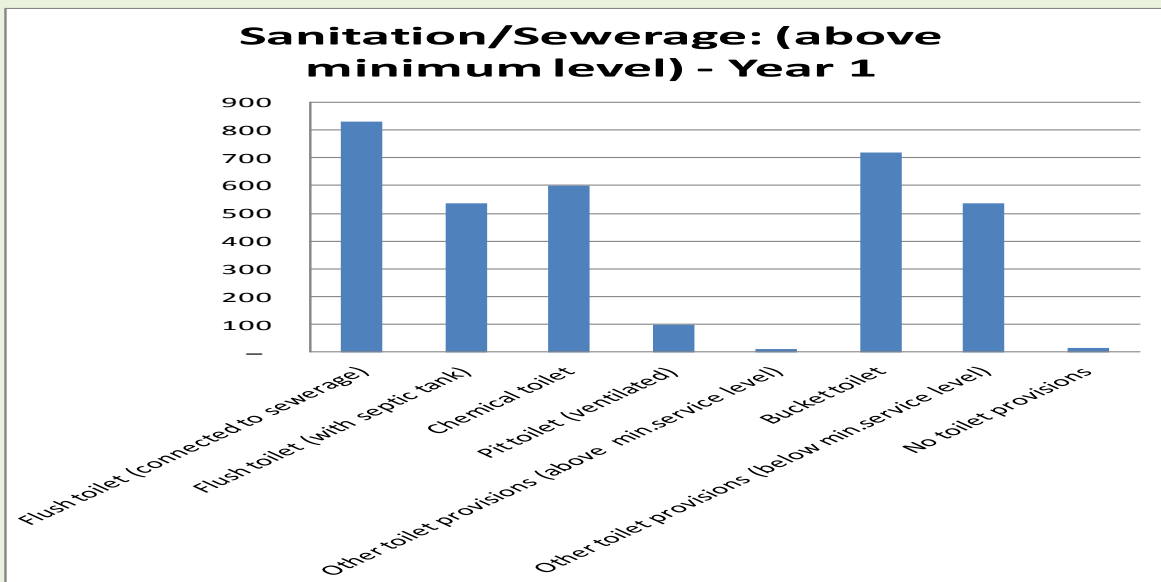
## 3.2 WASTE WATER (SANITATION) PROVISION

### 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 namely Tshilamba and Mutale Extension 1. The oxidation pond is not adequate which leads to the municipality not certified for green drop. There is no backlog on sanitation.

T 3.2.1

# Chapter 3



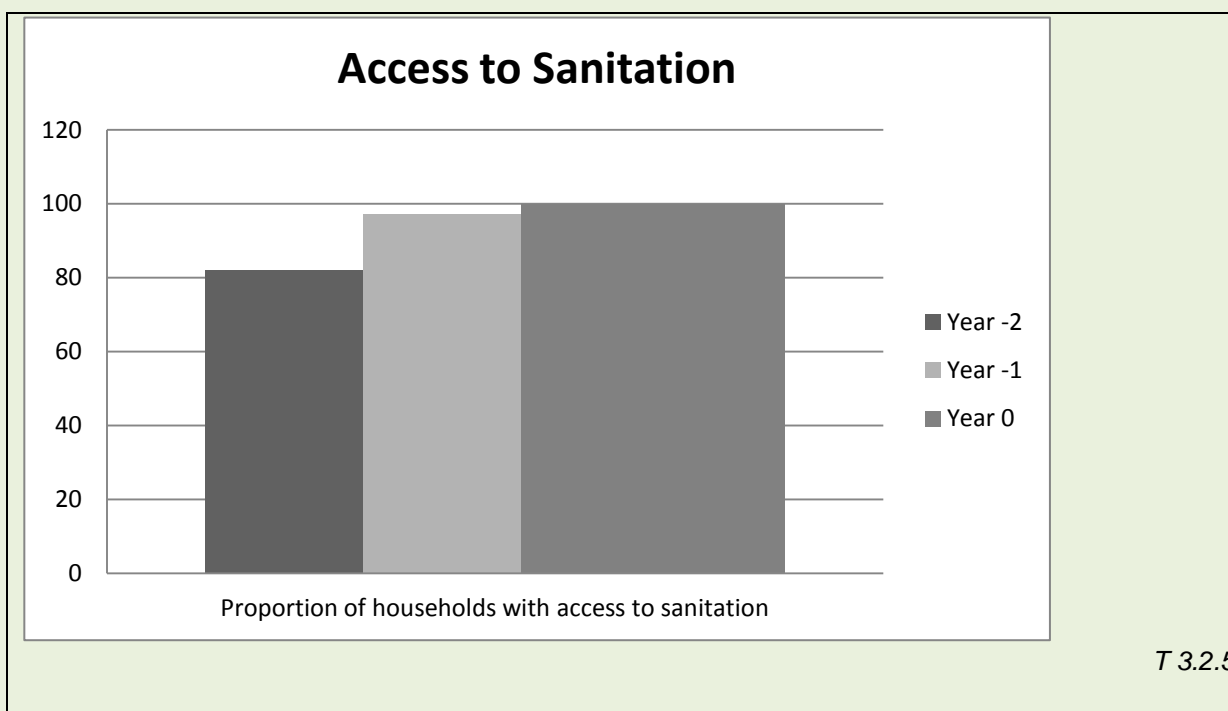
T 3.2.2

Sanitation Service Delivery Levels				
Description	Year -3	Year -2	Year -1	*Households Year 0
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>				
Flush toilet (connected to sewerage)	672	720	749	1,288
Flush toilet (with septic tank)	448	480	500	630
Chemical toilet	n/a	n/a	n/a	n/a
Pit toilet (ventilated)	18,069	18,869	22,551	22,551
Other toilet provisions (above min.service level)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	19,189	20,069	23,800	24,469
<i>Minimum Service Level and Above Percentage</i>	78.4%	82.0%	97.3%	100.0%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet	n/a	n/a	n/a	n/a
Other toilet provisions (below min.service level)	5	4	1	-
No toilet provisions	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	5	4	1	-
<i>Below Minimum Service Level Percentage</i>	21.6%	18.0%	2.7%	0.0%
<b>Total households</b>	<b>24,469</b>	<b>24,469</b>	<b>24,469</b>	<b>24,469</b>
<b>*Total number of households including informal settlements</b>				T 3.2.3

# Chapter 3

Households - Sanitation 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.
<b>Formal Settlements</b>						
Total households	24,469	24,469	24,469	VDM	VDM	n/a
Households below minimum service level	n/a	n/a	n/a		VDM	-
Proportion of households below minimum service level	#VALUE!	#VALUE!	#VALUE!	VDM	VDM	#VALUE!
<b>Informal Settlements</b>				VDM	VDM	
Total households	n/a	n/a	n/a	VDM	VDM	n/a
Households ts below minimum service level	n/a	n/a	n/a	VDM	VDM	n/a
Proportion of households ts below minimum service level	#VALUE!	#VALUE!	#VALUE!	VDM	VDM	#VALUE!

T 3.2.4



T 3.2.5

# Chapter 3

Use data below to populate graph

## Access To Sanitation

Access to Sanitation	
	Proportion of households with access to sanitation
Year -2	82
Year -1	97
Year 0	100

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)
<b>Service Objective xxx</b>									
<i>To facilitate with VDM that sewage ponds are upgraded by 2016</i>	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	
<b>Total Operational Revenue</b>	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	
<b>Total Operational Expenditure</b>	0	0	0	0	0	
<b>Net Operational Expenditure</b>	0	0	0	0	0	

T 3.2.8

# Chapter 3

Capital Expenditure Year 0: Sanitation Services					
R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
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
<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 project for rehabilitation of Mutale Oxidation ponds was included on the District IDP was not implemented due to lack of resources. The Municipality has already engaged the district Municipality with regard to rectification of the current state of sewer ponds. No VIP toilets were constructed during the year under review.

T 3.2.10

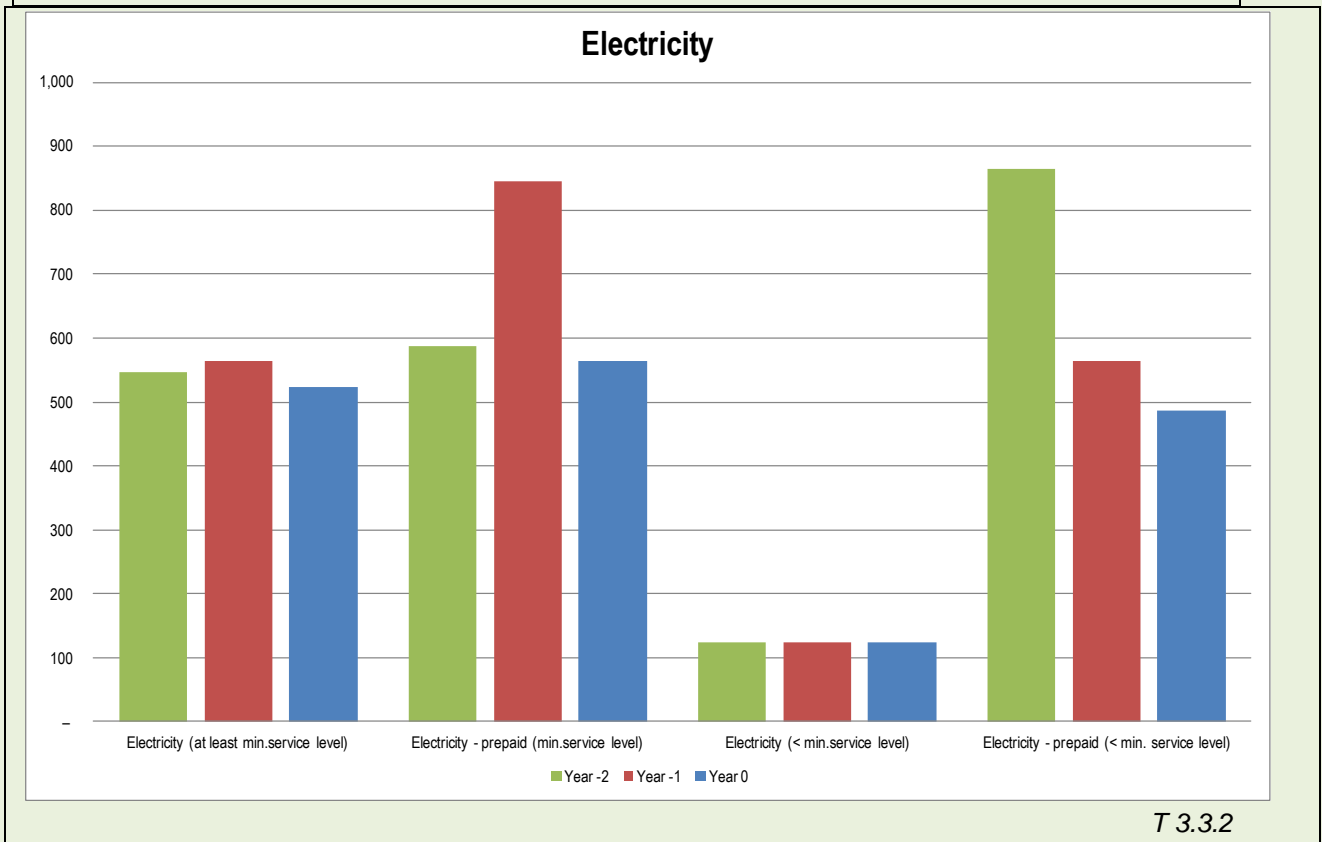
# Chapter 3

## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

Electricity is the competency of Eskom and as such the Municipality does not have any strategy.

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.
<b>Energy: (above minimum level)</b>				
Electricity (statement account)	630	630	630	630
Electricity - prepaid (min.service level)	12,982	18,200	19,865	20,638
<i>Minimum Service Level and Above sub-total</i>	13,612	18,830	20,495	21,268
<i>Minimum Service Level and Above Percentage</i>	55.6%	77.0%	83.8%	86.9%
<b>Energy: (below minimum level)</b>				
Electricity (< min.service level)	9,857	4,639	2,974	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>	10,857	5,639	3,974	3,201
<i>Below Minimum Service Level Percentage</i>	44.4%	23.0%	16.2%	13.1%
<b>Total number of households</b>	24,469	24,469	24,469	24,469
				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.
<b>Formal Settlements</b>						
Total households	24,469	24,469	24,469			24,469
Households below minimum service level	10,857	5,639	3,974	Eskom	Eskom	3,201
Proportion of households below minimum service level	44%	23%	16%	#VALUE!	#VALUE!	13%
<b>Informal Settlements</b>						
Total households	-	-	-			-
Households ts below minimum service level	-	-	-			-
Proportion of households ts below minimum service level	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective</b>									
Ensure provision of minimum supply of electricity to all households	Ensure that 1153 households are electrified by 2012	2000	1665	3974	2821	2821	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	
<b>Total Operational Revenue</b>	<b>48,140</b>	96,153	89,524	<b>70,600</b>	26.58	
Expenditure:						
Employees	(22,248)	(44,491)	(41,326)	(24,878)	44.08	
Repairs and Maintenance	(2,811)	(7,733)	(6,477)	(2,168)	71.96	
Other	(15,874)	(20,111)	(14,548)	(16,148)	19.70	
<b>Total Operational Expenditure</b>	<b>(40,935)</b>	(78,546)	(69,031)	(43,195)	45.01	
<b>Net Operational Expenditure</b>	<b>7,204</b>			27,404		
<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 3.3.7

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	3000	3000	5479			
Electrification of Various Villages	3000	3000	2026			
Electrification of 6 villages			3564			
Electrification of Domboni, mukununde etc			1126			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						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 2011/ 2012, the municipality took position three 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. Discuss briefly progress made with waste disposal, street cleaning and recycling. 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.
<b>Solid Waste Removal: (Minimum level)</b>				
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%
<b>Solid Waste Removal: (Below minimum level)</b>				
Removed less frequently than once a week	-	-	-	-
Using communal refuse dump	1,500	1,500	1,500	1,500
Using own refuse dump	6,200	6,200	6,200	6,200
Other rubbish disposal	10,000	10,000	10,000	10,000
No rubbish disposal	3,568	3,568	3,568	3,568
<i>Below Minimum Service Level sub-total</i>	21,268	21,268	21,268	21,268
<i>Below Minimum Service Level percentage</i>	86.9%	86.9%	86.9%	86.9%
<b>Total number of households</b>	<b>24,469</b>	<b>24,469</b>	<b>24,469</b>	<b>24,469</b>

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.
<b>Formal Settlements</b>						
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%
<b>Informal Settlements</b>						
Total households	-	-	-	-		-
Households below minimum service level	-	-	-	-		-
Proportion of households below minimum service level						
<i>T 3.4.3</i>						

# 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	
<b>Total Operational Revenue</b>	194	0	0	225	0	
Expenditure:						
Employees	0		860	501	359	
Repairs and Maintenance	0	0	0	0	0	
Other	1235		0	123	-123	
<b>Total Operational Expenditure</b>						
<b>Net Operational Expenditure</b>						
						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	
<b>Total Operational Revenue</b>	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	
<b>Total Operational Expenditure</b>	0	0	0	0	0	
<b>Net Operational Expenditure</b>						
<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 3.4.8

# Chapter 3

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

## COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

No capital project was implemented during the year under review.

*T 3.4.10*

## 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 265 RDP houses. Our strategy to ensure the reduction of housing backlog is to get all informal settlements formalized.

*T 3.5.1*

# Chapter 3

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	24469	16800	69
Year -2	24469	17339	71
Year -1	24469	17594	72
Year 0	24469	17862	73
			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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
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	
<b>Total Operational Revenue</b>		0	0	0	0	
Employees		C	0	0	0	
Repairs and Maintenance		C	0	0	0	
Other		C	0	0	0	
<b>Total Operational Expenditure</b>		C	0	0	0	
<b>Net Operational Expenditure</b>		C	0	0	0	

T 3.5.5

# Chapter 3

Capital Expenditure Year 0: Housing Services					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
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 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 265 houses during the year under review.

T 3.5.7

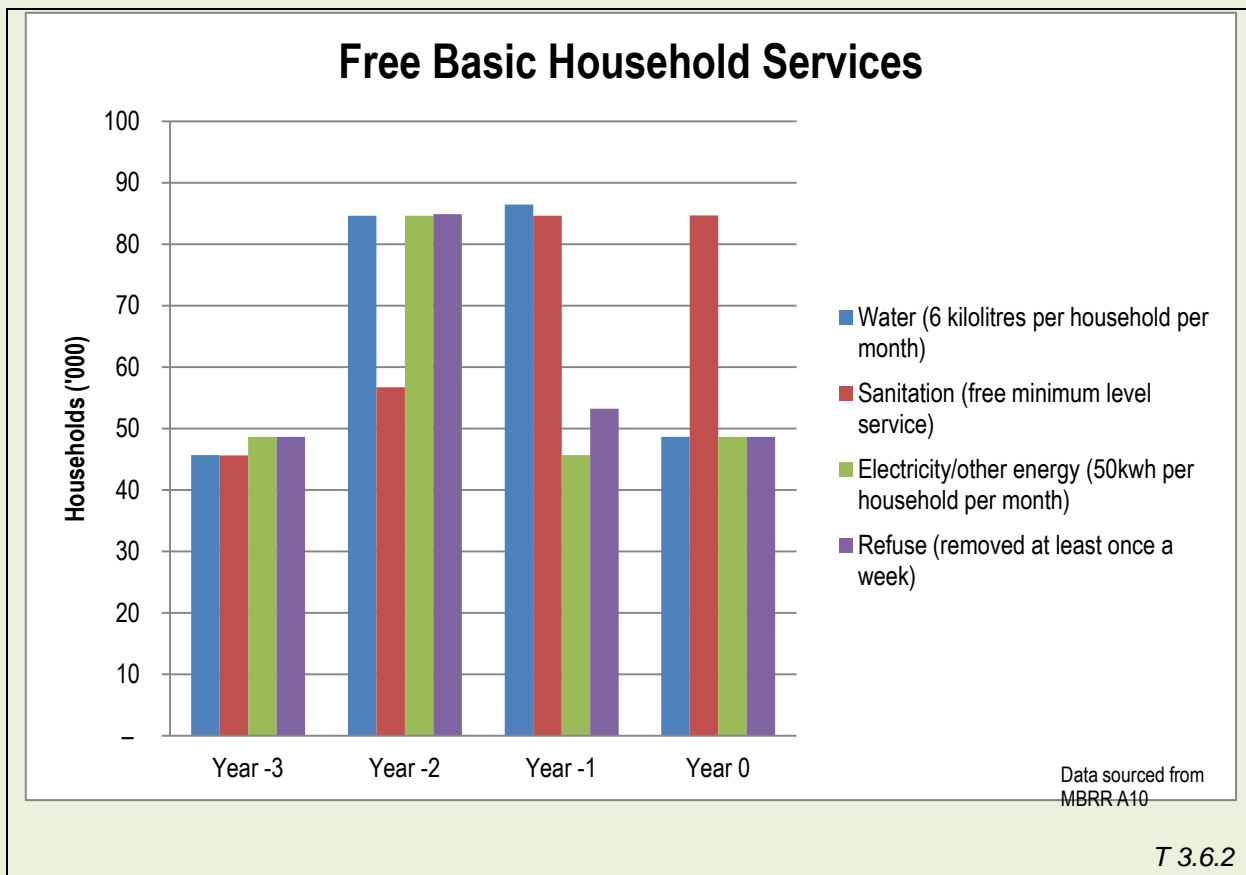
## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

### 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 infrastructure or service.

T 3.6.1

# Chapter 3



<b>Free Basic Services To Low Income Households</b>									
	<b>Number of households</b>								
	<b>Total</b>	<b>Households earning less than R1,100 per month</b>							
		<b>Total</b>	<b>Free Basic Water</b>		<b>Free Basic Sanitation</b>		<b>Free Basic Electricity</b>		<b>Free Basic Refuse</b>
		<b>Access</b>	<b>%</b>	<b>Access</b>	<b>%</b>	<b>Access</b>	<b>%</b>	<b>Access</b>	<b>%</b>
Year -2									
Year -1		374		22,551		1,000		37	
Year 0		400		22,551		1,363		10	

T 3.6.3

# Chapter 3

Free Basic Services To Low Income Households									
	Number of households								
	Total	Households earning less than R1,100 per month							
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse
	Access	%	Access	%	Access	%	Access	%	
Year -2									
Year -1		374		22,551		1,000		37	
Year 0		400		22,551		1,363		10	

T 3.6.4

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
To ensure that indigent get free basic services		700 indigents							

T 3.6.5

## COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

There is no improvement in the number of households getting indigent support services. This is due to either lack of service infrastructure or services themselves.

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 access roads and internal streets. All our streets and access roads are gravel. Our Municipality is composed of 13 wards. It has a blading programme in place for roads maintenance. 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 new TLB, trucks which are 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

Kilometers

	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	294KM	0	3.4km	125km
Year -1	294KM	0	3.4km	150km
Year 0	294KM	0	3.2KM	195KM

T 3.7.2

#### Tarred Road Infrastructure

Kilometers

	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	4.9km	3.4km	0	0	1.5km
Year -1	8.3km	3.4km	0	0	1.5km
Year 0	11.5km	3.2km	0	0	1.5km

T 3.7.3

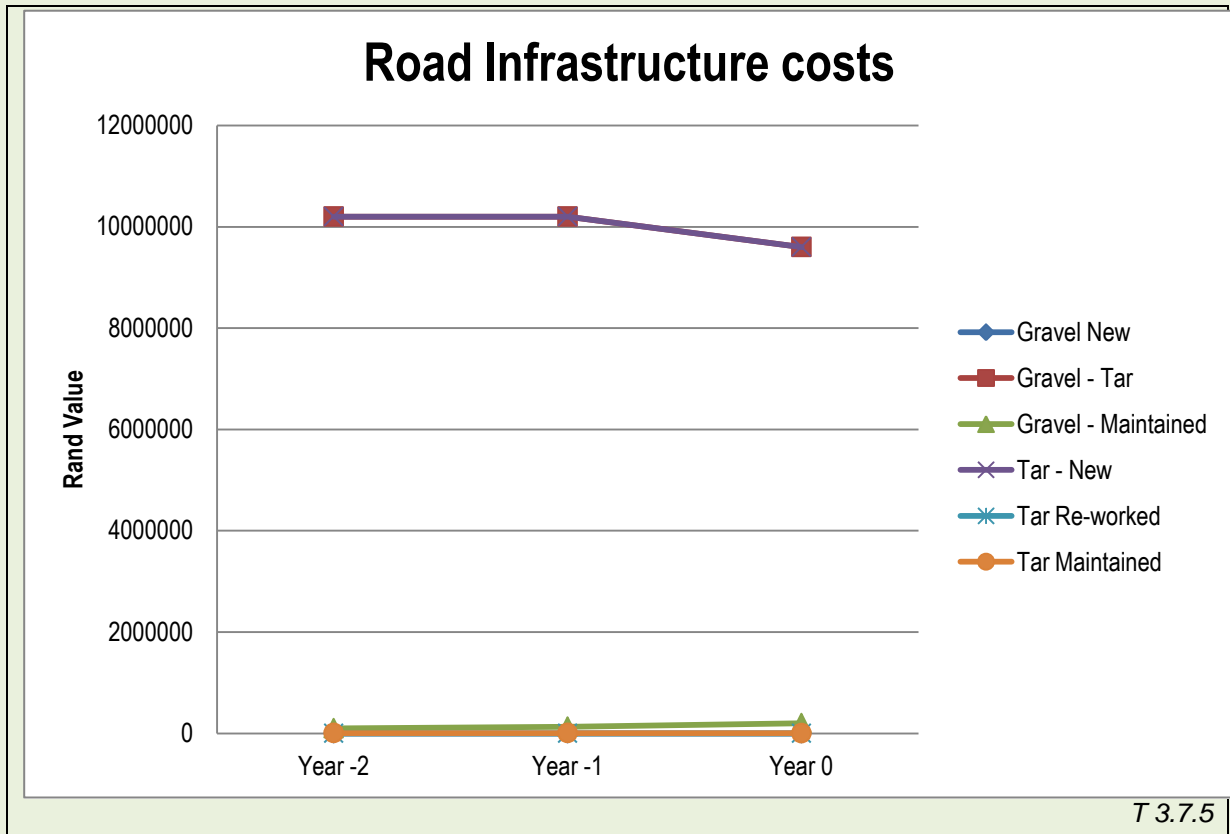
#### Cost of Construction/Maintenance

R' 000

	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	0	10200000	100000	10200000	0	6000
Year -1	0	10200000	130000	10200000	0	6000
Year 0	0	9600000	200000	9600000	0	2000

T 3.7.4

# Chapter 3



# Chapter 3

Road 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)
<b>Service Objective xxx</b>									
<i>To ensure that roads are maintained and are in good conditions at all times</i>	294 kms of municipal roads developed	10 kms (284 kms remaining)	3.2 kms (290.8 kms remaining)	10 kms (284 kms remaining)	6.8 kms (284 kms remaining)	6.8 kms (284 kms remaining)	284 kms	6.8 kms (284 kms remaining)	5.5 kms
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
<b>Total Operational Revenue</b>	2118			2485	
Expenditure:					
Employees			3747		
Repairs and Maintenance					
Other	7495			4878	
<b>Total Operational Expenditure</b>	7495				
<b>Net Operational Expenditure</b>	(5276)			(2392)	
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	13295250	23660706	41671354	68%	
Thengwe Tshandama road	2000000	8871718	6378202	69%	280
Tshidongololwe Vuvha	6656914	7815852	2726538	-144%	150
Khakhu Mangwele road	0	3500000	1741599	100%	320
Masisi Streets	1000000	2973136	2504813		
Tshilamba Streets	3638336	500000	28320201	87%	90
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.Thengwe clinic to Tshandama road and 4. 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 maintenance fund. Our year 5 target can be attained provided MIG is still in place to provide capital funding. Provincial roads are not delegated to the Municipality and as such fall under 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

Municipal Bus Service Data				
Details	Year -1	Year 0		Year 1
	Actual No.	Estimate No.	Actual No.	Estimate No.
1	Passenger journeys			
2	Seats available for all journeys			
3	Average Unused Bus Capacity for all journeys	%		
4	Size of bus fleet at year end			
5	Average number of Buses off the road at any one time	%		
6	Proportion of the fleet off road road at any one time	%		
7	No. of Bus journeys scheduled			
8	No. of journeys cancelled			
9	Proportion of journeys cancelled	%		

# Chapter 3

T 3.8.2

Notes: The municipality does not have own public transport buses

Concerning T 3.8.2

The above table is not applicable to mutale municipality.  
T 3.8.2.1

Transport 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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
Note: The municipality does not have transport services									

T 3.8.3

Employees: Transport 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 Transport is a provincial function.

