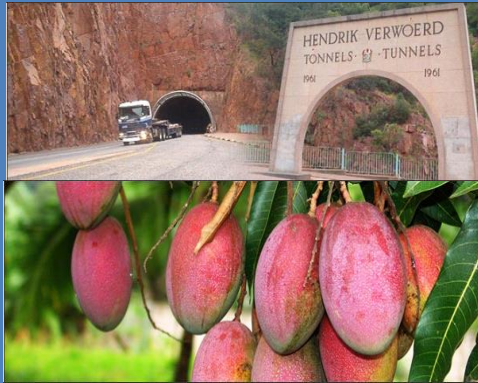


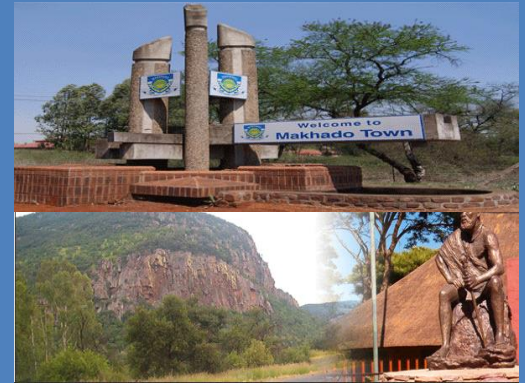


# MAKHADO LOCAL MUNICIPALITY

## DRAFT ANNUAL REPORT 2014/2015



### SECTION 46 MSA SECTION 121 MFMA



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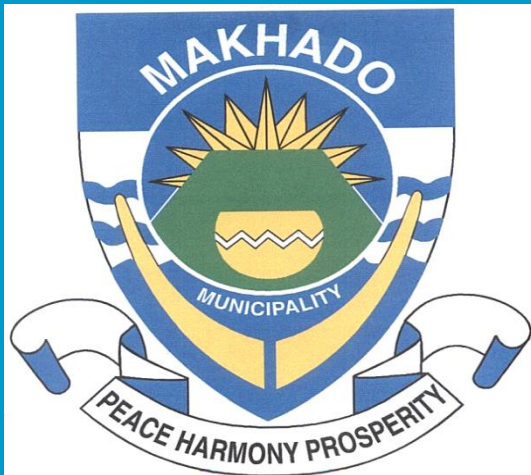
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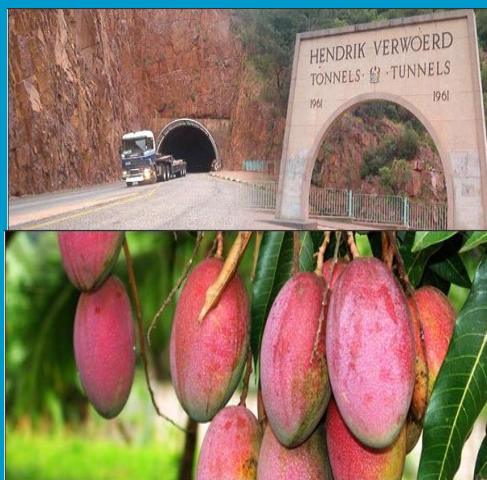
## GLOSSARY

|                      |   |  |
|----------------------|---|--|
| ADDP                 | - | African Christian Democratic Party   |
| ADMMD                | - | After Diversity Maximum Demand   |
| AFS                  | - | Annual Financial Statements  |
| AG                   | - | Auditor General  |
| AGSA                 | - | Auditor General South Africa   |
| ANC                  | - | African National Congress  |
| APAC                 | - | Audit and Performance Assessment Committee                                     |
| B&T                  | - | Budget and Treasury  |
| CFO                  | - | Chief Financial Officer  |
| CIPRO                | - | Companies and Intellectual Property Registration Office                        |
| COGHSTA              | - | Department of Cooperative Governance, Human Settlement and Traditional Affairs |
| COPE                 | - | Congress of the People   |
| CPMD                 | - | Consolidated Program for Management Development                                |
| DA                   | - | Democratic Alliance  |
| DCOMS                | - | Department Community Services  |
| DCSS                 | - | Department Corporate Support & Shared Services                                 |
| DDP                  | - | Department Development Planning  |
| DTS                  | - | Department Technical Services  |
| EAP                  | - | Employee Assistance Program  |
| EEP                  | - | Employment Equity Plan   |
| ERM                  | - | Enterprise Risk Management   |
| EXCO                 | - | Executive Committee  |
| FBE                  | - | Free Basic Electricity   |
| FBS                  | - | Free Basic Services  |
| FBS                  | - | Free Basic Sewer   |
| FBW                  | - | Free Basic Water   |
| GRAP                 | - | General Recognized Accounting Practice   |
| HH                   | - | Households   |
| ICT                  | - | Information and Communication Technology                                       |
| IDP                  | - | Integrated Development Plan  |
| IIA (SA) (standards) | - | Institute of Internal Auditors (SA)  |
| INEP                 | - | Integrated National Electrification Program                                    |
| IT                   | - | Information Technology   |
| KPA                  | - | Key Performance Area   |
| KPI                  | - | Key Performance Indicator  |
| LED                  | - | Local Economic Development   |
| LGSETA               | - | Local Government Sector Education & Training Agency                            |
| MFMA                 | - | Municipal Finance Management Act   |
| MLM                  | - | Makhado Local Municipality   |
| MM                   | - | Municipal Manager  |
| MPAC                 | - | Municipal Public Account Committee   |
| MSA                  | - | Municipal Structures Act   |
| MSA                  | - | Municipal Systems Act  |
| NERSA                | - | National Electricity Regulator South Africa                                    |
| OHS                  | - | Occupational Health and Safety   |
| OPCA                 | - | Operation Clean Audit  |
| PAC                  | - | Pan Africanist Congress  |
| PMS                  | - | Performance Management System  |
| RD                   | - | Refer to Drawer  |
| RDP                  | - | Reconstruction Development Program   |
| RWS                  | - | Reticulation Water Scheme  |
| SCM                  | - | Supply Chain Management  |
| SDBIPs               | - | Service Delivery and Budget Implementation Plans                               |
| SDP                  | - | Skills Development Plan  |
| SITA                 | - | State Information Technology Agency  |
| SLA                  | - | Service Level Agreement  |
| SMME                 | - | Small, Medium and Micro Enterprise   |
| VDM                  | - | Vhembe District Municipality   |
| WSA                  | - | Water Services Authority   |
| WSP                  | - | Water Services Provider  |
| WPSP                 | - | Work Place Skills Plan   |

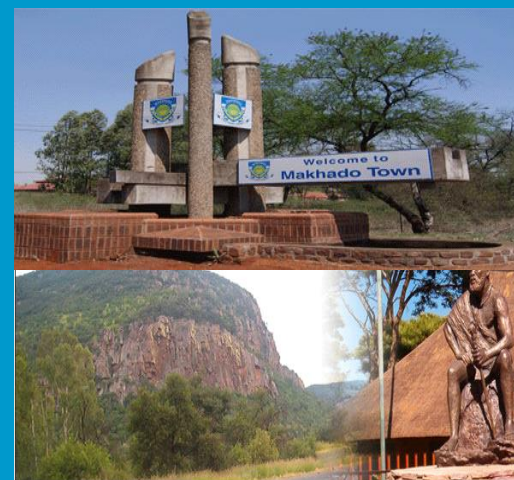


# CHAPTER 1

## INTRODUCTION AND OVERVIEW



## ANNUAL REPORT 2014/2015



## CHAPTER 1: INTRODUCTION AND OVERVIEW

### COMPONENT A: MAYOR'S FOREWORD

#### 1.1. MAYOR'S FOREWORD



I would like to express my appreciation to my colleagues, officials, government departments, stakeholders, and the people of Makhado for their unwavering commitment, patriotism, collaboration, dedication, unity and cohesion they have displayed in building Makhado Local Municipality. Makhado Municipality is strategically located on the N1, North of Polokwane and is the second largest Municipality in the Vhembe District. This geopolitical opportunities places enormous responsibility on each one of us to work together to implement bold, imaginative and effective strategies that will drive both social equity and competitiveness, introduce systematic changes that will mobilize domestic and global investment around sectors of our local economy.

As commonly known Makhado Municipality use to obtain disclaimer audit opinions from Auditor General SA. One is pleased to say the Municipality is on right track since tremendous progress has been made to address issues that contributed to the recurring disclaimer audit opinions. Beside regressing from unqualified to qualified opinion in 2014/2015 financial year, the municipality has proven to be effective in terms of its performance management systems. This was evidenced by obtaining a clean audit on audit of predetermined objectives or performance information as depicted below:

| Selected [development priority/ objective]  | Usefulness  | Reliability |
|---|-------------|-------------|
| Basic Service Delivery and Infrastructure Development: Development Priority: Road Transport     | Unqualified | Unqualified |
| Basic Service Delivery and Infrastructure Development: Development Priority: Electricity        | Unqualified | Unqualified |
| Basic Service Delivery and Infrastructure Development: Development Priority: Waste Management   | Unqualified | Unqualified |
| Municipal Transformation and Organisation Development: Development Priority: Corporate Services | Unqualified | Unqualified |

This mammoth task requires ongoing support and participation by all municipal stakeholders in all planning and project implementation processes so that we can effectively and efficiently enhance and utilize the available capacities, including the strategic human, financial, natural and other resources that we possess as a municipality. The infrastructure projects that we delivered will always make us proud, because we believe that development is about people. With each project implemented, we intend to leave a mark and a lifelong legacy that will be



celebrated by generations to come. Makhado Municipality will remain committed to its vision of “A dynamic hub for socio - economic development by 2025”. This vision is our shared commitment as political administrative components to combine efforts, skills, and expertise to ensure that we build a city for all our people by 2025.

In 2013/2014 Makhado Municipality has recorded the following successes for 2014/2015:

- The municipality has managed to improve roads and stormwater infrastructure comprised of upgrading from grave to asphalt and rehabilitation of existing roads for a total length of 24km.
  - Upgrading of Bungeni sports facility.
  - Upgrading of streets (Tshikota and Pretorius) 5.4km
  - Eltivillas tarring of streets-5km (A&B)
  - The rehabilitation of town Makhado CBD and Ruh street.
  - Magau road phase 1 (3.5km)
  - Tshivhazwaulu to rasivhetshela road phase 1 - 3.5km
  - Piesanghoek to Khunda road and stormwater - 3km
  - The Mphaila Access Road -1.7km
  - The construction of 2 (two) bridges at Sereni Themba to Mashamba
  - The 1 x Tshivhulana to Tshilaphala bridge
- The construction of access road between Makhado and Tshikota has improved mobility of traffic between the two areas and moreover the spatial integration of these towns was enhanced.
- A process to develop a new landfill site was underway in order to alleviate the challenge of the old landfill site which is full to capacity.
- Electricity backlog was reduced to 16 335 households following a combined total of 4857 new house connections by both ESKOM and the municipality.
- Forty eight (48) of the total fifty nine (59) electricity projects funded by own income were completed successfully.

As a result of effective and efficient project management the following spending has been done:

| SOURCE  | BUDGET       | EXPENDITURE    | % SPENDING |
|---------|--------------|----------------|------------|
| CAPITAL | 191854954.1  | 179962139.9338 | 94%        |
| MIG     | 151333336.74 | 147655201      | 98%        |
| INEP    | 7539142.47)  | 7539142.4)     | 100%       |

- Strengthening of institutional arrangements and streamlining of the Organizational Structure
- Investment in Human Capital by hiring professionals who are highly skilled and experienced,
- Effective administrative governance leading to improved internal controls and systems,
- Improved mechanism on public and community participation

Makhado Municipality will make sure that all rollovers are completed before the second quarter of the financial year. The Municipality is aware of its main challenges which are water and ageing infrastructure. However Vhembe is busy with the bulk water project from Nandoni dam to Makhado Town. While staff retention is a challenge the municipality developed a Retention and Succession Strategy as way of mitigating this risk. While the people of Makhado municipal region continue to take the brunt of the recession and economic development, creation of job

opportunities continue to be one of the municipal priorities. The municipality will continue its emphasis on implementation of the Back to Basics approach.

Despite all, Makhado Municipality was fortunate that it could continue to improve in rendering quality services to the community during the financial year 2014/2015, and will continue doing so in 2015/2016, despite the challenges it face. The municipality however appeal to the community to play their own role and responsibility and assist in this regard. Together we can move Makhado forward and create a sustainable and prosperous community.

Therefore, in pursuit of the goals of the Provincial and National Development Plan, the Municipality has tried to link its strategic objectives to the provincial strategy. As a Municipality we have a duty to create decent work, defeat poverty and reducing inequality in our communities. As a Municipality, we were able to create 1422 jobs through Expanded Public Works Programme, Community Works Programme and Community projects. The Council of Makhado is committed to sustainable participation of its residents in all decision making processes. As a Municipality, we have engaged our community through the existing public participation mechanisms and structures. Here are some of the mechanisms used:

- Bulk SMS are sent to community on service related issues through councilors, ward committees and consumer list
- Media is used to community on service related issues
- Public notices are used to community on service related issues
- Social network is used to communicate with the community (facebook and twitter). The community is responding well
- The Speaker has a public participation programme to ensure continuous engagement with the community
- The IDP consultation processes are also used as engagement processes.
- Public participation officer were also trained on report writing and minutes taking.
- Ward committee members received refresher training on their roles and responsibilities.

Eight (8) public participation meetings were convened in all regions, four (4) IDP Representative Forum were coordinated in all Regions. Our Ward Committees are meeting on a monthly basis to consider all service delivery issues at ward level, this system will need to improve so that we can maximize corrective action to address service delivery backlogs. Other community stakeholders and interest group meetings were held throughout the year to ensure that we listen and act on the needs of our people.

Our physical location has a huge potential to attract viable industrial activity and new investment in mining, tourism, agriculture and manufacturing. The Makhado Municipality is actively participating in the Makhado/Musina Development Corridor, Limpopo Industrial Parks Revitalization Program and other strategic local, district, provincial and national forum that seek to set a new growth path for our Municipality. As the municipality, we have a legislative duty to ensure that planned and budgeted projects in our IDP are fully implemented and that we must account to all our people of our successes and challenges in realizing those targets set out in the 5 year IDP.

We shall continue to plan ahead, improve our financial, technical and project management systems, thus ensuring that all our planned projects are carried out on time, with the highest level of quality and within the allocated budget. In trying to ensure full implementation of the Service Delivery and Budget Implementation Plan, the municipality has compiled an SDBIP Annual Achievements Report and Roll-Over Plan. These documents seek to propose ways of improvements in the SDBIP backlogs. It also ensures continuity in monitoring the service delivery projects that could not be completed by 30 June 2014.

The Municipality will sustain its effective engagements with stakeholders across all sectors of the society and provide services to the people with the little available resources. The Municipality commits to give people quality services including implementation of our local economic development strategies, refuse removal, repair of potholes, cleaning and maintenance of parks and recreational facilities, provision of electricity and road works. I therefore would like to call upon all Makhado residents to come and join hands with us. **We believe that working together; we shall make Makhado a city, by 2025!**

---

**THE MAYOR**  
**HIS WORSHIP CLLR FD MUTAVHATSINDI**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.2. MUNICIPAL MANAGER'S FOREWORD

The financial year 2014/2015 has recorded crucial administrative and service delivery highlights which will be reflected in this Annual Report. The report will present the achievements and challenges for the year under review on both political and administrative activities.



While accepting the challenge regarding the regress in terms of audit opinion from Unqualified to Qualified, the municipality is pleased to indicate that on audit of predetermined objectives or performance information, a clean audit has been achieved. This confirms the municipality's effectiveness in monitoring and evaluation of the service delivery performance. It further confirms Makhado Municipality's seriousness in achieving its vision, mission and strategic objectives.

This reports promotes the principles of transparency and accountability to the community and other stakeholders. It depicts the development character of the municipality at all spheres, enhancing participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, White Paper on Local Government, Municipal Systems Act and the Municipal Finance Management Act.

Makhado Local Municipality has powers and functions assigned to it in terms of the provisions of schedules 4 (B) and 5 (B) of the Constitution of the Republic of South Africa (Act 108 of 1996). The powers and functions of the Municipality are listed hereunder as follows:

**Table 1: Powers and Functions**

|   |  |  |   |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>• Air pollution</li> <li>• Building regulations</li> <li>• Electricity and gas reticulation</li> <li>• Local tourism</li> <li>• Municipal airports</li> <li>• Municipal planning</li> <li>• Municipal health services</li> <li>• Municipal public transport</li> <li>• Municipal public works</li> </ul> | <ul style="list-style-type: none"> <li>• Storm water management systems in built-up areas</li> <li>• Trading regulations</li> <li>• Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems (Water service level agreement with the District Municipality)</li> <li>• Billboards and the display of advertisements in public places</li> <li>• Cemeteries, funeral parlours and crematoria</li> </ul> | <ul style="list-style-type: none"> <li>• Cleansing</li> <li>• Control of public nuisances</li> <li>• Control of undertakings that sell liquor to the public</li> <li>• Facilities for the accommodation, care and burial of animals</li> <li>• Fencing and fences</li> <li>• Licensing of dogs</li> <li>• Licensing and control of undertakings that sell food to the public</li> <li>• Local amenities</li> </ul> | <ul style="list-style-type: none"> <li>• Local sport facilities</li> <li>• Markets</li> <li>• Municipal parks and recreation</li> <li>• Municipal roads</li> <li>• Noise pollution</li> <li>• Pounds</li> <li>• Public places</li> <li>• Refuse removal, refuse dumps and solid waste disposal</li> <li>• Street trading</li> <li>• Street lighting</li> <li>• Traffic and parking</li> </ul> |
|---|--|--|---|

**\*Note must be taken that the Vhembe District Municipality has powers and functions over the provision of water and sewer (VDM is the water service authority and provider).**

In performing the above powers and functions, Makhado Municipality administration has throughout the financial year 2014/2015 displayed eagerness and willingness to achieve and administrative excellence. This was evidenced by the effective implementation of best practice systems and processes to address matters raised by the Auditor-General in 2013/2014 financial year. Makhado municipality has successfully reported on the implementation of on both National priorities and the Service Delivery Budget Implementation Plan (SDBIP) through the Back to Basics reports. This includes reporting the following:

- Putting People first
- Delivering basic Services
- Good governance
- Sound Financial Management
- Building Capacity

Makhado Municipality would like to appreciate the support given by the sector department during the process of IDP/Budget/PMS review. The municipality would like to highlights its financial challenges that emanate form the debt owed to DBSA. The repayment of the loans is being done under serious financial stress due to cash flow challenges. Except this the municipality owes ESKOM and the amount is being repaid on a monthly basis. For the past 5-8 years the municipality is not financially sustainable.

The Municipality has established the Risk Management and Anti-Fraud and Corruption Committee in line with Makhado Municipality's Risk Management Policy and Strategy and Fraud Policy. The primary objective of the Committee is to assist the Municipal Manager in discharging accountability for risk management by reviewing the effectiveness of the Municipality's risk management systems, practices and procedures, and providing recommendations for improvement. The following are the top five risks to assist with the deterrence of risks in the Municipality: Ageing infrastructure (water), lack of Water Service Authority Status, illegal connections (water), landfills site is beyond 100% capacity, and lack of access to sporting facilities.

The organisational structure for 2014/2015 was successfully developed and approved by Council in June 2014. The new organisational structure showed clear realignment of strategic section for improved service delivery, and administrative streamlining for effective and efficient service delivery. The municipality confirmed its municipal vision, mission, values and strategic objectives during the strategic planning session 2014/2015. This was one of many projects being done completely in-house as a means of developing and promoting internal capacity, skills and competencies, but also reducing the reliance on external service providers.

**Table 2: Section 57 Managers position (filled and vacancies)**

| NAME                  | POSITION                          | COMMENTS   |
|-----------------------|-----------------------------------|--|
| 1. Mutshinyali I.P    | Municipal Manager                 | N/A  |
| 2. Kanwendo M.J       | Director Community Services       | N/A  |
| 3. Mrs Sinthumule M D | Director Development and Planning | N/A  |
| 4. Mr Kharidzha N.C   | Director Corporate Services       | N/A  |
| 5. Vacant             | Director Technical Services       | Mr Ragimana L acted for the rest of the financial year |
| 6. Ms Makhubele MP    | Chief Financial Officer           | N/A  |

In conclusion, appreciations go to the Honourable Mayor Cllr F.D Mutavhatsindi for his leadership support together with the Speaker, Chief Whip, EXCO, Councillors and the community at large. Your support to Makhado administration is second to none. We therefore urge for your continued participation in the affairs of the municipality through support and constructive criticism in an attempt to enhance service delivery. Acknowledgement and thanks also go to all colleagues in the National and Provincial sector departments, with whom a number of exciting projects have been incepted and implemented. The management team and all officials from the municipality are also commended for continuing to pursue the vision of the municipality of becoming a hub for socio economic development by 2025.

---

**MUNICIPAL MANAGER**  
**I P MUTSHIYALI**

## COMPONENT C: MUNICIPAL OVERVIEW

### 1.3. MUNICIPAL OVERVIEW

The Makhado Municipality is a local municipality, within the Vhembe District, Limpopo Province in the Republic of South Africa. The main town Makhado is strategically located on N1 and is an important bypass for people travelling to Southern African Developing Countries, and that provides the Municipality with the following opportunities: i) Tourism and (ii) Stimulation of Economic Activities. Other local municipalities bordering the municipality are the Molemole and Blouberg Local Municipalities forming part of the Capricorn District Municipality, whilst the Greater Giyani and Greater Letaba Municipalities also boarder the municipality from the South East and form part of the Mopani District Municipality.

Makhado Local Municipality is situated under Vhembe District along N1 National route in the northern part of Limpopo Province. Municipal area is 8567.37 km<sup>2</sup> or 856,738 ha. A total of 516 301 population reside within the municipality and majority can be classified as predominately rural.

Figure 1: Location of Makhado Municipality



Makhado Municipality has an estimated population of 516 301 people, the gender are spread as follows: Male - 45.75% (236 207), Females – 54.25% (280 094). The population of Makhado has 54% (311 202) of economically active people and 46% (205 099) are economically inactive. There are 38 Wards represented by all together 75 municipal councilors. Makhado Town is a provincial growth point, –Vuwani, Dzanani, Bungeni, Madombidzha as municipal growth points, under Makhado Local Municipality there are three Malls namely Makhado Grossing, Hubyeni and Elim Mall. There are 279 villages and 134 889 households as per the 2011 Census report.

**Table 3: Services Backlog**

| Population | Households | Water             | Sanitation       | Waste management  | Electricity       | Housing           |
|------------|------------|-------------------|------------------|-------------------|-------------------|-------------------|
| 516 301    | 134 889    | 17 668 Households | 9 734 Households | 12 552 Households | 14 298 Households | 16807 RDP Housing |

**Table 4: Free Basic Services**

| Indigent households | Receive free basic electricity | Receive free basic water | Debts owed to municipality |
|---------------------|--------------------------------|--------------------------|----------------------------|
| 24,464              | 24,464                         | 129,224                  | R222,146,188               |

An operating in terms of Service Level Agreement

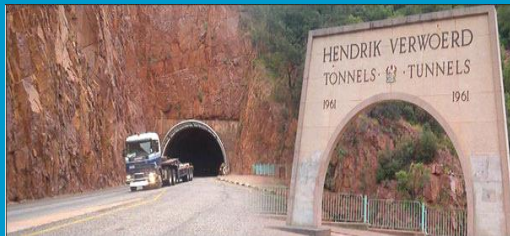
Over and above the listed services above, the municipality is a an agent of the Vhembe District Municipality with regard to Potable water supply systems, domestic waste water and sewerage disposal systems. In the case of Environmental Health, this functions and powers are still with the Municipality. Makhado Local Municipality is an operating agent for the Provincial Department of Arts and Culture in respect of rendering a Public Library service at compensation by means of membership fees. It is also an operating agent of Department of Transport for the licensing of vehicles and drivers. It performs the full function at a compensation of 80/20 ratio.

The successes and shortfalls in terms of municipal development well covered in A1 to A8 included in the report. There were projects that were successfully completed and some rolled over to the financial year 2015/2016. The municipality has developed a roll over plan to ensure continuous monitoring and evaluation of the projects.