T3.8.4

# Chapter 3

Financial Performance Year 0: Transport Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	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
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0

T 3.8.5

Capital Expenditure Year 0: Transport Services					
R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
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 3.8.6

**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



# Chapter 3

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

### INTRODUCTION TO STORMWATER DRAINAGE

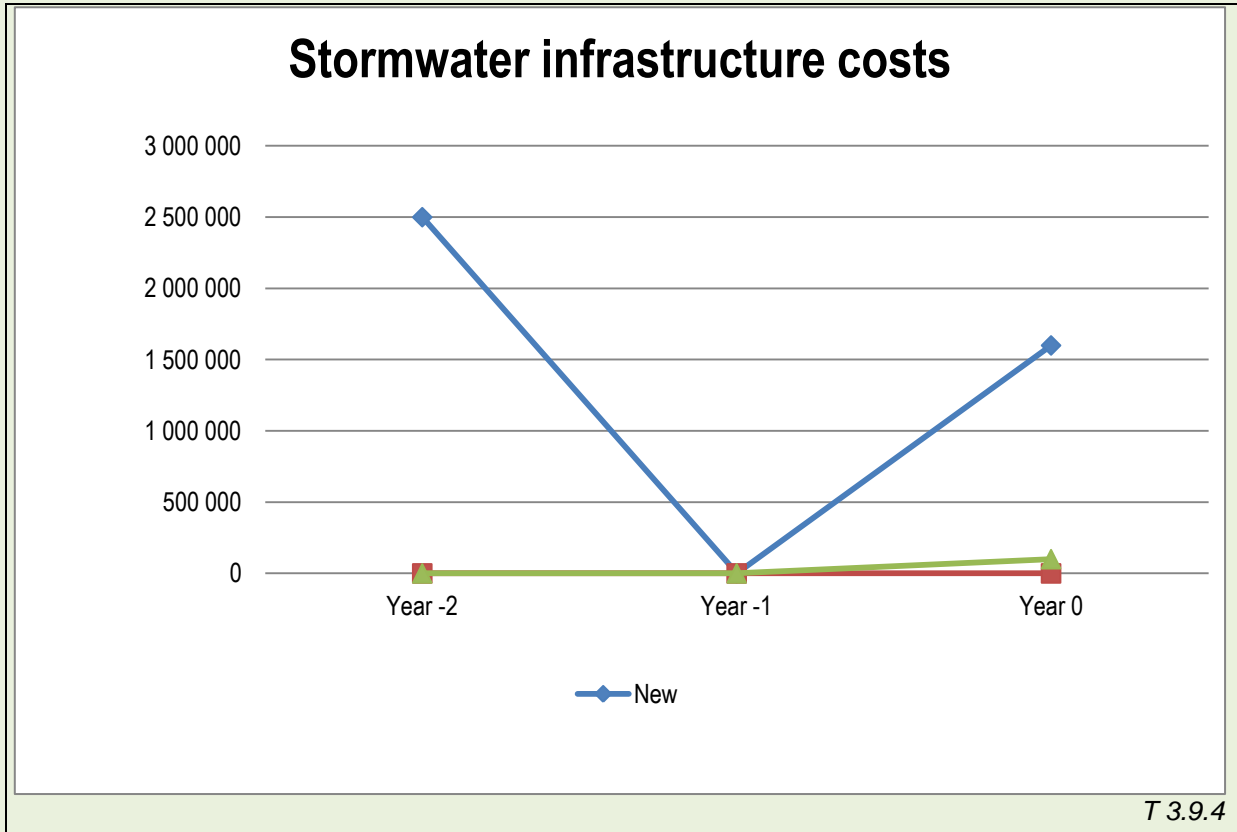
The municipality does not have an entity rendering storm water drainage services. However during the year under review, the municipality start to improve delivery of storm water drainage system through the EPWP programme. This programme was extended to all 13 wards within the municipality. 13 culverts 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

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2		1	0	0
Year -1		0	0	0
Year 0		8	0	3
				T 3.9.2

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

# Chapter 3



# Chapter 3

Storm water 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)
<b>Service Objective xxx</b>									
<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

Financial Performance Year 0: Storm water Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
Expenditure:					
Employees					
Repairs and Maintenance					
Other				454	(454)
<b>Total Operational Expenditure</b>					
<b>Net Operational Expenditure</b>				454	(454)
<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 3.9.7

Capital Expenditure Year 0: Storm water Services					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.9.8

**COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:**

The Municipality did not implement any storm water capital project during the year under review.

T3.9.9

# Chapter 3

## 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

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Building plans	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	0	0	16	22	59	31
Determination made in year of receipt	n/a	n/a	15	11	55	31
Determination made in following year	n/a	n/a	4	3	4	1
Applications withdrawn	n/a	n/a	none	none	none	None
Applications outstanding at year end	n/a	n/a	1	11	none	None
						T 3.10.2

# Chapter 3

Planning 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 (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)
<b>Service Objective xxx</b>										
Ensure development of Municipal Growth point	Approval of Building Plans and Land Use Applications in line with Spatial Development Framework and LUMS			Improve Development on 2 Municipal Growth Point	Improve Development on 2 Municipal Growth Point		0	How many application was approved for the year 2012 13		
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			applicatio n approved in line with SDF and Land use managem ent Plan						

T 3.10.3

# Chapter 3

Employees: Planning 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	4	1	3	75%
7 - 9	1	2	1	1	50%
10 - 12	3	3	3	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>40%</b>
<i>T 3.10.4</i>					

Financial Performance Year 0: Planning Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	49					
Expenditure:						
Employees			1362	667	695	
Repairs and Maintenance						
Other	4067					
<b>Total Operational Expenditure</b>	4116		1362	667	695	
<b>Net Operational Expenditure</b>						
<i>T 3.10.5</i>						

# Chapter 3

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					
Project A					
Project B					
Project C					
Project D					
<i>T 3.10.6</i>					

## 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*

### 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 2011/2012 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*

# Chapter 3

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 and tourism	Promotion of youth in business e.g agriculture, SMMEs and tourism	Promotion of youth in business e.g agriculture, SMMEs 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

# Chapter 3

Economic Employment by Sector			
Sector	Year 1 No.	Year -1 No.	Jobs
			Year 0 No.
Agric, forestry and fishing	N/A	N/A	N/A
Mining and quarrying	N/A	N/A	N/A
Manufacturing	N/A	N/A	N/A
Wholesale and retail trade	N/A	N/A	N/A
Finance, property, etc.	N/A	N/A	N/A
Govt, community and social services	N/A	N/A	N/A
Infrastructure services	N/A	N/A	N/A
Total	N/A	N/A	N/A

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

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

# Chapter 3

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	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	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)
<b>Service Objective xxx</b>									
<b>Capacity building of SMMEs and Cooperative</b>	<b>Capacity building of SMMEs and Cooperative</b>	To train 100 members from SMMEs and cooperative	70 people were trained	To train 100 members from SMMEs and cooperative	85 people were trained	85 people were trained	N/A	N/A	N/A
Limpopo transboundary programme	Coordination of activities for three countries SA, Zim & Moz	Appointment of project manager to conduct feasibility studies	Feasibility studies was conducted at Mutele & Tshikunda malema along the Limpopo river, Makuleke region	To implement Transboundary projects	To implement Transboundary projects	Distribution of seeds, implements, manure and pesticides, provision of drip pipes, water pump, fencing, water tanks and citrus trees.	To conduct awareness for Anti stock theft campaign between South Africa and Zimbabwe	Provision of drip pipes, water pump, fence and citrus trees	N/A
									T 3.11.7



# Chapter 3

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					

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	0				
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
<b>Total Operational Expenditure</b>	0				
<b>Net Operational Expenditure</b>	0				
<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				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	0	0
Project A					
Project B					
Project C					
Project D					
<i>T 3.11.10</i>					

**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; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

#### INTRODUCTION TO LIBRARIES; ARCHIVES; 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	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)
To ensure the construction of community library	Construction of community library	1	1	0	0	0	0	0	0

T3.12.3

# 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
<b>Total Operational Revenue</b>	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%
<b>Total Operational Expenditure</b>	0	0	0	0	0%
<b>Net Operational Expenditure</b>	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

<p>COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:</p> <p>None.</p> <p style="text-align: right;">T 3.12.7</p>
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## 3.13 CEMETORIES AND CREMATORIIUMS

<p>INTRODUCTION TO CEMETORIES &amp; CREMATORIIUMS</p> <p>N/A</p> <p style="text-align: right;">T 3.13.1</p>
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<p>SERVICE STATISTICS FOR CEMETORIES &amp; CREMATORIIUMS</p> <p>N/A</p> <p style="text-align: right;">T 3.13.2</p>
--



# Chapter 3

Financial Performance Year 0: Cemeteries and Crematoriums						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	N/A	N/A	N/A	N/A	N/A	
Expenditure:	N/A	N/A	N/A	N/A	N/A	
Employees	N/A	N/A	N/A	N/A	N/A	
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A	
Other	N/A	N/A	N/A	N/A	N/A	
<b>Total Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
<b>Net Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
T 3.13.5						

Capital Expenditure Year 0: Cemeteries and Crematoriums						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	N/A	N/A	N/A	N/A	N/A	
Project A						
Project B						
Project C						
Project D						
T 3.13.6						

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:	
N/A	T 3.13.7

# Chapter 3

## 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	
N/A	T 3.14.1

SERVICE STATISTICS FOR CHILD CARE	
N/A	

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
<i>N.B Mutale municipality does not have child care, aged care and social programme</i>									
T 3.14.3									

# Chapter 3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	N/A	N/A	N/A	N/A	N/A
4 - 6	N/A	N/A	N/A	N/A	N/A
7 - 9	N/A	N/A	N/A	N/A	N/A
10 - 12	N/A	N/A	N/A	N/A	N/A
13 - 15	N/A	N/A	N/A	N/A	N/A
16 - 18	N/A	N/A	N/A	N/A	N/A
19 - 20	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
T 3.14.4					

Financial Performance Year 0: Child Care; Aged Care; Social Programmes						R'000
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	N/A	N/A	N/A	N/A	N/A	
Expenditure:	N/A	N/A	N/A	N/A	N/A	
Employees	N/A	N/A	N/A	N/A	N/A	
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A	
Other	N/A	N/A	N/A	N/A	N/A	
<b>Total Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
<b>Net Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
T 3.14.5						

# Chapter 3

Capital Expenditure Year 0: Child Care; Aged Care; Social Programmes					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	N/A	N/A	N/A	N/A	N/A
Project A					
Project B					
Project C					
Project D					
<i>T 3.14.6</i>					

<p>COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:</p> <p>N/A</p> <p style="text-align: right;"><i>T 3.14.7</i></p>
---

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

<p>INTRODUCTION TO ENVIRONMENTAL PROTECTION</p> <p>N/A</p> <p style="text-align: right;"><i>T 3.15</i></p>
--

### 3.15 POLLUTION CONTROL

<p>INTRODUCTION TO POLLUTION CONTROL</p> <p>The section Environmental Health Services is responsible for waste management and pollution control. Currently the section is not capacitated with skilled officer. The function is currently not being performed, but the municipality has already advertised the post to be filled.</p> <p style="text-align: right;"><i>T 3.15.1</i></p>
<p>SERVICE STATISTICS FOR POLLUTION CONTROL</p> <p style="text-align: right;"><i>T 3.15.2</i></p>



# Chapter 3

Pollution Control 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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Note: N/A									
T 3.15.3									

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	N/A	N/A	N/A	N/A	N/A
4 - 6	N/A	N/A	N/A	N/A	N/A
7 - 9	N/A	N/A	N/A	N/A	N/A
10 - 12	N/A	N/A	N/A	N/A	N/A
13 - 15	N/A	N/A	N/A	N/A	N/A
16 - 18	N/A	N/A	N/A	N/A	N/A
19 - 20	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
T 3.15.4					

# Chapter 3

Financial Performance Year 0: Pollution Control						R'000
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	N/A	N/A	N/A	N/A	N/A	
Expenditure:	N/A	N/A	N/A	N/A	N/A	
Employees	N/A	N/A	N/A	N/A	N/A	
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A	
Other	N/A	N/A	N/A	N/A	N/A	
<b>Total Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
<b>Net Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
T 3.15.5						

Capital Expenditure Year 0: Pollution Control						R' 000
Capital Projects	Year 0				Total Project Value	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	N/A	N/A	N/A	N/A	N/A	
Project A						
Project B						
Project C						
Project D						
T 3.15.6						

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

N/A

T 3.15.7

# Chapter 3

## 3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE	
N/A	T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE	
N/A	T 3.16.2

Bio-Diversity; Landscape and Other 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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									

Note: Mutale municipality does not have bio-diversity, landscape

T 3.16.3

Employees: Bio-Diversity; Landscape and 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	N/A	N/A	N/A	N/A	N/A
4 - 6	N/A	N/A	N/A	N/A	N/A
7 - 9	N/A	N/A	N/A	N/A	N/A
10 - 12	N/A	N/A	N/A	N/A	N/A
13 - 15	N/A	N/A	N/A	N/A	N/A
16 - 18	N/A	N/A	N/A	N/A	N/A
19 - 20	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

T 3.16.4

# Chapter 3

Financial Performance Year 0: Bio-Diversity; Landscape and Other						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	N/A	N/A	N/A	N/A	N/A	
Expenditure:	N/A	N/A	N/A	N/A	N/A	
Employees	N/A	N/A	N/A	N/A	N/A	
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A	
Other	N/A	N/A	N/A	N/A	N/A	
<b>Total Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
<b>Net Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
<i>T 3.16.5</i>						

Capital Expenditure Year 0: Bio-Diversity; Landscape and Other						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	N/A	N/A	N/A	N/A	N/A	
Project A						
Project B						
Project C						
Project D						
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						
<i>T 3.16.6</i>						

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

N/A.

*T 3.16.7*

# Chapter 3

## COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

### INTRODUCTION TO HEALTH

*Note: Recent legislation includes the National Health Act 2004.*

Health service is not a municipal function.

T 3.17

### 3.17 CLINICS

### INTRODUCTION TO CLINICS

As indicated above the performance of health service is the provincial function.

T 3.17.1

### Service Data for Clinics

	Details	Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
#	Average number of Patient visits on an average day	N/A	N/A	N/A	N/A
#	Total Medical Staff available on an average day	N/A	N/A	N/A	N/A
#	Average Patient waiting time	N/A	N/A	N/A	N/A
#	Number of HIV/AIDS tests undertaken in the year	N/A	N/A	N/A	N/A
#	Number of tests in 4 above that proved positive	N/A	N/A	N/A	N/A
#	Number of children that are immunised at under 1 year of age	N/A	N/A	N/A	N/A
#	Child immunisations above compared with the child population under 1 year of age	N/A	N/A	N/A	N/A
					T 3.17.2

Concerning T 3.17.2

Health service is not a municipal function.

T 3.17.2.1

# Chapter 3

Clinics 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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									

Note: The information required above is not applicable to the municipality.

T 3.17.3

Employees: Clinics					
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 3.17.4

# Chapter 3

Financial Performance Year 0: Clinics						R'000
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	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	
<b>Total Operational Expenditure</b>	0	0	0	0	0	
<b>Net Operational Expenditure</b>	0	0	0	0	0	
<i>T 3.17.5</i>						

Capital Expenditure Year 0: Clinics						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	
	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	
<i>T 3.17.6</i>						

**COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:**

Health service is not a municipal function.

*T 3.17.7*

# Chapter 3

## 3.18 AMBULANCE SERVICES

### INTRODUCTION TO AMBULANCE SERVICES N/AT 3.18.1

Ambulance Service Data					
	Details	Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of patients taken to medical facilities during the year	N/A	N/A	N/A	N/A
2	Average time from emergency call to arrival at the patient - in urban areas	N/A	N/A	N/A	N/A
3	Average time from emergency call to arrival at the patient - in rural areas	N/A	N/A	N/A	N/A
4	Average time from emergency call to the transportation of patient to a medical facility - in urban areas	N/A	N/A	N/A	N/A
5	Average time from emergency call to the transportation of patient to a medical facility - in rural areas	N/A	N/A	N/A	N/A
6	No. ambulance	N/A	N/A	N/A	N/A
7	No. paramedics	N/A	N/A	N/A	N/A

T 3.18.2

Concerning T 3.18.2

T 3.18.2.1

# Chapter 3

Ambulances 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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
The information required is not applicable to our municipality									

T 3.18.3

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

T 3.18.4



# Chapter 3

Financial Performance Year 0: Ambulances						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	N/A	N/A	N/A	N/A	N/A	
Expenditure:	N/A	N/A	N/A	N/A	N/A	
Employees	N/A	N/A	N/A	N/A	N/A	
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A	
Other	N/A	N/A	N/A	N/A	N/A	
<b>Total Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
<b>Net Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
<i>T 3.18.5</i>						

Capital Expenditure Year 0: Ambulances						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	N/A	N/A	N/A	N/A	N/A	
	N/A	N/A	N/A	N/A	N/A	
Project A	N/A	N/A	N/A	N/A	N/A	
Project B	N/A	N/A	N/A	N/A	N/A	
Project C	N/A	N/A	N/A	N/A	N/A	
Project D	N/A	N/A	N/A	N/A	N/A	
<i>T 3.18.6</i>						

COMMENT ON THE PERFORMANCE OF AMBULANCE SERVICES OVERALL:

N/A

*T 3.18.7*

# Chapter 3

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC	
N/A	T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, Etc	
N/A	T 3.19.2

Health Inspection and Etc Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Health inspection is a district municipality function</i>									
									T 3.19.3

# Chapter 3

Employees: Health Inspection and 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	N/A	N/A	N/A	N/A	N/A
4 - 6	N/A	N/A	N/A	N/A	N/A
7 - 9	N/A	N/A	N/A	N/A	N/A
10 - 12	N/A	N/A	N/A	N/A	N/A
13 - 15	N/A	N/A	N/A	N/A	N/A
16 - 18	N/A	N/A	N/A	N/A	N/A
19 - 20	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
T 3.19.4					

Financial Performance Year 0: Health Inspection and Etc					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	N/A	N/A	N/A	N/A	N/A
Expenditure:	N/A	N/A	N/A	N/A	N/A
Employees	N/A	N/A	N/A	N/A	N/A
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
<b>Total Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A
<b>Net Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A
T 3.19.5					

# Chapter 3

Capital Expenditure Year 0: Health Inspection and Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
Project A	N/A	N/A	N/A	N/A	N/A
Project B	N/A	N/A	N/A	N/A	N/A
Project C	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	N/A	N/A
					T 3.19.6

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc OVERALL:  
 N/A T 3.19.7

## COMPONENT G: SECURITY AND SAFETY

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

INTRODUCTION TO SECURITY & SAFETY  
 N/A. T 3.20

# Chapter 3

## 3.20 POLICE

Police 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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Mutale municipality does not have metropolice									

T 3.20.3

Employees: Police Officers					
Job Level	Year -1	Year 0			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Police Officer & Deputy					
Other Police Officers					
0 - 3	N/A	N/A	N/A	N/A	N/A
4 - 6	N/A	N/A	N/A	N/A	N/A
7 - 9	N/A	N/A	N/A	N/A	N/A
10 - 12	N/A	N/A	N/A	N/A	N/A
13 - 15	N/A	N/A	N/A	N/A	N/A
16 - 18	N/A	N/A	N/A	N/A	N/A
19 - 20	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

T 3.20.4

# Chapter 3

Financial Performance Year 0: Police					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	N/A	N/A	N/A	N/A	N/A
Expenditure:	N/A	N/A	N/A	N/A	N/A
Police Officers	N/A	N/A	N/A	N/A	N/A
Other employees	N/A	N/A	N/A	N/A	N/A
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
<b>Total Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A
<b>Net Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A
T 3.20.5					

Capital Expenditure Year 0: Police					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
Project A	N/A	N/A	N/A	N/A	N/A
Project B	N/A	N/A	N/A	N/A	N/A
Project C	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	N/A	N/A
T 3.20.6					

COMMENT ON THE PERFORMANCE OF POLICE OVERALL:
N/A
T 3.20.7



# Chapter 3

## 3.21 FIRE

### INTRODUCTION TO FIRE SERVICES

N/A

T 3.21.1

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	N/A	N/A	N/A	N/A
2	Total of other incidents attended in the year	N/A	N/A	N/A	N/A
3	Average turnout time - urban areas	N/A	N/A	N/A	N/A
4	Average turnout time - rural areas	N/A	N/A	N/A	N/A
5	Fire fighters in post at year end	N/A	N/A	N/A	N/A
6	Total fire appliances at year end	N/A	N/A	N/A	N/A
7	Average number of appliance off the road during the year	N/A	N/A	N/A	N/A
					T 3.21.2

Concerning T3.21.2

N/A

T 3.21.2.1

# Chapter 3

Fire 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)
<b>Service Objective xxx</b>									
<i>Mutale municipality does not have fire services.</i>									
									T 3.21.3

Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	N/A	N/A	N/A	N/A	N/A
4 - 6	N/A	N/A	N/A	N/A	N/A
7 - 9	N/A	N/A	N/A	N/A	N/A
10 - 12	N/A	N/A	N/A	N/A	N/A
13 - 15	N/A	N/A	N/A	N/A	N/A
16 - 18	N/A	N/A	N/A	N/A	N/A
19 - 20	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
3.21.4					T

# Chapter 3

Financial Performance Year 0: Fire Services						R'000
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	N/A	N/A	N/A	N/A	N/A	
Expenditure:	N/A	N/A	N/A	N/A	N/A	
Fire fighters	N/A	N/A	N/A	N/A	N/A	
Other employees	N/A	N/A	N/A	N/A	N/A	
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A	
Other	N/A	N/A	N/A	N/A	N/A	
<b>Total Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
<b>Net Operational Expenditure</b>	N/A	N/A	N/A	N/A	N/A	
T 3.21.5						

Capital Expenditure Year 0: Fire Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	N/A	N/A	N/A	N/A	N/A	
	N/A	N/A	N/A	N/A	N/A	
Project A	N/A	N/A	N/A	N/A	N/A	
Project B	N/A	N/A	N/A	N/A	N/A	
Project C	N/A	N/A	N/A	N/A	N/A	
Project D	N/A	N/A	N/A	N/A	N/A	
T 3.21.6						

# Chapter 3

## 3.22 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
- 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 3.221

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

T 3.22.2

# Chapter 3

Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc 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 (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 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

<p>To ensure prompt response to all reported disaster and other related incidents</p>	<p>Assessment of damages, distribution of disaster relief , evacuation of homeless victims to a safe place</p>	<p>To respond to 500 affected households</p>	<p>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</p>	<p>To respond to all reported disasters and related incidents</p>	<p>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</p>	<p>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</p>				
<p>T 3.22.3</p>										

# 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	5%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>5%</b>
<i>T 3.22.4</i>					

Financial Performance Year 0: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0%
Expenditure:					
Employees	158 954,52	158 954,52	169 287,52	169 287,52	93%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
<b>Total Operational Expenditure</b>	<b>158 954,52</b>	<b>158 954,52</b>	<b>169 287,52</b>	<b>169 287,52</b>	<b>93%</b>
<b>Net Operational Expenditure</b>	<b>158 954,52</b>	<b>158 954,52</b>	<b>169 287,52</b>	<b>169 287,52</b>	<b>93%</b>
<i>T 3.22.5</i>					

# Chapter 3

Capital Expenditure Year 0: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	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>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.22.6

## 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 3.22.7

## 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 3.23

# Chapter 3

## 3.23 SPORT AND RECREATION

### SERVICE STATISTICS FOR SPORT AND RECREATION

T 3.23.1

Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives  Service Indicators (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)
<b>Service Objective xxx</b>									
<i>To ensure proper facilitation of construction of community library</i>	1 community library constructed	None	Community library have been completed	None	None	None	None	None	None

T  
3.23.2

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%

# Chapter 3

Financial Performance Year 0: Sport and Recreation					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
Expenditure:					
Employees			348	273	239
Repairs and Maintenance					
Other					
<b>Total Operational Expenditure</b>				273	
<b>Net Operational Expenditure</b>					

*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 3.23.4

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					

*No capital project in sport was implemented*

T 3.23.5

## 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 ground. The budget for the above sports ground was R5m funded by the national lottery. All projects could not be implemented due to challenges with the contractors. 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.

# Chapter 3

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

### INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

T 3.24

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 3.24.1

# Chapter 3

The Executive and Council 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)
<b>Service Objective xxx</b>									
<b>Development and approval of IDP and budget</b>	Approval of IDP and budget by 30 May 2011	Approval of IDP and budget by 30 May 2011	IDP and budget 2010/2011 was approved in May 2011	Approval of IDP budget 2011/2012 by May 2012	IDP/ budget 2011/2012 was approved by May 2012	N/A	N/A	N/A	N/A
<b>Enhance public participation</b>	13 public participation	13 public participation on IDP were conducted	13 public participation on IDP were conducted	13 public participation on IDP were conducted	13 public participation on IDP were conducted	13 public participation on IDP were conducted	13 public participation on IDP were conducted	13 public participation on IDP were conducted	13 public participation on IDP were conducted
Development of By-laws	4 By-laws to be developed	4 By-laws have been approved by council	4 By-laws have been approved by council	None	None	None	None	None	None
Policy development	10 policies to be reviewed	6 policies have been approved by council	6 policies have been approved by council	To review 14 HR policies	14 HR policies have been reviewed	14 HR policies have been reviewed	N/A	N/A	N/A
Review of the organizational structure	To align the organizational structure with the IDP	2010/2011 the organizational structure was approved by May	Align the organizational structure 2011/2	Approved by council on May 2012	Approved by council on May 2012	Approved by council on May 2012	N/A	N/A	N/A



# Chapter 3

		2012	012 with the IDP						
T 3.24.3									

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 3.24.4					

Financial Performance Year 0: The Executive and Council						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	522	0	0	0	0	
Expenditure:						
Employees	5634		10 138	8196	1942	
Repairs and Maintenance						
Other						
<b>Total Operational Expenditure</b>						
<b>Net Operational Expenditure</b>						
T 3.24.5						

# 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	0	0	0	0	0
Project A					
Project B					
Project C					
Project D					
					T 3.24.6

## 3.25 FINANCIAL SERVICES

### INTRODUCTION FINANCIAL SERVICES

The Finance Department is the heart of any institution and strict measures are in place to ensure a healthy Municipality. Due to the current economic climate it is imperative that we are focused. Cash flow is monitored on a daily basis and planning is done to ensure that the municipality's obligations can be met with the income generated. Expenditure management is done according to the approved budget and within the relevant Supply Chain Management legislation.

The following measures are performance-managed to ensure a healthy municipality:

- Revenue Enhancement: Property audits are conducted to ensure correct billing and maximizing revenue.
- Accounts Distribution: Personal distribution by meter readers; Continued billing standard.
- Meter Readings – Ensuring that the maximum meters are read with minimum errors.
- Debt Collection

Effective management of debt in terms of:

- Indigent Registration;
- Prescription Debt;
- Write offs;
- Disconnections.

- Revenue Management

Payment levels maintained (levied income) by enforcing disconnections according to the approved Credit Control Policy

- Asset Management

Continuous adequate asset management is practiced.

# Chapter 3

- Financial Sustainability  
Liquidity ratio maintained.

- Financial Statements  
Maintain unqualified opinion issued on audit report as per financial legislation

- Income Budget

Departmental income generated;

T 3.25.1

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of account's 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	R 5,349,973.69	15.00%	R 3,382,752.46	R 3,382,752.46	6.22%	R 4,059,302.95	8.09%
Electricity - B							
Electricity - C							
Water - B	R 732,219.70	30.00%	R 774,508.99	R 774,508.99	27.22%	R 929,410.79	35.39%
Water - C	R 2,682,893.15	30.00%	R 2,755,622.61	R 2,755,622.61	30.46%	R 3,306,747.13	39.60%
Sanitation	R 235,129.10	125.56%	R 253,420.28	R 253,420.28	61.08%	R 304,104.34	79.40%
Refuse	R 233,511.16	112.25%	R 253,755.75	R 253,755.75	61.77%	R 304,506.90	80.30%
Other							

T 3.25.2

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 3.25.2.1



# Chapter 3

Financial 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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									

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	
<b>Total Operational Revenue</b>	36,555,137	43,376,312	43,684,662	42,880,783	-1%	
Expenditure:	0			0		
Employees		4,694,361	5,429,911	5,429,911	14%	
Repairs and Maintenance						
Other	18,770,919	11,692,383	8,603,665	15,460,880	24%	
<b>Total Operational Expenditure</b>	18,770,919	16,386,744	14,033,576	20,890,791	22%	
<b>Net Operational Expenditure</b>	-17,784,218	-26,989,568	-29,651,086	-21,989,992	-23%	

*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 3.25.5

# Chapter 3

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	166	666	162	4	
Computer software and equipment	166	666	162	4	
Project B					
Project C					
Project D					
					T3.125.6

## COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

In Financial services the variation between Actual Operating Expenditure and Original Budget amount to 22%. There was no capital Project in Financial services only Capital assets(Computers and Furniture) were bought

T 3.25.7

# Chapter 3

## 3.26 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 3.26.1

### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

T 3.26.2

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		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
<b>Skills development</b>	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
<b>Review of the organizational structure</b>	To review 2010/2011 & 2011/2012 organisatio	To review 2010/2011 organisati onal structure	Reviewed 2010/2011 organis	To review 2011/2012 Organisati onal structure	Reviewed 2011/2012 organisati onal structure	Reviewed 2011/2012 organisati onal structure	To review 2012/2013 organisati onal structure	To review 2012/2013 organisati onal structure	N/A

# Chapter 3

	nal structure	by 30 May 2011	ational structure was approved by council on 31 May 2011	by 31 May 2012	was approved by council on 31 May 2012	was approved by council on 31 May 2012	by 31 May 2013	by 31 May 2013	
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	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



# Chapter 3

	Compliance with 50/50 women representative at top management and 2% disability representation	To appoint 1 women at Top management	ry 2011 None compliance with 50/50 women representation and 2% disability requirement		None compliance with 50/50 women representation and 2% disability requirement	None compliance with 50/50 women representation and 2% disability requirement	None compliance with 50/50 women representation and 2% disability requirement		
Occupational Health and Safety	Report all Occupational injuries to compensation commissioner	100% of occupational injuries to be reported	2 injuries were reported	100% of occupational injuries to be reported	None	None	None	N/A	N/A
	Conduct medical surveillance to all employees working with sewerage	To send 6 employees for medical surveillance	6 employees were sent for medical surveillance	To send all employee working under hazardous areas for medical surveillance	None	None	None	None	None
T 3.26.3									

# 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	0%
4 - 6	2	4	1	0	0%
7 - 9	2	8	1	0	0%
10 - 12	3	2	0	0	0%
13 - 15	1	0	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>8</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0%</b>
T3.26.4					

Financial Performance Year 0: Human Resource Services					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	0.00	21,450.00	108,300.00	0.00	
<b>Expenditure:</b>					0
Employees	0.00	7,319,450.85	2,176,852.02	2,176,852.02	-236%
Repairs and Maintenance	0.00	0.00	0.00	0.00	0
Other	0.00	200,400.00	295,000.00	0.00	0
<b>Total Operational Expenditure</b>	0.00	7,519,850.85	2,471,852.02	2,176,852.02	-245%
<b>Net Operational Expenditure</b>	0.00	7,498,400.85	2,363,552.02	2,176,852.02	-244%
					T 3.26.5

# Chapter 3

Capital Expenditure Year 0: Human Resource Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	441000	400000	60495	-629%	
Furniture and equipment	441000	400000	60495	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
T 3.26.6					

**COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:**

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

T 3.26.7



# Chapter 3

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%

T3.27.4

Financial Performance Year 0: ICT Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	0	0	0	0	0%	
Expenditure:						
Employees	0	97,811	148,827	148,827	34%	
Repairs and Maintenance	0	0	0	0		
Other	0	0	0	0		
<b>Total Operational Expenditure</b>	0	97,811	148,827	148,827	34%	
<b>Net Operational Expenditure</b>	0	0	0	0	0%	

T 3.27.5

# Chapter 3

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
					0
					0
					0
					0
					T 3.27.6

## 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

T3.27.7

## 3.28 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.

# Chapter 3

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, aquisition, logistic and disposal management.

T3.28.1

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

Analysis of function	of Statistical information on available property	Number of facilities	of Number of users
N/A	N/A	N/A	N/A

T 3.28.2

Property; Legal; Risk Management; and Procurement Services 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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
<b>Provision of legal services</b>	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
<b>Drafting of agreements</b>	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
<b>Development and formulation of By-laws</b>	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

# Chapter 3

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
								T 3.28.3

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%
Total	4	4	4	0	0%
T 3.28.4					

# Chapter 3

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
Expenditure:					
Employees			494	411	83
Repairs and Maintenance					
Other					
<b>Total Operational Expenditure</b>					
<b>Net Operational Expenditure</b>					
					T 3.28.5

Capital Expenditure Year 0: Property; Legal; Risk Management and Procurement Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
					T 3.28.6

# Chapter 3

## COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

**Delete Directive note once comment is completed** – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.28.7

# 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	%
Waste Water (Stormwater 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	2.00	2.00	2.00	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 Policy Offices and Other	41.00	43.00	38.00	5.00	%
<b>Totals</b>	<b>125.00</b>	<b>136.00</b>	<b>135.00</b>	<b>16.00</b>	<b>0.00</b>

T 4.1.1

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
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!

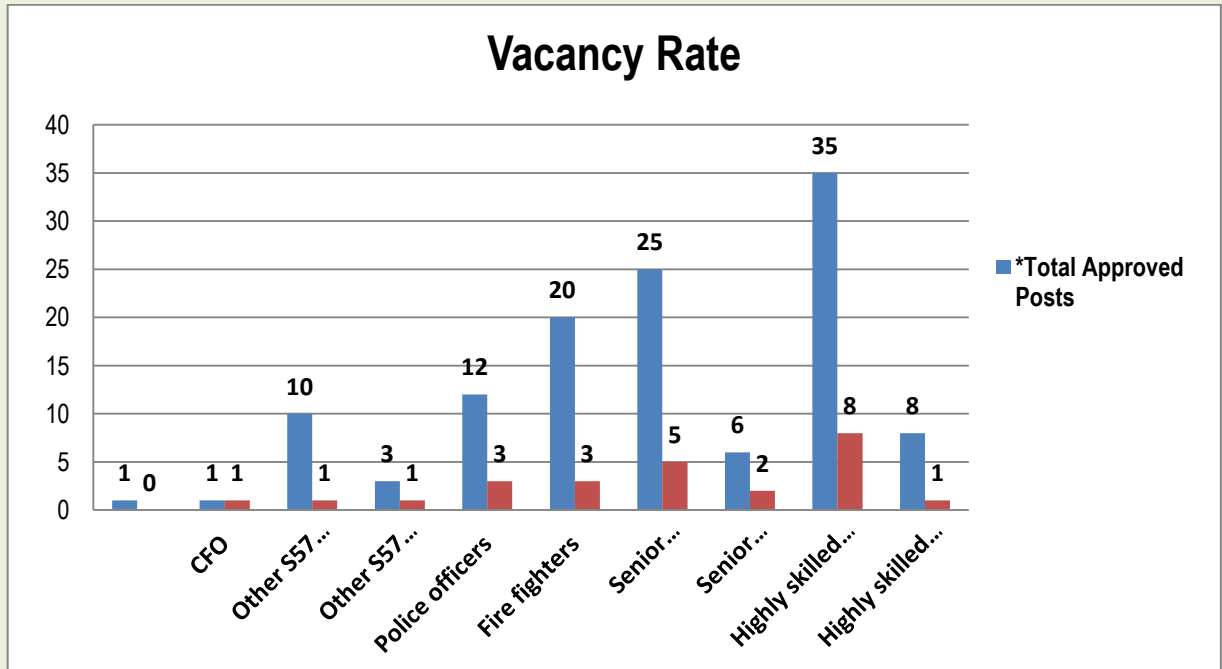


# Chapter 4

Police officers	0	0	#DIV/0!
Fire fighters	0	0	#DIV/0!
Senior management: Levels 13-15 (excluding Finance Posts)	9	2	22.22
Senior management: Levels 13-15 (Finance posts)	3	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	14	9	64.29
Highly skilled supervision: levels 9-12 (Finance posts)	9	2	22.22
<b>Total</b>	<b>39</b>	<b>16</b>	<b>41.03</b>
			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 -2	251	36	14%
Year -1	0	11	0%
Year 0	15	134	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 approved 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	60
Temporary total disablement	0	0	0%	0	
Permanent disablement	0	0	0%	0	
Fatal					
<b>Total</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>60</b>

T 4.3.1

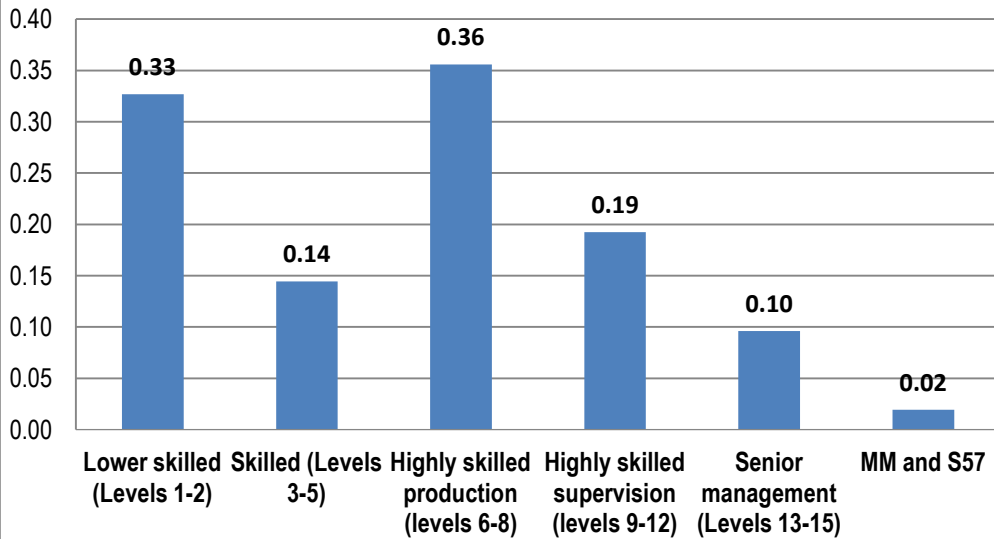
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	34	0%	34	18	0.33	
Skilled (Levels 3-5)	15	0%	25	24	0.14	
Highly skilled production (levels 6-8)	37	0%	42	33	0.36	
Highly skilled supervision (levels 9-12)	20	0%	15	15	0.19	
Senior management (Levels 13-15)	10	0%	19	14	0.10	
MM and S57	2	0%	3	0	0.02	
<b>Total</b>	<b>118</b>	<b>0%</b>	<b>138</b>	<b>104</b>	<b>1.13</b>	<b>0</b>

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)	n/a			
Skilled (Levels 3-5)	n/a			
Highly skilled production (levels 6-8)	n/a			
Highly skilled supervision (levels 9-12)	n/a			
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 Finalized
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)	n/a		
Senior management (Levels 13-15)	n/a		
MM and S57	n/a		

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

None.

T 4.3.7



# 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	20	9		45%
	Male	30	12		
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
<b>Total</b>		<b>50</b>	<b>21</b>		
<i>Has the statutory municipal calculator been used as part of the evaluation process ?</i>					Yes/No

T 4.4.1

### COMMENT ON PERFORMANCE REWARDS:

None.

T 4.4.1.1



# Chapter 4

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

*Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.*

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											
			Learner ships			Skills programmes & other short courses			Other forms of training			Total		
			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 s57	Female		5						0	1				1
	Male		5						1	2		1		2
Councillors, senior officials and managers	Female		2						3	3		3		3
	Male		3						4	4		4		4
Technicians and associate professionals*	Female		4						2	2		2		2
	Male		8						8	9		8		9
Professionals	Female		8						6	6		6		6
	Male		6						2	2		2		2
Sub total	Female		19						11	12		11		12
	Male		22						15	17		15		17
<b>Total</b>		<b>0</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>58</b>	<b>0</b>	<b>52</b>	<b>0</b>	<b>58</b>

\*Registered with professional Associate Body e.g CA (SA)

T  
4.5.1



# Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	0	0	0	0	0	0
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	0	0	0	0	0	0
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>
* 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									
	Male									
Legislators, senior officials and managers	Female									
	Male									
Professionals	Female									
	Male									
Technicians and associate professionals	Female									
	Male									
Clerks	Female									
	Male									
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female									
	Male									
Sub total	Female									
	Male									
Total										
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R

T4.5.3

## 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.



# Chapter 4

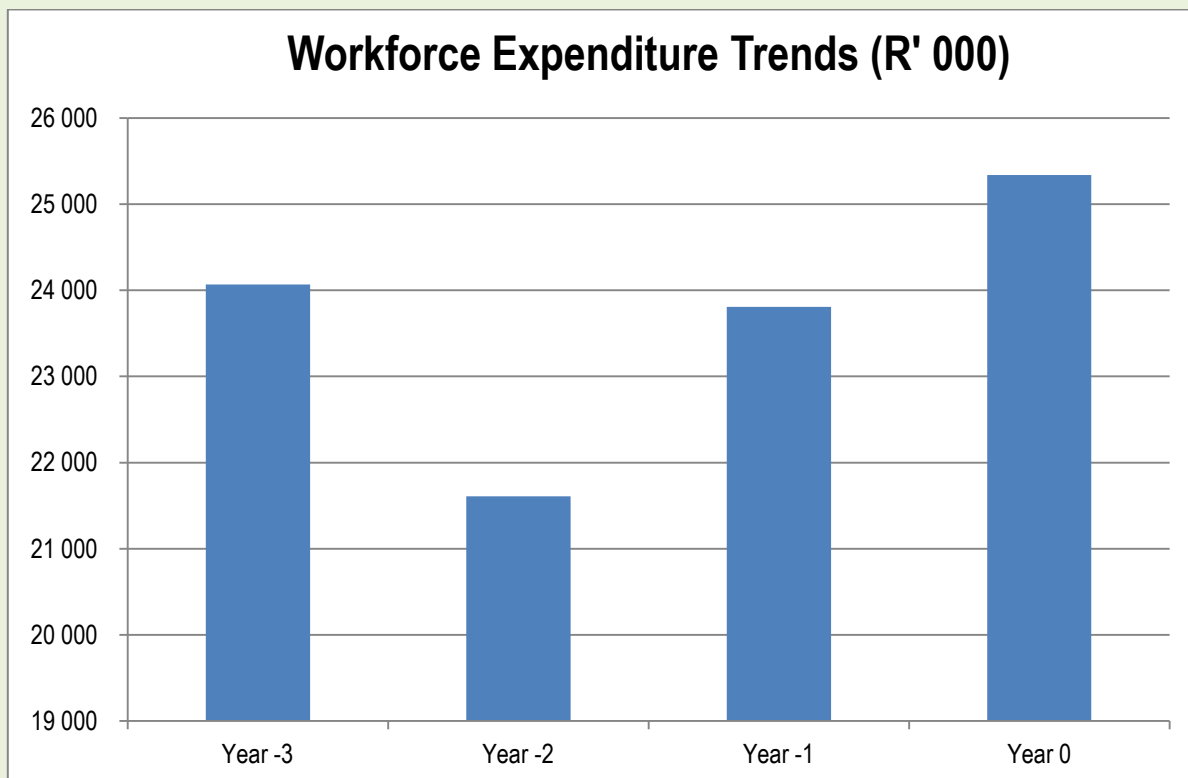
T 4.5.4

## 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



### COMMENT ON WORKFORCE EXPENDITURE:

Same as above.

T 4.6.1.1



# 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



# Chapter 4

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

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

None.

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

Description	Year 0											Year -1			
	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	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorized in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Financial Performance</b>															
Property rates	4,073	(619)	3,455			3,455	3,316		139	96%	81%				3,111
Service charges	6,087	(5,662)	424			424	225		199	53%	4%				193
Investment revenue	185	248	433			433	1,538		(1,106)	356%	831%				350
Transfers recognized - operational	63,291	(2,363)	60,928			60,928	60,648		279	100%	96%				41,126
Other own revenue	6,842	1,149	7,991			7,991	4,874		3,117	61%	71%				3,360
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>80,477</b>	<b>(7,248)</b>	<b>73,229</b>			<b>73,229</b>	<b>70,600</b>		<b>2,629</b>	<b>96%</b>	<b>88%</b>	-	-	-	<b>48,140</b>
Employee costs	44,491	(6,911)	37,580			37,580	(24,879)		12,701	-66%	-56%				(22,249)
Remuneration of councillors	6,211	470	6,681			6,681	(6,417)		264	-96%	-103%				(5,231)
Debt impairment		-	3,074							-4%	-4%				

# Chapter 5

Depreciation & asset impairment	3,074				3,074	(126)		2,948						(2,239)
Finance charges	319	(200)	119		119	(1,371)		(1,252)	1148%	-429%				(1,649)
Materials and bulk purchases	600	-	600		600	(2,117)		(1,517)	-353%	-353%				(488)
Transfers and grants	-	-	-		-	-		-						(2,812)
Other expenditure	23,851	(6,020)	17,831		17,831	(8,285)	289	9,546	-46%	-35%	10,631	(10,631)	-	(6,267)
<b>Total Expenditure</b>	<b>78,546</b>	<b>(12,661)</b>	<b>65,886</b>		<b>65,886</b>	<b>(43,196)</b>		<b>22,690</b>	<b>66%</b>	<b>-55%</b>				<b>(40,935)</b>
<b>Surplus/(Deficit)</b>	<b>1,931</b>				<b>7,344</b>	<b>27,405</b>		<b>(20,061)</b>	<b>373%</b>	<b>1419%</b>				<b>7,205</b>
Transfers recognised - capital		-	-		-	-		-						
Contributions recognised - capital & contributed assets		-	-		-	-		-						
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,344</b>	<b>27,405</b>	<b>-</b>	<b>(20,061)</b>	<b>373%</b>	<b>0</b>				<b>7,205</b>
Share of surplus/ (deficit) of associate														
<b>Surplus/(Deficit) for the year</b>														
<b>Capital expenditure &amp; funds sources</b>									#DIV/0!	#DIV/0!				
<b>Capital expenditure</b>	<b>18,223</b>	<b>5,967</b>	<b>24,189</b>		<b>24,189</b>	<b>20,707</b>		<b>3,482</b>	<b>86%</b>	<b>114%</b>				
Transfers recognised - capital														
Public contributions & donations		26,161	26,161		26,161	15,954		10,207	61%	#DIV/0!				9,015
Borrowing														
Internally generated funds		2,731	2,731		2,731	4,754		(2,022)	174%	#DIV/0!				
<b>Total sources of capital funds</b>	<b>-</b>	<b>28,892</b>	<b>28,892</b>	<b>-</b>	<b>28,892</b>	<b>20,707</b>	<b>-</b>	<b>8,185</b>	<b>0</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,015</b>



# Chapter 5

								-	#DIV/0!	#DIV/0!				
<b>Cash flows</b>														
Net cash from (used) operating	12,909	46,738	59,648		59,648	19,450		40,197	33%	151%				10,735
Net cash from (used) investing	(26,174)	-	(26,174)		(26,174)	(20,797)		(5,378)	79%	79%				(4,496)
Net cash from (used) financing	24	255	278		278	1,003		(725)	361%	4237%				(446)
<b>Cash/cash equivalents at the year end</b>						97		(97)						441
														T 5.1.1



# 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
<b>Operating Cost</b>						
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 & Regulatory)	12,546	10,413	11,793	11,542	9.78%	-2.17%



# Chapter 5

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%
<b>Total Expenditure</b>	<b>136,240</b>	<b>113,518</b>	<b>130,642</b>	<b>119,497</b>	<b>5.00%</b>	<b>-9.33%</b>

T 5.1.2

## COMMENT ON FINANCIAL PERFORMANCE:

Variances above 10% are due to the following aspects:

**Property Rates:** the variance was caused by billing on Public Service Infrastructure in which we under collected by 4%

**Service charge:** The variance was as a result of extended efforts on the billing for refuse removal and added man power, we under collected by 47% which is not a favorable %

**Investment Revenue:** we Invested some of our unused cash for a short term to be able to generate extra income from interest earned

T5.1.3



# Chapter 5

## 5.2 GRANTS

Grant Performance						
Description	R' 000					
	Year -1	Year 0		Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>31,725</b>	<b>39,668</b>	<b>39,668</b>	<b>39,272</b>	99%	99%
Equitable share	29,975	37,628	37,628	37,232	99%	99%
Municipal Systems Improvement	750	790	790	790	100%	100%
Municipal Finance Management Grant	1,000	1,250	1,250	1,250	100%	100%
<b>Provincial Government:</b>						
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
<b>District Municipality:</b>	<b>12,518</b>	<b>22,923</b>	<b>20,028</b>	<b>4,726</b>	21%	24%
Operation & Maintenance Grant	12,518	22,923	20,028	4,726	21%	24%
<b>Other grant providers:</b>						
	<b>403</b>	–	<b>532</b>	<b>444</b>	#DIV/0!	84%
[LED]	403	–	432	444	#DIV/0!	103%
[LGSETA]		–	100	–	#DIV/0!	0%