# CHAPTER 2

## GOVERNANCE



## ANNUAL REPORT 2014/2015





## CHAPTER 2: GOVERNANCE

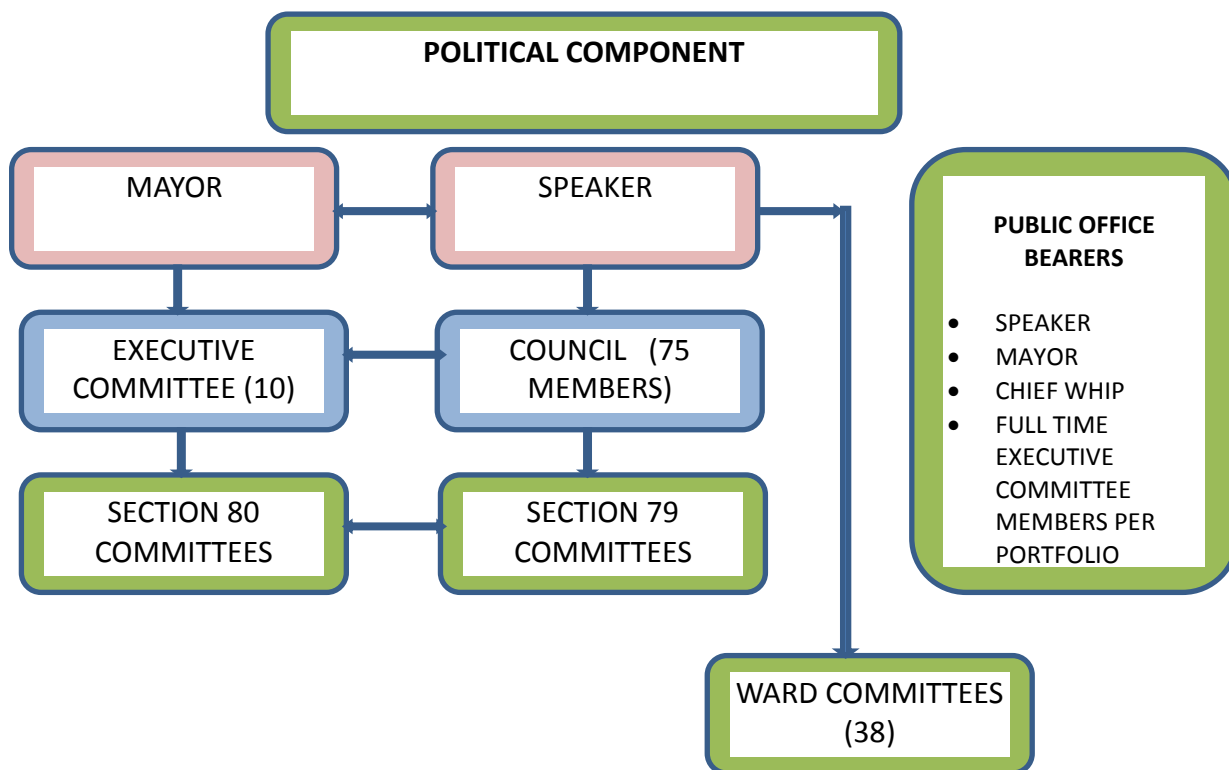
### COMPONENT A: GOVERNANCE STRUCTURES

#### 2.1. POLITICAL GOVERNANCE STRUCTURE

##### 2.1.1. COUNCILORS

Following the general municipal elections held on 18 May 2011, the newly elected Council took up its task on 31 May 2011 at a special Council meeting which marked their inauguration for the following general term ending at 2015/2016. Makhado Local Municipality (LIM344) is a category B municipality in terms of the Structures Act, 1998 and in terms of Notice 417 of 24 December 2010 as promulgated in Provincial Gazette No 1884 of same date, comprised of 38 ward councilor seats and 37 proportional councilor seats. Thirty eight (38) ward councilors and thirty seven (37) proportionally elected councilors were duly elected on the effective date 18 May 2011 for the term of office that will last five years until 2015/16, as contemplated in section 24 of the Structures Act, 1998. The current Council was duly formed with effect from 18 May 2011 and is still the councilors for the annual performance year of 2014/2015 under discussion, with some newly elected/appointed councilors where resignations were received.

Figure 2 Political Structures



Makhado Municipality is a Category B municipality with 75 councilors (37 proportionally elected and 38 ward councilors) as promulgated under General Notice No 264 of 2009 by the MEC for Local Government and Housing and published in Provincial Gazette Extraordinary No 1656 on 31 July 2009 and rated Grade 4 in terms of the

criteria determined by the National Department of Cooperative Governance and Traditional Affairs. In terms of the Seat Calculation Summary per Municipality received from the Municipal Electoral Officer on 20 May 2011, the names of the elected parties and the number of the respective councilors elected on 18 May 2011 were as follows:

**Table 5: Representation in Council – Political Parties**

| PARTY                              | # OF WARD COUNCILLORS | # OF PROPORTIONAL REPRESENTATIVE COUNCILORS | # OF SEATS IN COUNCIL |
|------------------------------------|-----------------------|---|-----------------------|
| African National Congress (ANC)    | 36                    | 28  | 64                    |
| Democratic Alliance (DA)           | 1                     | 4   | 5                     |
| Congress of the People (COPE)      | 0                     | 3   | 3                     |
| Independent                        | 1                     | 0   | 1                     |
| African Christian Democratic Party | 0                     | 1   | 1                     |
| Pan Africanist Congress of Azania  | 0                     | 1   | 1                     |
| Total                              | 38                    | 37  | 75                    |

The following are current Councilors of Makhado Municipality

**Table 6: Name of Councilors**

|     |  |     |   |
|-----|--|-----|---|
| 1.  | BALIBALI, N P  | 2.  | MATHOMA, M P  |
| 3.  | BALOYI, S R ( <i>elected 26 August 2011</i> )        | 4.  | MATODZI, A M  |
| 5.  | BALOYI, N B ( <i>elected 10 June 2013</i> )          | 6.  | MATUMBA, M T ( <i>elected 26 August 2011</i> )        |
| 7.  | CHILILO, N F   | 8.  | MATUMBA, N J  |
| 9.  | DAVHANA, N D   | 10. | MAZIBUKO, M P ( <i>elected 23 October 2013</i> )      |
| 11. | DU PLOOY, A  | 12. | MBOYI, M D  |
| 13. | GABARA, M J  | 14. | MMBADI, T A   |
| 15. | HLABIOA, M M ( <i>elected 5 October 2011</i> )       | 16. | MOGALE, L B   |
| 17. | HLONGWANE, F B                                       | 18. | MPASHE, M ( <i>elected 5 May 2014</i> )               |
| 19. | HLUNGWANI, K A                                       | 20. | MTHOMBENI, S Z  |
| 21. | KUTAMA, N  | 22. | MUDAU, T S ( <i>elected 19 March 2013</i> )           |
| 23. | LERULE-RAMAKHANYA, M M                               | 24. | MUKHAHA, A J  |
| 25. | LUDERE, E H  | 26. | MUKHARI, M F  |
| 27. | LUDERE, R  | 28. | MULOVHEDZI, M D                                       |
| 29. | LUDUVHUNGU, V S ( <i>elected 5 October 2011</i> )    | 30. | MUNYAI, N S   |
| 31. | MACHETHE, M S  | 32. | MUTAVHATSINDI, F D                                    |
| 33. | MADAVHU, F F   | 34. | MUTELE, T M ( <i>elected 26 August 2011</i> )         |
| 35. | MADZHIGA, F N  | 36. | NDWAMMBI, M T   |
| 37. | MADZIVHANDILA, M R ( <i>elected 22 August 2011</i> ) | 38. | NDZOVELA, N G ( <i>elected 5 October 2011</i> )       |
| 39. | MAFHALA, N A ( <i>elected 10 March 2014</i> )        | 40. | NELUVHOLA, A T ( <i>elected 5 October 2011</i> )      |
| 41. | MAGADA, M R  | 42. | NEMAFHOHONI, M G                                      |
| 43. | MAHANI, M G ( <i>elected 26 August 2011</i> )        | 44. | NETSHIVHULANA, T P ( <i>elected 13 October 2011</i> ) |
| 45. | MAHLADISA, S V                                       | 46. | NGOBENI, N E  |
| 47. | MAKHUBELA, R T                                       | 48. | NKANYANE, R G   |
| 49. | MAKHUVHA, V S  | 50. | RAMUDZULI, S D ( <i>elected 26 August 2011</i> )      |
| 51. | MALANGE, R   | 52. | RASIMPHI, M P   |
| 53. | MALANGE, T M   | 54. | RATSHIKUNI, D T                                       |
| 55. | MALIMA, M E  | 56. | RATSHIVHOMBELA, M Q ( <i>elected 26 August 2011</i> ) |
| 57. | MAMAFHA, T J   | 58. | REKHOTSO, S M   |
| 59. | MAMAFHA, T C   | 60. | RIKHOTSO, F J   |
| 61. | MAMATSIARI, M S                                      | 62. | SELEPE, M R ( <i>elected 28 March 2012</i> )          |
| 63. | MAMOROBELA, T P                                      | 64. | SHANDUKANI, M J                                       |
| 65. | MAPHAHLA, A Z  | 66. | SINYOSI, S M  |
| 67. | MAPHALA, O S   | 68. | THANDAVHATHU, R                                       |
| 69. | MASHIMBYE, P F                                       | 70. | TSHAVHUYO, T G  |
| 71. | MASUKA, S ( <i>elected 5 October 2011</i> )          | 72. | TSHILAMBYANA, M S                                     |
| 73. | MATHALISE, L M                                       | 74. | UNDERWOOD, J P  |
| 75. | MATHAVHA, H F  |     |   |

### 2.1.2. EXECUTIVE COMMITTEE

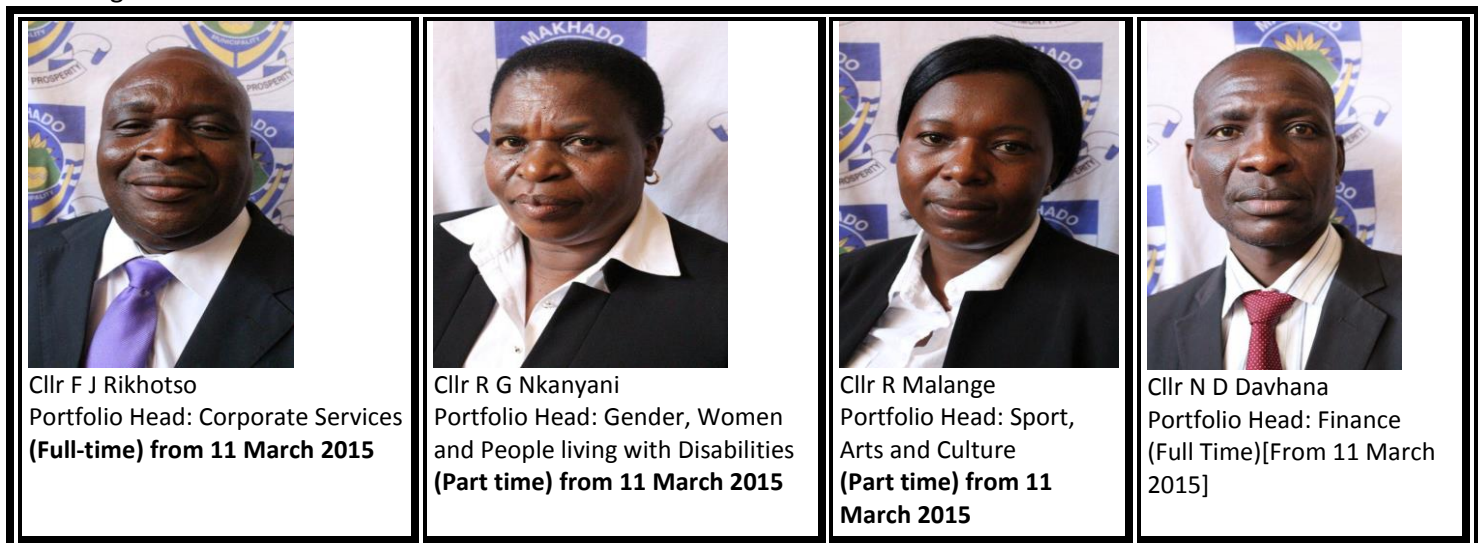
The executive committee is composed in line with the provisions of the Local Government: Municipal Structures Act, 1998. The Executive Committee consisting of ten members, four full-time members and five part-time members as arranged by General Notice 178 of 2012 promulgated by the M E C for Cooperative Governance, Human Settlements and Traditional Affairs as published in the Provincial Gazette Extraordinary No 2079 of 7 May 2012

**Figure 3 Executive Committee Members**





Figure 4: New EXCO members



The above setting can further be described through a Resolution of Council at its special meeting held on 11 March 2015 when it recomposed its Executive Committee to be as follows:

**RESOLVED (COUNCIL) A.24.11.03.15**

THAT it be noted that due to the provisions of section 53 of the Local Government: Municipal Structures Act, 1998 the following councillors were elected unopposed as members of Executive Committee for the period until the next general municipal elections –

| NAME OF COUNCILOR | PORTFOLIO DEPARTMENT | OTHER PORTFOLIO   | STATUS    |
|-------------------|----------------------|---|-----------|
| F D Mutavhatsindi | Mayor                | Chairperson of Executive Committee  | Full-time |
| F J Rikhotso      | Corporate Services   | Portfolio Committee Chairperson   | Full-time |
| S M Sinyosi       | Technical Services   | Portfolio Committee Chairperson   | Full-time |
| D T Ratshikuni    | Development Planning | Portfolio Committee Chairperson   | Full-time |
| N D Davhana       | Finance              | Portfolio Committee Chairperson   | Full-time |
| R Thandavhathu    | Community Services   | Portfolio Committee Chairperson   | Part-time |
| R Malange         |                      | Sport, Arts and Culture & Portfolio Committee Chairperson                             | Part-time |
| J P Underwood     |                      | Disaster, Moral Regeneration & Pastors Forum and Portfolio Committee Chairperson      | Part-time |
| R G Nkanyani      |                      | Gender, Women and People living with Disabilities and Portfolio Committee Chairperson | Part-time |
| A du Plooy        |                      | Democratic Alliance   | Part-time |

**2.1.3. COMMITTEES APPOINTED BY COUNCIL**

**2.1.3.1. Council Representatives in Vhembe District Municipality's Council**

The following councillors were representatives of Makhado Municipality in the Vhembe District Council:

*Cllr M D Mboyi, Cllr H F Mathavha, Cllr N J Matumba, Cllr L M Mathalise, Cllr M D Mulovhedzi, Cllr N Kutama (Machovani), Cllr R T Makhubele, Cllr N S Munyai, Cllr M E Malima, Cllr B F Hlongwane, Cllr M R Selepe, Cllr S V Mahladiisa and Cllr M P Mathoma*

(Note: Cllrs Kutama and Selepe were elected to replace Cllrs Nkanyane and Mahani in the Vhembe District Municipality by Council Resolution A.25.11.03.15 on 11 March 2015 and Cllr Matumba was appointed to replace Cllr Malange by Council Resolution A.31.30.03.15 on 30 March 2015)

**2.1.3.2. Municipal Public Account Committee (MPAC)**

Municipal Public Account Committee for 2014/2015 is as follows:

Cllr T M Malange (Full-time Chairperson), Cllr J Shandukani, Cllr B F Hlongwani, Cllr M Mutele, Cllr Q Ratshivhombela, Cllr H G Mahani, Cllr H Mathavha, Cllr M R Madzivhandila, and Cllr N A Mafhala who was appointed in MPAC by Council Resolution A.176.15.12.14 on 15 December 2014.

(Note: On 28 February 2013 the status of MPAC Chairperson become **full-time** councillor in terms of the provisions of Notice No 178 of 2012 promulgated in Provincial Gazette Extraordinary No 2079 dated 7 May 2012.

**2.1.3.3. Section 79 Committees**

The **Section 79 committees** were until 15 December 2014 and 11 March 2015 respectively as set out in Table 7 but after Council recomposed its Committees anew, some amendments as reflected under the table following this Table 7 hereinunder was implemented

Table 7: *Section 79 Committees (until 15 December 2014 and/or 11 March 2015)*

|     | Portfolio Committee   | Name   |
|-----|---|--|
| 1.  | <b>Housing, Roads and Transport :</b><br>Cllr Mathalise L M (Chairperson)                                   | Mukhari M F, Matodzi H A, Nkanyani R G, Rekhotsa F J, Mazibuko M P<br>Madavhu F F, Matumba M T, Ramudzuli S D      |
| 2.  | <b>Finance:</b><br>Cllr Chililo N F (Chairperson)   | Mmboyi D, Selepe R, Tshilambwana M S, Magada M R, Sakhwari I<br>Maphahla A Z, Mahladasa S V, Makhuvha V S          |
| 3.  | <b>Sports and Recreation, Arts and Culture:</b><br>Cllr Mukhaha A J (Chairperson)                           | Davhana N D, Munyai N S, Mulovhedzi M D, Maphahla A Z, Masuka S<br>Hlabioa M M                                     |
| 4.  | <b>Youth, Women, Elderly, Gender, People with Disability and Children:</b> Cllr Mthombeni S Z (Chairperson) | Matodzi A M, Mukhaha A J, Mmbadi T A, Kutama N, Rekhotsa S M<br>Nemafhohoni M G, Mamatsiari M S                    |
| 5.  | <b>Technical Services and Infrastructure:</b><br>Cllr Hlungwani K A (Chairperson)                           | Madzhiga F N, Maphala O S, Ndzovela N G, Madavhu F F, Matumba N J<br>Malima M E, Lerule M M                        |
| 6.  | <b>Community Services:</b><br>Cllr Tshilambwana M S (Chairperson)   | Kutama N, Mulovhedzi M D, Balibali N P, Neluvhola A T, Luduvhungu V S<br>Hlabioa M M, Malima M E                   |
| 7.  | <b>Corporate Services:</b><br>Cllr Mamafha T J (Chairperson)  | Ngobeni N E, Maphala O S, Makhuvha V S, Mmbadi T A, Ludere E H<br>Mamatsiari M S, Sakhwari I                       |
|     | <b>Sub-committees</b><br>Corporate Services Sub-Committees  |  |
|     | <b>A. Local Labour Forum</b><br>Cllr Mamafha T C (Chairperson)  | Mathoma P, Mamafha T J   |
|     | <b>B. Employment Equity</b><br>Cllr Kutama N (Chairperson)  | Mathalise L M, Ludere E H, Malange R   |
|     | <b>C. Pension Funds</b><br>Cllr Mathladasa S V (Chairperson)  | Gabara M J, Munyai N S, Magada M R   |
| 8.  | <b>Planning, Economic Development, Tourism and Traditional Affairs:</b><br>• Cllr Mathoma P (Chairperson)   | Rasimphi M P, Ndzovela N G, Netshivhulana P, Ramudzuli S D,<br>Ndwammbi M T, Mamafha T J, Neluvhola A T            |
| 9.  | <b>Disaster, Moral Regeneration and Pastors Forum:</b><br>• Cllr Davhana D (Chairperson)                    | Mathoma P, Rasimphi M P, Mukhaha A J, Mavhunda M D<br>Nemafhohoni M G, Malange R, Matodzi A M, Mathalise L M       |
| 10. | <b>Rules and Ethics:</b><br>• Cllr F N Madzhiga (Chairperson)   | Matodzi A M, Mmbadi T A, Mamafha T C, Rasimphi M P, Nemafhohoni M G,<br>Balibali N P                               |
| 11. | <b>Municipal Public Accounts Committee:</b><br>• Cllr Malange T M (Chairperson)                             | Shandukani M J, Hlungwane B F, Madzivhandila M R, Mutele M<br>Ratshivhombela Q, Mahani M G, Mathavha H, Kennealy A |
| 12  | <b>Women's Caucus</b><br>The Speaker (Chairperson)  | L M Mathalise, A J Mukhaha, M Q Ratshivhombela, M M Hlabioa, G<br>Machovani, M S Mamatsiari.                       |

## SECTION 79 COMMITTEES

After amendment on 15 December 2014 and 11 March 2015 Council's Section 79 Committees is composed as follows (under Council Resolution A.45.30.05.13 as amended by Resolutions A.35.26.02.14 and A.176.15.12.14)

|    | SECTION 79 COMMITTEE AND CHAIRPERSON   | Members of Committee  |
|----|--|---|
| 1. | <b>Finance:</b><br>Cllr M G Mahani (Chairperson)   | Mmboyi D, Selepe R, Tshilambwana M S<br>Magada M R, Sakhwari I, Maphahla A Z<br>Mahladasa S V, Makhuvha V S |
| 2. | <b>Sports and Recreation, Arts and Culture:</b><br>Cllr A J Mukhaha (Chairperson)                              | Davhana N D, Munyai N S, Mulovhedzi M D,<br>Maphahla A Z, Masuka S  |
| 3. | <b>Youth, Women, Elderly, Gender, People with Disability and Children:</b><br>Cllr S Z Mthombeni (Chairperson) | Matodzi A M, Mukhaha A J, Mmbadi T A<br>Kutama N, Rekhotsa S M, Nemafhohoni M G,<br>Mamatsiari M S          |
| 4. | <b>Technical Services and Infrastructure:</b><br>Cllr S M Rikhotso (Chairperson)                               | Madzhiga F N, Maphala O S, Ndzovela N G<br>Madavhu F F, Matumba N J, Malima M E<br>Lerule Ramakhanya M M    |

|                  | <b>SECTION 79 COMMITTEE AND CHAIRPERSON</b>   | <b>Members of Committee</b>   |
|------------------|---|---|
| 5.               | <b>Community Services:</b><br>Cllr T J Mamafha (Chairperson)  | Kutama N, Mulovhedzi M D, Balibali N P<br>Neluvhola A T, Luduvhungu V S, Hlabioa M M,<br>Malima M E                           |
| 6. Subcommittees | <b>Corporate Services:</b><br>Cllr L M Mathalise (Chairperson)  | Ngobeni N E, Maphala O S, Makhuvha V S<br>Mmbadi T A, Ludere E H, Mamatsiari M S<br>Mpashe M                                  |
|                  | <u>Corporate Services Sub-Committees</u><br><b>Local Labour Forum and Employment Equity</b><br>Cllr N F Chililo (Chairperson)                 | Mathoma P, Mamafha T J, Mathalise L M<br>Ludere E H, Malange R  |
|                  | <b>Pension Funds</b><br>Cllr Mathladise S V (Chairperson)   | Gabara M J, Munyai N S, Magada M R  |
| 7. Subcommittee  | <b>Planning, Economic Development, Tourism and Traditional Affairs:</b><br>Cllr M P Mathoma (Chairperson)                                     | Rasimphi M P, Ndzovela N G, Netshivhulana P,<br>Ramudzuli S D, Ndwammbi M T, Mamafha T J,<br>Neluvhola A T                    |
|                  | Planning, Economic Development, Tourism and Traditional Affairs<br><b>Housing, Roads and Transport</b><br>Cllr M S Tshilambwana (Chairperson) | Mukhari M F, Matodzi H A, Nkanyani R G<br>Rikhotso F J, Mazibuko M P, Madavhu F F<br>Matumba M T, Ramudzuli S D               |
| 8.               | <b>Disaster, Moral Regeneration and Pastors Forum:</b><br>Cllr M J Gabara (Chairperson)   | Mathoma P, Rasimphi M P, Mukhaha A J<br>Mavhunda M D, Nemafohoni M G, Malange R,<br>Matodzi A M, Mathalise L M                |
| 9.               | <b>Rules and Ethics:</b><br>Cllr L B Mogale (Chairperson)   | Matodzi A M, Mmbadi T A, Mamafha T C<br>Rasimphi M P, Nemafohoni M G, Balibali N P  |
| 10.              | <b>Municipal Public Accounts Committee:</b><br>Cllr Malange T M (Chairperson)   | Shandukani M J, Hlungwane B F<br>Mutele M, Ratshivhombela Q, Mahani M G,<br>Mathavha H, N A Mafhala                           |
| 11.              | <b>Women's Caucus</b><br>The Speaker (Chairperson)<br>L B Mogale  | L M Mathalise, A J Mukhaha, M Q Ratshivhombela,<br>M M Hlabioa, G Machovani M S Mamatsiari. F N<br>Madzhiga<br>T P Mamorobela |

#### 2.1.3.4. Section 80 Committees (until 15 December 2014 and/or 11/30 March 2015)

|    | <b>Portfolio</b>   | <b>Name of Councillors</b>  |
|----|--|---|
| 1. | <b>Housing, Roads and Transport :</b><br>Cllr Mamorobela T P (Chairperson)                                     | Mukhaha A J, Hlungwani K A, Nemafohoni M G, Sakhwari I, Chililo N F, Rekhoto S M, Tshilambyana M S, Balibali N P, Madzhiga M, Mamatsiari M S            |
| 2. | <b>Finance:</b><br>Cllr Tshavhuyo T G (Chairperson)  | Rikhotso F J, Mukhaha J, Davhana N D, Munyai N S, Mulovhedzi M D, Netshivhula P, Makhubele R, Du Plooy A, Ndwammbi M T                                  |
| 3. | <b>Sports and Recreation, Arts and Culture:</b><br>Cllr Thandavhathu N R (Chairperson)                         | Chililo N F, Mthombeni S Z, Tshilambwana M J, Ndwammbi M T, Magada M R, Sakhwari I, Makhubele R T, Maphahla A Z, Lerule M M                             |
| 4. | <b>Youth, Women, Elderly, Gender People with Disability and Children:</b><br>Cllr Ratshikuni T D (Chairperson) | Mthombeni S Z, Mathalise L M, Mukhari M F, Matodzi N A, Nkanyani R G, Ludere E H, Madzivhandila R, Matumba N J, Mamafha T J, Chililo N F, Ramudzuli S D |
| 5. | <b>Technical Services and Infrastructure:</b><br>Cllr Sinyosi S M (Chairperson)                                | Madzhiga N, Mathladisa S V, Kutama N, Mmboyi D<br>Mulovhedzi M D, Balibali N P, Jooma Z, Netshivhula P<br>Matumba M T, Ledere E H, Mamatsiari M S       |
| 6. | <b>Community Services:</b><br>Cllr Mashimbyi P F (Chairperson)   | Mamafha T J, Maphala O S, Hlungwani K A, Madavhu F F, Jooma Z, Sakhwari I, Nkanhanyi R G, Kutama N, Selepe M R, Machovani G, Magada M R                 |
| 7. | <b>Corporate Services:</b><br>Cllr Baloyi R S (Chairperson)  | Madzhiga N, Mathoma P, Rasimphi M P, Mukhaha A J, Mamafha T C, Machete M, Davhana D, Mthombeni A Z, Malima M E  |
|    | <u>Corporate Services Sub-Committees</u><br><b>A. Local Labour Forum</b>                                       | Davhana N D, Mukhaha A J, Mthombeni S Z   |

|     |  |   |
|-----|--|---|
|     | Cllr Baloyi R S (Chairperson)  |   |
|     | <b>B. Employment Equity</b><br>Cllr Baloyi R S (Chairperson)   | Mathoma P, Machete M, Mathalise L M, Malima M E   |
| 8.  | <b>Pension Funds</b><br>• Cllr Baloyi R S (Chairperson)  | Madzhiga N, Rasimphi M P, Mamafha T C   |
| 9.  | <b>Planning, Economic Development, Tourism &amp; Traditional Affairs:</b><br>• Cllr Mamorobela T P (Chairperson) | Munyai N S, Malange R, Ngobeni N E, Gabara M J, Hlungwani B F, Magada M R, Kutama N, Balibali N P<br>Matumba M T, Selepe M R                  |
| 10. | <b>Disaster, Moral Regeneration and Pastors Forum:</b><br>• Cllr Underwood J P (Chairperson)                     | Mamafha T J, Netshivhula P, Maphala O S, Makhuvha V S<br>Malema M E, Mmbadi T A, Mamatsiari M S, Mazibuko M P<br>Ndwambi M T, Madzivhandila R |

**SECTION 80 COMMITTEES** from 15 December 2014 and/or 11/30 March 2015 (amendment in terms of Council Resolutions A.176.15.12.14, A.24.11.03.15, A.25.11.03.15 and A.31.03.15)

|                           | <b>SECTION 80 COMMITTEE AND CHAIRPERSON</b>  | <b>MEMBERS</b>  |
|---------------------------|--|---|
| 1.                        | <b>Housing, Roads and Transport :</b><br>Cllr D T Ratshikuni (Chairperson)                                     | Mukhaha A J, Hlungwani K A, Nemafohoni M G, Baloyi N B, Chililo N F<br>Rekhotso S M, Tshilambwana M S, Balibali N P, Madzhiga M,<br>Mamatsiari M S                  |
| 2.                        | <b>Finance:</b><br>Cllr N D Davhana (Chairperson)  | Rikhotso F J, Mukhaha J, Munyai N S<br>Mulovhedzi M D, Netshivhula P, Makhubele R, Du Plooy A, Ndwambi<br>M T   |
| 3.                        | <b>Sports and Recreation, Arts and Culture:</b><br>Cllr R Malange (Chairperson)                                | Chililo N F, Mthombeni S Z, Tshilambwana M J, Ndwambi M T,<br>Magada M R, Mazibuko P, Makhubele R T, Map, hahla A Z<br>Lerule M M                                   |
| 4.                        | <b>Youth, Women, Elderly, Gender People with Disability and Children:</b><br>Cllr R G Nkanyani (Chairperson)   | Mathalise L M, Mukhari M F, Matodzi N A<br>Nkanyani R G, Ludere E H, Madzivhandila R, Matumba N J, Mamafha T<br>J, Chililo N F<br>Ramudzuli S D                     |
| 5.                        | <b>Technical Services and Infrastructure:</b><br>Cllr Sinyosi S M (Chairperson)                                | Madzhiga N, Mathladisa S V, Kutama N<br>Mmboyi D, Mulovhedzi M D, Balibali N P<br>Mpasse M, Netshivhula P, Matumba M T<br>Ledere E H, Mamatsiari M S, Tshavhuyo T G |
| 6.                        | <b>Community Services:</b><br>Cllr R Thandavhato (Chairperson)   | Maphala O S, Hlungwani K A, Madavhu F F<br>Mpasse M, Nkanhyani R G, Kutama N<br>Selepe M R, Machovani G, Magada M R<br>Baloyi R S                                   |
| 7. Sub-<br>committ<br>ees | <b>Corporate Services:</b><br>Cllr F J Rikhotso (Chairperson)  | Madzhiga N, Mathoma P, Rasimphi M P<br>Mukhaha A J, Mamafha T C, Machete M<br>Davhana D, Mthombeni A Z, Malima M E<br>P F Mashimbye                                 |
|                           | <b>Corporate Services Sub-Committees</b>   | Davhana N D, Mukhaha A J, Mthombeni S Z   |
|                           | <b>A. Local Labour Forum</b><br>Cllr F J Rikhotso (Chairperson)  |   |
|                           | <b>B. Employment Equity</b><br>Cllr F J Rikhotso (Chairperson)   | Mathoma P, Machete M, Mathalise L M<br>Malima M E   |
|                           | <b>C. Pension Funds</b><br>Cllr F J Rikhotso (Chairperson)   | Madzhiga N, Rasimphi M P, Mamafha T C   |
| 8.                        | <b>Planning, Economic Development, Tourism &amp; Traditional Affairs:</b><br>Cllr D T Ratshikuni (Chairperson) | Munyai N S, Malange R, Ngobeni N E<br>Gabara M J, Hlungwani B F, Magada M R<br>Kutama N, Balibali N P, Matumba M T<br>Selepe M R                                    |
| 9.                        | <b>Disaster, Moral Regeneration and Pastors Forum:</b><br>Cllr Underwood J P (Chairperson)                     | Mamafha T J, Netshivhula P, Maphala O S<br>Makhuvha V S, Mmbadi T A, Mamatsiari M S, Mazibuko M P,<br>Ndwambi M T, Madzivhandila R, Ndwambi M T                     |



### 2.1.3.5. The Audit And Performance Audit Committee

The Performance Audit and Audit Committee was composed as follows until 28 February 2015 when its term of office lapsed

| Name             | Designation      |
|------------------|------------------|
| Ms. J Masite     | Chairperson      |
| Mr. A.M.M Badimo | Committee Member |
| Mrs. F.J Mudau   | Committee Member |
| Dr J Zaaiman     | Committee Member |
| Mr L.Z Fihlani   | Committee Member |

Council Resolution A33.30.03.15 composed the new Audit Performance and Audit Committee at its meeting held on 30 March 2015 for a period of three (3) years from date of appointment. ***The following are new audit committee members:***

| Name               | Designation      |
|--------------------|------------------|
| Dr J Zaaiman       | Chairperson      |
| Dr Ms A.M.M Badimo | Committee Member |
| Mr N S Matenzhe    | Committee Member |
| Mr. V D Ramuedzisi | Committee Member |
| Mr. M Ramabulana   | Committee Member |

Mr L S Mofokeng was appointed as Chairperson of the Risk Management Committee by Council Resolution on 29 June 2015 and he also reports to the Audit Committee on Risk Management matters.

The Committee members are remunerated for preparation and attendance of meetings in line with the National Treasury Regulation that regulate the remuneration of commission and committee and were reimbursed for expenses incurred for attending audit committee meetings.

### 2.1.4 Meetings Held For 2014/2015 Financial Year (Council, Executive Committee and Portfolio Committees)

Table 8: Meetings held For 2014/2015 Financial Year (Council, Executive Committee and Portfolio Committees)

| DATE                   | PORTFOLIO COMMITTEES | EXECUTIVE COMMITTEE   | COUNCIL |
|------------------------|----------------------|---|---------|
| July 2014 to June 2015 | 122                  | 27  | 15      |
| <b>TOTAL</b>           | <b>162</b>           | (excluding APAC, Risk Committee and Bid Committee meetings) |         |

### Audit and Performance Audit Committee

The term of the Audit and Performance Audit Committee chaired by an independent person, Ms. Masite J expired in February 2015. The Council of Makhado Local Municipality has appointed a new Audit and Performance Audit Committee with effect from 30 May 2015 which is chaired by an independent person, Mr. J Zaaiman. The Audit and Performance Audit Committee gives technical advice on financial, Risk Management and Governance matters and issues relating to performance at organizational level and Management.

The Audit and Performance Audit Committee held seven (7) meetings as follows in the 2014/15 financial year:

| Date of meetings | Purpose of meeting   |
|------------------|--|
| 25 July 2014     | Fourth quarter scheduled Audit and Performance Audit Committee 2014/15 financial year  |
| 22 August 2014   | Special Audit and Performance Audit Committee meeting<br>( to consider Annual Financial Statements and Annual Performance Information) |
| 22 October 2014  | First quarter scheduled Audit and Performance Audit Committee 2014/15 financial year   |
| 28 November 2014 | Special Audit and Performance Audit Committee Meeting<br>( to consider management letter and Auditor – General report)                 |
| 28 January 2015  | To consider Section 72 and Annual report before tabling to council   |
| 03 June 2015     | APAC induction   |
| 04 June 2015     | To consider the three year Internal Audit rolling plan and internal audit and Audit Committee charters                                 |

## RISK MANAGEMENT

The accounting officer/Municipal Manager has committed Makhado Municipality to a process of enterprise risk management that is aligned to the principles of good corporate governance, as supported by Section 62(1)(C)(i) of the Local Government Municipal Financial Management Act (No. 56 of 2003) and chapter 4 of King III Report (Third report on corporate governance of South Africa)

Risk management is recognised as an integral part of responsible management and therefore, Makhado Municipality has adopted a comprehensive approach to management of risk, the flawless process is clearly outlined in Risk Management strategy of the Municipality

A lot of progress has been done with respect of enterprise risk management for example the establishment of a Risk Management Office, Risk and Anti-fraud & corruption Committee which is chaired by an independent external person to ensure transparency.

It is evident that the Committee is working efficiently, e.g. the risk management strategy/risk register of the municipality which is aligned to the IDP objectives was presented and noted by Council. The risk management strategy will ensure that the municipality receive early warning signs on service delivery issues.

It is also evident that this progress is aligned to the SDBIP and performance agreements and plans of senior management to close any service delivery gaps that can emerge.

Municipality has achieved level 4 which is 96% on assessment scale of 1 to 6, compared with the previous 3.7 rating indicating continuous improvement in our governance processes.

### Top ten strategy risks are as follows:

|   |
|---|
| Financial Instability                                       |
| Inability to recover costs incurred in electricity services |
| Landfills site is beyond 100% capacity (existing )          |
| Lack of access to sporting facilities                       |

|  |
|--|
| Deficiencies in staff skills and Capacity  |
| Disaster Recovery Plan not in place        |
| Inadequate land for cemeteries (Waterval)  |
| Deterioration of municipal roads.          |
| Ageing infrastructure (Electric)           |
| Inability to attract and retain investment |

## FRAUD AND CORRUPTION MANAGEMENT

Fraud and Corruption represent a significant potential risk to the Municipality's' assets, service delivery efficiency and reputation.

The Municipality will not tolerate corrupt or fraudulent activities, whether internal or external to the institution and will vigorously pursue and prosecute any parties which engage in such practices or attempt to do so by all legal means available

### 2.2. ADMINISTRATIVE COMPONENT - MUNICIPAL MANAGEMENT

Makhado Municipality has 6 Section 57 Managers positions which are Municipal Manager, Director Community Services, Director Corporate Services, Director Technical Services, Director Development and Planning and Chief Financial Officer. For the financial year under review the following were changes in terms of Section 57 Managers:

| NAME               | POSITION                          | COMMENTS   |
|--------------------|-----------------------------------|--|
| Mutshinyali I.P    | Municipal Manager                 | N/A  |
| Kanwendo M.J       | Director Community Services       | N/A  |
| Mrs Sinthumule M D | Director Development and Planning | N/A  |
| Mr Kharidzha N.C   | Director Corporate Services       | N/A  |
| Ms Makhubele MP    | Chief Financial Officer           | N/A  |
| Vacant             | Director Technical Services       | Mr Ragimana L acted for the rest of the financial year |

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

Makhado Municipality participate in intergovernmental relations forums such as District, Provincial and National Forums. The primary purpose of the intergovernmental relations is to enhance intergovernmental relations by mobilizing resources and strategic partnerships which will ensure co-ordination of service delivery by all departments to the community of Makhado. Intergovernmental relations help in the following

- Coordinating and managing all municipal relationships with other spheres of government.
- To ensure that there is a strong link between departments internally and the two spheres of government (National and Provincial).
- To facilitate information and knowledge sharing through inter-municipal cooperation.
- To build managerial and technical capacity (through study tours, exchange programmes, seminars and conferences).
- To develop project partnerships with other government departments for mutual benefit.
- To create employment through the public works programmes.
- To ensure that there is monitoring and alignment of municipal budgets and IDP implementation with provincial and national government departments.
- Promoting efficient lines of communication and between the municipality and other spheres of government.
- Ensure efficient relations and sharing models of good practice with other municipalities.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Council of Makhado is committed to sustainable participation of its residents in all decision making processes. As a Municipality, we have engaged our community through the existing public participation mechanisms and structures. Four (4) Izimbizos (public participation meetings) were held, four (4) IDP Representative Forum were coordinated in all Regions. Our Ward Committees are meeting on a monthly basis to consider all service delivery issues at ward level, this system will need to improve so that we can maximize corrective action to address service delivery backlogs. Other community stakeholders and interest group meetings were held throughout the year to ensure that we listen and act on the needs of our people.

## COMPONENT D: CORPORATE GOVERNANCE

This component deals with issues of risk management, anti-corruption and fraud, supply chain management, by laws, websites, public satisfaction on municipal services and all municipal oversight committee. The risk management and anti-corruption issues were well addressed in the municipal manager's foreword in chapter 1 and Audit and Performance committee statement in this chapter. The supply chain management issue is well dealt with in component D of chapter 5 and component E of chapter 4. Municipal by-laws are public regulatory laws which apply in a certain area. Makhado have municipal by laws that reflect as follows:

|  |   |
|--|---|
| Provincial Gazette 3861 dated 5 January 1977:            | Notice 21, Standard Water Supply By-laws (the only one of former LTT Municipality on website) |
| Provincial Gazette Limpopo No 1391 dated 31 August 2007: | Notice No 228, Rules and Orders   |
| Provincial Gazette Limpopo No 1523 dated 25 July 2008:   | Notice No 216, Property Rates By-laws   |
| Provincial Gazette Limpopo No 2085 dated                 | Notice No 108, Tariff By-laws   |

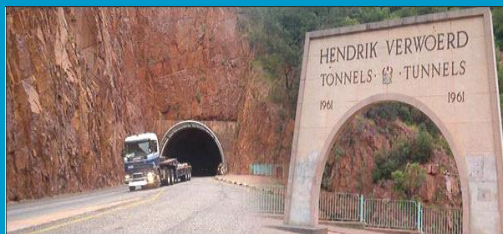
|   |  |
|---|--|
| 14 June 2012:   | Notice No 109, Credit Control and Debt Collection By-laws  |
| Provincial Gazette Limpopo No 2134 dated 24 October 2012  | Notice No 203, Trading: Street Trading By-laws<br>Notice No 204, Child Care Facilities By-laws<br>Notice No 205, Environment: Inflammable Liquids and Substances By-laws<br>Notice No 206, Outdoor Signs By-laws<br>Notice No 207, Public Health: Fumigation By-laws<br>Notice No 208, Environment: Parks, Gardens and Open Spaces By-laws<br>Notice No 209, Municipal Facilities: Hiring of Municipal Premises and Amenities By-laws<br>Notice No 210, Municipal Facilities: Sport Facilities By-laws |
| Provincial Gazette Limpopo No 2106 dated 10 August 2012   | Notice No 163, Parking Meter and Parking Ground By-laws  |
| Provincial Gazette Limpopo No 2293 dated 20 December 2013 | Notice No 181, Aerial Systems By-laws<br>Notice No 182, Caravan Park By-laws<br>Notice No 183, Fences and Fencing By-laws<br>Notice No 184, Commonage By-laws<br>Notice No 185, Aerodrome By-laws  |
| Provincial Gazette Limpopo No 2294 dated 20 December 2013 | Notice No 179, Public Health: Animal By-laws<br>Notice No 180, Roads, Traffic and Safety By-laws   |
| Provincial Gazette Limpopo No 2331 dated 19 March 2014    | Notice No 30, Control of Temporary Advertisements and Pamphlets By-laws<br>Notice No 31, Waste Management By-laws<br>Notice No 32, Food Handling By-laws<br>Notice No 33, Building Regulations By-laws   |
| Provincial Gazette Limpopo No 2381 dated 27 June 2014     | Notice No 95, Municipal Property Rates By-laws   |

Makhado Municipality website is always up to date. Both the information technology and communication units work together to ensure that right and well edited information is placed into the website. During izimbizos the community gets a chance to reflect back on the performance of the municipality. The performance quarterly reports are placed on the website for public consumption. The issue of municipal oversight committees well dealt with in chapter 2 of this report.

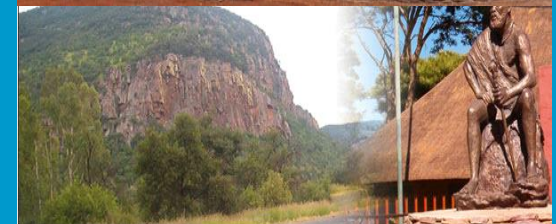


# CHAPTER 3

## SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT - PART I)



## ANNUAL REPORT 2014/2015



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

### 3.1. OVERVIEW OF SERVICE DELIVERY

The budget allocation for infrastructure development as approved by Council after the Mid-year Financial and Performance Assessment and approval of the Budget Adjustment to address services backlogs amounted to R 88,224,365.53. The following backlog of services in terms of Census 2011 is as follows:

| <u>Service</u>             | <u>Number</u>   |
|----------------------------|---|
| Potable Water              | 129 224   |
| Sanitation                 | 66 048  |
| Refuse Removal (household) | 88 252  |
| Electricity                | 16 335 (includes Eskom distribution area in municipal jurisdiction) |
| Housing                    | 16 807  |

#### Overview of capital projects implemented

The municipality has successfully implemented five (5) roads and stormwater infrastructure projects and five (5) electrification projects. Some of the roads and stormwater, electrification, landfill site and a sport facility projects have rolled over to the financial year 2015/2016.

#### Bulk waste water treatment works: Makhado Town

Construction for a new waste water treatment works in Makhado Town was completed in the 2013/2014 financial year. This is a project was commissioned by Vhembe District Municipality (VDM) as the Water Services Authority (WSA/WSP) who also appointed the consulting engineers and contractors for this purpose. If funds become available, the total capacity of this new wastewater treatment plant will increase to 10 mega litres per day.

#### Electricity connections performed

A total of four thousand eight hundred and fifty seven (4857) households have been supplied with electricity connections in 2014/2015 of which three thousand seven hundred and eighty two (3782) households were energized by Eskom and seven hundred and seventy five (1075) by the municipality. In the case of the municipality's electricity licensed area, all households have already been provided with electricity and work in these areas are mostly post connections where villages are extended and or additional supply points are done in terms of the supply policy. This additional connections made by ESKOM have reduced the electricity services backlog by 0.94%.

#### Roads rehabilitation

The municipality has upgraded some roads from gravel to asphalt while others were rehabilitated. The total lengths of roads which were successfully completed amount to 24km.

### 3.2. BASIC SERVICES

Below is information relating to water; waste water (sanitation); electricity; solid waste management (refuse removal) and provision of housing for the poor, as well as a summary of delivery of free basic services.

### 3.2.1 WATER SERVICES

The available water infrastructure is insufficient to meet the population growth demands. The five (5) respective raw water sources (RWS) is not meeting the demand of the population, i.e. Vondo RWS, Mutshedzi dam RWS, Tshitale dam RWS, Middle Letaba dam RWS and Albasini dam RWS. These RWS is not sufficient to even meet the population demand in terms of the Reconstruction and Development Program (RDP) water supply standard. [In terms of the RDP standard each household has to have access to clean potable household water measured as at least 25 litres per day per person]

Majority of the two hundred and ninety seven (297) rural villages in the municipal are served by means of communal stand pipes/taps with water being sourced from boreholes with related storage facilities.

The Makhado Municipality has inadequate and fragmented water service provision with different standards and plans. The inadequate water provision implies that less water will be available for agricultural use, which is one of the main pillars of the economy. Unauthorized water connection is also amongst the key challenges of the municipality. The water systems are not metered and monitored on continuous basis.

Makhado Municipality is since 2003 also not the Water Service Authority (WSA) for its own municipal area, but performs the operational function of water in terms of a Service Level Agreement on behalf of VDM as the Water Service Provider (WSP). This arrangement is very challenging due to the multiple activities of water sourcing, purifying and supplying together with all the maintenance requirements, especially in the area of procurement of materials, goods and services.

**Table 9:** 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 Basic Water |
| 2012/13         | 48%  | 48%   | 29%  |
| 2013/14         | 56%  | 56%   | 35%  |
| 2014/15         | 58%  | 58%   | 35%  |

**Table 10:** Employees: Water Services

| Job Level | 2013/14 |           |                                  |                                   | 2014/2015 |                                  |                                   |
|-----------|---------|-----------|----------------------------------|-----------------------------------|-----------|----------------------------------|-----------------------------------|
|           | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|           | No.     | No.       | No.                              | %                                 | No.       | No.                              | %                                 |
| 0 - 3     | 1       | 2         | 1                                | 50                                | 2         | 1                                | 50                                |
| 4 - 6     | 4       | 2         | 1                                | 50                                | 2         | 1                                | 50                                |
| 7 - 9     | 11      | 7         | 1                                | 10                                | 7         | 1                                | 10                                |
| 10 - 12   | 0       | 10        | 07                               | 70                                | 10        | 07                               | 70                                |
| 13 - 15   | 126     | 34        | 0                                | 0                                 | 34        | 0                                | 0                                 |
| 16 - 18   | 0       |           |                                  |                                   |           |                                  |                                   |
| 19 - 20   | 0       |           |                                  |                                   |           |                                  |                                   |
| Total     | 142     | 55        | 10                               |                                   | 55        | 10                               |                                   |



### 3.2.2. SANITATION SERVICES (SEWER)

The two hundred and ninety seven (297) rural villages also do not have proper sanitation facilities and individual households have to construct their own pit latrines. Approximately eight thousand two hundred and fifty one (8, 251) households do not have sanitation at RDP standard [RDP standard for sanitation is at least an air ventilated pit latrine] The overall sanitation system needs improvement as there is no system to adequately address the plight of filled VIP toilets. In addition the fact that water supply is insufficient to meet the demand also impacts on water borne sewerage systems for households.

Makhado Municipality is since 2003 also not the WSA/WSP for its own municipal area, but performs the operational function of sanitation in terms of a Service Level Agreement on behalf of VDM as WSA/WSP. This arrangement is very challenging due to the multiple activities of waste water collection, purifying and disposal thereof according to acceptable standards with all the maintenance requirements, especially in the area of procurement of materials, goods and services.