# Chapter 5

	-					
<b>Total Operating Transfers and Grants</b>	<b>44,646</b>	<b>62,591</b>	<b>60,228</b>	<b>44,442</b>	71%	74%
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*

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
A - "Vhembe District"	12,518	4,288				Operation and maintenance for water related activities
A - "LGSETA"	-	284				Incentives for skills development
B - "Project 1"						
B - "Project 2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A - "European Union"						LED capacity building



# Chapter 5

	437	444				
B - "Project 1"						
B - "Project 2"						
<b>Private Sector / Organisations</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

## 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 Management 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				
<b>Asset 1</b>				
Name	Masisi Streets PAVING			
Description	Streets Paving			
Asset Type	Infrastructure			
Key Staff Involved	PMU			
Staff Responsibilities	Maintain Road			
Asset Value	2008/2009	2009/10	2010/11	20011/12
				R2 078 381
Capital Implications	Grant Funding			
Future Purpose of Asset	To provide better access to and from residential areas			
Describe Key Issues	Expansion of engineering infrastructure to all areas in Mutale			
Policies in Place to Manage Asset	YES			
<b>Asset 2</b>				
Name	Tshidongololwe Low Level Bridge			
Description	Low Level Bridge			
Asset Type	Infrastructure			
Key Staff Involved	PMU			
Staff Responsibilities	Maintain Road			
Asset Value	2008/2009	2009/10	2010/11	20011/12
				R3 102 454.
Capital Implications	Grant Funding			
Future Purpose of Asset	To provide better access to and from residential areas			
Describe Key Issues	Expansion of engineering infrastructure to all areas in Mutale			
Policies in Place to Manage Asset	YES			



# Chapter 5

Asset 3				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
				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 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	7,733	7,647	2,168	72%
<i>T 5.3.4</i>				

## COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

With the Adjustment Budget 2011/12, 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 2011/12 Financial Year

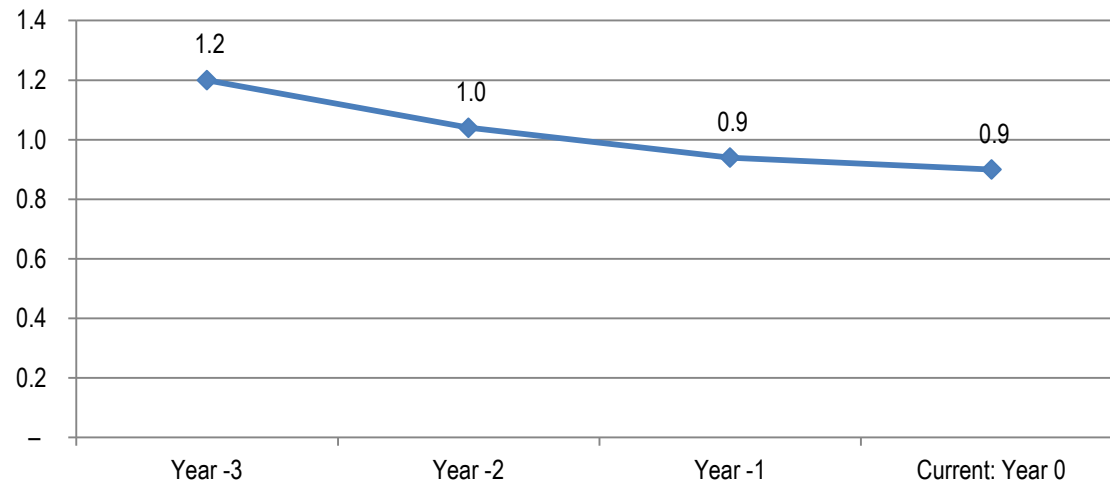
*T 5.3.4.1*



# Chapter 5

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### Liquidity Ratio



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.

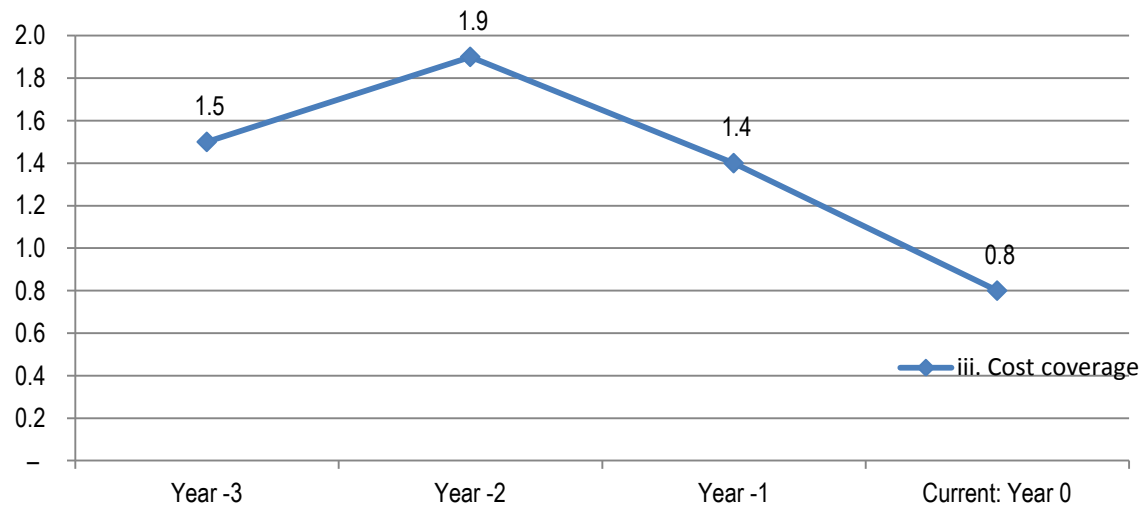
Data used from MBRR SA8

T 5.4.1



# Chapter 5

## Cost Coverage



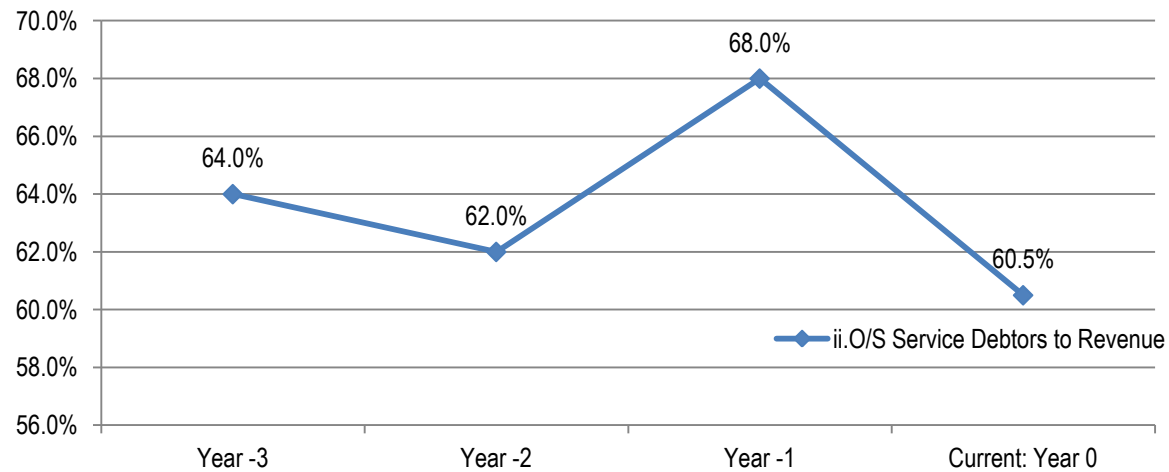
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8



# Chapter 5

## Total Outstanding Service Debtors



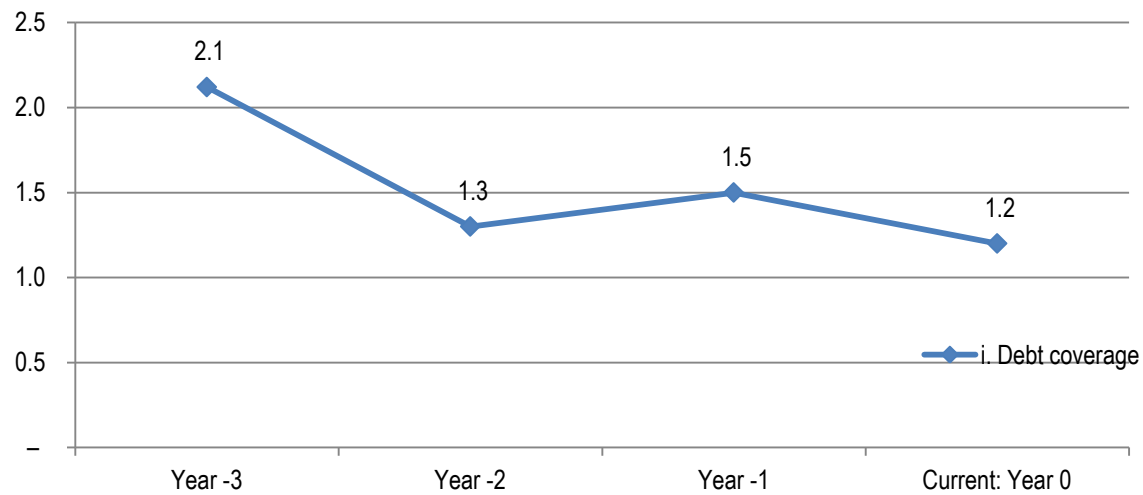
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8



# Chapter 5

## Debt Coverage



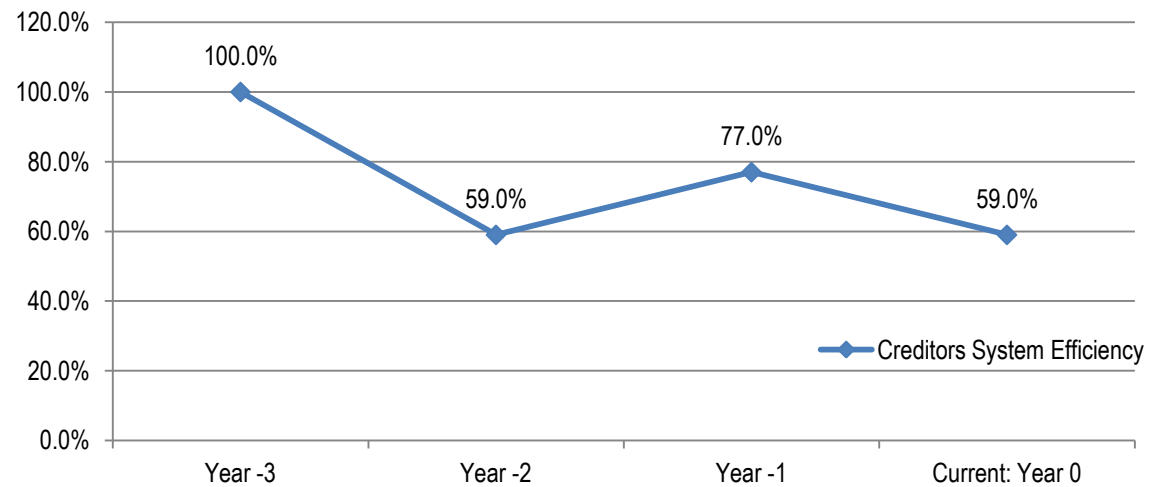
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

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

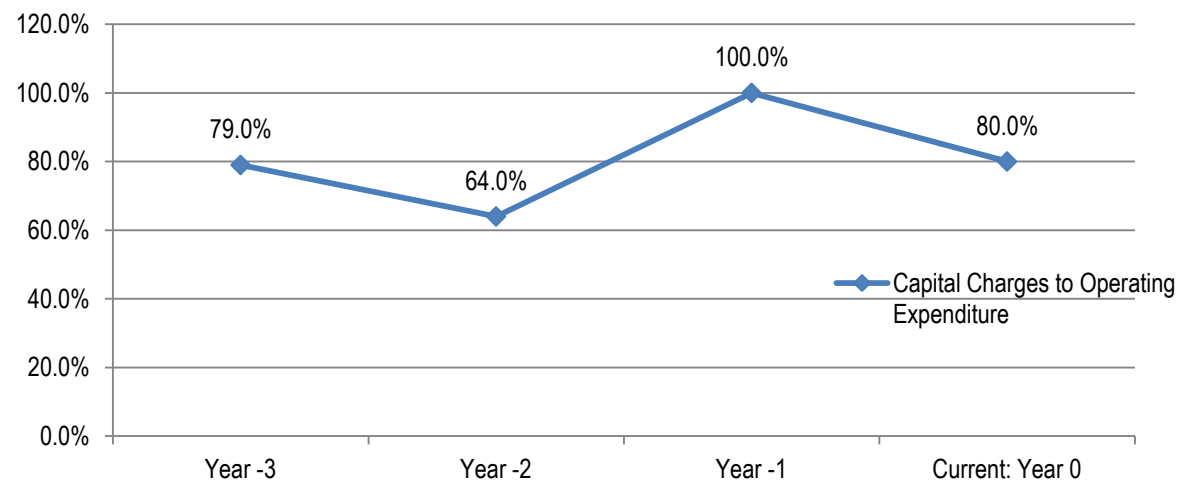
Data used from MBRR SA8

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.

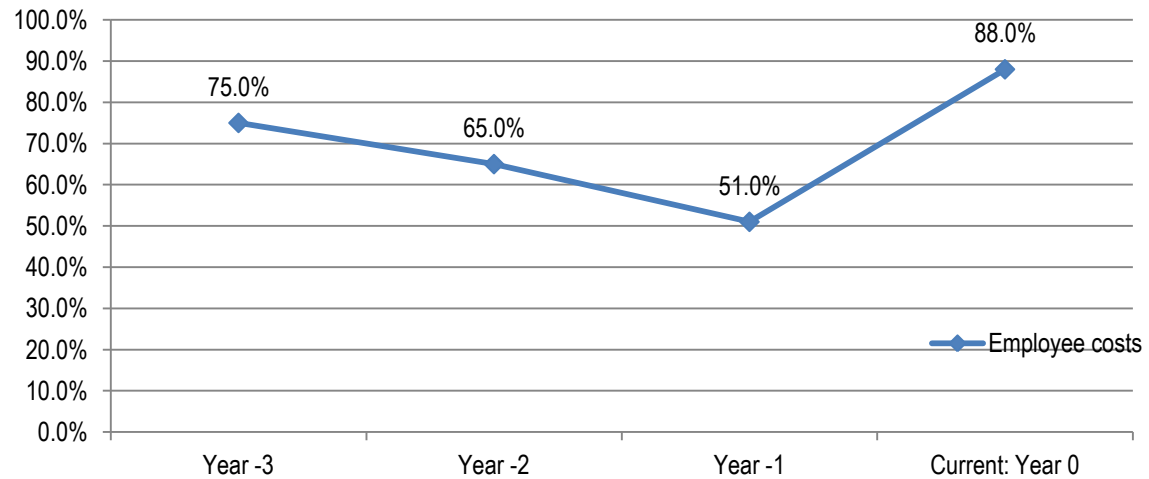
Data used from MBRR SA8

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.

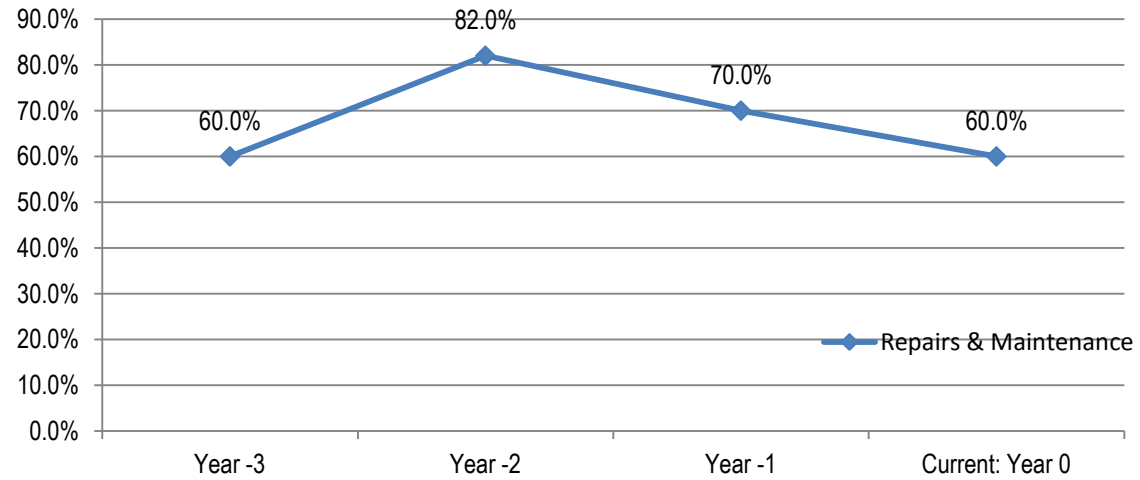
Data used from MBRR SA8

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

COMMENT ON FINANCIAL RATIOS:

T 5.4.9

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.5 CAPITAL EXPENDITURE

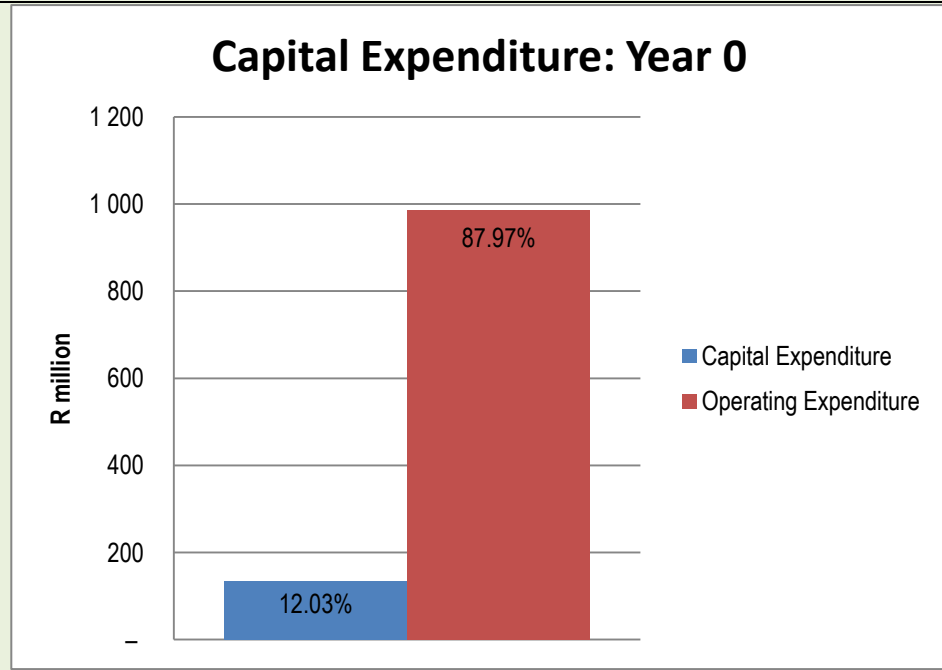
#### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

*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



T 5.5.1



# Chapter 5

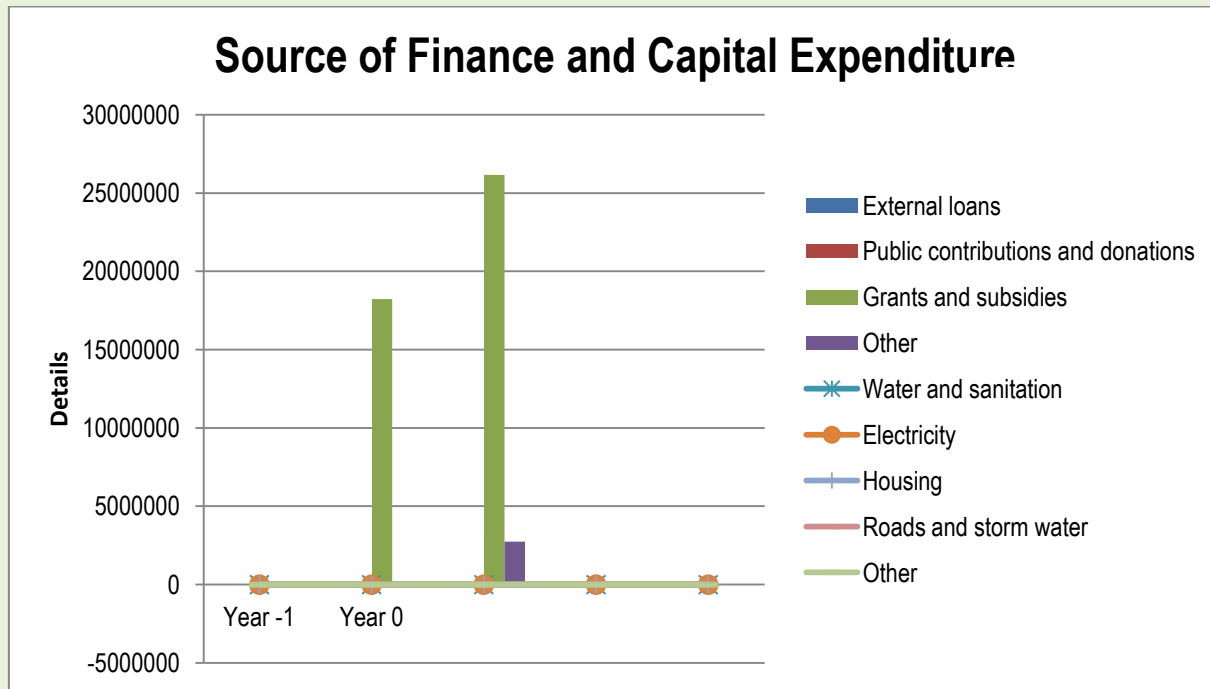
## 5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year -1	Year 0				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>							
	External loans						
	Public contributions and donations						
	Grants and subsidies	3451	18,223	26,161	3856	44%	-99.98%
	Other		0	2,731	3857	#DIV/0!	#DIV/0!
<b>Total</b>		<b>3451</b>	18,223	28,892	<b>7713</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<i>Percentage of finance</i>							
	External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Grants and subsidies	100.0%	100.0%	90.5%	50.0%	#DIV/0!	#DIV/0!
	Other	0.0%	0.0%	9.5%	50.0%	#DIV/0!	#DIV/0!
<b>Capital expenditure</b>							
	Water and sanitation	1845	4300	4250	4256	-1.16%	-1.02%
	Electricity	1562	2400	2480	2453	3.33%	2.21%
	Housing	1243	2700	2800	2685	3.70%	-0.56%
	Roads and storm water	1352	1500	1400	1486	-6.67%	-0.93%
	Other	-2551	3500	3450	-3167	-1.43%	-190.49%
<b>Total</b>		<b>3451</b>	<b>14400</b>	<b>14380</b>	<b>7713</b>	<b>-2.22%</b>	<b>-190.79%</b>



# Chapter 5

Percentage of expenditure							
Water and sanitation	53.5%	29.9%	29.6%	55.2%	52.4%	0.5%	
Electricity	45.3%	16.7%	17.2%	31.8%	-150.1%	-1.2%	
Housing	36.0%	18.8%	19.5%	34.8%	-166.8%	0.3%	
Roads and storm water	39.2%	10.4%	9.7%	19.3%	300.2%	0.5%	
Other	-73.9%	24.3%	24.0%	41.1%	64.3%	99.8%	
							T 5.6.1



# Chapter 5

## COMMENT ON SOURCES OF FUNDING:

Capital Project were 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

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A -Thengwe Tshandama	2,000,000	8,871,718	6,339,860	-217%	-344%
B -Khakhu Mangwele	-	3,500,000	2,015,014	0%	0%
C -Masisi streets	1,000,000	2,973,136	2,078,381	-108%	-197%
D - Tshilamba Streets	3,638,336	500,000	0	100%	86%
E - Tshidongololwe to Vuvha	6,656,914	7,815,852	2,924,374	56%	-17%
* Projects with the highest capital expenditure in Year 0					
<b>A -Thengwe Tshandama</b>					
Objective of Project	Upgrading from gravel to tar				
Delays	Incompetency of the contractor				
Future Challenges	The road will be eroded because of shortage of storm water drainage				
Anticipated citizen benefits	Better riding quality and no more dust				
<b>B -Khakhu Mangwele</b>					
Objective of Project	Rehabilitation of an existing road				
Delays	The place rocky,				
Future Challenges	The road will be eroded because of shortage of storm water drainage				
Anticipated citizen benefits	accessibility and shortening of distance				
<b>C -Masisi streets</b>					

# Chapter 5

Objective of Project	Upgrading from gravel to tar
Delays	None
Future Challenges	None
Anticipated citizen benefits	No more dust
<b>D - Tshilamba Streets</b>	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
<b>E - Tshidongololwe to Vuvha</b>	
Objective of Project	To shorten a distance from Tshidongololwe to Vuvha
Delays	None
Future Challenges	None
Anticipated citizen benefits	accessibility and shortening of distance
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

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

**Delete Directive note once comment is completed** – Explain that need and cost of backlogs are the result of migration into an area; migration out of an area; the trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure. Explain how this balance effects net demand in your municipality and how your municipality is responding to the challenges created.

T 5.8.1

Service Backlogs as at 30 June Year 0				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	21669	89	2800	11
Sanitation	24469	0	0	0
Electricity	21648	88	2821	12
Waste management	3201	13	21268	87
Housing	177862	73	6607	27

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	
<b>Infrastructure - Road transport</b>				%	%	
<i>Roads, Pavements &amp; Bridges</i>	13,295	13,295	13,910	105%	105%	
<i>Storm water</i>				%	%	
<b>Infrastructure - Electricity</b>				%	%	
<i>Generation</i>				%	%	
<i>Transmission &amp; Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
<b>Infrastructure - Water</b>				%	%	
<i>Dams &amp; Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
<b>Infrastructure - Sanitation</b>				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
<b>Infrastructure - Other</b>				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
<b>Other Specify:</b>				%	%	
<b>Total</b>				%	%	



# Chapter 5

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



# Chapter 5

## 5.9 CASH FLOW

Cash Flow Outcomes				
Description	R'000			
	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	6,442	8,501	17,373	5,666
Government - operating	32,128	63,291	74,650	56,905
Government - capital	8,998	16,295	17,054	13,910
Interest	574	185	433	385
Dividends	-	-	-	-
<b>Payments</b>				
Suppliers and employees	(42,388)	(75,043)	(49,743)	(55,298)
Finance charges	(488)	(319)	(119)	(2,117)
Transfers and Grants	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>5,265</b>	<b>12,909</b>	<b>59,648</b>	<b>19,450</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	-	-	-	-
Decrease (Increase) in non-current debtors	-	(25,544)	(25,544)	-
Decrease (increase) other non-current receivables	-	(630)	(630)	-
Decrease (increase) in non-current investments	-	-	-	-



# Chapter 5

<b>Payments</b>				
Capital assets	(4,496)	-		(20,797)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(4,496)</b>	<b>(26,174)</b>	<b>(26,174)</b>	<b>(20,797)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans	-		255	
Borrowing long term/refinancing	-	24	24	
Increase (decrease) in consumer deposits	-			
Prior year Adjustment				1,608
<b>Payments</b>				
Repayment of borrowing	(255)			(604)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(255)</b>	<b>24</b>	<b>278</b>	<b>1,003</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>514</b>		<b>33,751</b>	<b>(343)</b>
Cash/cash equivalents at the year begin:	122	(13,241)	118	441
Cash/cash equivalents at the year end:	636	(13,241)	33,870	97
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 cashflow

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	Year -2	Year -1	Year 0
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	1,891	1,675	1,158
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit	39	0	
Financial Leases	623	431	69
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	<b>2,551,978</b>	<b>2,105,547</b>	<b>1,227,066</b>
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			

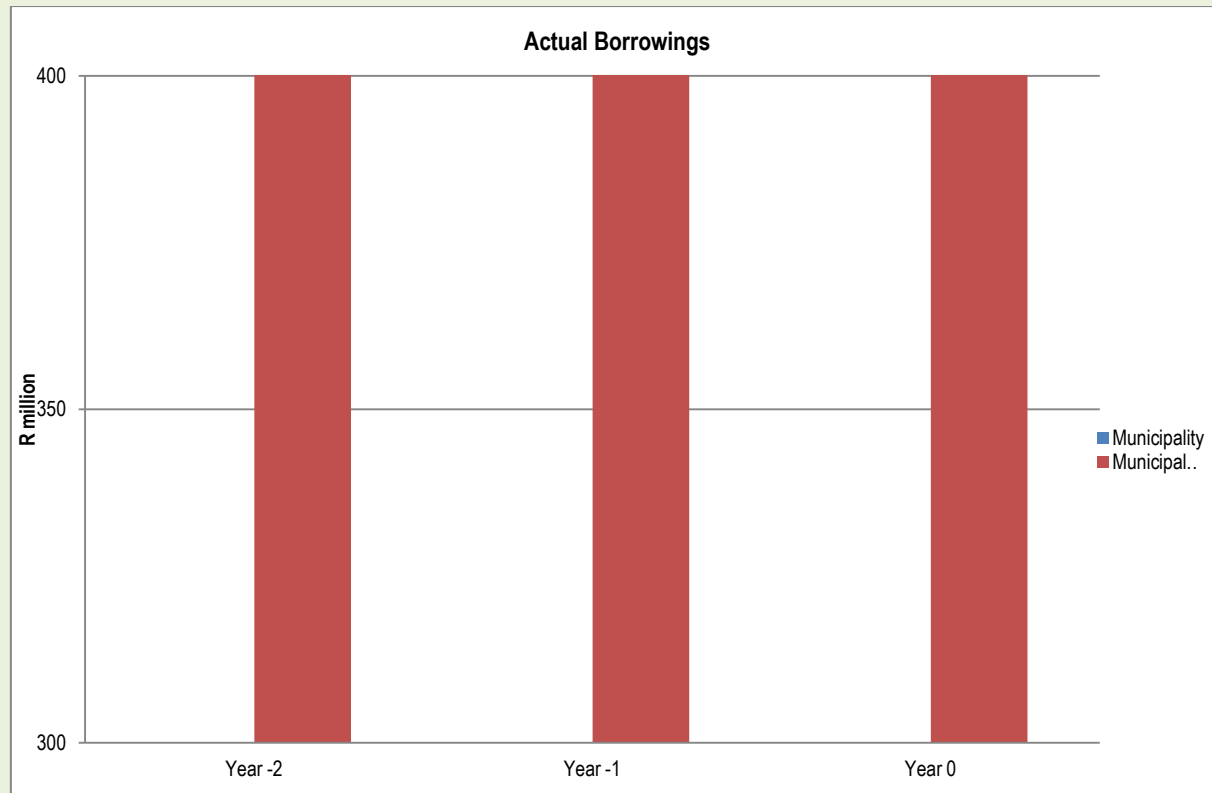


# Chapter 5

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



# Chapter 5



<b>Municipal and Entity Investments</b>			
	R' 000		
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	0	0	0



# Chapter 5

Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements - Banks	0	0	0
Municipal Bonds	0	0	0
Other	0	0	0
<b>Municipality sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>			
<b>Consolidated total:</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<i>T 5.10.4</i>



# Chapter 5

## 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.

#### 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.



# Chapter 5

## **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.

***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



# Chapter 6

## 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
The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of capital assets identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.	<ol style="list-style-type: none"> <li>1. Action plan to address Audit findings was done</li> <li>2. Get consultant to assist with preparation of Annual financial statements 2011/12</li> </ol>
<p>The audit committee did not function as required by section 166 of the MFMA, in that:</p> <ul style="list-style-type: none"> <li>• The audit committee did not advise the council, the accounting officer and the management staff of the municipality on matters relating to internal financial control and internal audits, risk management, accounting policies, performance management, effective governance, compliance with applicable legislation and/or performance evaluation</li> <li>• The audit committee did not meet at least four times a year as required by section 166 (4)(b) of the MFMA.</li> </ul>	

# Chapter 6

<p>The municipality did not have an internal audit unit in place as required by section 165(1) of the MFMA</p> <p>The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes as required by section 45(1)(a) of the Municipal Systems Act and Municipal Planning and Performance Management Regulation 14.</p>	<p>1. Appoint Manager: Internal Audit, internal Audit officer and intern</p>
<p>Final awards and/or recommendation of awards to the accounting officer were not always made by an adjudication committee which was constituted of 4 members as per the requirements of the SCM policy. Awards were made to providers who are persons in service of other state institutions in contravention of the requirements of SCM regulations 44. Furthermore the provider failed to declare that he/she is in the service of the state as required by SCM regulation 13(c)</p>	<p>Review supply chain management policy</p>
<p>Money owing by the municipality was not always paid within 30 days of receiving and invoice</p>	<p>The municipality's cash flow improved during 11/12 , and the municipality strives for payment of creditors within 30 days of receiving an invoice</p>
<p>The accounting officer did not take reasonable steps to prevent irregular expenditure and/or fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.</p>	<p>Management has put up processes in place to manage all deviations from procurement processes and keep them at minimal.</p>
<p>The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounted for creditors of the municipality, as required by section 65(2)(b) of the MFMA</p>	<p>Financial system was revamped in order to correctly do take on balances and clear all exceptions relating to creditors</p>
<p>The allocation for Municipal Infrastructure Grant was utilised for purposes other than those stipulated in the Gazetted Division of Revenue Act framework in contravention of the requirements of section 15(1) of the Division of Revenue Act.</p>	<p>Unspent portion was offsetted against equitable share allocation by treasury reducing the MIG liability</p>
<p>The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained an effective system of internal control for assets, including an asset register as required by section 63(2)(c) of the MFMA.</p>	
<p><i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i></p> <p style="text-align: right;">T 6.1.1</p>	



# Chapter 6

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
The accounting officer of the municipality did not submit the results of the assessment on the performance of the municipality during the first half of the financial year to the mayor of the municipality, the National Treasury, and the provincial treasury as required by section 72(1)(b) of the Municipal Finance Management Act (MFMA)	
T 6.1.2	

## 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 ON THE AUDIT OF MUTALE LOCAL MUNICIPALITY REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I was engaged to audit the financial statements of the Mutale Local Municipality, which comprise the statement of financial position as at 30 June 2012, the statements of financial performance, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report, as set out on pages XXX to XXX.

##### 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), Division of Revenue Act (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



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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 matter(s) 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. An unreconciled difference of R653 237 exists at the end of the 2011-12 financial year between the closing carrying amount of PPE per the underlying accounting records and the balance of PPE as disclosed in note 3 to the financial statements. The municipality imposed a limitation on the scope of my work, as I was not given valid explanations and supporting documentation for the reconciling difference between the accounting records and the financial statements. The municipality's records did not permit the application of alternative audit procedures.

5. There are a significant number of items included in the furniture and equipment balance of R2 365 065 in the financial statements that I could not physically verify. Furthermore, additional assets were identified that were not included in the underlying accounting records. Consequently, I was unable to determine whether any adjustment relating to furniture and equipment in the financial statements was necessary.

6. An unreconciled difference of R242 916 exists between the carrying amount of PPE as disclosed in note 3 to the 2011-12 financial statements per the reconciliation of movements in PPE for the current and prior financial years. Consequently, I was unable to determine whether any adjustment relating to PPE in the financial statements disclosures was necessary.

7. I have identified a number of duplicated assets and assets with negative carrying values in the underlying accounting records of the municipality. The total amount disclosed in respect of these assets in the financial statements amounts to R915 373. The municipality imposed a limitation on the scope of my work, as I was not given valid explanations and supporting documentation for the duplicated assets and reconciliations for the assets with negative values. The municipality's records did not permit the application of alternative audit procedures. Consequently, the impact on the carrying values of PPE as disclosed in the financial statements could not be determined.

8. The municipality did not depreciate certain classes of assets (fencing, motor vehicles and office equipment) over their useful life as disclosed in note 3 to the financial statements for the 2011-12 financial year and for the 2010-11 financial year. The impact on the carrying values of PPE as disclosed in the financial statements could not be determined.

9. Furthermore, the depreciation provided on motor vehicles with an opening carrying amount of R2 378 054 was calculated by the municipality as R17 per the underlying accounting records. The depreciation was recalculated as amounting to R102 682 for the 2011-12 financial year. Thus a misstatement of R102 665 exists on these assets at year end.

10. The municipality did not review the residual values and useful lives of all classes of assets within property, plant and equipment at each reporting date in accordance with



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Standards of Generally Recognised Accounting Practice, GRAP 17, *PPE*. This is evidenced by the fact that 48 assets with a gross carrying amount of R28 (2011: R38) are disclosed in the underlying accounting records and financial statements at R1 whilst still being in use by the municipality. Because of the uncertainty inherent in the period of use of these assets by the municipality and due to the nature of the assets, I have not determined the net carrying amount of these assets as it was impractical to do so.

11. The municipality's infrastructure assets were not completely unbundled during the preceding financial year in contravention of Standards of Generally Recognised Accounting Practice, GRAP 17, paragraphs 48 and 49. Because of the nature of these assets, I have not determined the net carrying amount of these assets as it was impractical to do so.

12. The municipality maintains an infrastructure projects register which was not complete for all invoices raised by contractors for infrastructure projects in progress at year end. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of additions of R20 066 116 to infrastructure assets during the 2011/12 financial year.

## **Investment property**

13. The municipality processed an adjustment to correct a prior period error on Investment Property, previously recognised as PPE. The amount of the adjustment was shown as a transfer from PPE to Investment Property and was not corrected retrospectively in accordance with Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, paragraph 44 and 45. Thus note 2 to the 2011-12 financial statements is materially misstated, as the prior period error relating to investment property was not correctly recognised as a restatement of the opening balance of investment property for the current and preceding financial year by an amount of R1 896 230

14. The municipality accounts for investment property using the fair value model in accordance with the Standards of Generally Recognised Accounting Practice, GRAP 16, *Investment Property*. Contrary to the adopted accounting policy, the municipality valued its Investment Property at historical cost. I have not determined the correct value of the investment property of R1 896 230 in the financial statements as it was impractical to do so.

## **Provision for leave pay**

15. The provision for leave amounting to R2 083 469 as disclosed in note 13 to the financial statements was not split between the portion of the provision which is expected to be settled within 12 months of the reporting date and the portion of the provision which is expected to be settled more than 12 months after the reporting date, as required by Standards of Generally Recognised Accounting Practice, GRAP 19, *Provisions*. Furthermore, the value of the provision as determined by the municipality does not take into account the expected mortality rates and discounting of the long term portion of the leave pay provision in terms of the above standard. I have not determined the correct value of the provision for leave pay as it was impractical to do so.



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## Provision for landfill obligation

16. The municipality raised a provision for an obligation to restore a landfill site amounting to R1 358 721 at the end of the 2011/12 financial year. In terms of Standards of Generally Recognised Accounting Practice, GRAP 19, *Provisions*, paragraph 41, the value of the provision should be measured as the best estimate of the expenditure required to settle the present obligation, resulting from a past event, at the reporting date..

The value of the provision was incorrectly determined in contravention of Standards of Generally Recognised Accounting Practice, GRAP 19, *Provisions*, paragraph 41. Due to the nature of the provision, I was unable to confirm or verify by alternative means the value of the provision included in the financial statements at R1 235 201.

Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation of the provision at year end.

## Commitments

17. The municipality disclosed commitments for future capital expenses amounting to R11 813 527 in the financial statements for the 2011/12 financial year. The accounting records supporting the disclosure of commitment for future capital expenses amounting to R11 813 527 in note 29 to the financial statements were identified as being incomplete.

There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of commitments of R11 813 527 as stated in note 29 to the financial statements. Furthermore, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of payables and retention payables balances for the 2011/12 financial year

## Revenue

18. The municipality recognised in the 2011-12 financial year revenue of R377 262 from stands that were sold in the 2010-11 financial year. In addition, the municipality sold additional stands in prior financial years amounting to R2 569 571 which have not been disclosed as comparative amounts in the 2011-12 financial statements. In terms of Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, paragraphs 44 and 45 indicate that errors should be retrospectively corrected by restating the comparative amounts presented and the opening balances of assets, liabilities and net assets for the earliest prior period presented. Consequently, other income on the sales of sites is overstated by R377 262 in the 2011/12 financial year and the amounts presented as comparative amounts in the financial statements for the 2011/12 financial year are understated by R2 946 833.

19. Included in interest income of R1 153 184 in the financial statements are amounts that should have been recognised by the district municipality in terms of the Municipal Systems Act (Act No. 32 of 2000). 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 system. Consequently, I was unable to quantify the value of the adjustments required to interest income in the statement of financial performance

## Trade and other receivables



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20. The accounts receivable balance of R2 145 432, as disclosed in note 8 to the financial statements does not agree to the balance of R2 602 332 per the accounting records. The municipality did not reconcile the difference of R456 900 and provide sufficient appropriate audit evidence or explanations regarding this difference. Due to the nature of the trade and other receivables balances, I was unable to confirm or verify by alternative means the amount of the trade and other receivables balances that should be recognised in the accounting records and financial statements of the municipality and the district municipality for the 2011-12 financial year. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and valuation of the trade and other receivables balance at year end.

21. The municipality, in the capacity of an agent, collects water related revenue on behalf of the Vhembe District Municipality (VDM), the principal. Included in the receivables balance of R2 145 432 are transactions generated from water related services that should have been transferred to the district municipality. The value of the services rendered for water services could not be determined due to the inability of the municipality's billing system to split services rendered between water and non-water related services. As a result of this limitation, I was unable to determine the amount recognised in trade and other receivables balance in the financial statements that should be transferred to the district municipality.

With reference to the paragraph above and system limitations to split the receivables balance between the municipality and its district municipality, I was unable to determine whether the amount provided as an impairment loss in the financial statements was complete for all receivables balances for the 2011-12 financial year.

22. In terms of Standards of Generally Recognised Accounting Practice, GRAP 9, *Revenue from Exchange Transactions*, paragraph 15 indicates revenue can only be recognised to the extent that it is received or receivable during a financial year. The municipality recognised grants to the amount of R387 743 in excess of the conditional grant received, contrary to the requirements of GRAP 9. This led to the recognition of a receivable balance existing in respect of the grant at year end

Due to the matters reported in the preceding paragraphs, I was unable to determine the effect on the accounts receivable balance in the financial statements.

23. The Municipal Property Rates Act (Act No. 6 of 2004) indicates that a municipality is not obliged to levy rates on public service infrastructure. As a result, the receivables balances relating to road levies amounting to R3 802 323 disclosed as part of the net receivables balances in note 8 to the financial statements are overstated along with the revenue amounts recognised in the current financial year (R921 000) and the prior financial years (R2 881 323) and have not been reversed and corrected retrospectively as a prior period error in accordance with Standards of Generally Recognised Accounting Practice, GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*.

24. Included in interest income of R1 153 184 in the financial statements are amounts that have been recognised by the local municipality on public service infrastructure in terms of the Municipal Systems Act (Act No. 32 of 2000). 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 system. Consequently, I was unable to quantify the value of the adjustments required to interest income in the statement of financial performance.

## Payables



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25. The municipality identified an error of R1 184 905 that related to the prior year's balance on trade and other payables. 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*.

As a result the comparative figures disclosed in the 2011/12 financial statements for payables balances are misstated by an amount of R1 184 905.

26. Included in the trade and other payables age analysis are debit balances amounting to R1 385 727. In addition, the trade and other payables balance did not include invoices to the value of R2 047 571 at year end. In addition, significant differences existed between payables balances per the underlying accounting records and the amounts disclosed.

As a result of the above, the trade and other payables balance disclosed in note 13 to the financial statements of R20 490 731 is misstated for the 2011/12 financial year.

27. Trade payables balances of R3 039 454 in respect of retentions were identified as being understated by an amount of R958 846 in the current financial year. Consequently, infrastructure assets are understated by the same amount.

## Accumulated Surplus

28. The municipality processed an adjustment to correct prior period errors. The amount of the adjustment against accumulated surplus 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 re-state the prior year comparative amounts disclosed in the financial statements for trade and other payables (R1 184 905), other income (R2 569 571) and trade and other receivables (R222 997) balances and did not adequately disclose the effects of the adjustment in note 32 to the financial statements for the 2011-12 year. The municipality further recorded the net adjustment as a current year movement in the statement of changes in net assets.

Furthermore the municipality did not adequately disclose the effects of the prior period error in terms of the requirements of the above standard which requires the retrospective correction of the accumulated surplus of the prior year.

## Inventory

29. Standards of Generally Recognised Accounting Practice, GRAP 12, *Inventory*, paragraph 9 indicates that inventories encompass goods purchased and held for resale, including land and other property held for sale. The municipality recognised other income on the sale of land inventory during the 2011-12 financial year. The land sold by the municipality was never accounted for by the municipality as inventory and was not included as part of the balance of inventory in the 2011-12 financial statements of R107 341 (2011: R346 085).

I was unable to confirm or verify by alternative means the completeness of the land inventory in the possession of the municipality which was omitted from the 2011/12 financial statements.

Consequently, because of the uncertainty mentioned above, I was unable to confirm or verify by alternative means the valuation of the land inventory in the possession of the municipality which was omitted from the financial statements.

30. The valuation of inventory amounting to R107 341 (2011: R346 085) could not be determined at year end due to limitations on the municipality's information system. I was unable to confirm or verify by alternative means the valuation of the inventory in



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the possession of the municipality. Consequently, I cannot express an opinion on the valuation of inventories held by the municipality as disclosed in note 5 to the financial statements.

## **Cash Flow statement**

31. Presentation of a cash flow statement, summarising the municipality's operating, investing and financing activities, is required by Standards of Generally Recognised Accounting Practice, GRAP 2, *Cash flow statements*. I have noted that the cash flow statement for the prior year did not correctly cast by an amount of R5 758 623. In addition, the cash flow statement for the year contains a material error as the prior period error adjustment of R1 607 663 processed against the accumulated surplus in the current period has been noted as a separate line item in the cash flow statement instead of being allocated to the affected classes of transactions and balances. Furthermore, due to the multiple uncertainties and misstatements identified for all of the major classes of transactions and account balances mentioned in the preceding paragraphs, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the accuracy, presentation and completeness of the amounts included in the cash flow statement.

## **Fruitless and wasteful expenditure**

32. The municipality did not include particulars of fruitless and wasteful expenditure in the notes to the financial statements as required by section 125(2)(d)(i) of the MFMA. The municipality did not implement processes and procedures to identify record and report on fruitless and wasteful expenditure as evidenced by expenditure amounting to R76 287 that was not identified, recorded and reported. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all fruitless and wasteful expenditure was properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of the fruitless and wasteful expenditure disclosed in note 38 to the financial statements.

## **Irregular expenditure**

33. The municipality did not include particulars of irregular expenditure in the notes to the financial statements as required by section 125(2)(d)(i) of the MFMA. 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 R5 663 693. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all irregular expenditure with regard to obtaining of quotations and contract management was properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of the irregular expenditure disclosed in note 39 to the financial statements.

## **Unauthorised expenditure**

34. The municipality did not include particulars of unauthorised expenditure in the notes to the financial statements as required by section 125(2)(d)(i) of the MFMA. The municipality overspent the budgeted amount for the vote relating to Community and Social Development by R289 236. I have further noted that there is a material amount of unspent conditional grants at year end which are not sufficiently covered by cash and investments. Consequently, I did not obtain sufficient appropriate audit evidence



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to satisfy myself as to the completeness of the unauthorised expenditure disclosed in note 37 to the financial statements.

## **Accumulation 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, and the statement of financial performance, and the notes to the financial statements

Consumer deposits reflected as R212 587 are overstated by R185 816

Trade and other payables balances reflected as R20 490 731 are understated by an amount of R185 816

## **Disclaimer of Opinion**

36. 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 these financial statements.

## **Emphasis of matter**

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

## **Material underspending of the budget**

38. As disclosed in the Budget Expenditure Analysis by Vote, the municipality has materially underspent the budget on all of the votes to the amount of R21 809 945. As a consequence, the municipality has not achieved its objectives of administering the municipality properly and delivering services to the citizens within the municipal boundaries.

## **Additional matter**

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

## **Unaudited supplementary schedules**

40. The supplementary information set out on pages XX to XX 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.

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

41. 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.



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## **Predetermined objectives**

42. I performed procedures to obtain evidence about the usefulness and reliability of the information in the name of annual performance report as set out on pages XXX to XXX of the annual report.

43. 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 annual reporting principles and whether the reported performance is consistent with the planned development priorities. 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.

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

45. The material findings are as follows:

## **Usefulness Presentation**

46. Improvement measures in the annual performance report for a total of 100% of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

## **Consistency**

47. The MSA, section 41(c) requires that the actual achievements against all planned indicators and targets must be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 21% of all planned objectives specified in the integrated development plan for the year under review. This was due to a lack of review of and monitoring over the completeness of reporting documents by management.

48. The MSA, section 41(c) requires that the actual achievements against all planned indicators and targets must be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 85% of all planned indicators specified in the integrated development plan for the year under review. This was due to a lack of review of and monitoring over the completeness of reporting documents by management.

49. The MSA, section 41(c) requires that the actual achievements against all planned indicators and targets must be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 78% of all planned targets specified in the integrated development plan for the year under review. This was due to a lack of review of and monitoring over the completeness of reporting documents by management.

## **Measurability**

50. The National Treasury FMPPi requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 75% of the targets



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relevant to all development objectives were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the FMPPI but did not have adequate staff in the IDP unit during the year to enable application of the principles.

51. The National Treasury FMPPI requires that performance targets be measurable. The required performance could not be measured for a total of 75% of the targets relevant to all development objectives. This was due to the fact that management was aware of the requirements of the FMPPI but did not have adequate staff in the IDP unit during the year to enable application of the principles.

52. The National Treasury FMPPI requires that the time period or deadline for delivery be specified. A total of 100% of the targets relevant to all development objectives were not time bound in specifying a time period or deadline for delivery. This was due to the fact that management was aware of the requirements of the FMPPI but did not have adequate staff in the IDP unit during the year to enable application of the principles.

53. The National Treasury FMPPI requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the indicators relevant to Basic Service Delivery and Municipal Financial Viability were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPPI but did not have adequate staff in the IDP unit during the year to enable application of the principles.