### WASTE WATER (SANITATION)

**Table 11: Sanitation**

| Description  | 2011/12 | 2012/13 | 2013/14 |        | 2014/2015 |        |                 |
|--|---------|---------|---------|--------|-----------|--------|-----------------|
|  | Outcome | Outcome | Target  | Actual | Target    | Actual | Remedial Action |
|  | No.     | No.     | No.     | No.    | No.       | No.    |                 |
| <i>Sanitation/sewerage: (above minimum level)</i>  |         |         |         |        |           |        |                 |
| Flush toilet (connected to sewerage)   | 1,070   | 19,553  | *       | *      | *         | *      | None            |
| Flush toilet (with septic tank)  | 1,742   |         |         |        |           |        | None            |
| Chemical toilet  | 0       | 0       | *       | *      | *         | *      | None            |
| Pit toilet (ventilated)  | 2,694   | 76,773  | *       | *      | *         | *      | None            |
| Other toilet provisions (above minimum service level)  | 67,309  |         | *       | *      | *         | *      | None            |
| <i>Minimum Service Level and Above sub-total</i>   |         | 96,326  | *       | *      | *         | *      | None            |
| <i>Minimum Service Level and Above Percentage</i>  |         | 71,4    | *       | *      | *         | *      | None            |
| <i>Sanitation/sewerage: (below minimum level)</i>  |         | 9,734   |         |        |           |        | None            |
| Bucket toilet  | 0       | 748     | *       | *      | *         | *      | None            |
| Other toilet provisions (below minimum service level)  |         | 0       | *       | *      | *         | *      | None            |
| No toilet provisions   | 41,234  | 8,986   | *       | *      | *         | *      | None            |
| <i>Below Minimum Service Level sub-total</i>   | 26,940  | 9,734   | *       | *      | *         | *      | None            |
| <i>Below Minimum Service Level Percentage</i>  |         | 7.2     | *       | *      | *         | *      | None            |
| *VDM is the registered WSA/WSP and holds these figures.<br>The Makhado data base does not reflect on accurate totals for this table. |         |         |         |        |           |        |                 |

Makhado Municipality is the beneficiary on water services provision from the WSA. The information provides from the IDP of the WSA it's a district wide data (not specific to local municipalities). The figures provided are as per Makhado Municipality's IDP.

| Description  | 2012/13 | 2013/14         |                 |        | 2014/2015       |                 |        |
|--|---------|-----------------|-----------------|--------|-----------------|-----------------|--------|
|  | Actual  | Original Budget | Adjusted Budget | Actual | Original Budget | Adjusted Budget | Actual |
|  | No.     | No.             | No.             | No.    | No.             | No.             | No.    |
| Formal Settlements                                   |         |                 |                 |        |                 |                 |        |
| Total households                                     | 67,309  | *               | *               | *      | *               | *               | *      |
| Households below minimum service level               | 67,309  | *               | *               | *      | *               | *               | *      |
| Proportion of households below minimum service level |         | *               | *               | *      | *               | *               | *      |
| Informal Settlements                                 |         | *               | *               | *      | *               | *               | *      |
| Total households                                     |         | *               | *               | *      | *               | *               | *      |
| Households below minimum service level               |         | *               | *               | *      | *               | *               | *      |
| Proportion of households below minimum service level |         | *               | *               | *      | *               | *               | *      |

\*VDM is the registered WSA/WSP and holds these figures.

The Makhado data base does not reflect on accurate totals for this table.

**Table 12:** Employees: Sanitation Services

| Employees: Sanitation Services |           |           |           |                                  |                                   |
|--------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                      | 2013/14   | 2014/2015 |           |                                  |                                   |
|                                | Employees | Posts     | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                | No.       | No.       | No.       | No.                              | %                                 |
| 0 - 3                          | 0         | 1         | 2         | 1                                | 50                                |
| 4 - 6                          | 1         | 4         | 2         | 1                                | 50                                |
| 7 - 9                          | 11        | 11        | 7         | 1                                | 90                                |
| 10 - 12                        | 13        | 0         | 10        | 7                                | 70                                |
| 13 - 15                        | 44        | 126       | 34        | 0                                | 0                                 |
| 16 - 18                        | 0         | 0         |           |                                  |                                   |
| 19 - 20                        | 0         | 0         |           |                                  |                                   |
| Total                          |           |           | 55        | 10                               |                                   |

**Table 13: Service Targets**

| Financial Year                                   |  | 2012/13 |        | 2013/2014 |        | 2014/2015 |        |                 |
|--|--|---------|--------|-----------|--------|-----------|--------|-----------------|
| Service Targets                                  |  | Target  | Actual | Target    | Actual | Target    | Actual | Remedial Action |
| <i>e.g. Provision of toilets within standard</i> | Additional Households (HHs) provided with minimum sanitation during the year |         |        | 25 112    | 25 112 | *         | *      | None            |
|  | (Number of HHs remaining without minimum sanitation at year end)             |         |        | 8 251     | 8 251  | *         | *      |                 |

\*VDM is the registered WSA/WSP and holds these figures. The Makhado data base does not reflect on accurate totals for this table.

### **3.2.3 ELECTRICITY SERVICES**

About sixteen thousand three hundred and thirty five (16335) households are without electricity [these households are mainly in the Eskom distribution licensed area]. The municipality has a FBE policy targeted at poor households which are referred to more fully herein below. There households which rely on their own solar grids as sources of energy and the municipality does not have statistics to this effect since the owners install the grids without the consent of the municipality.

#### **3.2.3.1 Overview**

This service is the distribution of electricity in the Makhado Municipality's distribution license area which includes the supply, maintenance and operation as well as the bulk purchase and sales of electricity.

#### **3.2.3.2 Description of the activity:**

The Municipality has a joint responsibility with Eskom to electrify and service all customers as well as households. The Municipality has a licensed area and Eskom has a licensed area in the jurisdiction of Makhado Municipality to distribute electricity.

#### **3.2.3.3 The Municipality has a mandate to:**

Distribute electricity in terms with its electricity supply distribution license issued by the NERSA, the Electricity Act (as amended), the OHS Act and its regulations, Council Policies, Practices, Procedures, Standards and Electricity By-Laws.

#### **3.2.3.4 The 4 top strategic objectives of this function for 2014/15 were:**

- i) To address the insufficient capacities of the bulk supply.
- ii) To upgrade all main substations in order to meet the development demands.
- iii) Proceed with rural electrification projects (post connections) electrification. All existing villages have been electrified. The emphasis was therefore on extensions, post connections and fill-ins.
- iv) Demand side management and energy saving

#### **3.2.3.5 The 4 key issues for 2014/15 were:**

- i) To secure a loan for the bulk supply and substation upgrades.
- ii) Supply and maintain effective electrical service to all customers in Makhado Municipality.
- iii) Reducing Electricity household backlog.
- iv) Embarked on an energy efficiency plan and revenue enhancement

**Table 14: Electricity Service Delivery Levels**

| Electricity Service Delivery Levels               |         |           |           |
|---|---------|-----------|-----------|
| Households  |         |           |           |
| Description                                       | 2012/13 | 2013/2014 | 2014/2015 |
|   | Actual  | Actual    |           |
|   | No.     | No.       |           |
| <i>Energy: (above minimum level)</i>              |         |           |           |
| Electricity (at least minimum service level)      | 86060   | 90120     | 94626     |
| Electricity - prepaid (minimum service level)     | -       | -         | -         |
| <i>Minimum Service Level and Above sub-total</i>  | -       | -         | -         |
| <i>Minimum Service Level and Above Percentage</i> | 66      | 71        | 74        |
| <i>Energy: (below minimum level)</i>              | 34693   | 35562     | 35918     |
| Electricity (<minimum service level)              |         |           |           |
| Electricity - prepaid (< min. service level)      | -       | -         | -         |
| Other energy sources                              | -       | -         | -         |
| <i>Below Minimum Service Level sub-total</i>      | 34693   | 34693     | 34693     |
| <i>Below Minimum Service Level Percentage</i>     | 26      | 26        | 26        |
| Total number of households                        | 129665  | 129665    | 129665    |

**Table 15: Service Targets**

| Financial Year                                    |   | 2012/13 |        | 2013/2014 |        | 2014/2015 |        |                   |
|---|---|---------|--------|-----------|--------|-----------|--------|-------------------|
| Service Targets                                   |   | Target  | Actual | Target    | Actual | Target    | Actual | Remedial Action   |
| <b>Provision of minimum supply of electricity</b> | Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level) | 2065    | 1073   | 1046      | 1046   | 471       | 471    | Need more funding |

**Table 16: Employees: Electricity Services**

| Employees: Electricity Services |           |         |           |                                  |                                   |
|---------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level                       | 2013/14   | 2014/15 |           |                                  |                                   |
|                                 | Employees | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                 | No.       | No.     | No.       | No.                              | %                                 |
| 0 - 3                           | 4         | 4       | 4         | 0                                | 0                                 |
| 4 - 5                           | 10        | 9       | 8         | 1                                | 10                                |

| Employees: Electricity Services |            |           |           |                                  |                                   |
|---------------------------------|------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                       | 2013/14    | 2014/15   |           |                                  |                                   |
|                                 | Employees  | Posts     | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                 | No.        | No.       | No.       | No.                              | %                                 |
| 6 - 9                           | 26         | 16        | 16        | 0                                | 0                                 |
| 10 - 12                         | 42         | 39        | 33        | 6                                | 15                                |
| 13 - 15                         | 28         | 24        | 22        | 2                                | 8                                 |
| 16 - 18                         |            |           |           |                                  |                                   |
| 19 - 20                         |            |           |           |                                  |                                   |
| <b>Total</b>                    | <b>110</b> | <b>92</b> | <b>83</b> | <b>9</b>                         | <b>9.7</b>                        |

**Table 17: Capital Expenditure 2014/15: Electricity services**

| Project Name  | Budget         | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
|---|----------------|-------------------|--------------------|-------------------------------|---------------------|
| Cattle pound electrification                                  | R 100 000.00   | R 100 000.00      | R 56 743.00        | R 43 257.00                   | R 56 743.00         |
| S/B Gen Dzanani & Vuwani Traffic stations                     | R 0.00         | R 0.00            | R 0.00             | R 0.00                        | R 0.00              |
| Bush clearing (Operational)                                   | R 1 099 403.21 | R 1 099 403.21    | R 0.00             | R 1 099 403.21                | R 0.00              |
| Upgrade Mara Line   | R 200 000.00   | R 200 000.00      | R 192 296.73       | R 7 703.27                    | R 192 296.73        |
| Fencing Riverview Tshipise switching point                    | R 30 000.00    | R 30 000.00       | R 5 169.94         | R 24 830.06                   | R 5 169.94          |
| Upgrade Tshipise line   | R 250 000.00   | R 250 000.00      | R 248 283.62       | R 1 716.38                    | R 248 283.62        |
| Fencing Mudimeli switching point                              | R 30 000.00    | R 30 000.00       | R 12 259.46        | R 17 740.54                   | R 12 259.46         |
| 4 x Flood Lights( Supply and Install) at Dzanani Traffic (x8) | R 20 000.00    | R 20 000.00       | R 19 015.30        | R 984.70                      | R 19 015.30         |
| Madombidzha ext 2   | R 413 878.40   | R 413 878.40      | R 206 938.40       | R 206 940.00                  | R 206 938.40        |
| Electrification in Makhado License areas                      | R 4 000 000.00 | R 4 000 000.00    | R 3 472 801.41     | R 527 198.59                  | R 3 472 801.41      |
| Njakanjaka ph2  | R 1 070 140.50 | R 1 070 140.50    | R 220 140.50       | R 850 000.00                  | R 220 140.50        |
| Vhangani (165)  | R 854 900.78   | R 854 900.78      | R 154 900.70       | R 700 000.08                  | R 154 900.70        |
| Mashamba (101)  | R 794 530.59   | R 794 530.59      | R 371 292.41       | R 423 238.18                  | R 371 292.41        |
| Luvhalani (45)  | R 1 733 830.59 | R 1 733 830.59    | R 1 425 798.22     | R 308 032.37                  | R 1 425 798.22      |
| Tshifhahani (55)  | R 376 464.62   | R 376 464.62      | R 176 464.62       | R 200 000.00                  | R 176 464.62        |
| Makhavhani (90)   | R 374 630.79   | R 374 630.79      | R 74 630.79        | R 300 000.00                  | R 74 630.79         |
| Mauluma Zone 4 (60)   | R 1 026 121.39 | R 1 026 121.39    | R 526 121.39       | R 500 000.00                  | R 526 121.39        |
| Mugejwani (70)  | R 550 354.90   | R 550 354.90      | R 300 113.50       | R 250 241.40                  | R 300 113.50        |

| Project Name   | Budget         | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
|--|----------------|-------------------|--------------------|-------------------------------|---------------------|
| Mufeba (70)  | R 133 950.30   | R 133 950.30      | R 133 950.30       | R 0.00                        | R 133 950.30        |
| Phafhanani (50)  | R 756 601.88   | R 756 601.88      | R 682 002.14       | R 74 599.74                   | R 682 002.14        |
| Upgrade Urban Substations  | R 500 000.00   | R 500 000.00      | R 0.00             | R 500 000.00                  | R 0.00              |
| Power/Distribution transformer repairs                                   | R 0.00         | R 0.00            | R 0.00             | R 0.00                        | R 0.00              |
| Protection relays Urban indoor subs with new relays (x7)                 | R 156 000.00   | R 156 000.00      | R 155 995.00       | R 5.00                        | R 155 995.00        |
| High masts Rathidili/Madombitza  | R 450 000.00   | R 450 000.00      | R 332 814.64       | R 117 185.36                  | R 332 814.64        |
| Remote control of switch gear Tshipise & Levubu sub and line controllers | R 70 000.00    | R 70 000.00       | R 70 000.00        | R 0.00                        | R 70 000.00         |
| Repair 10MVA Transformers Levubu Sub station                             | R 150 000.00   | R 150 000.00      | R 0.00             | R 150 000.00                  | R 0.00              |
| Standby quarters   | R 800 000.00   | R 800 000.00      | R 496 190.14       | R 303 809.86                  | R 496 190.14        |
| Provision of one new transformers (10MVA 22/11) for extension 9          | R 0.00         | R 0.00            | R 0.00             | R 0.00                        | R 0.00              |
| Transformers 2x5MVA 22/11  | R 0.00         | R 0.00            | R 0.00             | R 0.00                        | R 0.00              |
| Upgrade ablutions  | R 110 006.00   | R 110 006.00      | R 46 168.61        | R 63 837.39                   | R 46 168.61         |
| 10Ton truck with 25-30Ton M crane  | R 2 900 000.00 | R 2 900 000.00    | R 2 500 000.00     | R 400 000.00                  | R 2 500 000.00      |
| Mini substations (x3)  | R 750 000.00   | R 750 000.00      | R 657 894.70       | R 92 105.30                   | R 657 894.70        |
| Air conditioners (Whole Municipality)                                    | R 125 000.00   | R 125 000.00      | R 85 360.60        | R 39 639.40                   | R 85 360.60         |
| Bushings 66kV transformer  | R 120 000.00   | R 120 000.00      | R 0.00             | R 120 000.00                  | R 0.00              |
| CT VT Units 11kv & 22kv  | R 0.00         | R 0.00            | R 0.00             | R 0.00                        | R 0.00              |
| MV Cables 70mm2 - urban network  | R 0.00         | R 0.00            | R 0.00             | R 0.00                        | R 0.00              |
| Recloser and controllers whole network                                   | R 0.00         | R 0.00            | R 0.00             | R 0.00                        | R 0.00              |
| Strategic Spares   | R 100 000.00   | R 100 000.00      | R 0.00             | R 100 000.00                  | R 0.00              |
| Battery operated crimping tool (x1)                                      | R 55 650.99    | R 55 650.99       | R 38 000.00        | R 17 650.99                   | R 38 000.00         |
| Bush cutters / brush cutter (x1)   | R 13 823.14    | R 13 823.14       | R 13 823.14        | R 0.00                        | R 13 823.14         |
| Cable locator LV (x1)  | R 100 000.00   | R 100 000.00      | R 100 000.00       | R 0.00                        | R 100 000.00        |
| Cargo Containers   | R 0.00         | R 0.00            | R 0.00             | R 0.00                        | R 0.00              |
| Chain saws (x2)  | R 11 368.42    | R 11 368.42       | R 11 368.42        | R 0.00                        | R 11 368.42         |
| Come-a-longs (x2)  | R 15 000.00    | R 15 000.00       | R 10 600.00        | R 4 400.00                    | R 10 600.00         |
| Draw vices (x12)   | R 30 000.00    | R 30 000.00       | R 24 302.40        | R 5 697.60                    | R 24 302.40         |
| Drilling machines (x 2) Engine operated                                  | R 16 039.56    | R 16 039.56       | R 16 039.56        | R 0.00                        | R 16 039.56         |

| Project Name  | Budget         | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
|---|----------------|-------------------|--------------------|-------------------------------|---------------------|
| Extension power chain saws (x2)                       | R 14 978.78    | R 14 978.78       | R 14 978.78        | R 0.00                        | R 14 978.78         |
| Gazebo 3x3m (x1)                                      | R 2 023.16     | R 2 023.16        | R 2 023.16         | R 0.00                        | R 2 023.16          |
| Hydraulic crimping tool set (x6)                      | R 8 901.80     | R 8 901.80        | R 8 901.80         | R 0.00                        | R 8 901.80          |
| Ladders (x4)  | R 80 000.00    | R 80 000.00       | R 79 731.72        | R 268.28                      | R 79 731.72         |
| Narrow bucket for TLB (x1)                            | R 30 000.00    | R 30 000.00       | R 25 684.61        | R 4 315.39                    | R 25 684.61         |
| Portable transformer testing equipment (x1)           | R 90 000.00    | R 90 000.00       | R 84 000.00        | R 6 000.00                    | R 84 000.00         |
| Proximity testers (x4)                                | R 26 000.00    | R 26 000.00       | R 26 000.00        | R 0.00                        | R 26 000.00         |
| Radios (x13)  | R 28 405.00    | R 28 405.00       | R 28 405.00        | R 0.00                        | R 28 405.00         |
| Safety Harnesses (x6)                                 | R 50 000.00    | R 50 000.00       | R 6 141.60         | R 43 858.40                   | R 6 141.60          |
| Slings (x16)  | R 15 000.00    | R 15 000.00       | R 11 960.00        | R 3 040.00                    | R 11 960.00         |
| Telescopic tree prunes (silky pruners) (x7)           | R 25 713.95    | R 25 713.95       | R 25 713.95        | R 0.00                        | R 25 713.95         |
| GPS (x1)  | R 15 095.00    | R 15 095.00       | R 15 095.00        | R 0.00                        | R 15 095.00         |
| Upgrade mountain industrial - poles rocla (x202)      | R 2 150 000.00 | R 2 150 000.00    | R 1 877 650.00     | R 272 350.00                  | R 1 877 650.00      |
| Njakanjaka ph2 (206)                                  | R 601 915.25   | R 601 915.25      | R 527 995.84       | R 73 919.41                   | R 527 995.84        |
| Vhangani (165)  | R 838 359.82   | R 838 359.82      | R 672 119.37       | R 166 240.45                  | R 672 119.37        |
| Wisagalaza village                                    | R 442 480.00   | R 442 480.00      | R 385 194.11       | R 57 285.89                   | R 385 194.11        |
| Mugejwani (70)  | R 598 941.00   | R 598 941.00      | R 472 848.16       | R 126 092.84                  | R 472 848.16        |
| Murunwa village                                       | R 328 079.88   | R 328 079.88      | R 127 664.75       | R 200 415.13                  | R 127 664.75        |
| Electrification in Eskom Areas Tshikwarani / Muduluni | R 194 019.16   | R 194 019.16      | R 115 050.74       | R 78 968.42                   | R 115 050.74        |
| Mashamba (101)  | R 1 284 741.06 | R 1 284 741.06    | R 1 027 490.89     | R 257 250.17                  | R 1 027 490.89      |
| Luvhalani (45)  | R 990 333.07   | R 990 333.07      | R 799 532.89       | R 190 800.18                  | R 799 532.89        |
| Mufeba (70)   | R 542 576.79   | R 542 576.79      | R 488 319.11       | R 54 257.68                   | R 488 319.11        |
| Mauluma Zone 4 (60)                                   | R 1 717 696.54 | R 1 717 696.54    | R 1 356 036.21     | R 361 660.33                  | R 1 356 036.21      |

### 3.2.3.6 Performance Summary of Electricity services overall

- Of the total approved capital expenditure 69.3% was spent.
- Of the fifty nine (59) projects funded by own income as capital source, forty eight (48) projects have been completed.
- A total of eight (8) projects have been cancelled or amended due to financial constraints.
- A total of three (3) projects were still incomplete at the end of the 2014/15 financial year.

- The total allocation for INEP grant had a balance of R1 566 890 at the end of the financial year

### **3.2.4 REFUSE REMOVAL SERVICES (WASTE MANAGEMENT)**

Municipality is responsible for operating and maintaining a solid waste management service (refuse removal) dealing with solid waste collection, storage and management thereof, particularly at household and business level. There are two permitted landfill sites, one in operation and full to capacity, another one is under development phase. There are three licenses/permits for waste transfer stations within the municipality. One is developed in Dzanani Region and other two to be developed 2015/16. There are six developed waste drop-off facilities and 174 waste still bin planted in Sinthumule/Kutama area and other three facilities are planned to be developed in Tshakhuma, Siloam and Bungeni. The division hired 114 EPWP project workers as part of Nakhisani Vhupo Hashu which is aimed to improve waste management service standard and at the same time alleviating poverty. The rehabilitation of the old landfill site is in progress. The construction of the new landfill site is also in progress.

#### **3.2.4.1 Overview**

Fully fledged domestic and business refuse removal services are delivered with own staff in Makhado Town and the four R293 towns which are Dzanani, Vuwani, Watreval and Vleifontein. This is done once per week in the households; and twice per week in business premises collection points.

Refuse collection and cleaning up of public open spaces in rural areas totaling 51, 906, 66 m<sup>2</sup> area forms part of the service. Waste Management is further done through control and operation of one (1) permitted refuse landfill site of 10ha in extent. Recycling of waste at the official refuse landfill site by a private company which employed twenty (20) people.

This unit further cleans main routes in towns and villages by removing branches and other objects from the surface of roads, by removing carcasses of animals and undue waste that are dumped illegally on an as and when reported basis or when discovered upon road inspections. Clean up campaigns and workshops on waste minimization and on the impacts of poor handling of waste (illegal dumping & burning) to the environment are conducted from time to time. It further assesses monitors and clean overgrown grass and shrubs in both private and public land using 10 EPWP project workers. Emerging waste recycling companies and the formation of entrepreneurs are supported and the emphasis on separation of waste at the source is further encouraged.

#### **3.2.4.2 Challenges experienced**

The following are challenges experienced in the solid waste management function of the municipality:

- Lack of skilled personnel on waste management infrastructures & lack of equipment due to budget constraints.
- The rehabilitation of the old landfill site is not yet complete,
- The new landfill site is not yet complete,
- Used disposal nappies which are disposed of at public areas,
- Illegal refuse disposal sites,
- Lack of funds to develop infrastructures,
- Insufficient income generation for waste,



- Lack of covering material at the landfill site

### Intervention strategy to address challenges

- To expedite the development of the new landfill site
- To develop other waste management facilities,
- To intensify revenue enhancement through waste collection services,
- To train personnel on proper management of waste disposal facilities,
- To intensify education and awareness campaigns towards waste and environment.
- To outsource waste covering material (soil).
- To finalise the new landfill site
- To finalise the rehabilitation of the old landfill site.

**Table 18:** Solid Waste Service Delivery Levels

| Solid Waste Service Delivery Levels               |         |           |           | Households |   |
|---|---------|-----------|-----------|------------|---|
| Description                                       | 2012/13 | 2013/2014 | 2014/2015 |            |   |
|   | Actual  | Actual    |           |            | Remedial Action   |
|   | No.     | No        |           |            |   |
| <b>Solid Waste Removal: (Minimum level)</b>       |         |           |           |            | None  |
| Removed at least once a week                      | 10 998  | 10375     |           | 12787      | None  |
| <i>Minimum Service Level and Above sub-total</i>  | 10 998  | 10375     |           | 12787      | None  |
| <i>Minimum Service Level and Above percentage</i> | 8%      | 0         |           | 90.13%     | None  |
| <b>Solid Waste Removal: (Below minimum level)</b> |         |           |           |            | None  |
| Removed less frequently than once a week          | 0       | 0         |           | 0          | None  |
| Using communal refuse dump                        | 0       | 0         |           | 0          | None  |
| Using own refuse dump                             | 0       | 0         |           | 0          | None  |
| Other rubbish disposal                            | 0       | 0         |           | 0          | None  |
| No rubbish disposal                               | 118 667 | 118 667   |           | 116878     | None  |
| <i>Below Minimum Service Level sub-total</i>      | 118 667 | 118 667   |           | 116878     | To reduce the number of un-serviced households by at least 2% |
| <i>Below Minimum Service Level percentage</i>     | 91.5%   | 91.5%     |           | 90.13%     | None  |
| <b>Total number of households</b>                 | 10 998  | 10 375    |           | 12787      | None  |

**Table 19:** Households - Solid Waste Service Delivery Levels below the minimum

| Households - Solid Waste Service Delivery Levels below the minimum |         |         |         |                 |                 |        |
|--|---------|---------|---------|-----------------|-----------------|--------|
| Description  | 2011/12 | 2012/13 | 2013/14 | 2014/15         |                 |        |
|  | Actual  |         |         | Original Budget | Adjusted Budget | Actual |
|  | No.     |         |         | No.             | No.             | No.    |
| <b>Formal Settlements</b>  |         |         |         |                 |                 |        |
| Total households   | 129 665 | 129 665 | 129 665 | 129 665         | 129 665         | 12787  |

|  |         |      |         |      |        |        |
|--|---------|------|---------|------|--------|--------|
| Households below minimum service level               | 119 809 |      | 118 667 |      | 12787  |        |
| Proportion of households below minimum service level | 92%     | 92%  | 92%     | 92%  | 90.13% | 90.13% |
| <b>Informal Settlements</b>                          |         |      |         |      |        |        |
| Total households                                     | 0.00    | 0.00 |         |      |        |        |
| Households below minimum service level               | 0       | 0    |         | 0.00 | 0.00   | 0.00   |
| Proportion of households below minimum service level |         |      |         |      |        |        |

**Table 20 Service Targets**

|  |   |                |               |                |               |                |               |                |               |                        |
|--|---|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|------------------------|
| <b>Waste Water (Sanitation) Service: To maintain clean, healthier and safe environment for the community.</b>  |   |                |               |                |               |                |               |                |               |                        |
| <b>Service Indicators: Number of households served with a provision of weekly collection service</b>           |   |                |               |                |               |                |               |                |               |                        |
| <b>Financial Year</b>  |   | <b>2011/12</b> |               | <b>2012/13</b> |               | <b>2013/14</b> |               | <b>2014/15</b> |               |                        |
| <b>Service Targets</b>   |   | <b>Target</b>  | <b>Actual</b> | <b>Target</b>  | <b>Actual</b> | <b>Target</b>  | <b>Actual</b> | <b>Target</b>  | <b>Actual</b> | <b>Remedial Action</b> |
| <b>Service objectives:</b>   |   |                |               |                |               |                |               |                |               |                        |
| <b>Provision of weekly collection service per household (HH)</b>   | Proportionate reduction in average weekly collection failures year on year (average number of collection failures each week)    | 9 856          | 9 856         | 9856           | 9856          | 10375          | 10375         | 12787          | 12787         | None                   |
| <b>Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites</b> | The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage |                |               |                |               | 1%             | 2%            | 2%             | 2%            | None                   |
| <b>Proportion of waste that is recycled</b>  | Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.                               |                |               |                | 40 %          | 42%            | 42%           | 45%            | 45%           | None                   |
| <b>Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.</b>                | % of landfill sites by volume that are being managed in compliance with the Environmental Conservation Act 1989.                |                |               |                | 1             |                | 1             | 1              | 1             | None                   |

**Table 21: Employees: Solid Waste Management Services**

| Employees: Solid Waste Management Services |           |         |           |                                  |                                  |
|--|-----------|---------|-----------|----------------------------------|----------------------------------|
| Job Level                                  | 2013/14   | 2014/15 |           |                                  |                                  |
|  | Employees | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies(as a % of total posts) |
|  | No.       | No.     | No.       | No.                              | %                                |
| 0 - 3                                      | 1         | 1       | 1         | 0                                |                                  |
| 4 - 6                                      | 1         | 1       | 1         | 0                                |                                  |
| 7 - 9                                      | 1         | 1       | 4         | 1                                |                                  |
| 10 - 12                                    | 6         | 6       | 5         | 2                                |                                  |
| 13 - 15                                    | 67        | 67      | 74        | 1                                |                                  |
| 16 - 18                                    | 0         | 0       |           | 0                                |                                  |
| 19 - 20                                    | 0         | 0       |           | 0                                |                                  |
| Total                                      | 76        | 76      | 74        | 4                                | 4.7%                             |

**Table 22 Employees: Waste Disposal and Other Services**

| Employees: Waste Disposal and Other Services |           |           |           |                                  |                                   |
|--|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                                    | 2013/14   | 2014/2015 |           |                                  |                                   |
|  | 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                                      | 3         | 3         | 0         | 0                                | 0                                 |
| 16 - 18                                      | 0         | 0         | 0         | 0                                |                                   |
| 19 - 20                                      | 3         | 3         | 1         | 0                                | 0                                 |
| Total  | 7         | 7         | 2         | 0                                | 0                                 |

**Table 23 Capital Expenditure 2014/15: Waste Management Services**

| Project Name                         | Location   | Budget         | Adjusted Budget | Progress Made  | Challenges   | Measures for Improvements  |
|--------------------------------------|------------|----------------|-----------------|--|--|--|
| Development of the new landfill site | Eltivillas | R 3 000 000.00 | R 4 000 000.00  | Target not achieved. Fencing, Guardhouse is complete 100% done, internal access road and the ablution facilities at and Waste disposal cell at 90%.. | Lack of capacity the contractor to construct the cell and the evaporation dam membranes/lining of geo-membrane.. | To acquire the service of the specialist for the construction of the membranes |

|  |            |                |  |  |  |   |
|--|------------|----------------|--|--|--|---|
| Rehabilitation of the existing landfill site | Eltivillas | R 3 000 000.00 |  | Target not achieved. Fencing of the site and drilling of monitoring boreholes 100% complete. | The full rehabilitation of the site is pending for the completion of the development of the new landfill site. | To speed up the finalization of the development of the new landfill site. |
| Purchase of 1000 x 240 L wheel bins          | Eltivillas | R 1 000 000.00 |  | Target achieved  |  |   |
| Purchase of 10 skip bins                     | Eltivillas | R 160 000.00   |  | Target achieved  |  |   |
| Purchase of 10 skip bins                     | Waterval   | R 500 000.00   |  | Target achieved  |  |   |
| Purchase of LDV                              | Eltivillas | R 300 000.00   |  | Target not achieved  | The tender was cancelled   |   |

### 3.2.4.2. Performance Summary Overall

The waste management unit did perform as expected regarding implementation of Capital Projects. The rehabilitation of the landfill site is still in progress. The construction of the new landfill site is also on progress. The challenge remains with the development of the Integrated Waste Management Plan BY COGHSTA. The waste compactor machine has been purchased.

### 3.2.5 Housing for the poor

The provision of housing is the mandate of the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) and the municipality plays an active role in the coordination of the housing development projects by making land available for such development, providing lists of beneficiaries, identifying challenges and resolving them with local stakeholders like Ward Committees and traditional leaders. Disputes over ownership, illegal transfer and occupation, illegal connection of electricity and water in various project areas like Tshikota, Hlanganani Township, Vyeboom and other areas are still a concern. The Makhado IDP for 2014/2015 identifies the housing backlog to be at sixteen thousand eight hundred and seven (16,807) units.

**Table 24 Access to housing**

| Percentage of households with access to basic housing |   |                                  |   |                                    |   |
|---|---|----------------------------------|---|------------------------------------|---|
| Financial Year  | Total households (including in formal and informal settlements) | Households in formal settlements | Percentage of HHs in formal settlements | Households in informal settlements | Percentage of HHs in informal settlements |
| 2012/13   | -   | -                                | -                                       | -                                  | -   |
| 2013/2014   | -   | -                                | 106,228.00                              | -                                  | -   |
| 2014/2015   |   | 6150                             | 107,108.00                              | -                                  | -   |

**Table 25 Service targets**

| Table 22  |         |        |           |        |           |        |   |
|---|---------|--------|-----------|--------|-----------|--------|---|
| Housing Service Objectives : To facilitate provision of quality housing |         |        |           |        |           |        |   |
| Service Indicators: Number of people included in the data base          |         |        |           |        |           |        |   |
| Financial Year  | 2012/13 |        | 2013/2014 |        | 2014/2015 |        |   |
| Service Targets   | Target  | Actual | Target    | Actual | Target    | Actual | Remedial Action   |
| Services objectives   | 950     | 950    | 880       | 879    |           |        |   |
| 1. Development of housing beneficiary list                              | 880     | 880    | 502o      | 415    |           |        | Contract expired before completion. Issue to be taken to Project Manager from CoGHSTA |
| 2. Conducting housing Consumer Education for beneficiaries              |         |        |           |        |           |        |   |
| 3. Identification of Development areas.                                 |         |        |           |        |           |        |   |
| 4. Development of three year circle for housing development.            |         |        |           |        |           |        |   |
| 5. Handling of all complaints related to housing issues                 |         |        |           |        |           |        |   |

**Table 26 Employees: Housing Services**

| Employees: Housing Services |           |       |           |                                  |                                   |
|-----------------------------|-----------|-------|-----------|----------------------------------|-----------------------------------|
| Job Level                   | 2013/14   |       | 2014/2015 |                                  |                                   |
|                             | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                             | No.       | No.   | No.       | No.                              | %                                 |
| 0 – 3                       | 0         | 0     | 0         |                                  |                                   |
| 4 – 6                       | 1         | 1     | 1         |                                  |                                   |
| 7 – 9                       | 3         | 3     | 3         |                                  |                                   |
| 10 – 12                     | 0         | 0     | 0         |                                  |                                   |
| 13 – 15                     | 0         | 0     | 0         |                                  |                                   |
| 16 – 18                     | 0         | 0     | 0         |                                  |                                   |
| 19 – 20                     | 0         | 0     | 0         |                                  |                                   |
| Total                       | 4         |       |           |                                  |                                   |

**Table 27 Financial Performance 2014/15: Housing Services**

| Financial Performance 2013/14: Housing Services      |            |                 |                   |            |                    |
|--|------------|-----------------|-------------------|------------|--------------------|
| R'000  |            |                 |                   |            |                    |
| Details  | 2013/14    | 2014/15         |                   |            |                    |
|  | Actual     | Original Budget | Adjustment Budget | Actual     | Variance to Budget |
| <b>Total Operational Revenue (excluding tariffs)</b> | 1872334.10 |                 |                   | 1872334.10 |                    |
| Expenditure:   | COGHSTA    | COGHSTA         |                   | COGHSTA    | COGHSTA            |
| Employees  |            |                 |                   |            |                    |
| Repairs and Maintenance                              | N/A        | N/A             | N/A               | N/A        | N/A                |
| Other  |            |                 |                   |            |                    |
| <b>Total Operational Expenditure</b>                 | COGHSTA    | COGHSTA         | COGHSTA           | COGHSTA    | COGHSTA            |

|                                       |         |         |         |         |         |
|---------------------------------------|---------|---------|---------|---------|---------|
| Net Operational (Service) Expenditure | COGHSTA | COGHSTA | COGHSTA | COGHSTA | COGHSTA |
|---------------------------------------|---------|---------|---------|---------|---------|

**Table 28** Capital Expenditure 2013/14: Housing Services

| Capital Expenditure 2014/15: Housing Services |         |                   |                    |                               |                     |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
|   |         |                   |                    |                               | R' 000              |
| Capital Projects                              | 2014/15 |                   |                    |                               |                     |
|   | Budget  | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| PROJECT A PHP                                 | 357     | N/A               | 7                  | 350                           |                     |

### 3.3. DELIVERY OF FREE BASIC SERVICES

Council adopted a Tariff and Free Basic Services Policy for the 2014/15 financial year clearly outlining its relief in the form of free basic services as well as a Policy of a Subsidy Scheme for Indigent Households which in conjunction forms the rules for delivering free basic services. An extract from the Tariff policy reads as follows- "Free basic municipal services refer to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment. In terms of the South African Constitution all consumers should have access to basic services. Currently, the free basic services provided to the domestic consumers within the Makhado Local Municipality are as follows:

- *Free minimum water (6 kiloliters per month) for all household consumers whereof the extent is annually determined during the adoption of the operational budget;*
- *Free distribution of electricity (30 units per month) for all household consumers whereof the extent is annually determined during the adoption of the operational budget; and*
- *Full subsidy for Sanitation and Refuse Removal Services to all indigent households that qualify in terms of the Council's current indigent policy."*

**Table 29:** Free Basic Service Targets

| Free Basic Service Policy Objectives: To provide sustainable, reliable, safe and affordable water services. |             |        |         |        |         |        |           |        |                 |      |
|---|-------------|--------|---------|--------|---------|--------|-----------|--------|-----------------|------|
| Service Indicators: Number of Low income households receive all the free basic services                     |             |        |         |        |         |        |           |        |                 |      |
| Financial Year  | 2011/12     |        | 2012/13 |        | 2013/14 |        | 2014/2015 |        |                 |      |
| Service Targets   | Target      | Actual | Target  | Actual | Target  | Actual | Target    | Actual | Remedial Action |      |
| <b>Service Objectives:</b>  |             |        |         |        |         |        |           |        |                 |      |
| <i>Provision of alternative support to low income households</i>  | Water       | 50,075 |         | 38,204 |         | 60,375 |           | 38204  | 38204           | None |
|   | Sanitation  | 4,992  |         | 8,251  |         | 90,430 |           | 8251   | 8251            | None |
|   | Electricity | 3,000  |         | 34,693 |         | 6,822  |           | 34693  | 34693           | None |

|   |                |         |  |         |  |         |  |        |        |      |
|---|----------------|---------|--|---------|--|---------|--|--------|--------|------|
| that do not receive all Free Basic Services | Refuse Removal | 119,809 |  | 119,809 |  | 119,809 |  | 119809 | 119809 | None |
|   | Housing        | 21,020  |  | 18,286  |  | 17,754  |  | 17754  | 17754  | None |

**Free Basic Water (FBW):** The intention of the municipality's free basic water (FBW) Policy is to ensure that no one is completely denied access to water supply and sanitation as a result of their inability to afford or to pay for these services. The recipients of FBW are all metered and billed households within the municipality.

**Free Basic Sanitation (FBS):** Free Basic Sanitation service is targeted to all poor households receiving an indigent subsidy monthly. For this purpose an indigent register is kept and updated annually. Council also adopted a Policy of a Subsidy Scheme for Indigent Households for the 2014/15 financial year.

**Free Basic Electricity (FBE):** The first 50 Kilowatts units of electricity per month are given to the indigent households free of charge. For this purpose an indigent register of households earning less than R1, 880 per month and /or are unemployed is kept and updated annually. Approximately nineteen thousand three hundred and forty (19 340) indigent households in both Eskom and the Municipal distribution licensed areas are receiving FBE. A further number of one thousand one hundred (1,100) households are using the Solar Energy system in areas where there is no electrical grid and they also receive the FBE subsidy. The Municipality annually concludes a formal Agreement with Eskom in respect of FBE clients located in their distribution area who are entitled to FEB to arrange for the necessary payments.

### 3.4. OTHER MUNICIPAL SERVICES

#### 3.4.1 Roads and storm water drainage

The internal street networks in the rural areas are predominantly dirt ridden and are therefore generally in a bad state, particularly during the rainy season. Those in Makhado town and the surrounding townships are generally tarred and provided with storm water drainage systems. Most of the roads linking the villages are graveled and lack proper maintenance and cannot be used in very wet conditions. In general, the roads in Makhado Municipal area are in a bad condition and require upgrading especially in summer seasons during heavy rain falls.

Due to roads that have not been maintained and upgraded or well developed this has led to a state where certain properties are not easy to access. The total road and storm water management system backlog is estimated at approximately four thousand four hundred (4,400) km. The Vuwani area has the largest backlog followed by Dzanani area. The Municipality has a program according some of the roads are being upgraded from gravel to tar over a term of years.

The assessment was done during 2007/8 financial year. National Treasury through National Department of Transport has allocated funds to Vhembe District through Rural Road Infrastructure Grant to develop Rural Roads Asset Management System. The project is aimed at assessing old roads within the municipality area and this project is not yet gazetted.

**Table 30** Gravel Road Infrastructure

| Gravel Road Infrastructure |                    |                              |                                  |                                 |
|----------------------------|--------------------|------------------------------|----------------------------------|---------------------------------|
|                            |                    |                              |                                  | Kilometers                      |
|                            | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to asphalt | Gravel roads graded /maintained |
| 2010/11                    | 4400km             | 0                            | 8km                              |                                 |

|           |      |   |        |        |
|-----------|------|---|--------|--------|
| 2011/12   | 4392 | 0 | 21.8KM | 6014km |
| 2012/13   | 4370 | 0 | 12KM   | 6014km |
| 2013/2014 | 4347 | 0 | 23km   | 3445km |
| 2014/2015 | 4324 | 0 | 6km    | 4318km |

**Table 31** Asphalt Road Infrastructure

| Asphalt Road Infrastructure |                       |                   |                                      |                                  |                          |
|-----------------------------|-----------------------|-------------------|--------------------------------------|----------------------------------|--------------------------|
|                             |                       |                   |                                      |                                  | Kilometers               |
|                             | Total asphalted roads | New asphalt roads | Existing asphalt roads rehabilitated | Existing asphalt roads re-sealed | Asphalt roads maintained |
| 2011/12                     | 26.3km                | 21.8KM            | 4.5KM                                | 21.8KM                           | 6014KM                   |
| 2012/13                     | 15km                  | 12km              | 3km                                  | 12km                             | 6014km                   |
| 2013/2014                   | 23km                  | 17.9km            | 5.1km                                | 17.9km                           | 3445km                   |
| 2014/2015                   | 24km                  | 6km               | 16km                                 | 16km                             | 3445km                   |

**Table 32** Cost of Construction/Maintenance:

| Cost of Construction/Maintenance: |        |                  |            |         |           |            |
|-----------------------------------|--------|------------------|------------|---------|-----------|------------|
|                                   |        |                  |            |         |           | R' 000     |
|                                   | Gravel |                  |            | Asphalt |           |            |
|                                   | New    | Gravel – Asphalt | Maintained | New     | Re-worked | Maintained |
| 2010/11                           |        |                  |            |         |           |            |
| 2011/12                           |        | 170M             | 36.8M      |         | 4.0M      |            |
| 2012/13                           |        |                  |            |         |           |            |
| 2013/14                           |        | 0                | 0          | 55m     | 12.4m     |            |
| 2014/15                           |        | 118.3m           |            |         | 27.2m     |            |

During the year under review the municipality experienced challenges with the engagement of the graders. They were often out of operation the purchase 3 graders during the 2013/14 financial year was done.

**Table 33** Employees: Road Services

| Employees: Road Services |           |         |           |                                  |                                   |
|--------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level                | 2012/13   | 2013/14 |           |                                  |                                   |
|                          | Employees | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                          | No.       | No.     | No.       | No.                              | %                                 |
| 0 – 3                    | 2         | 3       | 2         | 1                                | 30.5                              |
| 4 – 6                    | 2         | 1       | 1         | 0                                | 0                                 |
| 7 – 9                    | 6         | 5       | 1         | 4                                | 90                                |
| 10 – 12                  | 40        | 13      | 12        | 3                                | 9                                 |



|         |     |    |    |   |      |
|---------|-----|----|----|---|------|
| 13 – 15 | 130 | 27 | 26 | 1 | 1    |
| 16 – 18 | 0   |    |    |   |      |
| 19 – 20 | 0   |    |    |   |      |
| Total   | 180 | 49 | 42 | 8 | 15.5 |

**Table 34** Capital Expenditure 2014/15: Road Services

| Project Name   | Budget     | Budget Adjustment | Actual Spending | Variance   | Value of the Project |
|--|------------|-------------------|-----------------|------------|----------------------|
| Eltivillas Rehabilitation of streets (business area) | 613 789.91 | 613 789.91        | 613 789.91      | 0          | 613 789.91           |
| Tshivhulana to tshilaphala ring road                 | 13 9760988 | 13 9760988        | 0               | 13 9760988 | 13 9760988           |
| Tshivhazwaulu to Rasivheshela Access road and bridge | 23 811 987 | 23 811 987        | 3 096 296       | 20 715 691 | 23 811 987           |
| Magau Access Road                                    | 22 000 000 | 22 000 000        | 4 547 714       | 17 452 286 | 22 000 000           |
| Madzuwa Bridge and Access road                       | 800 000    | 800 000           | 607 333         | 192 667    | 800 000              |
| Makhado new landfill site development                | 5 000 000  | 5 000 000         | 0               | 5 000 000  | 5 000 000            |
| Chavani to bungeni access road                       | 23 000 000 | 23 000 000        | 3 903 252       | 19 096 748 | 23 000 000           |
| Tshikota cemetery access and ring road               | 1 936 404  | 1 936 404         | 1 642 080       | 294 324    | 1 936 404            |
| Vuwani sports facility                               | 2 492 677  | 2 492 677         | 957 943         | 1 534 734  | 2 492 677            |
| Bungeni sports facility development                  | 9 747 000  | 9 747 000         | 6 511 008       | 3 235 992  | 9 747 000            |
| Mphaila access road and bridge                       | 7 915 901  | 7 915 901         | 6 115 795       | 1 800 106  | 7 915 901            |
| Sereni to Mashamba Post Office road                  | 1 500 000  | 1 500 000         | 1 489 549       | 10 451     | 1 500 000            |
| Ledig farms access road                              | 9 387 105  | 9 387 105         | 5 505 315       | 3 881 790  | 9 387 105            |

Note: should be taken that the budget provided is meant for 2013/14 and this will not complete the projects and provision is made for 2013/14 to complete this projects that are under implementation.

**Table 35** Developments of Municipal Roads

| <i>Development of municipal roads as required</i> | xxx kms of municipal roads developed |
|---|--------------------------------------|
| 2009/10   | 8km                                  |
| 2010/11   | 21.8km                               |
| 2011/12   | 12km                                 |
| 2012/13   | 23km                                 |
| 2013/14   | 25.2km                               |
| 2014/15   | 24km                                 |

**Table 36** Roads Service Targets

| Storm water Policy Objectives: To provide safe and sustainable roads and storm water services |  |   |           |
|---|--|---|-----------|
| Service Indicators  | Number of KMs of road rehabilitated and upgraded |   |           |
| Service Targets   | 2012/13  | 2013/14   | 2014/2015 |
| <b>Service Objectives:</b>  |  |   |           |
| <i>Provide safe, sustainable roads and storm water services.</i>                              | Phasing in of systems                            | Completion (Yes) the policy is adopted by council |           |

Storm water management structures are provided for during the designs and construction of roads. This is attributed to municipality financial status.

**Table 37** Employees: Storm Water Services

| Employees: Storm Water Services |         |           |                                  |                                   |
|---------------------------------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level                       | 2014/15 |           |                                  |                                   |
|                                 | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                 | No.     | No.       | No.                              | %                                 |
| 0 – 3                           | 3       | 2         | 1                                | 30.5                              |
| 4 – 6                           | 1       | 1         | 0                                | 0                                 |
| 7 – 9                           | 5       | 1         | 4                                | 90                                |
| 10 – 12                         | 13      | 12        | 3                                | 9                                 |
| 13 – 15                         | 27      | 26        | 1                                | 1                                 |
| 16 – 18                         |         |           |                                  |                                   |
| 19 – 20                         |         |           |                                  |                                   |
| Total                           | 49      | 42        | 8                                | 15.5                              |

### 3.4.2 Transport: Vehicle Licensing & Traffic Services

Municipality is an agent of Department Transport for the issuing of vehicle licenses which also includes testing of vehicles as part of vehicle licensing procedure. For this task the Municipality retains 20% of income generated from this source which does not cover its operational costs to perform the function.

**Table 38** Transport: Vehicle Licensing & Traffic Services

|                             | 2013/201420     |                 |            | 2014/2015       |                 |            |
|-----------------------------|-----------------|-----------------|------------|-----------------|-----------------|------------|
|                             | Actual Budget   | Original Budget | Adjustment | Actual Budget   | Original Budget | Adjustment |
| Department of Transport 80% | R14' 077,782.13 |                 |            | R 161 37 832.97 |                 |            |
| Municipality                | R4'222,711.80   |                 |            | R 396 5824.98   |                 |            |

|     |  |  |  |  |  |  |
|-----|--|--|--|--|--|--|
| 20% |  |  |  |  |  |  |
|-----|--|--|--|--|--|--|

### 3.4.3 COMMUNITY & SOCIAL SERVICES

The recording under this paragraph includes information about municipal public, community halls, cemeteries and crematoria, child care, aged care and social programmes.