54. The National Treasury FMPPI that it must be possible to validate the processes and systems that produce the indicator. A total of 53% of the indicators relevant to Basic Service Delivery and Municipal Financial Viability were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the fact that management was aware of the requirements of the FMPPI but did not have adequate staff in the IDP unit during the year to enable application of the principles.

## **Reliability of information Validity, Accuracy and Completeness**

55. The National Treasury FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. The municipality could not provide sufficient appropriate evidence to support the actual performance levels for the selected development priorities. The municipality's records did not permit the application of alternative audit procedures regarding the validity, accuracy and completeness of the reported performance information.

In addition to the above material findings, I draw attention to the following matter:

## **Achievement of planned targets**

56. Of the total number of planned targets, a majority were not fully achieved during the year under review. This represents a majority of total planned targets that were not achieved during the year under review. This was due to underspending of the budget relevant to the following programmes: Basic Service Delivery and Municipal Financial



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## Viability

### Compliance with laws and regulations

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

### Strategic Planning and performance management

58. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.

59. The municipality did not set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan / as required by section 41 of the MSA.

60. The municipality did not set measurable performance targets with regard to each objective as required by section 41 of the MSA.

### Budgets

61. Expenditure was incurred that was in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

62. Quarterly reports were not submitted to the council on the implementation of the budget and on the financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.

### Annual Financial Statements, Performance and Annual Reports

63. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors were not adequately corrected, which resulted in the financial statements receiving a disclaimer audit opinion.

64. The annual report for the year under review does not include a complete annual performance report, as required by section 121(4)(d) of the MFMA.

65. The annual performance report for the year under review does not include the performance of the municipality and external service providers for the majority of targets within the development priorities of the municipality as required by section 46(1)(a) of the MSA.

66. The annual performance report for the year under review does not include the performance against set targets for the majority of targets within the development priorities of the Municipality as required by section 46(1)(b) of the MSA.

67. The annual performance report for the year under review does not include a comparison with the previous financial year and measures taken to improve performance, as required by section 46(1)(c) of the MSA.



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## **Audit Committees**

68. The audit committee did not advise the council, accounting officer and management staff on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the MFMA.

69. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

70. A performance audit committee was not in place and the audit committee established in terms of MFMA section 166(1) was not used for this function, as required by Municipal Planning and Performance Management Regulation 14(2)(a).

71. The performance audit committee was not constituted as required by Municipal Planning and Performance Management Regulation 14(2), as all of the requirements of the section were not adhered to.

72. The audit committee did not review all of the quarterly internal audit reports on performance measurement, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(i).

73. The audit committee did not submit at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(iii).

## **Internal Audit**

74. The internal audit unit did not assess the functionality of the performance management system, whether the performance management system complied with the requirements of the MSA and the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators], as required by Municipal Planning and Performance Management Regulation 14(1)(b)(i),(ii) and (iii).

75. The internal audit unit did not audit the performance measurements on a continuous basis and submit quarterly reports on their audits to the municipal manager and the performance audit committee, as required by Municipal Planning and Performance Management Regulation 14(1)(c).

## **Procurement and contract management**

76. Goods and services with a transaction value of below R200 000 were procured without obtaining the required number of price quotations as required by SCM regulation 17(a) and (c).

77. Bids were not always evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2).



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78. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.

## Human resource management and compensation

79. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by regulation 14(2)(a) of the Regulations on Minimum Competency Levels.

80. The annual report of the municipality did reflect information on compliance with prescribed minimum competencies as required by regulation 14(2)(b) of the Regulations on Minimum Competency Levels.

## Expenditure management

81. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.

82. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and correctly accounted for payments made, as required by section 65(2)(b) of the MFMA.

83. The accounting officer did not take effective steps to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

84. Unauthorised, irregular, fruitless and wasteful expenditure was not recovered from the liable person, as required by section 32(2) of the MFMA.

## Conditional grants

85. The municipality submitted quarterly performance reports to the transferring national officer, the relevant provincial treasury and the National Treasury, within 30 days after the end of each quarter, as required by section 12(2)(c) of the DoRA.

86. The municipality evaluated its performance in respect of programmes funded by the allocation and submitted the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(6) of the DoRA.

87. The municipality did not timeously submit project registration forms, for projects it intended implementing in the financial year under review, to the department of local government, as required by the Division of Revenue Grant Framework, Gazette No.34280.

88. The municipality did not register its master plans for bulk infrastructure with the Integrated National Electrification Programme (INEP), as required by the Division of Revenue Grant Framework, Gazette No.34280.

89. Projects were not fully implemented in line with the details contained in the Integrated Development Plan, as required by the Division of Revenue Grant Framework, Gazette No.34280.

90. The municipality did not submit its signed activity plan in the prescribed format to the national department (Department of Co-operative Government and Traditional Affairs),



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as required by the Division of Revenue Grant Framework, Gazette No.34280.

91. The municipality did not submit, within 20 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No.34280.

## Revenue Management

92. A credit control and debt collection policy was not implemented, as required by section 96(b) of the Municipal Systems Act and section 62(1)(f)(iii) of MFMA.

93. An adequate management, accounting and information system was not in place which recognised revenue when it was earned, accounted for debtors and accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA.

## Asset Management and Liability Management

94. 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.

95. 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.

96. Investments were made without proper care being exercised over the withdrawal of funds from investment accounts, as required by Municipal Investment Regulation 5.

97. A management, accounting and information system which adequately accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

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

## Internal control

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

## Leadership

100. Management does not always appropriately provide the required supervision and review over operations to ensure that the municipality complies with all laws and regulations and appoint the necessary skilled staff members. Action plans were developed, however, they were not fully implemented, hence the recurrence of findings identified in the prior year with regard to asset management and water related transactions not adequately monitored and reconciled frequently.

## Financial and performance management

101. A lack of adequate technical knowledge within management, a high level of reliance on



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consultants with regard to the preparation of financial statements and a lack of adherence to laws and regulations resulted in the opinion received on the submitted financial statements and reported performance against predetermined objectives.

## **Governance**

102. Management ineffectiveness in implementing recommendations from internal and external audit prevented the audit committee 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.

Auditor-General  
Polokwane  
30 November 2012

T 6.2.3



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## COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

T 6.2.4

### Property, plant and equipment

**Auditor-General:** An unreconciled difference of R653 237 exists at the end of the 2011-12 financial year between the closing carrying amount of PPE per the underlying accounting records and the balance of PPE as disclosed in note 3 to the financial statements. The municipality imposed a limitation on the scope of my work, as I was not given valid explanations and supporting documentation for the reconciling difference between the accounting records and the financial statements. The municipality's records did not permit the application of alternative audit procedures.

**Mutale:** This issue is not a scope limitation as responses and reconciliations were given in our responses, may you please provide information that relates to the difference of R653 237 as the finding issued to us did not have that difference.

**Auditor-General:** There are a significant number of items included in the furniture and equipment balance of R2 365 065 in the financial statements that I could not physically verify. Furthermore, additional assets were identified that were not included in the underlying accounting records. Consequently, I was unable to determine whether any adjustment relating to furniture and equipment in the financial statements was necessary.

**Mutale:** The issue here has been generalised we also do not have a category called "furniture and equipment" with a balance of R2 365 06, however we have a category called "Office equipment with a balance of R2 687 920 i hope we are working on the same PPE balance. Also since the items were tested they should be quantified by the auditors.

**Auditor-General:** An unreconciled difference of R242 916 exists between the carrying amount of PPE as disclosed in note 3 to the 2011-12 financial statements per the reconciliation of movements in PPE for the current and prior financial years. Consequently, I was unable to determine whether any adjustment relating to PPE in the financial statements disclosures was necessary.

**Mutale:** This issue was not communicated with us, the difference in question relates to intangible assets that had a carrying amount of R242 916. There is a separate note (note 4) for intangible assets where the carrying amount is disclosed. Therefore you will not find it disclosed in note 3 as there is a separate disclosure note as per GRAP specimen financial statements.

**Auditor-General:** I have identified a number of duplicated assets and assets with negative carrying values in the underlying accounting records of the municipality. The total amount disclosed in respect of these assets in the financial statements amounts to R915 373. **The municipality imposed a limitation on the scope of my work**, as I was not given valid explanations and supporting documentation for the duplicated assets and reconciliations for the assets with negative values. The municipality's records did not permit the application of alternative audit procedures. Consequently, the impact on the carrying values of PPE as disclosed in the financial statements could not be determined.

**Mutale:** This issue does not constitute a scope limitation as the duplicated assets were identified and quantified. The are two different observations that have been consolidated into one finding therefore we also do not understand where the scope limitation refers to.

**Auditor-General:** The municipality did not depreciate certain classes of assets (fencing, motor vehicles and office equipment) over their useful life as disclosed in note 3 to the financial statements for the 2011-12 financial year and for the 2010-11 financial year. The impact on the carrying values of PPE as disclosed in the financial statements could not be determined.

Furthermore, the depreciation provided on motor vehicles with an opening carrying amount of R2 378 054 was calculated by the municipality as R17 per the underlying accounting records. The depreciation was recalculated as amounting to R102 682 for the 2011-12 financial year. Thus a misstatement of R102 665 exists on these assets at year end.

**Mutale:** This issue was not communicated to us by the Auditors.



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**Auditor-General:** The municipality did not review the residual values and useful lives of all classes of assets within property, plant and equipment at each reporting date in accordance with Standards of Generally Recognised Accounting Practice, GRAP 17, PPE. This is evidenced by the fact that 48 assets with a gross carrying amount of R28 (2011: R38) are disclosed in the underlying accounting records and financial statements at R1 whilst still being in use by the municipality. Because of the uncertainty inherent in the period of use of these assets by the municipality and due to the nature of the assets, I have not determined the net carrying amount of these assets as it was impractical to do so.

**Auditor-General:** The municipality's infrastructure assets were not completely unbundled during the preceding financial year in contravention of Standards of Generally Recognised Accounting Practice, GRAP 17, paragraphs 48 and 49. Because of the nature of these assets, I have not determined the net carrying amount of these assets as it was impractical to do so.

**Mutale:** To appoint a service provider to assist with the unbundling of unbundled assets and review useful lives and overhauling of Assets register

**Auditor-General:** The municipality maintains an infrastructure projects register which was not complete for all invoices raised by contractors for infrastructure projects in progress at year end. **Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of additions** of R20 066 116 to infrastructure assets during the 2011/12 financial year.

**Mutale:** The projects register was submitted to the Auditors in polokwane after discussing the draft management report and the Auditors refuse to look at the Register. It was a resolution taken in that meeting between the municipality and the AGSA that we should submit the project Register in polokwane.

## Investment property

**Auditor-General:** The municipality processed an adjustment to correct a prior period error on Investment Property, previously recognised as PPE. The amount of the adjustment was shown as a transfer from PPE to Investment Property and was not corrected retrospectively in accordance with Standards of Generally Recognised Accounting Practice, GRAP 3, Accounting Policies, Changes in Accounting Estimates and Errors, paragraph 44 and 45. Thus note 2 to the 2011-12 financial statements is materially misstated, as the prior period error relating to investment property was not correctly recognised as a restatement of the opening balance of investment property for the current and preceding financial year by an amount of R1 896 230.

**Mutale:** The proper adjustment was discussed after the draft management report and was sent to the Auditors but was not taken into consideration. The same adjustment was proposed last year and Auditors refuse to look into the adjustment saying they don't have time to look into the issue

**Auditor-General:** The municipality accounts for investment property using the fair value model in accordance with the Standards of Generally Recognised Accounting Practice, GRAP 16, Investment Property. Contrary to the adopted accounting policy, the municipality valued its Investment Property at historical cost. I have not determined the correct value of the investment property of R1 896 230 in the financial statements as it was impractical to do so.

**Mutale:** The Valuation of the investment property was done and submitted to Auditors and you refuse to accept the valuation due to Total calculation error in other buildings which was not an Investment property.

## Provision for leave pay

**Auditor-General:** The provision for leave amounting to R2 083 469 as disclosed in note 13 to the financial statements was not split between the portion of the provision which is expected to be settled within 12 months of the reporting date and the portion of the provision which is expected to be settled more than 12 months after the reporting date, as required by Standards of Generally Recognised Accounting Practice, GRAP 19, Provisions. Furthermore, the value of the provision as determined by the municipality does not take into account the expected mortality rates and discounting of the long term portion of the leave pay provision in terms of the above standard. I have not determined the correct value of the provision for leave pay as it was impractical to do so.

**Mutale:**

There was no split done for the leave provision, a qualified actuary will be consulted to split the provision for leave pay.

## Provision for landfill obligation



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**Auditor-General:** The municipality raised a provision for an obligation to restore a landfill site amounting to R1 358 721 at the end of the 2011/12 financial year. In terms of Standards of Generally Recognised Accounting Practice, GRAP 19, Provisions, paragraph 41, the value of the provision should be measured as the best estimate of the expenditure required to settle the present obligation, resulting from a past event, at the reporting date..

The value of the provision was incorrectly determined in contravention of Standards of Generally Recognised Accounting Practice, GRAP 19, Provisions, paragraph 41. Due to the nature of the provision, I was unable to confirm or verify by alternative means the value of the provision included in the financial statements at R1 235 201. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation of the provision at year end.

**Mutale:**

The actual issue of why they do not accept the valuation is not indicated. The Auditors refuse to accept the provision due to the fact that it was not done by a specialist but even last financial year it was done by the municipality and was accepted. (There was inconsistency in addressing of the issue)

**Commitments**

**Auditor-General:** The municipality disclosed commitments for future capital expenses amounting to R11 813 527 in the financial statements for the 2011/12 financial year. The accounting records supporting the disclosure of commitment for future capital expenses amounting to R11 813 527 in note 29 to the financial statements were identified as being incomplete.

There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of commitments of R11 813 527 as stated in note 29 to the financial statements. Furthermore, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of payables and retention payables balances for the 2011/12 financial year

**Mutale:**

Project register was submitted and the Auditors refuse to look at it.

**Revenue**

**Auditor-General:** The municipality recognised in the 2011-12 financial year revenue of R377 262 from stands that were sold in the 2010-11 financial year. In addition, the municipality sold additional stands in prior financial years amounting to R2 569 571 which have not been disclosed as comparative amounts in the 2011-12 financial statements. In terms of Standards of Generally Recognised Accounting Practice, GRAP 3, Accounting Policies, Changes in Accounting Estimates and Errors, paragraphs 44 and 45 indicate that errors should be retrospectively corrected by restating the comparative amounts presented and the opening balances of assets, liabilities and net assets for the earliest prior period presented. Consequently, other income on the sales of sites is overstated by R377 262 in the 2011/12 financial year and the amounts presented as comparative

amounts in the financial statements for the 2011/12 financial year are understated by R2 946 833.

**Mutale:**

"The municipality recognised in the 2011-12 financial year revenue of R377 262 from stands that were sold in the 2010-11 financial year." The issue was not communicated to us as a finding.

**Auditor-General:** Included in interest income of R1 153 184 in the financial statements are amounts that should have been recognised by the district municipality in terms of the Municipal Systems Act (Act No. 32 of 2000). 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 system. Consequently, I was unable to quantify the value of the adjustments required to interest income in the statement of financial performance

**Mutale:**

Transaction types for interest relating to water services to be identified and allocated to the district municipality.

**Trade and other receivables**



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**Auditor-General:** The accounts receivable balance of R2 145 432, as disclosed in note 8 to the financial statements does not agree to the balance of R2 602 332 per the accounting records. The municipality did not reconcile the difference of R456 900 and provide sufficient appropriate audit evidence or explanations regarding this difference. Due to the nature of the trade and other receivables balances, I was unable to confirm or verify by alternative means the amount of the trade and other receivables balances that should be recognised in the accounting records and financial statements of the municipality and the district municipality for the 2011-12 financial year. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and valuation of the trade and other receivables balance at year end.

**Mutale:** "The accounts receivable balance of R2 145 432, as disclosed in note 8 to the financial statements does not agree to the balance of R2 602 332 per the accounting records."

*This issue was not communicated to us as a finding.*

**Auditor-General:** The municipality, in the capacity of an agent, collects water related revenue on behalf of the Vhembe District Municipality (VDM), the principal. Included in the receivables balance of R2 145 432 are transactions generated from water related services that should have been transferred to the district municipality. The value of the services rendered for water services could not be determined due to the inability of the municipality's billing system to split services rendered between water and non-water related services. As a result of this limitation, I was unable to determine the amount recognised in trade and other receivables balance in the financial statements that should be transferred to the district municipality.

**Mutale:**

**Auditor-General:** With reference to the paragraph above and system limitations to split the receivables balance between the municipality and its district municipality, I was unable to determine whether the amount provided as an impairment loss in the financial statements was complete for all receivables balances for the 2011-12 financial year.

**Mutale:**

*The split was provided to the auditors but they did not accept the split.*

**Auditor-General:** In terms of Standards of Generally Recognised Accounting Practice, GRAP 9, Revenue from Exchange Transactions, paragraph 15 indicates revenue can only be recognised to the extent that it is received or receivable during a financial year. The municipality recognised grants to the amount of R387 743 in excess of the conditional grant received, contrary to the requirements of GRAP 9. This led to the recognition of a receivable balance existing in respect of the grant at year end

Due to the matters reported in the preceding paragraphs, I was unable to determine the effect on the accounts receivable balance in the financial statements.

**Mutale:** An explanation was given to the auditors that the grant was funded by the EU and municipality should contribute a certain % of the grant. We only recognise what has been received from the EU funding. The grant showed a debit balance due to the fact that the municipality portion (contribution) was not accounted as receipts to the grant

**Auditor-General:** The Municipal Property Rates Act (Act No. 6 of 2004) indicates that a municipality is not obliged to levy rates on public service infrastructure. As a result, the receivables balances relating to road levies amounting to R3 802 323 disclosed as part of the net receivables balances in note 8 to the financial statements are overstated along with the revenue amounts recognised in the current financial year (R921 000) and the prior financial years (R2 881 323) and have not been reversed and corrected retrospectively as a prior period error in accordance with Standards of Generally Recognised Accounting Practice, GRAP 3, Accounting Policies, Changes in Accounting Estimates and Errors.

**Mutale:**

*As stated the Municipality is not obliged to levy rates but this does not mean we are not allowed to charge the rates. The auditors issue here was that there was a low recoverability of the amounts levied. We believe that this was not a qualification issue but however should have been included under matters of emphasis which we would have looked into to determine whether we should keep on charging the rates.*

**Auditor-General:** Included in interest income of R1 153 184 in the financial statements are amounts that have been recognised by the local municipality on public service infrastructure in terms of the Municipal Systems Act (Act No. 32 of 2000). I could not reliably determine the interest amount that should be recognised in the accounting records of the local municipality, due to



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limitations on the municipality's system. Consequently, I was unable to quantify the value of the adjustments required to interest income in the statement of financial performance.

**Mutale:**

*There were no limitations in the system; information should have been provided on request. There was no formal request done for the information.*

## Payables

**Auditor-General:** The municipality identified an error of R1 184 905 that related to the prior year's balance on trade and other payables. 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. .

As a result the comparative figures disclosed in the 2011/12 financial statements for payables balances are misstated by an amount of R1 184 905.

**Mutale:** *The prior year adjustment note was proposed however the auditors did not clearly state they wanted the error to be disclosed in the financial statements.*

**Auditor-General:** Included in the trade and other payables age analysis are debit balances amounting to R1 385 727. In addition, the trade and other payables balance did not include invoices to the value of R2 047 571 at year end. In addition, significant differences existed between payables balances per the underlying accounting records and the amounts disclosed.

As a result of the above, the trade and other payables balance disclosed in note 13 to the financial statements of R20 490 731 is misstated for the 2011/12 financial year.

**Mutale:**

*Debit balances in the accounts payable are as a result of payments not matched to invoices. corrective action will be done to resolve the issue*

**Auditor-General:** Trade payables balances of R3 039 454 in respect of retentions were identified as **being understated by an amount of R958 846 in the current financial year**. Consequently, infrastructure assets are understated by the same amount.

**Mutale:** *Retention will be reconciled to Payment certificates*

## Accumulated Surplus

**Auditor-General:** The municipality processed an adjustment to correct prior period errors. The amount of the adjustment against accumulated surplus 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 re-state the prior year comparative amounts disclosed in the financial statements for trade and other payables (R1 184 905), other income (R2 569 571) and trade and other receivables (R222 997) balances and did not adequately disclose the effects of the adjustment in note 32 to the financial statements for the 2011-12 year. The municipality further recorded the net adjustment as a current year movement in the statement of changes in net assets.

Furthermore the municipality did not adequately disclose the effects of the prior period error in terms of the requirements of the above standard which requires the retrospective correction of the accumulated surplus of the prior year.

**Mutale:**

*The prior year adjustment note was proposed however the auditors did not clearly state they wanted the error to be disclosed in the financial statements.*

## Inventory

**Auditor-General:** Standards of Generally Recognised Accounting Practice, GRAP 12, Inventory, paragraph 9 indicates that



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inventories encompass goods purchased and held for resale, including land and other property held for sale. The municipality recognised other income on the sale of land inventory during the 2011-12 financial year. The land sold by the municipality was never accounted for by the municipality as inventory and was not included as part of the balance of inventory in the 2011-12 financial statements of R107 341 (2011: R346 085).

I was unable to confirm or verify by alternative means the completeness of the land inventory in the possession of the municipality which was omitted from the 2011/12 financial statements.

Consequently, because of the uncertainty mentioned above, I was unable to confirm or verify by alternative means the valuation of the land inventory in the possession of the municipality which was omitted from the financial statements

The valuation of inventory amounting to R107 341 (2011: R346 085) could not be determined at year end due to limitations on the municipality's information system. I was unable to confirm or verify by alternative means the valuation of the inventory in the possession of the municipality. Consequently, I cannot express an opinion on the valuation of inventories held by the municipality as disclosed in note 5 to the financial statements.

## **Mutale:**

**The land valuation report from the consultant was submitted to the auditors, the valuation was not included in the financial statements as it was received after submission of financial statements." The valuation of inventory amounting to R107 341 (2011: R346 085) could not be determined at year end due to limitations on the municipality's information system."This issue was not communicated to us that there was a limitation in the system.**

## **Cash Flow statement**

**Auditor-General:** Presentation of a cash flow statement, summarising the municipality's operating, investing and financing activities, is required by Standards of Generally Recognised Accounting Practice, GRAP 2, Cash flow statements. I have noted that the cash flow statement for the prior year did not correctly cast by an amount of R5 758 623. In addition, the cash flow statement for the year contains a material error as the prior period error adjustment of R1 607 663 processed against the accumulated surplus in the current period has been noted as a separate line item in the cash flow statement instead of being allocated to the affected classes of transactions and balances.

Furthermore, due to the multiple uncertainties and misstatements identified for all of the major classes of transactions and account balances mentioned in the preceding paragraphs, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the accuracy, presentation and completeness of the amounts included in the cash flow statement.

## **Mutale: Proposed adjustment was done but was not considered.**

"I have noted that the cash flow statement for the prior year did not correctly cast by an amount of R5 758 623."

May you please put it on record that the cash-flow statement for prior year was audited and no findings were raised.

"the cash flow statement for the year contains a material error as the prior period error adjustment of R1 607 663 processed against the accumulated surplus in the current period has been noted as a separate line item in the cash flow statement instead of being allocated to the affected classes of transactions and balances."

This issue was not communicated as a finding or discussed with us and its only coming up in the audit report.

## **Fruitless and wasteful expenditure**

**Auditor-General:** The municipality did not include particulars of fruitless and wasteful expenditure in the notes to the financial statements as required by section 125(2)(d)(i) of the MFMA. The municipality did not implement processes and procedures to identify record and report on fruitless and wasteful expenditure as evidenced by expenditure amounting to R76 287 that was not identified, recorded and reported. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all fruitless and wasteful expenditure was properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of the fruitless and wasteful expenditure disclosed in note 38 to the financial statements.

**Mutale:** The fruitless and wasteful expenditure was incurred due to interest charged for late payments due to cashflow constraints. More effort will be put in place to address



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## **Irregular expenditure**

**Auditor-General:** The municipality did not include particulars of irregular expenditure in the notes to the financial statements as required by section 125(2)(d)(i) of the MFMA. 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 R5 663 693. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all irregular expenditure with regard to obtaining of quotations and contract management was properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of the irregular expenditure disclosed in note 39 to the financial statements.

**Mutale:** The SCM Policy will be reviewed to avoid recurrence

## **Unauthorised expenditure**

The municipality did not include particulars of unauthorised expenditure in the notes to the financial statements as required by section 125(2)(d)(i) of the MFMA. The municipality overspent the budgeted amount for the vote relating to Community and Social Development by R289 236. I have further noted that there is a material amount of unspent conditional grants at year end which are not sufficiently covered by cash and investments. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of the unauthorised expenditure disclosed in note 37 to the financial statements.

**Mutale:** " I have further noted that there is a material amount of unspent conditional grants at year end which are not sufficiently covered by cash and investments."

This issue does not constitute unauthorised expenditure as clearly stated that its "unspent" and therefore must not be noted as an issue as this is not expenditure incurred but rather a liability.

"The municipality overspent the budgeted amount for the vote relating to Community and Social Development by R289 236."

The issue was not raised as a finding or discussed with us. It is our first time to see the issue, we are requesting the auditors to first issue us with a communication of finding and we will respond accordingly.