#### 3.4.3.1 Municipal Public Libraries

The municipality is coordinating library services on one fully fledged public library and 15 satellite libraries. The municipality also participate in Redathon, Library week and World book day. The main challenges are as follows;

- Lack of reading space
- Delay in the provision of updated materials and furniture

#### 3.4.3.2 Municipal Cemeteries

Municipality operates six (6) municipal cemeteries in terms of its Cemetery By-laws.

#### 3.4.3.3 Municipal crematoria and heritage

There is one crematorium which is mostly used by the Muslim community. The municipality provide basic maintenance. The Municipality also performs some **agency functions** at heritage sites such as Dzata Museum.

#### 3.4.3.5 Community Halls

Municipality has ten (10) community halls which are managed and controlled for use by members of public. More community halls are needed and the municipality will budget for some in the outer years using the municipal infrastructure grant.

Table 39 Employees: Child Care; Aged Care; Social Programmes

| Employees: Child Care; Aged Care; Social Programmes |           |                                  |                                   |           |                                  |                                   |
|---|-----------|----------------------------------|-----------------------------------|-----------|----------------------------------|-----------------------------------|
| Job Level   | 2013/2014 |                                  |                                   | 2014/2015 |                                  |                                   |
|   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | No.       | No.                              | %                                 |           |                                  |                                   |
| 0 - 3   | 0         | 2                                | 100                               | 0         | 2                                | 100                               |
| 4 - 6   | 0         | 0                                | 0                                 | 0         | 0                                | 0                                 |
| 7 - 9   | 4         | 1                                | 20                                | 4         | 1                                | 20                                |
| 10 - 12   | 0         | 0                                | 0                                 | 0         | 0                                | 0                                 |
| 13 - 15   | 0         | 0                                | 0                                 | 0         | 0                                | 0                                 |
| 16 - 18   | 0         | 0                                | 0                                 | 0         | 0                                | 0                                 |
| 19 - 20   | 0         | 0                                | 0                                 | 0         | 0                                | 0                                 |
| Total   | 4         | 3                                | 42.8                              | 4         | 3                                | 42.8                              |

**Table 40** Financial Performance 2013/14: Cemeteries and Crematoriums

| Financial Performance 2014/15: Cemeteries and Crematoriums |           |  |                 |                   |        |
|--|-----------|--|-----------------|-------------------|--------|
| Details  | 2013/2014 |  | 2014/2015 R0,00 |                   |        |
|  | Actual    |  | Original Budget | Adjustment Budget | Actual |
| Total Operational Revenue (excluding tariffs)              | 5         |  |                 |                   | 6      |
| Expenditure:   |           |  |                 |                   |        |
| Employees  | 95 357    |  |                 |                   |        |
| Repairs and Maintenance                                    |           |  |                 |                   |        |
| Other  |           |  |                 |                   |        |
| Total Operational Expenditure                              | 95 357    |  |                 |                   |        |
| Net Operational (Service) Expenditure                      |           |  |                 |                   |        |

### 3.4.5 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Special programmes are located in the Office of the Mayor and they include programs to promote the interest of youth, women, the aged, HIV/AIDS campaigns, Arts and Culture activities, Sports and Recreation activities, Moral Regeneration activities, Children, Traditional Affairs and Batho Pele. Council has established structures for each category which is governed in terms of national, provincial and local legislation and by laws respectively.

Funds are annually allocated by Council to finance programmes for implementation of activities as outlined in the SDBIP approved by Council on an annual basis. The structures are functional and various capacity building programmes have gone a long way in providing required skills and knowledge for members. Increased budget allocation can maximise impact of special programmes.

**Table 41** Child Care; Aged Care; Social Programmes

| Child Care; Aged Care; Social Programmes objectives: To coordinate support , and provide youth, women, elderly, disabilities, children, aged, men and HIV/AIDS |         |        |         |        |           |        |           |        |                 |      |
|--|---------|--------|---------|--------|-----------|--------|-----------|--------|-----------------|------|
| Service Indicators: Number of special programmes meeting coordinated and supported.  |         |        |         |        |           |        |           |        |                 |      |
| Financial Year   | 2011/12 |        | 2012/13 |        | 2013/2014 |        | 2014/2015 |        |                 |      |
| Service Targets  | Target  | Actual | Target  | Actual | Target    | Actual | Target    | Actual | Remedial Action |      |
| <b>Service Objectives:</b>   |         |        |         |        |           |        |           |        |                 |      |
| Women's Forum  |         | 1      | 1       | 4      | 4         | 4      | 3         | 4      | 4               | None |
| Senior Citizen Forum   |         | 1      | 2       | 4      | 4         | 4      | 3         | 4      | 4               | None |
| Youth Programme  |         | 1      | 1       | 4      | 4         | 4      | 3         | 4      | 4               | None |
| Moral Re generation  |         | 1      |         | 0      | 0         | 0      | 0         | 4      | 4               | None |

**Table 42** Employees: Child Care; Aged Care; Social Programmes

| Employees: Child Care; Aged Care; Social Programmes |           |       |           |                                  |                                   |
|---|-----------|-------|-----------|----------------------------------|-----------------------------------|
| Job Level   | 2013/14   |       | 2014/15   |                                  |                                   |
|   | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   |           |       |           |                                  |                                   |

|         | No. | No. | No. | No. | %    |
|---------|-----|-----|-----|-----|------|
| 0 - 3   | 2   | 2   | 0   | 2   | 100  |
| 4 - 6   | 0   | 0   | 0   | 0   | 0    |
| 7 - 9   | 4   | 5   | 4   | 1   | 20   |
| 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   | 7   | 4   | 3   | 42.8 |

### 3.5. MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE

The municipality's actual spending is highlighted under "Actual Expenditure", whereas the difference in actual spending and final approved budget is highlighted under "Variance Adjustment Budget". Makhado municipality has spent 98% of MIG.

**Table 43** Municipal Infrastructure Grant Expenditure

| Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs |                 |                            |                    |          |                   | R' 000  |
|---|-----------------|----------------------------|--------------------|----------|-------------------|---|
| Details   | Budget Approved | Adjustment Budget Approved | Actual Expenditure | Variance |                   | Major conditions applied by donor (continue below if necessary) |
|   |                 |                            |                    | Budget   | Adjustment Budget |   |
| <b>Infrastructure - Road transport</b>  |                 |                            |                    |          |                   |   |
| <i>Roads, Pavements &amp; Bridges</i>   | 147 655 201     | 0                          | 151333336.74       |          |                   |   |
| <i>Storm water</i>  | 0               | 0                          |                    |          |                   |   |
| <b>Total</b>  |                 |                            |                    |          |                   |   |

### 3.6. ORGANISATIONAL SDBIP PERFORMANCE

Further full information about the performance of each municipal department in regard to its specific functional areas, are recorded in performance scorecard format and can be viewed in detail in ANNEXURE A herein below as follows:

- 3.6.1. Municipal Transformation and Organizational Development (Annexure A 1)
- 3.6.2. Basic Service Delivery and Infrastructure Development (Annexure A 2)
- 3.6.3. Local Economic Development (Annexure A 3)
- 3.6.4. Municipal Financial Viability and Management (Annexure A 4)
- 3.6.5. Good Governance and Public Participation (Annexure A 5)
- 3.6.7. Service Provider Performance (Annexure A6)

### 3.7. PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

#### 3.7.1. INTRODUCTION TO PLANNING AND DEVELOPMENT

This section provides brief overview of the opportunities and challenges in the fields of economic development and physical planning field for the municipality. This set out in brief the main elements of the planning strategies (and make particular reference to achievements and challenges in 2013/14); Town Planning; and building regulation and enforcement). It set out service delivery priorities and the impact it had. It further set out measures taken to improve performance and the major efficiencies achieved during the year.

**Table 44** Applications for Land Use Development

| Applications for Land Use Development |                            |         |          |         |                   |         |
|---------------------------------------|----------------------------|---------|----------|---------|-------------------|---------|
| Detail                                | Formalization of Townships |         | Rezoning |         | Built Environment |         |
|                                       | 2013/14                    | 2014/15 | 2013/14  | 2014/15 | 2013/14           | 2014/15 |
| Planning application received         | 01                         | 01      | 51       | 45      | 0                 | 110     |
| Determination made in year of receipt | 01                         | 01      | 17       | 45      | 0                 | 110     |
| Determination made in following year  | 01                         | 01      | 03       | -       | 0                 | -       |
| Applications withdrawn                | 0                          | 0       | 0        | 0       | 0                 | -       |
| Applications outstanding at year end  | 01                         | 01      | 0        | 0       | 0                 | 0       |

**Table 45** Spatial planning Targets

| Spatial planning: Objectives To ensure effective efficient spatial planning |  |                                 |                                 |                                  |                                  |                                  |                                  |   |
|---|--|---------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---|
| Service Indicators  |  | 2013/14                         |                                 |                                  | 2014/15                          |                                  |                                  | Remedial Action   |
| Service Targets   |  | Target                          | Actual                          | Target                           | Actual                           | Actual                           |                                  |   |
| Service objectives:   |  |                                 |                                 |                                  |                                  |                                  |                                  |   |
| <i>Determine planning application within a reasonable timescale</i>         | Approval or rejection of all build environment applications within a x weeks | Determination within x weeks    | Determination within x weeks    | Determination within 12 weeks    | Determination within 12 weeks    | Determination within 12 weeks    | Determination within 12 weeks    |   |
|   | Reduction in planning decisions overturned                                   | X planning decisions overturned | X planning decisions overturned | 5% planning decisions overturned | 5% planning decisions overturned | 5% planning decisions overturned | 5% planning decisions overturned |   |
| Formalization of sites  |  |                                 |                                 | 1                                | 0                                |                                  |                                  | The project has commenced during the third quarter of 2013/2014 financial year and the service provider has submitted a draft layout. |
| Demarcation of sites  |  |                                 |                                 | 4                                | 0                                |                                  |                                  | None  |
| Building plan approved  |  |                                 |                                 | 350                              | 272                              |                                  |                                  | None  |
| PTO application assessed  |  |                                 |                                 | 80                               | 205                              |                                  |                                  | None  |
| EIA report  |  |                                 |                                 | 1                                | 1                                |                                  |                                  | Completed   |

**Table 46** Employees: Planning Services

| Employees: Planning Services |           |           |           |                                  |                                   |
|------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                    | 2013/2014 | 2014/2015 |           |                                  |                                   |
|                              | Employees | Posts     | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                              | No.       | No.       | No.       | No.                              | %                                 |
| 0 - 3                        | 01        | 0         | 01        | 0                                |                                   |
| 4 - 6                        | 11        | 0         | 11        | 2                                |                                   |
| 7 - 9                        | 07        | 0         | 07        | 0                                |                                   |
| 10 - 12                      | 0         | 0         | 0         | 0                                |                                   |
| 13 - 15                      | 03        | 0         | 2         | 2                                |                                   |
| 16 - 18                      | 0         | 0         | 0         | 0                                |                                   |
| 19 - 20                      | 0         | 0         | 0         | 0                                |                                   |
| Total                        | 23        | 0         | 18        | 4                                |                                   |

### 3.7.2. Local Economic Development

The LED Unit does not have the economic activity and performance data per economic sector for purposes of analyzing the sectors as there is no budget allocated for those sectors in the municipal budget. The projects were supported by the Municipality from own income.

**Table 47 Sector of the Economy in Makhado**

| Sector                                    | 2012/13 | 2013/14 | 2014/15 |
|---|---------|---------|---------|
|   | No.     | No.     | No.     |
| Agriculture, forestry and fishing         | 5%      | 5%      | 5%      |
| Mining and quarrying                      | 1%      | 1%      | 1%      |
| Manufacturing                             | 5%      | 5%      | 5%      |
| Wholesale and retail trade                | 19%     | 19%     | 19%     |
| Finance, property, etc.                   | 5%      | 5%      | 5%      |
| Government, community and social services | 27%     | 27%     | 27%     |
| Infrastructure services                   | 5%      | 5%      | 5%      |

### 3.1.3. Comment on local job opportunities:

Employment in the Municipality across the economic sector classification mirrors that of the province and the district. The main labour-absorbing sectors are the agriculture sector; community services sector; and the trade sector. Community service and trade sectors are the predominant employers within the study area, responsible for just over 27% and 19% of the active work force respectively. Agriculture is the third largest employer absorbing around 17% followed by the construction sector (8%), finance (5%), transport (5%), manufacturing (5%), and mining (1%).

Job gains were mostly in the community services sector (1493) and trade (646) in 2011. Even though the agricultural sector is the third largest in terms of labour absorption, it has been shedding jobs since 2001 and a total of 2396 jobs were lost between 2001 and 2011. During the same period 21,262 jobs were lost in the same sector in the Province. The decline in jobs in this sector could be attributed to the trend of shifting away from employment of regular, permanent workers, and a simultaneous (though not commensurate) increase in the use of casual workers, meaning jobs of less security and consistency. (Extracted from the Reviewed LED Strategy: 2013)

The SMME sector lacks institutional arrangements and structure. The Municipality must play an active role in supporting Informal traders and the SMME sector.

**Table 48** Jobs Created during 2014/15 by LED Initiatives (Excluding EPWP projects)

| <b>Jobs Created during 2014/15 by LED Initiatives (Excluding EPWP projects)</b>           |                      |   |                                       |   |
|---|----------------------|---|---------------------------------------|---|
| <b>Total Jobs created / Top 3 initiatives</b>   | <b>Jobs created</b>  | <b>Jobs lost/displaced by other initiatives</b> | <b>Net total jobs created in year</b> | <b>Method of validating jobs created/lost</b>                               |
|   | <b>No.</b>           | <b>No.</b>                                      | <b>No.</b>                            |   |
| Total (all initiatives)   |                      |   |                                       |   |
| Luhufhe (Sala O Nabe )Poultry Cooperative   | 8                    | 4   | 8                                     | All completed membership forms as members of the Cooperatives and Job Cards |
| Upgrading of Tshakhuma Fruit Market   | 300                  | n/a   | 300                                   | Existing traders supported.   |
| Upgrading of the Makhado N1 Recreational Park and Botanical Garden                        | n/a                  | n/a   | 10                                    | Temporary staff appointed by appointed company.                             |
| Community Works Program supported by COGTA implemented in 8 wards in Makhado Municipality | 1345                 | 13  | 1540                                  | Completed contracts   |
| MLM/Transnet/Furntech Furniture Manufacturing Incubator                                   | 35                   | 5   | 30                                    | Completed contracts   |
| <b>Job creation through EPWP* projects</b>  |                      |   |                                       |   |
| Year  | <b>EPWP Projects</b> | <b>Jobs created through EPWP projects</b>       |                                       |   |
|   | <b>No.</b>           | <b>No.</b>                                      |                                       |   |
| 2013/2014   |                      |   |                                       |   |
| 2014/2015   |                      |   |                                       |   |

**Table 49** Local Economic Development Policy Objectives Taken From IDP

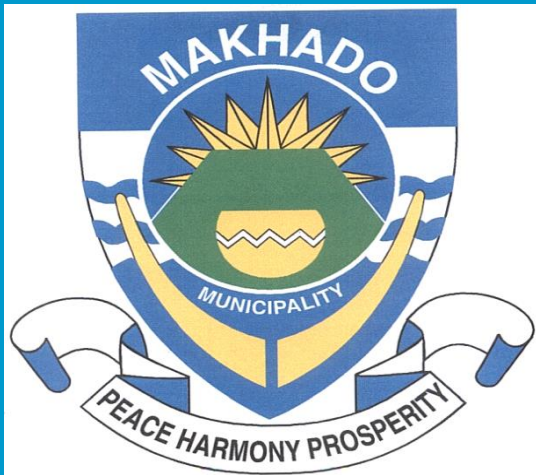
| <b>Local Economic Development Policy Objectives Taken From IDP</b>   |                                    |                        |         |                |
|--|------------------------------------|------------------------|---------|----------------|
| <b>Service Objectives:</b> Creation long term sustainable and integrated economic growth and rural development |                                    |                        |         |                |
| <i>Service Indicators</i>  | Number of jobs created through LED |                        |         |                |
| Service Targets  | 2012/13                            | 2013/14                | 2014/15 | Following Year |
| <b>Service Objective:</b>  |                                    |                        |         |                |
| <i>e.g. Training of people in essential skills: x, y, z</i>  | x people trained                   | x people to be trained |         |                |
| <b>Training of local builders in bricklaying/plastering/plumbing and painting by the NHBRC</b>                 | x                                  | X                      | 300     |                |
| Projects assessed  | 900                                | 3                      | 10      | .              |
| Projects supported   | 5                                  | 3                      | 3       |                |
| Museums supported  | 1                                  | 0                      | 0       |                |
| Accommodation establishment visited  | 17                                 | 10                     | 5       |                |
| SMMEs cooperatives identified supported  | 120                                | 240                    | 325     |                |

**Table 50** Employees: Local Economic Development Services

|  |
|--|
| Employees: Local Economic Development Services |
|--|

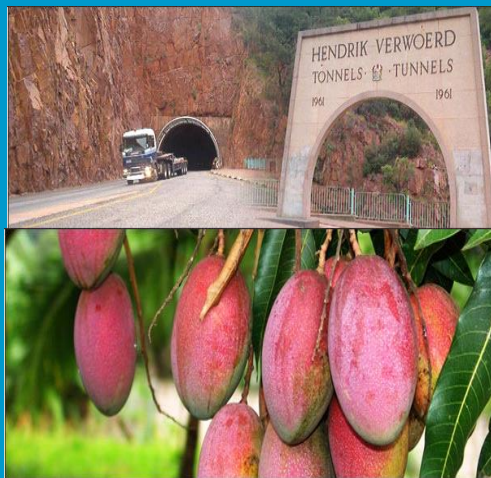


| Job Level | 2014/15 |           |                                  |                                   |
|-----------|---------|-----------|----------------------------------|-----------------------------------|
|           | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|           | No.     | No.       | No.                              | %                                 |
| 0 - 3     | 1       | 1         | 0                                | 0                                 |
| 4 - 6     | 2       | 2         | 0                                | 0                                 |
| 7 - 9     | 2       | 2         | 0                                | 0                                 |
| 10 - 12   | 0       | 0         | 0                                | 0                                 |
| 13 - 15   | 0       | 0         | 0                                | 0                                 |
| 16 - 18   | 0       | 0         | 0                                | 0                                 |
| 19 - 20   | 0       | 0         | 0                                | 0                                 |
| Total     | 5       | 5         | 0                                | 0                                 |

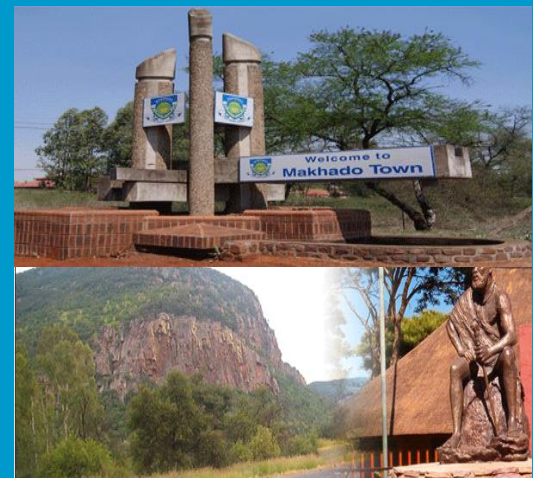


# CHAPTER 4

## THE MUNICIPAL PERSONNEL



## ANNUAL REPORT 2014/2015



## CHAPTER 4: MUNICIPAL PERSONNEL

### COMPONENT A: MUNICIPAL WORKFORCE

#### 4.1. EMPLOYEES PER DEPARTMENT

As at 30 June 2015, the Makhado Municipality had a total workforce of seven hundred and thirty three (733) arranged into six (6) respective municipal departments performing the different functions of disciplines attached to each department as broadly outlined herein below. Employees are also stationed in three respective regions, i.e. Dzanani region, Vuwani Region and Waterval Region where three fully fledged regional offices operate under direct management of Regional Administrators on post level 3 of the staff establishment, while satellite offices exist in Vleifontein and Tshitale under Waterval Region. The Municipality comprises of seven hundred and thirty three (733) employees at 30 June 2015.

Table 51 Number of employees per departments

| Name of Department                         | Number of Employees |
|--|---------------------|
| Office of the Mayor                        | 5                   |
| Office of the Speaker                      | 5                   |
| Department Municipal Manager               | 10                  |
| Department of Budget and Treasury          | 77                  |
| Department of Development Planning         | 26                  |
| Department of Community Services           | 178                 |
| Department of Technical Services           | 195                 |
| Department of Corporate Services           | 35                  |
| Dzanani Regional Office                    | 54                  |
| Vuwani Regional Office                     | 66                  |
| Waterval Regional Office                   | 57                  |
| Vleifontein and Tshitale Satellite Offices | 24                  |
| <b>TOTAL NUMBER OF EXISTING STAFF</b>      | <b>733</b>          |

The bulk of employees are attached to the Technical Services Department and the Department of Community Services respectively. This is simply because these departments are service delivery centered and is heavily staffed to ensure that services are smoothly delivered to the communities. The employees enjoy benefits such as pension, medical aid, UIF, annual leave etcetera. There are two recognized workers' unions at Makhado Municipality, i.e. IMATU and SAMWU. The continuous engagement with organized labor is done at the level of the Local Labor Forum to ensure that there is labor stability and consult employees on matters of common interest. The 2014/2015 financial year never experienced any industrial actions by labor. The Municipality is managed through an interdependent system of management structures. The administrative top management is comprised of one (1) section 54A and 5 (five) Section 57 managers while the broader administrative management is comprised of both the Section 54A and section 57 employees plus managers on post level 1 of the staff establishment and some assistant managers and regional administrators on post level 3 of the staff establishment.

| Employees   |           |                |           |          |          |
|-------------|-----------|----------------|-----------|----------|----------|
| Description | 2015      | 2014/15        |           |          |          |
|             | Employees | Approved Posts | Employees | Variance | Variance |
|             | No.       | No.            | No.       | No.      | %        |
| Water       | Nil       | Nil            | Nil       | Nil      |          |

|                                    |     |     |     |     |  |
|------------------------------------|-----|-----|-----|-----|--|
| Waste Water (Sanitation)           | 45  | 54  | 45  | 10  |  |
| Electricity                        | 86  | 93  | 86  | 7   |  |
| Waste Management                   | 60  | 63  | 60  | 3   |  |
| Housing                            | Nil | Nil | Nil | Nil |  |
| Waste Water (Storm water Drainage) | Nil | Nil | Nil | Nil |  |
| Roads                              | 54  | 68  | 54  | 14  |  |
| Transport                          | Nil | Nil | Nil | Nil |  |
| Planning                           | 12  | 18  | 12  | 6   |  |
| Local Economic Development         | 8   | 8   | 8   | 0   |  |
| Planning (Strategic &Regulatory)   | Nil | Nil | Nil | Nil |  |
| Local Economic Development         | 178 | 190 | 178 | 12  |  |
| Community & Social Services        | Nil | Nil | Nil | Nil |  |
| Environmental Protection           | Nil | Nil | Nil | Nil |  |
| Health                             | 289 | 324 | 289 | 35  |  |
| Security and Safety                | 732 | 818 | 732 | 86  |  |
| Sport and Recreation               | Nil | Nil | Nil | Nil |  |
| Corporate Policy Offices and Other | 45  | 54  | 45  | 10  |  |
| Totals                             | 86  | 93  | 86  | 7   |  |

**Table 52** Employees Comparison

**Table 53 Vacant posts**

| Vacancy Rate 2014/15   |                       |   |  |
|--|-----------------------|---|--|
| Designations   | *Total Approved Posts | *Variances (Total time that vacancies exist using fulltime equivalents) | *Variances (as a proportion of total posts in each category) |
|  | No.                   | No.   | %  |
| Director Technical Services                                      | 1                     | 1   | 0  |
| Director Corporate Services                                      | 1                     | 0   | 0  |
| Other S56 Managers (excluding Finance Posts)                     | 0                     | 0   | 0  |
| Other S56 Managers (Finance posts)                               | 0                     | 0   | 0  |
| Municipal Police (Traffic Officers)                              | 8                     | 0   | 0  |
| Senior management: Levels 0-3 (excluding Finance Posts)          | 6                     | 0   | 0  |
| Senior management: Levels 0-3 (Finance posts)                    | 0                     | 0   | 0  |
| Highly skilled supervision: levels 4-8 (excluding Finance posts) | 26                    | 0   | 0  |
| Highly skilled supervision: levels 4-8 (Finance posts)           | 16                    | 0   | 0  |

#### 4.2 Employee turnover

A number of one hundred and fifty eight (158) vacant posts which were budgeted for existed on the approved organizational structure by June 2015 financial year. In the year under review the municipality filled 61 posts. As far as staff turnover is concerned it is paramount to highlight that the majority of employees are not young anymore. The turnover that was experienced was mainly due to retirement and death of employees. The municipality also experienced sporadic resignations due to employees who have found greener pastures elsewhere

**Table 54** Turn-over Rate

|                |
|----------------|
| Turn-over Rate |
|----------------|

| Details | Total Appointments as of beginning of Financial Year | Terminations during the Financial Year | Turn-over Rate* |
|---------|--|--|-----------------|
|         | No.  | No.                                    |                 |
| 2014/15 | 61   | 50                                     | 0               |

#### 4.3 Organizational Structure

The full functionary lines can more fully be viewed in the 2014/15 organogram attached in the Appendices at the end of this report as Annexure B. The following six departments were in existence during the year 2014/2015:

##### 4.3.1 DEPARTMENT COMMUNITY SERVICES

- Department Community Services consist of the following divisions -
- Protection Services (Traffic and Licensing)
- Disaster Management Services
- Environmental Health Services (although this service is busy being transferred to the Vhembe District, the one (1) staff member and function is still with MLM)
- Public Library Services
- Public swimming pools
- Municipal Parks
- Cemeteries and crematorium
- Municipal Pounds
- Waste management
- Caretaker and Cleaning services of municipal buildings

##### WASTE MANAGEMENT

- Collection of refuse on domestic and Industrial
- Maintenance and operations of waste management facilities

##### PARKS AND RECREATION

- Maintenance of parks,
- Maintenance and running of public swimming pools, cemeteries and crematorium
- Running of Municipal Pounds

##### PROTECTION SERVICES (TRAFFIC)

- Traffic Control
- Law Enforcement
- Hawker Control
- Road Markings and Traffic Signs
- Security
- VIP Escorts
- Accident response
- Bus and Tax Operator Forum

##### PROTECTION SERVICES (LICENSING)

- Motor vehicle licensing
- Drivers' license testing and issuing
- Roadworthy testing center
- Business licenses
- Public driving permits
- Certificate of fitness for vehicles
- Road transportation plan
- Bus and Taxi routes

##### 4.3.2 DEPARTMENT CORPORATE SERVICES

The Department Corporate Services consists of the following divisions:

##### HUMAN RESOURCES MANAGEMENT

##### Section: Personnel Administration & Performance Management System

- Personnel Administration
- Human Resource Management and Administration
- Recruitment and Placement of employees

Section: Organizational Development & Skills Development

- Employment Equity Plan
- Skills gaps analyses and skills development programs
- Organizational Development
- Occupational Health and Safety services and compliance

Section: Employee Assistance Programme

- Employee wellness
- Counseling and referrals
- Making workplace interesting through various activities
- Support to individual employees
- Arranging Memorial Services

**ADMINISTRATION AND COUNCIL SUPPORT SERVICES**

Section: Administration and Council Support

- Committee Services
- Administration
- Support services to all municipal departments

Section: Auxiliary Services

- Records and Archives

Section: Computer Services and Call Center

- Information Technology – hardware, software and user assistance
- System Administration
- Network Administration
- User technical support
- 24/7 Call center services
- Telephone communication systems

**LEGAL SERVICES**

- Legislative Drafting
- Litigation
- Legal Research (Opinion / Advice / Interpretation)
- Contract drafting
- Prosecution and presiding in the Disciplinary Tribunal / Bargaining Council
- Employment Equity
- Labor Related Policies
- Local Labor Forum
- Dispute Resolution

**COMMUNICATIONS**

- Communication and Publicity Services

**OFFICE OF THE SPEAKER**

- Support service to the Office of the Speaker and Municipal Councilors
- Ward committee services

**OFFICE OF THE MAYOR**

- Office of the Mayor
- Office of the Speaker (including municipal councilor support activities)
- Gender desk
- Youth desk
- Aged desk
- Disability desk
- Arts and Culture
- Special Programs and Culture Services

**4.3.3 DEPARTMENT DEVELOPMENT PLANNING**

The department consists of the following divisions:

**INTEGRATED DEVELOPMENT PLANNING**

Section: Integrated Development Planning

- Review and drafting of the IDP

- Coordinate the IDP review process

#### **LOCAL ECONOMIC DEVELOPMENT DIVISION**

- Investment attraction and business retention and expansion drive
- Conducting open market days
- Creating and enabling environment for SMMEs, Agriculture, Tourism and Cooperatives.
- Updating of the LED Strategy
- Coordination of the annual show
- Provide support to SMMEs and Cooperatives
- Provision of support and coordination of LED projects funded by Provincial and National Departments

#### **SPATIAL PLANNING AND LAND USE MANAGEMENT DIVISION**

##### **Section: Building Control**

- Responsible for producing copies of building plans and town maps
- Approval of building plans and departmental drawings
- Outdoor advertisement and sign boards
- Building inspections for building under construction, completed structures, PHP houses, additional building structures and municipal buildings
- Response to enquiries regarding building works and technical advices on buildings
- Issuing of completion certificate and certificate of occupancy

##### **Section: Survey**

- Iron peg identification
- Sites demarcation (Business, residential, cemeteries, etc)
- Enquiries regarding general plans
- Assist clients to identify their sites
- Site inspection
- Spatial Information on the rural villages and the township areas

##### **Section: Geographical Information**

- Updating of maps
- Analysis of zoning on the building plans
- Development of GIS maps
- Plotting of the maps

##### **Section: Town Planning**

- Ensure compliance to Town Planning scheme
- Issuing of zoning certificates
- Attend to land use enquiries
- Issuing consent use applications
- Attend to enquiries regarding home Business enquiries
- Manage layout plans of Louis Trichardt and R293 towns e.g. Vleyfontein, Waterval, Dzanani and Vuwani
- Provide land use Information on the rural villages and the township areas
- Attend to development proposals
- Control township establishment
- Control Subdivision of land
- Control consolidations of farm areas and erven
- Site development plans assessment
- Site inspections

##### **Section: Housing**

- Administration of RDP houses
- Administration of PHP houses
- Research on vulnerable groups
- Identification of SMMEs to assist in building PHPs with the assistance of ward councilors
- Assist contractors, councilors and traditional authorities in developing the housing beneficiary list
- Drafting of contracts for EPWP employees
- Payment of the EPWP employees
- Site inspection on RDP and PHP houses
- Follow up with the DLGH with regard to incomplete RDP houses
- Introduction of developers to councilors
- Connection of toilets to the PHP houses
- Inform the DLGH on houses affected by disaster e.g. hurricanes
- Facilitate the official handover of the completed RDP houses
- Conduct housing needs analysis
- Conduct meetings related to housing
- Management of contracts PHP projects
- Handling of housing complaints
- Attend to daily correspondences related to housing

#### 4.3.4 DEPARTMENT OF BUDGET AND TREASURY

##### **REVENUE**

Among others, the Revenue Division is responsible for the following:

- Management of the municipal revenue;
- Collection of municipal revenue in terms of its Credit Control and Debt Collection
- Policy formulated compliant to section 95 of the Local Government: Municipal Systems Act;
- The revenue due to the municipality is calculated on a monthly basis;
- That the municipal taxes and other services are calculated on a monthly basis;
- All monies received should be banked promptly into the municipal bank account;
- Maintenance of the management, accounting and information systems which:
  - recognize revenue when it is earned;
  - accounts for debtors; and
  - accounts for receipts of revenue;
  - the municipality should charge interest on accounts in arrears;
  - reconciliation of revenue received at least once a week;
  - report to the National Treasury of accounts owing by the organ of State for accounts of more than 30 days in arrear;
  - Funds collected by the municipality on behalf of any Organ of State should be Transferred once per week;
  - Funds collected on behalf of another Organ of State should not be used for Municipal purposes;

**The division is composed of the following sections:**

- Customer Care section
- Billing section
- Credit control section
- Debt collection section

##### **BUDGET**

The Budget Division is responsible for the following:

- compile the municipal budget;
- coordinate implementation of the municipal approved budget;
- control the municipal budgeted spending against the anticipated revenue;
- monitor both revenue and expenditure properly;
- prepare the adjustment budget;
- draft the SDBIP for the financial year;
- draft the annual performance agreement;
- report the budget shortfall and/ or overspending to council;
- reporting to the National Treasury any bank overdraft;
- compilation of financial reports to council on a quarterly basis;
- compilation of reports to both the Provincial and National treasury;

**The division is composed of the following sections:**

- Budget and Financial Statements section
- Data capturing section
- Investment section
- Reconciliation section

##### **SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management Division is responsible for the following:

- Acquisition of goods and services, including assets for the municipality;
- That the municipal supply chain system is implemented as follows:
  - must be fair;
  - must be equitable;
  - must be transparent;
  - competitive; and
  - cost-effective;
- management of the disposal processes;
- maintenance of the municipal supply data base;
- conduct of the store material stock-tacking annually;
- implementation of the internal controls with regard to the supply chain management systems;

**The division is composed of the following divisions:**



- Acquisition section
- Demand section
- Logistics Management section
- Contract Management section
- Disposal Management section

#### **EXPENDITURE**

Amongst others, the Expenditure Division is responsible for the following:

- manage municipal expenditure;
- maintain effective and efficient systems of expenditure control;
- Maintenance of the management, accounting and information systems which:
  - recognizes expenditure when its incurred;
  - accounts for municipal creditors;
  - accounts for municipal payments;
- maintenance of a system of internal control regarding creditors and payments;
- payments should be made to the person or institution owed by the municipality unless agreed to the contrary of the requirements of MFMA;
- payments should be made electronically or by means of a non-transferrable cheque;
- municipal payments made within 30 days of receipt of the invoice;
- effecting compliance to tax, levy, duty, pension, medical aid, audit fees and other statutory commitments;
- manage municipal working capital effectively and economically;
- implement the Supply Chain Policy in a transparent, competitive and cost-effective manner;
- close and reconcile the financial accounts of the municipality at the end of the month;

The division is composed of the following sections:

- Salaries section
- Creditors section
- Direct Payments section

#### **ASSET MANAGEMENT**

The Asset management Division of the municipality is responsibility for the following:

- Management of the municipal assets;
- safeguarding and maintenance of the municipal assets and liabilities;
- Maintenance of the management, accounting and information systems which:
  - account for proper assets and liabilities;
  - maintenance of the internal control of the assets and liabilities of the municipality;
- preparation and maintenance of the municipal assets register;
- management of the municipal fleet;

The division is composed of the following sections:

- Transport/ Fleet section
- Asset section

#### **4.3.5 DEPARTMENT TECHNICAL SERVICES**

##### **WATER AND SANITATION SERVICES**

- Coordination of water and sanitation services on behalf of VDM

##### **MECHANICAL WORKSHOP FOR MAINTENANCE OF FLEET**

- Repair and Servicing of fleet

##### **ELECTRICAL ENGINEERING DIVISION**

- OHS, network and designs
- Network and Design Rural
- Metering protection and control
- Electrification

##### **ROADS AND STORM WATER**

- Maintenance of Roads and Storm-water
- Side-walk and provision of access roads

##### **BUILDING**

- Maintenance of Municipal infrastructures

##### **PROJECT MANAGEMENT UNIT**

- Management of project infrastructure

#### 4.3.6 OFFICE OF THE MUNICIPAL MANAGER

The Internal Audit Unit performs generic duties under direct guidance of the Accounting Officer including risk management as component of governance and sound administration. The Risk Officer is also under direct functionary line of the Office of the Municipal Manager, and also the Manager IDP is under this direct functionary line.

### COMPONENT B: MANAGING MUNICIPAL WORKFORCE LEVELS

#### 4.4 REPORTING LEVELS

##### 4.4.1. Municipal Manager (section 54A manager)

The Municipal Manager of Makhado Municipality is Mr Mutshinyali I. He was appointed as Municipal Manager 1st September 2012. The Municipal Manager reports directly to the Mayor; in terms of the promulgation the municipality operates according to a collective executive committee system with a full-time mayor and all reporting by Municipal Manager is according to the practice of a collective executive committee system as arranged by the provisions of the Local Government: Municipal Systems Act, 2000 read with the provisions of the Local Government: Municipal Structures, 2000.

##### 4.4.2. Section 56 Managers (Directors)

The Makhado Municipality has 5 Directors as outlined below:

**Table 55 Directors in 2014/2015**

| Name of Director/<br>Municipal Manager | Position and Department                     | Gender |
|--|---|--------|
| 1. Mr Mutshinyali I.P                  | Municipal Manager                           | Male   |
| 2. Mrs Sinthumule M D                  | Director Development Planning               | Female |
| 3. Ms Makhubele MP                     | Chief Financial Officer Budget and Treasury | Female |
| 4. Mr N C Kharidzha                    | Director Corporate Support Services         | Male   |
| 5. Vacant                              | Acting Director Technical Services          | Male   |
| Mr M J Kanwendo                        | Director Community Services                 | Male   |

The Section 56 Managers (Directors) account directly to the Municipal Manager in terms of applicable legislation.

#### ORGANIZATIONAL PERFORMANCE MANAGEMENT

- Alignment between IDP, Budget and the SDBIP
- Monitor organizational performance through SDBIP
- Coordinate annual, midyear, quarterly and monthly reports
- Develop and review performance management framework

#### INTERNAL AUDITING

- Manages the Internal Audit functionality,
- Co-coordinating specific processes to support the formulation of the Audit Plan and Program,
- Monitoring compliance and
- Conducting investigations to determine the extent of variation of non-compliance to statutory requirements, policies and procedures,
- Preparing and presenting comments and options and providing guidance on the interpretation of principles to enable re-alignment of functions and responsibilities
- Ensuring the activities of Municipality are conducted and concluded in a credible manner.

#### RISK MANAGEMENT

- Co-ordinates the Risk Management functionality,
- Co-coordinating specific processes to support the formulation of the Risk Management Plan and Program,
- Monitoring compliance and conducting investigations to determine the extent of variation of non-compliance to statutory requirements, policies and procedures,
- Preparing and presenting comments and options and providing guidance on the interpretation of principles to enable re-alignment of functions and responsibilities ensuring the activities of Municipality are conducted and concluded in a credible manner.

##### 4.4.3. Managers

The Municipality has Managers on post level 1 of the fixed establishment who are responsible for managing the various line functions per department. The Managers report to the Directors per Department.

##### 4.4.4. Assistant Managers

The Municipality has Assistant Managers on post level 3 of the fixed establishment who are responsible for various sub-line functions within the Departments. The Assistant Managers report directly to the Managers, except in instances where the function is directly linked to the service priorities as per the approved organisational structure, e.g. Assistant Manager: Communication has direct access to Mayor and Municipal Manager due to the critical nature and significance of the function.

#### 4.4.5. Supervisors

The Municipality has Supervisors per line function and they report directly to the Assistant Manager. Supervisors are responsible for the implementation of operational plans of each line function and have teams of staff that report directly to them as per their line function.

#### 4.4.6. Municipal Policies

The Municipality has established a Policy Review/Development Task Committee which is tasked with both reviewing and developing policies as per the requests of Departments. During the period under review the task committee has managed to review and develop some policies as captured in the report hereunder. Much of the work still needs to be done in this regard.

**Table 56 Policies – 2014/15**

|  |
|--|
| <p><b><u>Information and Communication Policies</u></b></p> <ol style="list-style-type: none"><li>1. Anti-Virus Policy, 2011</li><li>2. Email server Policy, 2011</li><li>3. File Exchange Policy, 2011</li><li>4. Network Exploit Policy, 2011</li><li>5. Other Malware Policy, 2011</li><li>6. Policies and Procedures for Admin Systems (Administration Security Systems), 2011</li><li>7. Electronic Mail Acceptable Use Policy, 2011</li><li>8. Internet Acceptable Use Policy, 2011</li><li>9. Password Policy, 2011</li><li>10. I C T Equipment Usage Policy, 2012</li><li>11. Disaster Recovery Plan, 2011</li><li>12. User Account Access Policy, 20-15</li></ol> <p><b><u>Auxiliary Services Policies</u></b></p> <ol style="list-style-type: none"><li>13. Records Management Policy, 2014</li><li>14. Correspondence Management Policy (and Procedure Manual), 2007</li><li>15. Registration Procedure Manual and Policy, 2007</li><li>16. Instruction to Registry Head Policy, 2002</li><li>17. Agenda Delivery Policy, 2013</li><li>18. Dress Code Policy, 2008</li></ol> <p><b><u>Communication Policies</u></b></p> <ol style="list-style-type: none"><li>19. Website Administrative Policy, 2009</li><li>20. Stakeholders Management Framework Policy, 2014</li><li>21. Communications Strategy, 2014</li></ol> <p><b><u>Councilors' Affairs Policies</u></b></p> <ol style="list-style-type: none"><li>22. Ward Committees: Establishment and Operations Policy, 2009</li><li>23. Guidelines for the Establishment and Operation of Municipal Ward Committees, 2011</li><li>24. Cellular phone policy, 2010 (for councilors)</li></ol> <p><b><u>Human Resources Policies</u></b></p> <ol style="list-style-type: none"><li>25. Retention Strategy Policy</li><li>26. Training and Development Policy</li><li>27. Overtime Policy, 2014</li><li>28. Employment Practices Policy, 2014</li><li>29. HIV/Aids in the Workplace Policy</li><li>30. External Bursary Policy, 2014</li><li>31. Sports Management Policy</li></ol> <p><b><u>Community Services Policies</u></b></p> <ol style="list-style-type: none"><li>32. Waste Management Policy</li><li>33. Disaster Management Policy</li></ol> <p><b><u>Budget and Treasury Policies</u></b></p> <ol style="list-style-type: none"><li>34. Expenditure Management Policy, 2014</li><li>35. Petty Cash Policy, 2014</li><li>36. Travel And Subsistence Policy, 2014</li><li>37. Approved Funding And Reserves Policy, 2014</li><li>38. Supply Chain Management Policy, 2014</li><li>39. Policy And Principles On The Writing Off Of Irrecoverable Debt, 2014</li><li>40. Policy On Subsidy Scheme For Indigent Households, 2014</li></ol> |
|--|

41. Tariff And Free Basic Services Policy, 2014
42. Investment Of Funds Policy And Principles, 2014
43. Property Rates Policy, 2014
44. Credit Control And Debt Collection Policy, 2014
45. Budget Policy, 2014
46. Budget Virement Policy, 2014
47. Municipal Long And Short Term Borrowing Policy, 2014
48. Assets Management Policy, 2014

**Town-planning Policies**

49. Densification Policy, 2011
50. Land sales and Disposal Policy, 2012

**Office of the Municipal Manager Policies**

51. Anti-Fraud Policy
52. Performance Management System Policy

**Electricity Policies**

53. Bush Clearing Policy
54. Maintenance Policy

**Civic Engineering Policies**

55. Pavement Management Policy

**4.5. Injuries, Sickness and Suspensions**

**4.5.1. Injuries, Sickness**

There are sporadic incidents of injury on duty. When such incidents do occur, the employee is reported to the Occupational Health Safety representatives or to the Employee Assistance Practitioner who would facilitate that the employee be referred to the Municipality's Medical Officer of Health for attention, at Council's cost. The employees are entitled to eighty days sick leave in a three year leave cycle in terms of the SALGBC Main Collective Agreement.

**Table 57 Injuries, Sickness and Suspensions**

| Number and Cost of Injuries on Duty   |                    |                              |   |                                   |                      |
|---------------------------------------|--------------------|------------------------------|---|-----------------------------------|----------------------|
| Type of injury                        | Injury Leave Taken | Employees using injury leave | Average injury leave taken per employee | Average Injury Leave per employee | Total Estimated Cost |
|                                       | Days               | No.                          | %                                       | Days                              | R'000                |
| Required basic medical attention only | 225                | 28                           | 5                                       | 5                                 | N/A                  |
| Temporary total disablement           | None               | None                         | None                                    | N/A                               | N/A                  |
| Permanent disablement                 | None               | None                         | None                                    | N/A                               | N/A                  |
| Fatal                                 | None               | None                         | None                                    | None                              | N/A                  |
| <b>TOTAL</b>                          | <b>225</b>         | <b>28</b>                    | <b>5</b>                                | <b>5</b>                          | <b>N/A</b>           |

**Table 58 Number of days and Cost of Sick Leave (excluding injuries on duty)**

| 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         |
|  |                  |  |                            |                          |                                   |                |

| 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 13-15)                                       | 4                | 2%   | 10 out of 50               | 1-2-<br>=18              | 3                                 | 5535.14         |
| Skilled (Level 10-12)  | 10               | 8%   | 50 out of 100              | 3-5-<br>=52              | 5                                 | 12043.06        |
| Highly skilled production (levels 9-12)                            | 15               | 6%   | 55 out of 100              | 6-7-8-<br>=133           | 6                                 | 5535.39         |
| Highly skilled supervision (levels 4-8)                            | 35               | 4%   | 65 out of 100              | 9-10-11-12-<br>=171      | 8                                 | 4177.99         |
| Senior management (Levels 1-3)                                     | 80               | 80%  | 80 out of 100              | 13-14-15-<br>=286        | 10                                | 3690.69         |
| MM and Dirs  | None             | 1%   | 0 out of 5                 | 19                       | 1                                 | 3353.28         |
| <b>Total</b>   | <b>144</b>       | <b>101%</b>  | <b>260</b>                 | <b>679</b>               | <b>33</b>                         | <b>34355.55</b> |

**4.5.2. Suspension**  
**Table 59 Suspensions**

| 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 Finalized   | Date Finalized                 |
| Manager                          | Failure to disclose for SCM purposes | 27 March 2012      | Matter taken through Disciplinary processes. Employee found guilty and dismissed. Employee appealed and chair of appeal upheld decision of disciplinary enquiry chair. | Employee filed at Labour Court |
| Manager                          | Financial Misconduct                 | 19 December 2014   | The investigation into the matter took long to be finalised, The matter was first set down on the 19 <sup>th</sup> May 2015 and the hearing is still proceeding.       | Pending                        |

**Table 60** Disciplinary Action Taken on Cases of Financial Misconduct

| 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   |
| Driver   | Diesel theft  | Final written warning     | 15 June 2014     |
| Assistant Artisan  | Cable theft   | Dismissal                 | 08 April 2014    |
| Traffic Officer  | Misuse of Council Vehicle   | Withdrawn                 | 28 February 2013 |

|              |                           |   |                  |
|--------------|---------------------------|---|------------------|
| Operator     | Misuse of Council Vehicle | Final Written warning                           | 18 February 2015 |
| Volunteers   | Swearing                  | Written warning                                 | 16 November 2014 |
| Senior Clerk | Non-placement             | Referred to and dismissed at Bargaining Council | 20 January 2015  |
| Clerk        | Financial misconduct      | Disciplinary hearing                            | Pending          |

**Table 61** Human Resource Services Policy Objectives Taken From IDP

| Human Resource Services Policy Objectives Taken From IDP  |   |         |         |  |
|---|---|---------|---------|--|
| Service Objectives  | Outline Service Targets                                 | 2014/15 |         |  |
| Service Indicators  |   | Target  |         |  |
|   |   | 2014/15 | 2014/15 | *Following Year  |
| (i)   | (ii)  |         |         |  |
| Service Objective   |   |         |         |  |
| To cultivate good human resource management and career development practices in order to maximize human potential | Outline Service Targets                                 |         |         | Human Resource Strategy was developed by Council and adopted by Resolution A.58.28.05.15   |
| (i) Capacitated staff with evidence in productivity and efficiency and effectiveness                              | (ii) Improved service delivery and performance of staff |         |         | Employees were trained as follows:<br><b>Total No. Trained = 343 formal &amp; 74 short courses</b><br>Officials : Formal = 208<br>Short Courses = 62<br>Councillors: Formal = 63<br>Short Courses = 12 |

**Table 62 Employees: Human Resource Services**

| SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES Employees: Human Resource Services |         |           |                                  |                                   |
|---|---------|-----------|----------------------------------|-----------------------------------|
| Job Level   | 2014/15 |           |                                  |                                   |
|   | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | Total   | Total     | No.                              |                                   |
| 0 - 3   | 3       | 3         | 0                                | 0                                 |
| 4 - 6   | 6       | 2         | 4                                | 30                                |
| 7 - 9   | 8       | 6         | 2                                | 25                                |
| Total   | 17      | 11        | 6                                |                                   |

## COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

### 4.6. CAPACITATING THE MUNICIPAL WORKFORCE

#### 4.6.1. INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality develops its human resources by ensuring that there is sustainable capacity building. This is done in the first place by conducting by identifying skills gaps through a skills audit. In doing so, skills audit forms are handed out to employees for them to complete. In completing the forms, the employees indicate their training needs. These are the skills which, if acquired by the employees, the employees will be able to effectively and efficiently perform their functions. After the employees shall have returned their completed skills audit forms, then collate the information with the purpose of coming out a clear training and skills development plan. The plan is referred to as the Workplace Skills Plan. It is this plan which if approved by the relevant council committees it is then submitted to the LGSETA as a guiding document in terms of which training will be done for the particular financial year.