## **Accumulation of immaterial uncorrected misstatements**

**Auditor-General:** The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position, and the statement of financial performance, and the notes to the financial statements Consumer deposits reflected as R212 587 are overstated by R185 816

Trade and other payables balances reflected as R20 490 731 are understated by an amount of R185 816

**Mutale:** The above observation is too generalised, in our understanding the observation is implying that financial statements are materially misstated because of R185 816.

With regards to the R185 816 for consumer deposit, it was stated in the 2010/11 audited financial statements as a corrected prior period error under note 28 however the adjustment was not processed in the general ledger which is the actual observation. During the 2010/11 audit it was supposed to have been noted that the prior period error was not processed.

## **Emphasis of matter**



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## **Material underspending of the budget**

**Auditor-General:**As disclosed in the Budget Expenditure Analysis by Vote, the municipality has materially underspent the budget on all of the votes to the amount of R21 809 945.

As a consequence, the municipality has not achieved its objectives of administering the municipality properly and delivering services to the citizens within the municipal boundaries

**Mutale:**

## **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**

**Auditor-General:**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 annual reporting principles and whether the reported performance is consistent with the planned development priorities. 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.

**Mutale: we have employed a PMS officer who will be responsible for Performance management responsibilities**

### **Presentation**

**Auditor-General:**Improvement measures in the annual performance report for a total of 100% of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

**Mutale:**

**PMS policy is available and procedure will be developed to guide the implementation of the policy**

### **Validity, Accuracy and Completeness**



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**Auditor-General:** The National Treasury FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. The municipality could not provide sufficient appropriate evidence to support the actual performance levels for the selected development priorities. The municipality's records did not permit the application of alternative audit procedures regarding the validity, accuracy and completeness of the reported performance information.

**Mutale:** Record keeping will be improved to avoid the issue recurring again

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## Compliance with laws and regulations

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

### Strategic Planning and performance management

**Auditor-General:** The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.

**Mutale:** we have employed a PMS officer who will be responsible for Performance management responsibilities

**Auditor-General:** The municipality did not set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan / as required by section 41 of the MSA.

**Mutale:** we have employed a PMS officer who will be responsible for Performance management responsibilities

**Auditor-General:** The municipality did not set measurable performance targets with regard to each objective as required by section 41 of the MSA.

**Mutale:** we have employed a PMS officer who will be responsible for Performance management responsibilities

### Budgets

**Auditor-General:** Expenditure was incurred that was in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

**Mutale:** More efforts will be put in place to avoid the recurrence of the finding but the municipality did not overspent the overall budget of the municipality. Virement will be implemented to avoid recurrence of the issue

**Auditor-General:** Quarterly reports were not submitted to the council on the implementation of the budget and on the financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.



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*Mutale: we have employed a PMS officer who will be responsible for Performance management responsibilities*

## **Annual Financial Statements, Performance and Annual Reports**

**Auditor-General:**The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors were not adequately corrected, which resulted in the financial statements receiving a disclaimer audit opinion.

*Mutale: Material misstatement will be corrected as they form the basis of the Action plan to resolve Audit findings raised*

**Auditor-General:**The annual report for the year under review does not include a complete annual performance report, as required by section 121(4)(d) of the MFMA.

*Mutale: we have employed a PMS officer who will be responsible for Performance management responsibilities*

**Auditor-General:**The annual performance report for the year under review does not include the performance of the municipality and external service providers for the majority of targets within the development priorities of the municipality as required by section 46(1)(a) of the MSA.

*Mutale: Review of the service provider has been included in the Annual report*

**Auditor-General:**The annual performance report for the year under review does not include the performance against set targets for the majority of targets within the development priorities of the Municipality as required by section 46(1)(b) of the MSA.

*Mutale: we have employed a PMS officer who will be responsible for Performance management responsibilities*

**Auditor-General:**The annual performance report for the year under review does not include a comparison with the previous financial year and measures taken to improve performance, as required by section 46(1)(c) of the MSA.

*Mutale: we have employed a PMS officer who will be responsible for Performance management responsibilities*

## **Audit Committees**

**Auditor-General:**The audit committee did not advise the council, accounting officer and management staff on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the MFMA.

*Mutale:Audit committee was appoint late*

**Auditor-General:**The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

*Mutale:Audit committee was appoint late*

**Auditor-General:**A performance audit committee was not in place and the audit committee established in terms of MFMA section 166(1) was not used for this function, as required by Municipal Planning and Performance Management Regulation 14(2)(a).

*Mutale:Audit committee was appoint late*

**Auditor-General:**The performance audit committee was not constituted as required by Municipal Planning and Performance Management Regulation 14(2), as all of the requirements of the section were not adhered to.

*Mutale: The function of the performance audit committee is being rendered by the Audit committee*

**Auditor-General:**The audit committee did not review all of the quarterly internal audit reports on performance measurement, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(i).



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*Mutale: Audit committee was appoint late*

*Auditor-General: The audit committee did not submit at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(iii).*

*Mutale: Audit committee was appoint late*

## **Internal Audit**

*Auditor-General: The internal audit unit did not assess the functionality of the performance management system, whether the performance management system complied with the requirements of the MSA and the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators], as required by Municipal Planning and Performance Management Regulation 14(1)(b)(i), (ii) and (iii).*

*Mutale: Audit committee was appoint late*

*Auditor-General: The internal audit unit did not audit the performance measurements on a continuous basis and submit quarterly reports on their audits to the municipal manager and the performance audit committee, as required by Municipal Planning and Performance Management Regulation 14(1)(c).*

*Mutale: Internal Auditor was appointed late*

## **Procurement and contract management**

*Auditor-General: Goods and services with a transaction value of below R200 000 were procured without obtaining the required number of price quotations as required by SCM regulation 17(a) and (c).*

*Mutale: Memorandum to use one quotation was attached and the Auditors refuse to consider them as motivation for the deviation.*

*Auditor-General: Bids were not always evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2).*

*Mutale: SCM policy was indicate bid adjudication committee composition of 3 senior managers as our organogram has 3 senior manager and the manager SCM was part of the Evaluation committee and cannot be part of the Adjudication committee. [The policy was aligned to our current status as there was no intention of having four senior manager]*

*Auditor-General: Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.*

*Mutale: Registration of user was done who will register the projects in the CIDB website*

## **Human resource management and compensation**

*Auditor-General: The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by regulation 14(2)(a) of the Regulations on Minimum Competency Levels.*

*Mutale: report was submitted to Provincial treasury but there was no proof of submission as emails were deleted due to capacity of the server [Overload]*

## **Expenditure management**

*Auditor-General: Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.*

*Mutale: Cashflow constraints as our equitable share is low and the municipality has high indigents and low revenue base*



# Chapter 6

**Auditor-General:** An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and correctly accounted for payments made, as required by section 65(2)(b) of the MFMA.

**Mutale:** Accounting and Information system is in place [Pastel Evolution] which recognise expenditure when incurred

**Auditor-General:** The accounting officer did not take effective steps to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

**Mutale:** Necessary steps were taken to prevent the municipality from incurring some of this expenditure but the municipality was phased with cashflow constraints to meet some of the obligations in time.

**Auditor-General:** Unauthorised, irregular, fruitless and wasteful expenditure was not recovered from the liable person, as required by section 32(2) of the MFMA.

**Mutale:** It was condoned by council

## Conditional grants

**Auditor-General:** The municipality submitted quarterly performance reports to the transferring national officer, the relevant provincial treasury and the National Treasury, within 30 days after the end of each quarter, as required by section 12(2)(c) of the DoRA.

**Mutale:** The municipality was submitting as part of the sec 71 reporting

**Auditor General:** The municipality evaluated its performance in respect of programmes funded by the allocation and submitted the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(6) of the DoRA.

**Mutale:** More effort will be put in place to enforce compliance

**Auditor-General:** The municipality did not timeously submit project registration forms, for projects it intended implementing in the financial year under review, to the department of local government, as required by the Division of Revenue Grant Framework, Gazette No.34280.

**Mutale:** More effort will be put in place to enforce compliance

**Auditor General:** The municipality did not register its master plans for bulk infrastructure with the Integrated National Electrification Programme (INEP), as required by the Division of Revenue Grant Framework, Gazette No.34280.

**Mutale:** More effort will be put in place to enforce compliance

**Auditor-General:** Projects were not fully implemented in line with the details contained in the Integrated Development Plan, as required by the Division of Revenue Grant Framework, Gazette No.34280.

**Mutale:** More effort will be put in place to enforce compliance

**Auditor-General:** The municipality did not submit its signed activity plan in the prescribed format to the national department (Department of Co-operative Government and Traditional Affairs), as required by the Division of Revenue Grant Framework, Gazette No.34280.

**Mutale:** signed Activity plan was submitted but the proof of submission was not there as emails were deleted due to server overload problem

The municipality did not submit, within 20 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No.34280.

**Mutale:** Reports were submitted as part of sec 71 reporting  
Revenue Management



# Chapter 6

## **Auditor General:**

A credit control and debt collection policy was not implemented, as required by section 96(b) of the Municipal Systems Act and section 62(1)(f)(iii) of MFMA.

An adequate management, accounting and information system was not in place which recognised revenue when it was earned, accounted for debtors and accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA.

**Mutale: Accounting and information system was in place [Pastel Evolution] which recognise revenue when earned, account for debtors and receipts revenue.**

## **Asset Management and Liability Management**

### **Auditor General:**

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.

**Mutale: Accounting and information system is in place which accounts for Assets**

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.

Investments were made without proper care being exercised over the withdrawal of funds from investment accounts, as required by Municipal Investment Regulation 5.

A management, accounting and information system which adequately accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

**Mutale: Accounting and information system is in place which accounts for liabilities**

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

**Mutale: system of internal control is in place and a liability register**

## **Leadership**

Auditor General: Management does not always appropriately provide the required supervision and review over operations to ensure that the municipality complies with all laws and regulations and appoint the necessary skilled staff members. Action plans were developed, however, they were not fully implemented, hence the recurrence of findings identified in the prior year with regard to asset management and water related transactions not adequately monitored and reconciled frequently.

**Mutale: More effort will be put in place to improve supervision and compliance to laws and regulations**

## **Financial and performance management**

Auditor-General: A lack of adequate technical knowledge within management, a high level of reliance on consultants with regard to the preparation of financial statements and a lack of adherence to laws and regulations resulted in the opinion received on the submitted financial statements and reported performance against predetermined objectives.

**Mutale: Mechanisms will be put in place to improve technical knowledge and training will be done to improve skills in Budget and Treasury office.**

## **Governance**

Auditor-General: Management ineffectiveness in implementing recommendations from internal and external audit prevented the audit committee 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.

**Mutale: Recommendations will be implemented as they will form the basis of Action plan to address audit findings raised**



# Chapter 6

## 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

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
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 Councillor	100%	0%
Cllr Rambuda A.S	PT	Corporate Support and Community Services	Ward Councillor	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 Councillor	100%	0%
Cllr Mudzielwana N.E	PT	Corporate Support and Community Services	Ward Councillor	100%	0%
Cllr Maisha V.R	PT	Corporate Support and Community Services	Ward Councillor	100%	0%
Cllr Nekhunguni P.D	PT	Budget & Treasury	Ward Councillor	100%	0%
Cllr Raluswina T.J	PT	Infrastructure Development and Planning	Ward Councillor	100%	0%
Cllr Thambatshira A.S	PT	Budget & Treasury	Ward Councillor	100%	0%
Cllr Netshisaulu L.M	PT	Corporate Support and Community Services	Ward Councillor	100%	0%
Cllr Khunwana K.J	PT	Infrastructure Development and Planning	Ward Councillor	100%	0%
Cllr Gadabeni R.L	PT	Infrastructure Development and Planning	Ward Councillor	100%	0%
Cllr Mbedzi M.P	PT	Infrastructure Development and Planning	Ward Councillor	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: \* Councillors 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
Budget and Treasury	Ms Tshikundamelema V.J
Corporate Services	Mr Ramuvhundu P.S
Technical Services	Mr Chauke M.M

T C

# APPENDICES

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	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	

# APPENDICES

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>		

T D

## 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				
	Nemifulwi Azwihangwisi Nelson				
	Munzhedzi P. Ntshengedzeni				

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	Nevhulaudzi Aluimelwi Olga				
	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 Avhaphani				
	Masiagwala Nyadzani				
Ward 5	Cllr Maisha V.R	Yes	12	12	4

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	Netshikweta Nkhangweleni				
	Nethengwe Portia Ntambudzeni				
	Munyaliwa Alufheli Joyce				
	Nekhavhambe 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				

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	Mphuladzila Tshifhiwa Agnes				
	Nemukula Tshifhiwa				
	Mudzudzanyi Thembelihle Gladys				
	Khorommbi Thizwikoni Adolph				
	Ndovheni 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 TakalaniSuzan				
	Shongani Ntsudzuluseni Patric				

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Ward 10	Cllr Gadabeni R.L	Yes	12	12	4
	Ngwana Takalani Elia				
	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 Avhaphani 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				

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	Munzhelele Ndivhudzanyi Caroline				
	Ramufhi Mpho Mathews				
Ward 13	Cllr 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				
<i>TE</i>					

## APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1	Thengwe Tshandama road	03-11-2008	17-01-2013	2,000,000.00
2	Tshidongololwe to Vuvha Road	23-03-2012	15-03-2013	6,656,914.00
3	Tshilamba Streets	TBA	TBA	3,638,336.00
4	Masisi Streets	24-07-2012	24-02-2013	1,000,000.00
5	Khakhu-Mangwele	29-03-2011	27-03-2012	2 7m
<i>TF.1</i>				

# APPENDICES

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					
<i>*Including informal settlements</i>					<i>T F.2</i>

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
		<i>T F.3</i>



# APPENDICES

## 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)
<b>(Executive) Mayor</b>	Clr Matibe T.B	Pension payout from Department of Education , investment club,Nyatema trading
<b>Member of MayCo / Exco</b>	Clr Netshisaulu A.G	10 cattle
	Clr Lieba N.A	5 hector orchard
	Clr Madume T.S	Eating house, Tshidzi farming cc and Rambuda development trust
	Clr Rambuda A.S	Payout from the Department of Education
<b>Councillor</b>	Clr Mbedzi M.P	taxi owner
	Clr khunwana K.G	10 goats
	Clr Thambatshira A.S	Accommodation for rental, member of P& T security company, member of Ratakuwa Corporative
	Clr Nephali A.H	Nil
	Clr Mpondo L.D	Crop farmer, Cattle
	Clr Netshipise L.H	Pension payout from Department of Education
	Clr Tshivhenga K.P	Nil
	Clr Mudzielwana N.E	Photocopy Machine
	Clr Gadabeni R.L	Big tree trading and construction, photocopier shop and primary ICT
	Clr Matshusa A.B	Matshusa construction and general dealer
	Clr Mavhungu A.R	10 cattle
	Clr Maisha R.V	Gospel group, women construction company, Todani security and skills development
	Clr Munzhelele M.P	Nil
	Clr Nekhunguni P.D	Nyaluwo investment , member of ieC sasol
	Clr Raluswinga T.G	Nil
	Clr Lukhalimana K.A	Taxi owner and educator
	Clr Mukwevho N.J	Tupperware agent
	Clr Nekhubvi G.G	Nil
	Clr Mariba M.J	Stratcorp empowermant holding
	Clr Nekhunguni A.E	Nyaluwo investment , member of ieC sasol
	Clr Netshisaulu L.M	Pension payout from Department of Education
<b>Municipal Manager</b>	Mr Netshanzhe T.G	Eating house, GTC consulting, RTR enterprise, brickyard, treasury trading & migodi investment
<b>Chief Financial Officer</b>	Ms Tshikundamelema V	Nil

# APPENDICES

<b>Deputy MM and (Executive) Directors</b>		
<b>Other S57 Officials</b>	Mr Ramuvhundu P.S	Nil
	Mr Chauke M.M	GTC consulting, MMC consulting, eating house, phundamaria community radio
<p><i>* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A</i></p> <p>T J</p>		

# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	0	0	0	0	0	0
Public Transport Infrastructure and Systems Grant	0	0	0	0	0	0
<b>Other Specify:</b>	<b>2,040</b>	<b>2,040</b>	<b>2,044</b>	<b>-</b>	<b>-</b>	
MSIG	790	790	790			
FMG	1,250	1,250	1,254			
EPWP	-	-	-			
<b>Total</b>	<b>2,040</b>	<b>2,040</b>	<b>2,044</b>	<b>-</b>	<b>-</b>	

TL

### COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

**Delete Directive note once comment is completed** – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

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# APPENDICES

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

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

Capital Expenditure - New Assets Programme*							
Description	Year - 1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	16,295	26,961	16,202	-	-	-
<b>Infrastructure: Road transport - Total</b>	-	13,295	23,961	13,910	-	-	-
<i>Roads, Pavements &amp; Bridges</i>		13,295	23,961	13,910			
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	-	3,000	3,000	2,292	-	-	-
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>		3,000	3,000	2,292			
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community - Total</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							

# APPENDICES

Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

*Table continued next page*

*Table continued from previous page*

Capital Expenditure - New Assets Programme*								R '000
Description	Year - 1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
<b>Capital expenditure by Asset Class</b>								
<b>Heritage assets - Total</b>	-	-		-	-	-	-	
Buildings								
Other								
<b>Investment properties - Total</b>	-	-		-	-	-	-	
Housing development								
Other								
-								
<b>Other assets</b>	-	1,327	1,406	-	-	-	-	
General vehicles			75					
Specialised vehicles		-	-					
Plant & equipment		720	240					
Computers - hardware/equipment		116	616					
Furniture and other office equipment		341	350					
Abattoirs			-					
Markets			-					
Civic Land and Buildings			-					
Other Buildings			25					
Other Land			-					
Surplus Assets - (Investment or Inventory)			-					
Other		150	100					
<b>Agricultural assets</b>	-	-		-	-	-	-	
<i>List sub-class</i>								

# APPENDICES

<b>Biological assets</b>	-	-	-	-	-	-
<i>List sub-class</i>						
<b>Intangibles</b>	-	-	89	-	-	-
Computers - software & programming			89			
Other ( <i>list sub-class</i> )						
<b>Total Capital Expenditure on new assets</b>	-	17,623	28,367	16,291	-	-
<b>Specialised vehicles</b>	-	-	-	-	-	-
Refuse						
Fire						
Conservancy						
Ambulances						

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34a) T M.1

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

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year - 1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>							
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>							
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>							

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	-	-		-	-	-
<i>Dams &amp; Reservoirs</i>						
<i>Water purification</i>						
<i>Reticulation</i>						
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-
<i>Reticulation</i>						
<i>Sewerage purification</i>						
<b>Infrastructure: Other - Total</b>	-	-		-	-	-
<i>Waste Management</i>						
<i>Transportation</i>						
<i>Gas</i>						
<i>Other</i>						
<b>Community</b>	-	-		-	-	-
<i>Parks &amp; gardens</i>						
<i>Sportsfields &amp; stadia</i>						
<i>Swimming pools</i>						
<i>Community halls</i>						
<i>Libraries</i>						
<i>Recreational facilities</i>						
<i>Fire, safety &amp; emergency</i>						
<i>Security and policing</i>						
<i>Buses</i>						
<i>Clinics</i>						
<i>Museums &amp; Art Galleries</i>						
<i>Cemeteries</i>						
<i>Social rental housing</i>						
<i>Other</i>						
<b>Heritage assets</b>	-	-		-	-	-
<i>Buildings</i>						
<i>Other</i>						

Table continued next page

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							R '000
Description	Year - 1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-

# APPENDICES

Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Biological assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other ( <i>list sub-class</i> )							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000
					Variance (Act - OB) %
<b>Road</b>	<b>12,296</b>	<b>23,961</b>	<b>14,054</b>		
Thengwe Tshandama Road	2,000	9,172	7,081	77%	354%
Tshidongolwolve Vuvha	6,657	7,816	2,727	35%	41%
Khakhu Mangwele	-	3,500	1,742	50%	#DIV/0!
<b>Masisi street</b>	<b>1</b>	<b>2,973</b>	<b>2,505</b>	<b>84%</b>	<b>250481%</b>
Tshilamba street	3,638	500	-	0%	0%
<b>Electricity</b>	<b>-</b>	<b>-</b>	<b>6,715</b>		
Electrification of 6 Villages villages			3,564		
Electrification of Domboni, Mukununde			1,126		
Electrification of various villages			2,026		
<b>Housing</b>					
"Project A"					
"Project B"					
<b>Refuse removal</b>					
"Project A"					
"Project B"					
<b>Stormwater</b>					
"Project A"					
"Project B"					
<b>Economic development</b>					
"Project A"					
"Project B"					
<b>Sports, Arts &amp; Culture</b>					
"Project A"					
"Project B"					

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<b>Environment</b>					
"Project A"					
"Project B"					
<b>Health</b>					
"Project A"					
"Project B"					
<b>Safety and Security</b>					
"Project A"					
"Project B"					
<b>ICT and Other</b>					
"Project A"					
"Project B"					
					T N

## 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

# APPENDICES

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



### Mutale Municipality

Annual Financial Statements for the year ended 30 June 2012

# APPENDICES

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

General Information

**Legal Form of Entity**

**EXECUTIVE COMMITTEE**

Municipality

Councillor N.J Mukwevho (Mayor)

Councillor L.H Netshipise ( Speaker)

Councillor A. E Nekhunguni (Chief Whip)

Councillor N.A Leiba (Member)

Councillor A.S Rambuda (Member)

Councillor A.G Netshisaulu (Member)

Councillors

Councillor T.S Madube

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 P.D Nekhunguni

Councillor V.R Maisha

Councillor T.J Raluswanga

Councillor A.S Thabatshira

Councillor J.K Khunwana

Councillor R.L Gababeni

Councillor L.M Netshisauli

Councillor M.P Mbedzi

Councillor G.G Nekhubvi

**Grading of Local Authority**

**Acting Chief Finance Officer (CFO)**

**Accounting Officer**

**Registered office**

Grade 2A

Mr T.A Tshinavhe

Mr T.G Netshanzhe

Old Manenu Building

Battalion Building

Mutale Town

Old Manenu Building

Battalion Building

Mutale Town

0956

Private Bag X1254

Mutale

0956

FNB

**Business address**

**Postal address**

**Bankers**

**Auditors**

Auditor General (South Africa)

# APPENDICES

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

### Index

The reports and statements set out below comprise the annual financial statements presented to the council:

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Accounting Policies	8 - 18
Notes to the Annual Financial Statements	19 - 34

### Abbreviations

OID	Occupational Injuries and Diseases
LGSETA	Local Government Sector Educational Training Authority
EPWP	Extended Public Works Programme
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
NLG	National Lottery Grant
IAS	International Accounting Standards
INEP	Intergrated National Electrification Programme
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
FMG	Financial Management Grant
MSIG	Municipal Systems Improvement Grant
LED	Local Economic Development

A report of the accounting officer has not been prepared as the municipality is a wholly owned controlled entity of which is incorporated in South Africa

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

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### Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that Mutale Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statement have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 34, which have been prepared on the going concern basis, were approved by the municipality on 31 August 2012 and were signed on its behalf by:

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## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Statement of Financial Position

Figures in Rand

	Note(s)	2012	2011
<b>ASSETS</b>			
<b>Current Assets</b>			
Inventories	5	107 341	346 085
Other receivables from exchange transactions	6	2 112 531	737 902
VAT receivable from exchange transactions	7	8 419 484	6 250 860
Consumer debtors	8	2 145 432	559 029
Cash and cash equivalents	9	97 192	440 688
		<b>12 881 980</b>	<b>8 334 564</b>
<b>Non-Current Assets</b>			
Investment property	2&3	1 896 230	-
Property, plant and equipment	3	80 426 785	62 989 643
Intangible assets	4	332 215	242 915
		<b>82 655 230</b>	<b>63 232 558</b>
Non-Current Assets		82 655 230	63 232 558
Current Assets		12 881 980	8 334 564
Non-current assets held for sale (and) (assets of disposal groups)		-	-
<b>Total Assets</b>		<b>95 537 210</b>	<b>71 567 122</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Finance lease obligation	10	-	253 335
Payables from exchange transactions	13	20 490 731	15 919 995
Consumer deposits	14	212 587	211 783
Unspent conditional grants and receipts	11	12 834 635	22 201 262
Provisions	12	1 588 403	1 235 201
Current portion of liability		274 015	243 030
		<b>35 400 371</b>	<b>40 064 606</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	10	69 354	177 455
Long term liability		1 157 712	1 431 727
		<b>1 227 066</b>	<b>1 609 182</b>
Non-Current Liabilities		1 227 066	1 609 182
Current Liabilities		35 400 371	40 064 606
Liabilities of disposal groups		-	-
<b>Total Liabilities</b>		<b>36 627 437</b>	<b>41 673 788</b>
Assets		95 537 210	71 567 122
LIABILITIES		(36 627 437)	(41 673 788)
<b>Net Assets</b>		<b>58 909 773</b>	<b>29 893 334</b>
<b>Net Assets</b>			
Accumulated surplus		58 909 773	29 893 334

# APPENDICES

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

### Statement of Financial Performance

Figures in Rand

	Note(s)	2012	2011
<b>Revenue</b>			
Property rates	16	3 315 697	3 110 860
Service charges	17	224 660	193 131
Rental of facilities and equipment	15	63 705	70 183
Fines	15	195 980	194 355
Licenses and permits	15	2 290 354	2 225 830
Government grants & subsidies	18	60 648 102	41 125 735
Other Income	19	2 323 672	646 286
Interest received	24	385 059	350 276
Interest Received - Trade and Other Receivables	24	1 153 184	223 473
<b>Total Revenue</b>		<b>70 600 413</b>	<b>48 140 129</b>
<b>Expenditure</b>			
Employee related costs	21	(24 878 784)	(22 248 564)
Remuneration of councilors	22	(6 417 235)	(5 231 388)
Depreciation and amortization	25	(1 371 229)	(1 648 944)
Finance costs	26	(2 117 007)	(488 249)
Debt impairment	23	(126 245)	(2 238 934)
Repairs and maintenance		(2 168 159)	(2 811 998)
General Expenses	20	(6 117 078)	(6 267 362)
<b>Total Expenditure</b>		<b>(43 195 737)</b>	<b>(40 935 439)</b>
Revenue		70 600 413	48 140 129
Expenditure		(43 195 737)	(40 935 439)
Other		-	-
<b>Surplus for the year</b>		<b>27 404 676</b>	<b>7 204 690</b>

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## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Statement of Changes in Net Assets	Accumulated	Total net
Figures in Rand	surplus	assets
Opening balance as previously reported	22 635 617	22 635 617
Adjustments		
Fair value adjustments	53 027	53 027
<b>Balance at 2010/07/10 as restated</b>	<b>22 688 644</b>	<b>22 688 644</b>
Changes in net assets		
Surplus for the year	7 204 690	7 204 690
Total changes	7 204 690	7 204 690
Opening balance as previously reported	29 844 406	29 844 406
Adjustments		
Fair value adjustments	53 028	53 028
<b>Balance at 2011/07/11 as restated</b>	<b>29 897 434</b>	<b>29 897 434</b>
Changes in net assets		
Surplus for the year	27 404 676	27 404 676
Prior Year Adjustment	1 607 663	1 607 663
Total changes	29 012 339	29 012 339
<b>Balance at 2012/06/12</b>	<b>58 909 773</b>	<b>58 909 773</b>

Note(s)

# APPENDICES

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

### Cash Flow Statement

Figures in Rand

Note(s) 2012 2011

#### Cash flows from operating activities

##### Receipts

Fines, rental income, licensing and permits		2 550 039	-
Grants		70 814 681	41 125 734
Interest income		385 059	573 749
Receipts from debtors		791 833	3 303 991
Other receipts		2 323 672	3 136 654
Working Capital Changes		-	9 000 481
		<b>76 865 284</b>	<b>57 140 609</b>

##### Payments

Employee costs		(31 574 621)	(27 479 952)
Suppliers		(23 723 607)	(9 079 359)
Finance costs		(2 117 007)	(488 249)
Other cash item		-	(9 358 324)
		<b>(57 415 235)</b>	<b>(46 405 884)</b>
Total receipts		76 865 284	57 140 609
Total payments		(57 415 235)	(46 405 884)
<b>Net cash flows from operating activities</b>	<b>28</b>	<b>19 450 049</b>	<b>10 734 725</b>

#### Cash flows from investing activities

Purchase of property, plant and equipment	3	(641 327)	(1 126 710)
Purchase of property, plant and equipment	3	(20 066 116)	-
Purchase of other intangible assets	4	(89 299)	-
<b>Net cash flows from investing activities</b>		<b>(20 796 742)</b>	<b>(4 207 228)</b>

#### Cash flows from financing activities

Movement in other long term liability		(243 030)	(254 590)
Finance lease payments		(361 436)	(191 842)
Prior Year Adjustment		1 607 663	-
<b>Net cash flows from financing activities</b>		<b>1 003 197</b>	<b>(446 432)</b>

#### Net increase/(decrease) in cash and cash equivalents

		<b>(343 496)</b>	<b>322 442</b>
Cash and cash equivalents at the beginning of the year		440 688	118 246
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>97 192</b>	<b>440 688</b>

# APPENDICES

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Accounting Policies

### Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

The following GRAP standards have been issued but are not yet effective

At the date of authorization of these Annual Financial Statements, the following standards and interpretations were in issue but not yet effective and have not been early adopted by the municipality:

GRAP 18 - Segment Reporting

GRAP 21 - Impairment of non-cash-generating Assets GRAP 23 - Revenue from non-exchange transactions

GRAP 24 - Presentation of Budget Information in Financial Statements

GRAP 25 - Employee benefits

GRAP 26 - Impairment of Cash-generating assets

GRAP 103 - Heritage assets

GRAP 104 - Financial Instruments

GRAP 105 - Transfer of functions between entities under common control

GRAP 106 - Transfer of functions between entities not under common control GRAP 107 - Mergers

GRAP 20 - Related party disclosures

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both.

Investment property is recognized as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognized at cost. Transaction costs are included in the initial measurement. Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognized in the carrying amount of the investment property, the carrying amount of the replaced part is derecognized.

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

### Accounting Policies

#### 1.1 Investment property (continued)

##### Fair value

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property. Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognized in surplus or deficit when the compensation becomes receivable.

##### a. Property, plant and equipment

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 recognized as an asset on acquisition dates and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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. 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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognized.

# APPENDICES

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

### Accounting Policies

#### 1.2 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognized in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognized in surplus or deficit.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Leasehold property	-
•	
Plant and equipment	20
Furniture and fittings	17
Motor vehicles	17
Office equipment	17
Other Vehicles	17
Computer Equipment	5
Infrastructure	
• Electricity	20
• Roads and Paving	20
Community	
• Buildings	30
• Recreational Facilities	30
Other property, plant and equipment	
• Fencing	17
Emergency equipment	5
Bins and containers	8

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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 is depreciated separately.

The depreciation charge for each period is recognized in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognized 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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognized. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- Arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

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### 1.3 Intangible assets (continued)

An intangible asset is recognized 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.

Intangible assets are initially recognized at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition. Intangible assets are carried at cost less any accumulated amortization and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortization is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortization is provided on a straight line basis over their useful life.

The amortization period and the amortization method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortized over its useful life. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognized as intangible assets. Amortization is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer Software	3 - 5 years

### 1.4 Financial instruments

#### Initial recognition and measurement

Financial instruments are measured initially at fair value

#### Subsequent measurement

Financial Assets are categorized according to their nature as either financial assets at fair value through profit or loss, held -to maturity, loans and receivables, or available for sale. Financial liabilities are categorized as either at fair value through profit or loss or financial liabilities carried at amortized cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorization and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

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### 1.4 Financial instruments (continued)

#### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognized in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognized.

Reversals of impairment losses are recognized in surplus or deficit

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognized in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is

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recognized in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

## **Payables from exchange transactions**

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

## **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

## **Bank overdraft and borrowings**

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

## **1.5 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes land and buildings elements, the entity assesses the classification of each element separately.

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### 1.5 Leases (continued)

#### Finance leases - lessee

Finance leases are recognized as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lesser is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

#### Operating leases - lesser

Operating lease revenue is recognized as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognized as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognized as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases - lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. The difference between

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the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset or liability.

## 1.6 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognized 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.

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realizable 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 recognized 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 realizable value or current replacement cost is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

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#### 1.7 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

##### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry -managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

#### 1.8 Provisions and contingencies

Provisions are recognized when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as an interest expense.

A provision is used only for expenditures for which the provision was originally recognized.

Provisions are not recognized for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognized and measured as a provision.

## **1.9 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

## Mutale Municipality

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### 1.9 Revenue from exchange transactions (continued)

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognized on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

#### Interest revenue

Revenue arising from the use by others of entity assets yielding interest is recognized when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognized, in surplus or deficit, using the effective interest rate method.

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## 1.10 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognized when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- There has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognized are processed or additional rates revenue is recognized.

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#### 1.10 Revenue from non-exchange transactions (continued)

##### Fines

Revenue from the issuing of fines is recognized when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognized when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

##### Levies

Levies are recognized as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration is based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- The accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

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## Government grants

Government grants are recognized as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant.

Grants, transfers and donations received or receivable are recognized when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognized as revenue when the asset is recognized.

## Other grants and donations

Other grants and donations are recognized as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.

### 1.11 Investment income

Investment income is recognized on a time-proportion basis using the effective interest method.

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#### 1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalization 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 capitalize 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 recognized as an expense in surplus or deficit when incurred.

#### 1.13 Comparative figures

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.

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.

#### 1.14 Unauthorized expenditure

Unauthorized expenditure means:

- overspending of a vote or a main division within a vote; and
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorized 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). Unauthorized 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.

#### 1.15 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.

#### 1.16 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorized 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.

#### 1.17 Offsetting

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

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to set off amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Additional text

#### 1.18 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

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### 1.19 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized.

### 1.20 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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Figures in Rand

2012

2011

Investment property	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 896 230	-	1 896 230	-	-	-

### Reconciliation of investment property - 2012

	Opening balance	Reclassified	Total
Investment property	-	1 896 230	1 896 230

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognized.

When the municipality's policy is to subsequently measure investment property on the cost model, when the municipality cannot determine the fair value of the investment property reliably, the municipality must disclose:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and

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Figures in Rand	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
<b>Property, plant and equipment</b>						
Buildings	8 902 197	(2 028 759)	6 873 438	10 798 427	(1 817 699)	8 980 728
Plant and machinery	1 614 044	(435 478)	1 178 566	1 089 044	(358 594)	730 450
Furniture and fixtures	955 114	(495 158)	459 956	911 864	(440 002)	471 862
Motor vehicles	4 408 413	(2 030 359)	2 378 054	4 408 413	(1 873 723)	2 534 690
Office equipment	2 687 920	(782 811)	1 905 109	2 687 920	(685 168)	2 002 752
IT equipment	1 213 093	(1 196 801)	16 292	1 279 928	(1 193 370)	86 558
Infrastructure	66 302 127	(874 128)	65 427 999	46 236 011	(424 139)	45 811 872
Bins and containers	29 562	(22 172)	7 390	29 562	(18 476)	11 086
Park facilities	1 769 540	(341 097)	1 428 443	1 769 540	(341 097)	1 428 443
Other property, plant and equipment	1 804 196	(1 052 658)	751 538	1 804 196	(872 994)	931 202
<b>Total</b>	<b>89 686 206</b>	<b>(9 259 421)</b>	<b>80 426 785</b>	<b>71 014 905</b>	<b>(8 025 262)</b>	<b>62 989 643</b>

### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Under Construction	Reclassified	Depreciation	Total
Buildings	8 980 728	-	-	(1 896 230)	(211 060)	6 873 438
Plant and machinery	730 450	524 999	-	-	(76 883)	1 178 566
Furniture and fixtures	471 862	43 249	-	-	(55 155)	459 956
Motor vehicles	2 534 690	-	-	-	(156 636)	2 378 054
Office equipment	2 002 752	-	-	-	(97 643)	1 905 109
IT equipment	86 558	73 079	-	-	(143 345)	16 292
Infrastructure	45 811 872	-	20 066 116	-	(449 989)	65 427 999
Bins and containers	11 086	-	-	-	(3 696)	7 390
Park facilities	1 428 443	-	-	-	-	1 428 443
Other property, plant and equipment	931 202	-	-	-	(179 664)	751 538
	<b>62 989 643</b>	<b>641 327</b>	<b>20 066 116</b>	<b>(1 896 230)</b>	<b>(1 374 071)</b>	<b>80 426 785</b>

### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Under Construction	Opening Balance, Accumulated Depreciation	Depreciation	Total
Buildings	10 776 236	429 398	-	(1 471 857)	(345 842)	9 387 934
Plant and machinery	1 027 157	61 497	-	(304 533)	(53 919)	730 201
Furniture and fixtures	911 863	5 059	-	(386 437)	(53 882)	476 604
Motor vehicles	4 208 651	199 762	-	(1 624 789)	(249 531)	2 534 276
Office equipment	1 659 520	-	-	(635 585)	(97 619)	926 316
IT equipment	1 358 805	295 249	-	(959 225)	(185 337)	509 492
Infrastructure	38 212 014	135 745	7 888 272	(103 481)	(320 659)	45 811 891
Bins and containers	29 562	-	-	(14 780)	(3 695)	11 086
Leased Assets	898 321	-	-	(434 188)	(179 664)	284 469
Park facilities	3 160 529	-	-	(441 898)	(158 342)	2 560 290
	<b>62 242 658</b>	<b>1 126 710</b>	<b>7 888 272</b>	<b>(6 376 773)</b>	<b>(1 648 490)</b>	<b>63 232 559</b>

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Figures in Rand 2012 2011

### 4. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortization and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortization and accumulated impairment	Carrying value
Computer Software	469 288	(137 073)	332 215	379 988	(137 073)	242 915

#### Reconciliation of carrying value - intangible assets - 2012

	Opening balance	Additions	Total
Computer Software	242 916	89 299	332 215

#### Reconciliation of carrying value - intangible assets - 2011

	Opening balance	Accumulated Amortization and, Impairment Losses	Total
Computer Software	379 988	(137 072)	242 916

### 5. Inventories

Consumable stores	107 341	346 085
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### 6. Other receivables from exchange transactions

Other receivables from exchange revenue	2 112 531	737 902
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### 7. VAT receivable from exchange transactions

VAT	8 419 484	6 250 860
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

No VAT transactions took place relating to non-exchange transactions.

### 8. Consumer debtors

#### Gross balances

Rates	2 145 432	3 097 010
Refuse	-	373 741
	<b>2 145 432</b>	<b>3 470 751</b>

#### Less: Provision for debt impairment

Rates	-	2 598 179
Refuse	-	313 543
	-	<b>2 911 722</b>

#### Net balance

Rates	2 145 432	559 029
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# APPENDICES

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>8. Consumer debtors (continued)</b>		
<b>Rates</b>		
Current (0 -30 days)	257 452	326 140
31 - 60 days	210 254	248 626
61 - 90 days	193 088	925 660
91 - 120 days	467 275	617 107
120+ days	1 017 363	692 151
	<b>2 145 432</b>	<b>2 809 684</b>
<b>Refuse</b>		
Current (0 -30 days)	30 623	18 595
31 - 60 days	23 005	2 906
61 - 90 days	3 326	2 823
91 - 120 days	23 753	1 027
121 - 150 days	80 707	61 065
	<b>161 414</b>	<b>86 416</b>

## 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7 280	7 394
Bank balances	89 912	433 294

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances			
	2012/06/12	2011/06/11	2012/06/12	2011/06/11		
FNB BANK - Current Account 54660083097	196 133	607 476	-	85 927	431 691	-
FNB BANK - Invest Account 62047182556	3 985	1 054	-	3 985	1 054	-
<b>Total</b>	<b>200 118</b>	<b>608 530</b>	<b>-</b>	<b>89 912</b>	<b>432 745</b>	<b>-</b>
				<b>97 192</b>	<b>440 688</b>	

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## Mutale Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>10. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	186 742	303 152
- in second to fifth year inclusive	-	186 741
	186 742	489 893
less: future finance charges	(9 286)	(59 103)
<b>Present value of minimum lease payments</b>	<b>177 456</b>	<b>430 790</b>
<b>Present value of minimum lease payments due</b>		
	186 742	303 152
- within one year	-	186 741
- in second to fifth year inclusive	<b>186 742</b>	<b>489 893</b>
Non-current liabilities	69 354	177 455
	-	253 335
Current liabilities		
	<b>69 354</b>	<b>430 790</b>

The Municipality leases photocopiers which are under finance lease.

The average lease term was 3 years and the average effective borrowing rate was 9% (2011: 10%).

Interest rates are linked to prime at the contract date. All leases escalate at 10 % p.a and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

## 11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
MIG	4 908 888	9 403 579
Operations & Maintenance (Vhembe District)	6 698 025	11 569 961
National Lottery Grant	1 227 722	1 227 722
	<b>12 834 635</b>	<b>22 201 262</b>

The nature and extent of government grants recognized in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognized.

These amounts are invested in a ring-fenced investment until utilized.

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## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

### 12. Provisions

#### Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Provision for landfill site	1 235 201	123 520	1 358 721
Provision for long service awards	-	229 682	229 682
	<b>1 235 201</b>	<b>353 202</b>	<b>1 588 403</b>

#### Reconciliation of provisions - 2011

	Opening Balance	Total
Provision for landfill site	1 235 201	1 235 201

#### Landfill Site

The Municipality operates a refuse disposal site outside the residential areas in Makwilidza Village. The landfill site facility began to be operational in 2010 and it was designed to be a solid waste disposal cells. The site was constructed and applied for registration as a Landfill site under EMA and associated regulations as prescribed by the National Environmental Conservation Act (Act No. 73 of 1989). Currently, the facility is servicing Tshilamba Town and neighboring business premises.

#### Long Service Award

The long service award is payable every 10 years of continuous service. The provision is an estimate of the long-service based on historical staff turn over.

### 13. Payables from exchange transactions

Trade payables	6 439 419	4 592 858
Payments received in advance	94 814	57 815
Other payables	8 370 165	6 020 717
Accrued leave pay	2 083 469	1 927 097
Accrued bonus	463 410	412 961
Retentions	3 039 454	2 908 547
	<b>20 490 731</b>	<b>15 919 995</b>

### 14. Consumer deposits

Consumer Deposit	212 587	211 783
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### 15. Revenue

Property rates	3 315 697	3 110 860
Service charges	224 660	193 131
Rental of facilities & equipment	63 705	70 183
Fines	195 980	194 355
Licenses and permits	2 290 354	2 225 830
Government grants & subsidies	60 648 102	41 125 735
	<b>66 738 498</b>	<b>46 920 094</b>

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## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Notes to the Annual Financial Statements

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Figures in Rand	2012	2011
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### 15. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services

are as follows:

Service charges	224 660	193 131
Rental of facilities & equipment	63 705	70 183
Licenses and permits	2 290 354	2 225 830
	<b>2 578 719</b>	<b>2 489 144</b>

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The amount included in revenue arising from non-exchange transactions is as

follows:

#### Taxation revenue

Property rates	3 315 697	3 110 860
Fines	195 980	194 355

#### Transfer revenue

Government grants and subsidies	60 648 102	41 125 735
	<b>64 159 779</b>	<b>44 430 950</b>

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### 16. Property rates

Rates received

	3 627 174	3 454 662
Less: Income forgone	(311 477)	(343 802)
	<b>3 315 697</b>	<b>3 110 860</b>

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### 17. Service charges

Refuse removal	224 660	193 131
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## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>18. Government grants and subsidies</b>		
Equitable share	37 232 000	29 975 380
Local Economic Development (LED)	444 352	436 537
MSIG	790 000	1 080 000
MFMG	1 254 007	1 000 343
Operations & Maintenance (Vhembe District)	4 725 973	6 414 875
Integrated National Electrification Programme	2 291 958	-
MIG	13 909 812	2 218 600
	<b>60 648 102</b>	<b>41 125 735</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidize the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of 100% of property rates charged and 50% on refuse removal charges, which is funded from Equitable Share Grant. Also the indigents receive 6 kilo-liters of water services which is also funded from the Vhembe District Municipality Grant.

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## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>28. Cash generated from operations</b>		
Surplus	27 404 676	7 204 690
<b>Adjustments for:</b>		
Depreciation and amortization	1 371 229	1 648 944
Dividends received	(361 351)	-
Debt impairment	126 245	2 238 934
Movements in provisions	353 202	-
Other non-cash items	242 047	-
<b>Changes in working capital:</b>		
Inventories	238 744	431 733
Other receivables from non-exchange transactions	(1 374 629)	(46 005)
Consumer debtors	(1 586 403)	(41 912)
Payables from exchange transactions	4 570 736	9 088 397
VAT	(2 168 624)	(1 850 773)
Unspent conditional grants and receipts	(9 366 627)	-
Consumer deposits	804	(7 939 283)
	<b>19 450 049</b>	<b>10 734 725</b>
<b>29. Commitments</b>		
<b>Authorized capital expenditure</b>		
<b>Commitments Approved and Contracted for</b>		
Property, plant and equipment	11 813 527	12 988 416

# APPENDICES

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12  
Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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### 30. Contingencies

No contingent liabilities have been identified at year end.

#### Contingent liabilities

No contingent liabilities were note during the period.

- 2 000 000

### 31. Related parties

Relationships

Close family members of key management

Associate of close family member of key management

No related party transactions took place other than compensation paid to councilors and key management.(Refer to note 21 & 22 for transactions disclosed)

### 32. Prior period errors

The municipality recognized electricity deposits that were paid to Eskom of R222 997 as they were not recognized in the previous periods.

The municipality incorrectly processed take-on balances of R1 184 905 relating to trade creditors and this has been corrected in the prior period.

The municipality had not recognized revenue from sales of sites of R2 569 570 because an agreement to transfer property had not being signed between the Thengwe Trust and Mutale Municipality and was signed during the 2011/12 financial year thus recognized revenue from prior years.

The net effect on the accumulated surplus of the 2011/12 financial year was an increase of R1 607 663.

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Other receivables from exchange transactions	-	222 997
Payables from exchange transactions	-	1 184 905
Opening Accumulated Surplus or Deficit	1 607 663	-

#### Statement of Financial Performance

Sales of sites revenue	-	2 569 570
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### 33. Risk management

#### Financial risk management

##### 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.

##### Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.

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## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

### 33. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. The municipality cannot, however, limit the rate at which it can offer services to its stakeholders as it has constitutional mandate to offer these services.

Financial instrument 2012 2011

### 34. Going concern

The 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. The municipality depends on government grants for its operations.

### 35. Events after the reporting date

The Accounting Officer is not aware of any significant material matter or circumstance that occurred after the year-end and warrant adjustment or disclosure in the financial statements.

### 36. Key sources of estimation uncertainty and judgments

The following areas involve significant degree of estimation uncertainty :

Useful lives and residual values of property, plant and equipment

Recoverable amounts of property, plant and equipment.

Provision for doubtful debts.

Impairment of assets.

Provision for landfill site.

Provision for long service.

### 37. Unauthorized expenditure

Opening Balance	10 631 301	472 563
Unauthorized current year expenditure	-	10 631 301
Approved by Council or condoned	(10 631 301)	(472 563)
	<b>-</b>	<b>10 631 301</b>

There was no unauthorized expenditure during the current period.

### 38. Fruitless and wasteful expenditure

Opening Balance	270 831	140 385
Fruitless and wasteful expenditure	2 034 026	270 831
Approved by Council or condoned	(270 831)	(140 385)
	<b>2 034 026</b>	<b>270 831</b>

Current year fruitless and wasteful expenditure consists of late payment interest and penalties by Telkom, Eskom, Auditor General, FNB Bank and SAR

# VOLUME II

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

Notes to the Annual Financial Statements

Figures in Rand

	2012	2011
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### 39. Irregular expenditure

Opening balance	12 561 554	6 302 522
Add: Irregular Expenditure - current year	-	12 561 554
Less: Amounts condoned	(12 561 554)	(6 302 522)
	-	<b>12 561 554</b>

### 40. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	27 404 676	7 204 690
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### 41. Additional disclosure in terms of Municipal Finance Management Act

#### Audit fees

Opening balance	514 893	969 427
Current year subscription / fee	1 006 794	1 607 253
Amount paid - current year	(998 292)	(2 061 787)
	<b>523 395</b>	<b>514 893</b>

#### PAYE and UIF

Opening balance	945 717	1 324 947
Current year subscription / fee	146 416	2 928 004
Amount paid - current year	(926 365)	(3 307 234)
	<b>165 768</b>	<b>945 717</b>

#### Pension and Medical Aid Deductions

Opening balance	675 750	4 193 390
Current year subscription / fee	1 061 685	3 669 671
Amount paid - current year	(1 737 435)	(7 187 311)
	-	<b>675 750</b>

#### VAT

VAT receivable	8 419 484	6 250 860
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VAT input receivables are shown in note 7.

## Mutale Municipality

Annual Financial Statements for the year ended 2012/06/12

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Notes to the Annual Financial Statements

Figures in Rand

2012

2011

## 41. Additional disclosure in terms of Municipal Finance Management Act (continued)

### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2012:

2012/06/12	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor P.D Nekhunguni	530	486	1 016
Councillor R.V Maisha	205	1 082	1 287
Councillor T.J Raluswinga	473	245	718
Councillor A.G Netshisaulu	40	212	252
Councillor A.E Nekhunguni	169	-	169
Councillor T.S Madume	40	192	232
Councillor R. Masiandoita	283	3 484	3 767
Councillor A.R Mavhungu	34	23	57
Councillor K.A Lukhalimana	622	551	1 173
	<b>2 396</b>	<b>6 275</b>	<b>8 671</b>

2011/06/11	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor P.D Nekhunguni	-	242	242
Councillor T.J Raluswinga	113	209	322
Councillor A.G Netshisaulu	37	-	37
Councillor L.M Netshisaulu	46	-	46
Councillor A.E Nekhunguni	52	-	52
Councillor S. Madume	177	-	177
Councillor K. Lukhalimana	228	-	228
Councillor R.V Maisha	55	-	55
	<b>708</b>	<b>451</b>	<b>1 159</b>

## 42. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

## 43. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix B for the comparison of actual capital expenditure versus budgeted expenditure.

## 44. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the

# APPENDICES

next meeting of the Council and includes a note to the annual financial statements.