The challenge is that in undergoing the above outlined process and thus negatively impacting on the capacity development, is the non or late-returning of the skills audit forms, the, employees requiring training outside their areas of work and competency. The training plans are relatively adequate. Employees across all levels have been through the various capacity building programs. In the year under review, due to insufficient budget, the municipality has had to augment the training budget during the council adjustment budget process. The adjusted budget was fully exhausted by the end of the financial year. The 2014/2015 WPSP and the training reports which were submitted to the

LGSETA can reflect more details on the above description. The total training costs for employees during 2014/2015 was R1,500,000. The total training costs for Councilors was R369,884.00. The numbers of employees trained were 208.

#### 4.7. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes information about all technology tools used by municipality in its operations and credible data and systems management of all data over the whole spectrum of local municipal functions and powers.

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

It manages the technological communication hardware and software, including also continuous telephone communication on a 24/7 basis. This section exists to craft the development of ICT infrastructure facilities and services by researching new technologies on the market to enhance the daily operations of ICT in the municipality and it is not limited to the implementation thereof. It is by enlarge a support function of the institution which it renders also by means of contracts with external expertise service providers.

#### INFORMATION AND COMMUNICATION TECHNOLOGY SECTION

**Table 63** Employees: ICT Services

| Employees: ICT Services |         |           |                                  |                                   |
|-------------------------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level               | 2014/15 |           |                                  |                                   |
|                         | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                         | No.     | No.       | No.                              | %                                 |
| 0 – 3                   | 0       | 0         | 0                                | 0                                 |
| 4 – 6 (IT dedicated)    | 3       | 2         | 1                                | 30                                |
| 7 – 9 (Telephones)      | 8       | 4         | 4                                | 50                                |
| Total                   | 11      | 6         | 5                                | 40                                |

##### 4.7.2 COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

A Senior ICT Officer graded on post level 5 was appointed in the 2014/15 financial year in the vacant post for this purpose. One ICT Technician was appointed in one of the two vacant ICT Technician posts, while one post remained vacant for the whole of the financial year. The ICT Section functioned for the whole of the 2014/15 financial year with only two (2) dedicated IT staff members for computer systems support to municipal departments and remote offices. The ICT Section also takes care of all telephone communication systems and at the Civic centre is also in charge of running the 24/7 Telephone call centre where 3 staff members performed the task while 3 posts remained vacant for the whole of the year.

The Capital projects performed in this period consisted of the following -

Upgrade of network infrastructure, upgrade of servers, procurement of hand held two way communication radios, procurement and commissioning of sound & recording system for Council meetings, upgrade of the Collaborator electronic document server and system, upgrade of server room, repairs to the Uninterrupted Power Supply in the server room and procurement of laptops, desktops and printers for end users, as well as the procurement of one large colour printer with copier and facsimile facility for the publicity section. The ICT Section completed 92% of its projects earmarked for the 2014/15 financial year.

#### COMPONENT D: WORKFORCE EXPENDITURE

During the year 2014/2015, the salary bill of the Municipality was R234 541 671. The workforce expenditure per category is as follows:

**Table 64** Total Salaries

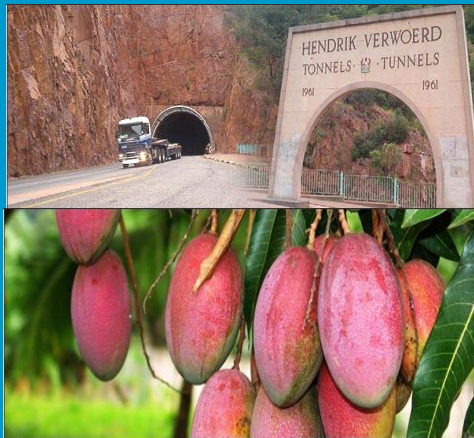
| Category    | Total Salaries paid for 2013/2014 | Total Salaries paid for 2014/2015 |
|-------------|-----------------------------------|-----------------------------------|
| Employees   | 201 865 584.00                    | 212 743 322                       |
| Councillors | 20 781 673.00                     | 21 798 349                        |

The Municipality uses the VIP Payroll Systems. Employees, including Councillors, receive their printed payslips on a monthly basis. The pay day for the Municipality is the 25<sup>th</sup> of each month.

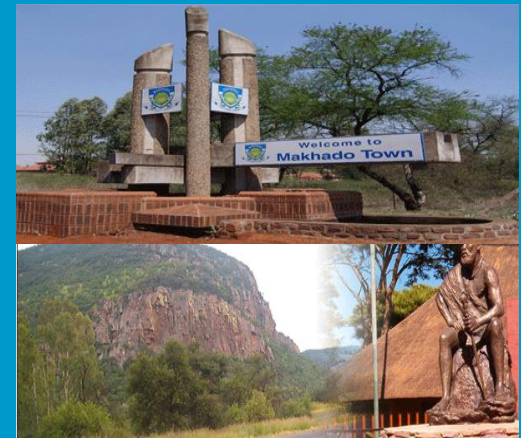


# CHAPTER 5

## STATEMENTS OF FINANCIAL PERFORMANCE



## ANNUAL REPORT 2014/2015





## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

#### 5. FINANCIAL PERFORMANCE

##### 5.1 INTRODUCTION

This chapter will record information in the following categories, as required by the guidelines:

- ✓ Planning and budgeting
- ✓ Asset and Liability Management
- ✓ Revenue and Expenditure Management
- ✓ Supply Chain Management
- ✓ Other financial management
- ✓ Accounting and reporting
- ✓ Oversight and operational continuity

The following represent the financial summary of the municipality as audited:

**Table 65: Financial summary of the municipality as audited**

| Financial Summary  |                 |                      |                 |                |                   |                     |
|--|-----------------|----------------------|-----------------|----------------|-------------------|---------------------|
| Description  | 2013/14         | Current Year 2014/15 |                 |                |                   |                     |
| R thousands\R '000   | Audited Outcome | Original Budget      | Adjusted Budget | Actual         | Original Budget % | Adjustment Budget % |
| <b>Financial Performance</b>   |                 |                      |                 |                |                   |                     |
| Property rates   | 28 510          | 35 311               | 41 666          | 42 328         | -20%              | -2%                 |
| Service charges  | 238 002         | 264 129              | 266 736         | 254 906        | 3%                | 4%                  |
| Investment revenue   | 2 045           | 1 734                | 3 136           | 3 720          | -115%             | -19%                |
| Transfers recognised - operational   | 262 490         | 291 305              | 291 305         | 291 873        | 0%                | 0%                  |
| Other own revenue  | 38 409          | 63 743               | 43 983          | 35 453         | 44%               | 19%                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | <b>569 456</b>  | <b>656 222</b>       | <b>646 827</b>  | <b>628 279</b> | <b>4%</b>         | <b>3%</b>           |
| Employee costs   | 198 567         | 228 090              | 229 757         | 211 503        | 7%                | 8%                  |
| Remuneration of councillors  | 20 782          | 20 675               | 21 705          | 21 798         | -5%               | 0%                  |
| Depreciation & asset impairment  | 104 243         | 145 015              | 145 015         | 4 770          | 97%               | 97%                 |
| Finance charges  | 5 310           | 5 859                | 5 901           | 11 092         | -89%              | -88%                |
| Materials and bulk purchases   | 157 754         | 188 227              | 189 898         | 183 246        | 3%                | 4%                  |
| Transfers and grants   | -               | -                    | -               | -              | 0%                | 0%                  |
| Other expenditure  | 168 391         | 158 403              | 172 390         | 190 243        | -20%              | -10%                |
| Total Expenditure  | 655 047         | 746 270              | 764 666         | 622 653        | 17%               | 19%                 |
| Surplus/(Deficit)  | (85 591)        | (90 048)             | (117 840)       | 5 627          | 106%              | 105%                |
| Transfers recognised - capital   | 110 876         | 114 087              | -               | 154 981        | -36%              | 0%                  |
| Contributions recognised - capital & contributed assets  | -               | -                    | -               | -              | 0%                | 0%                  |
| Surplus/(Deficit) after capital transfers & contributions  | 25 285          | 24 039               | (117 840)       | 160 608        | -568%             | 236%                |
| Share of surplus/ (deficit) of associate   | -               | -                    | -               | -              | 0%                | 0%                  |
| Surplus/(Deficit) for the year   | 25 285          | 24 039               | (117 840)       | 160 608        | -568%             | 236%                |
| <b>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</b> |                 |                      |                 |                |                   |                     |

| Description   | 2013/14         | Current Year 2014/15 |                 |           | 2014/2015 Variance to actual |                     |
|---|-----------------|----------------------|-----------------|-----------|------------------------------|---------------------|
| R thousands\R '000  | Audited Outcome | Original Budget      | Adjusted Budget | Actual    | Original Budget %            | Adjustment Budget % |
| Capital expenditure & funds sources                       |                 |                      |                 |           | 0%                           | 0%                  |
| Capital expenditure                                       | 122 235         | 150 941              | 191 854         | 180 434   | -20%                         | 6%                  |
| Transfers recognised - capital                            | 110 876         | 111 632              | 157 816         | 153 811   | -38%                         | 3%                  |
| Public contributions & donations                          | –               | –                    | –               | –         | 0%                           | 0%                  |
| Borrowing   | –               | –                    | –               | –         | 0%                           | 0%                  |
| Internally generated funds                                | 11 359          | 39 309               | 34 038          | 26 623    | 32%                          | 22%                 |
| Total sources of capital funds                            | 122 235         | 150 941              | 191 854         | 180 434   | -20%                         | 6%                  |
| Financial position  |                 |                      |                 |           | 0%                           | 0%                  |
| Total current assets                                      | 221 673         | 263 101              | 263 101         | 216 777   | 18%                          | 18%                 |
| Total non current assets                                  | 1 803 408       | 1 951 806            | 1 951 806       | 1 918 550 | 2%                           | 2%                  |
| Total current liabilities                                 | 190 455         | 39 467               | 39 467          | 163 413   | -314%                        | -314%               |
| Total non current liabilities                             | 108 977         | 41 690               | 41 690          | 121 406   | -191%                        | -191%               |
| Community wealth/Equity                                   | 1 725 650       | 2 133 749            | 2 133 750       | 1 850 495 | 13%                          | 13%                 |
| Cash flows  |                 |                      |                 |           | 0%                           | 0%                  |
| Net cash from (used) operating                            | 149 718         | 154 939              | 41 032          | 151 820   | 2%                           | -270%               |
| Net cash from (used) investing                            | (104 797)       | (150 491)            | (192 398)       | (4 900)   | 97%                          | 97%                 |
| Net cash from (used) financing                            | (3 215)         | (1 800)              | (782)           | (1 657)   | 8%                           | -112%               |
| Cash/cash equivalents at the year end                     | 52 010          | 7 648                | (152 148)       | 197 422   | -2481%                       | 230%                |
| Cash backing/surplus reconciliation                       |                 |                      |                 |           | 0%                           | 0%                  |
| Cash and investments available                            | 52 010          | 15 846               | 15 846          | 52 139    | -229%                        | -229%               |
| Application of cash and investments                       | 114 975         | (75 398)             | (79 034)        | –         | 100%                         | 100%                |
| Balance - surplus (shortfall)                             | (62 965)        | 91 244               | 94 880          | 52 139    | 43%                          | 45%                 |
| R thousands\R '000  | Audited Outcome | Original Budget      | Adjusted Budget | Actual    | Original Budget %            | Adjustment Budget % |
| Financial Summary   |                 |                      |                 |           |                              |                     |
| Asset management  |                 |                      |                 |           | 0%                           | 0%                  |
| Asset register summary (WDV)                              | 269 232         | 354 699              | 395 613         | –         | 100%                         | 100%                |
| Depreciation & asset impairment                           | 104 243         | 145 015              | 145 015         | 137 150   | 5%                           | 5%                  |
| Renewal of Existing Assets                                | –               | –                    | –               | –         | 0%                           | 0%                  |
| Repairs and Maintenance                                   | –               | 25 490               | –               | 20 724    | 19%                          | 0%                  |
| Free services   |                 |                      |                 |           | 0%                           | 0%                  |
| Cost of Free Basic Services provided                      | 10 485          | 10 496               | 10 496          | 10 501    | 0%                           | 0%                  |
| Revenue cost of free services provided                    | 15 456          | –                    | –               | –         | 0%                           | 0%                  |
| Households below minimum service level                    |                 |                      |                 |           | 0%                           | 0%                  |
| Water:  | 41              | 41                   | 41              | 44        | -6%                          | -6%                 |
| Sanitation/sewerage:                                      | –               | –                    | –               | –         | 0%                           | 0%                  |
| Energy:   | –               | –                    | –               | –         | 0%                           | 0%                  |
| Refuse:   | 40              | 50                   | 50              | 51        | 2%                           | 2%                  |
| <b>Makhado Municipality Final Annual Report 2014/2015</b> |                 |                      |                 |           | 0%                           | 74                  |

## 5.2 POLICIES ARRANGING THE OPERATIONS OF ABOVE SUBJECTS

Over and above the direct requirements of different sections of the Local Government: Municipal Finance Management Act, 2003 and its Regulations, Council also adopted the following budget related policies in respect of the 2012/13 Financial Year and the contents of such policies arranged the operations in respect of the subjects related to each policy. The following are the policies:

- *Budget policy*
- *Indigent Subsidy*
- *Credit Control and Debt Collection*
- *Tariff and Free Basic Services*
- *Investment of Funds Policy*
- *Principles of writing-off of irrecoverable debt*
- *Asset Management*
- *Property Rates by-law*
- *Budget Virement*
- *Supply Chain Management*

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The key elements of Asset Management: To ensure that the assets of the municipality are managed according to the asset management policy and the regulations.

- To ensure the effective and efficient control, safeguarding, utilisation and management of the municipalities assets.
- To ensure that the asset of the municipality are not misused and are safeguarded against inappropriate loss.
- To ensure that proper management of PPE forms part of the financial management procedures of the municipality.
- And also to ensure that the asset serve the purpose of assisting the municipality to fulfil its constitutional mandates of service delivery, social economic and development and fulfilling the basic needs to the community.

The staff involved and key delegation: The asset management unit consist of Immovable asset, Movable assets and fleet management section. According to the organisational structure of the municipality the staff supposed to be eleven (11) but in the moment the staff is only having seven employees.

Key issues under development: The municipality hired the service provider to assist in compiling and maintaining the asset register that is GRAP compliant. The service provider did the unbundling of infrastructure assets and compiled the asset register for the municipality although the relationship between the municipality and the service provider is still continuing until the asset register is in line with the required standards.

**Table 66: Treatment of the three largest assets acquired 2014/15**

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2014/15 |   |                              |
|--|---|------------------------------|
| Asset 1  |   |                              |
| Name   | CONSTRUCTION OF ROBERT KHOZA(BUNGENI TO CHABANI) ROAD                               |                              |
| Description  | Construction of Chabani to Bungeni road xxx km                                      |                              |
| Asset Type   | Roads and Storm Water   |                              |
| Key Staff Involved                                     | PMU Manager and Director Technical Services   |                              |
| Staff Responsibilities                                 | Project Management and Service Provider Monitoring                                  |                              |
|  | 2013/2014   | 2014/2015 total project cost |
|  | New project not rolled over   | R 31 555 238.89              |
| Capital Implications                                   | Development of road Infrastructure and side bridge (Roads and Storm Water)          |                              |
| Future Purpose of Asset                                | Provision of access road to Community and Control of Storm Water                    |                              |
| Describe Key Issues                                    | Construction of road and associated storm-water control system                      |                              |
| Policies in Place to Manage Asset                      | Yes   |                              |
| Asset 2  |   |                              |
| Name   | CONSTRUCTION OF MAGAU ACCESS ROAD   |                              |
| Description  | Construction of access road in Magau village streets xxx km                         |                              |
| Asset Type   | Road and storm water  |                              |
| Key Staff Involved                                     | Director Technical Services, manager PMU  |                              |
| Staff Responsibilities                                 | Project management and Co-ordinating  |                              |
|  | 2013/2014   | 2014/2015                    |
| Asset Value  | New project not rolled over   | R25 787 513.87               |
| Capital Implications                                   | Proper access and control of vehicles for on the rehabilitated road and storm-water |                              |
| Future Purpose of Asset                                | Provision of access road to Community and Control of Storm Water                    |                              |
| Describe Key Issues                                    | Construction of road and associated storm-water control system                      |                              |
| Policies in Place to Manage Asset                      | Yes   |                              |
| Asset 3  |   |                              |
| Name   | CONSTRUCTION OF TSHIVHAZWAULU TO RASIVHETSELA ROAD                                  |                              |
| Description  | Construction of access road to village Rasivheshela xxx km                          |                              |
| Asset Type   | Road and storm water  |                              |
| Key Staff Involved                                     | Director Technical Services and PMU Manager   |                              |
| Staff Responsibilities                                 | Project Management, Supervision and Monitoring of Service Provider                  |                              |
|  | 2012/2013   | 2013/2014                    |
| Asset Value  | New project not rolled over   | R27, 687,607.67              |
| Capital Implications                                   | Infrastructure Development  |                              |

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2014/15 |  |
|--|--|
| Future Purpose of Asset                                | To be used by Community functions and municipal meetings   |
| Describe Key Issues                                    | Construction of hall, guard house, parking buys, palisade fencing and landscaping and provision of borehole and tank for irrigation system |
| Policies in Place to Manage Asset                      | Yes  |

**Table 67:** Supporting Table SA8 Performance indicators and benchmarks (SA 8)

| LIM344 Makhado - Supporting Table SA8 Performance indicators and benchmarks    |  |                 |                 |                 |                      |                 |                    |                   |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|
| Description of financial indicator   | Basis of calculation   | 2011/12         | 2012/13         | 2013/14         | Current Year 2014/15 |                 |                    |                   |
|  |  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome |
| Borrowing Management   |  |                 |                 |                 |                      |                 |                    |                   |
| Credit Rating  |  |                 |                 |                 |                      |                 |                    |                   |
| Capital Charges to Operating Expenditure                                       | Interest & Principal Paid /Operating Expenditure                           | 4.3%            | 2.1%            | 1.3%            | 1.0%                 | 1.0%            | 0.3%               | 1.1%              |
| Capital Charges to Own Revenue   | Finance charges & Repayment of borrowing /Own Revenue                      | 10.0%           | 4.8%            | 2.8%            | 2.1%                 | 2.1%            | 0.5%               | 1.7%              |
| Borrowed funding of 'own' capital expenditure                                  | Borrowing/Capital expenditure excl. transfers and grants and contributions | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              |
| Safety of Capital  |  |                 |                 |                 |                      |                 |                    |                   |
| Gearing  | Long Term Borrowing/ Funds & Reserves                                      | 2.8%            | 2.2%            | 0.4%            | 1.9%                 | 1.9%            | 2.0%               | 2.0%              |
| Liquidity  |  |                 |                 |                 |                      |                 |                    |                   |
| Current Ratio  | Current assets/current liabilities   | 2.6             | 2.2             | 1.2             | 6.7                  | 6.7             | 1.7                | 1.4               |
| Current Ratio adjusted for aged debtors  | Current assets less debtors > 90 days/current liabilities                  | 2.6             | 2.2             | 1.2             | 6.7                  | 6.7             | 1.7                | 1.4               |
| Liquidity Ratio  | Monetary Assets/Current Liabilities  | 0.0             | 0.1             | 0.3             | 0.4                  | 0.4             | 0.4                | 0.4               |
| Revenue Management   |  |                 |                 |                 |                      |                 |                    |                   |
| Annual Debtors Collection Rate (Payment Level %)                               | Last 12 Mths Receipts/Last 12 Mths Billing                                 |                 | 105.8%          | 102.8%          | 135.7%               | 100.0%          | 99.8%              | -100.7%           |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) |  | 105.8%          | 102.8%          | 135.7%          | 100.0%               | 100.0%          | -100.5%            | 107.2%            |
| Outstanding Debtors to Revenue   | Total Outstanding Debtors to Annual Revenue                                | 12.7%           | 15.9%           | 11.2%           | 21.3%                | 21.6%           | 102.7%             | 13.3%             |
| Longstanding Debtors Recovered   | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old                  |                 |                 |                 |                      |                 |                    |                   |
| Creditors Management   |  |                 |                 |                 |                      |                 |                    |                   |
| Creditors System Efficiency  | % of Creditors Paid Within Terms (within 'MFMA' s 65(e))                   |                 |                 |                 |                      |                 |                    |                   |
| Creditors to Cash and Investments  |  | -2228.5%        | 1509.4%         | 273.6%          | 660.3%               | -33.2%          | 102.8%             | 153.3%            |
| Employee costs   | Employee costs/(Total Revenue - capital revenue)                           | 34.0%           | 37.7%           | 34.9%           | 34.8%                | 35.5%           | 35.9%              | 33.7%             |
| Remuneration   | Total remuneration/(Total Revenue - capital revenue)                       | 37.1%           | 41.7%           | 39.1%           | 37.9%                | 38.6%           | 39.2%              |                   |
| Repairs & Maintenance  | R&M/(Total Revenue excluding capital revenue)                              | 0.0%            | 0.0%            | 0.0%            | 3.9%                 | 0.0%            | 0.0%               |                   |
| Finance charges & Depreciation   | FC&D/(Total Revenue - capital revenue)                                     | 36.1%           | 22.6%           | 19.2%           | 23.0%                | 23.3%           | 0.2%               | 0.2%              |

|   |   |       |       |       |       |       |        |       |
|---|---|-------|-------|-------|-------|-------|--------|-------|
| IDP regulation financial viability indicators |   |       |       |       |       |       |        |       |
| i. Debt coverage                              | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 11.2  | 54.3  | 12.8  | 22.4  | 22.4  | 22.4   | 10.6  |
| ii.O/S Service Debtors to Revenue             | Total outstanding service debtors/annual revenue received for services                        | 26.3% | 34.9% | 23.9% | 46.6% | 45.2% | 225.6% | 31.6% |
| iii. Cost coverage                            | (Available cash + Investments)/monthly fixed operational expenditure                          | (0.2) | 0.3   | 1.4   | 0.2   | (3.5) | 28.0   | 2.6   |

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.4. SPENDING ON 5 LARGEST PROJECTS

The following represent the capital spending against the capital budget:

**Table 68:** Capital Expenditure of 5 largest projects\*

| Capital Expenditure of 5 largest projects*               |   |                    |                       |                         |
|--|---|--------------------|-----------------------|-------------------------|
| R' 000   |   |                    |                       |                         |
| Name of Project  | Year 2014/15  |                    |                       | Variance Current Year   |
|  | Adjusted Budget   | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| A – Tshikota Upgrading of Streets                        | 22 128 909.00   | 22 128 909.00      | 0%                    | 0%                      |
| B – Eltivillas A & B Tarring of Streets                  | 20 683 685.55   | 20 683 685.55      | 0%                    | 0%                      |
| C – Ledig Access Road                                    | 19 089 143.41   | 19 089 143.41      | 0%                    | 0%                      |
| D – Sereni Themba to Mashamba road                       | 18 154 269.01   | 18 154 269.01      | 0%                    | 0%                      |
| E – Rehabilitation of Town CBD                           | 11 313 877.01   | 11 313 877.01      | 0%                    | 0%                      |
| Projects with the highest capital expenditure in 2014/15 |   |                    |                       |                         |
| <b>Name of Project - A</b>                               | Tshikota Upgrading of Streets   |                    |                       |                         |
| Objective of Project                                     | To ensure access to business facilities is efficient and thus promoting business growth rapidly |                    |                       |                         |
| Delays   | None  |                    |                       |                         |
| Future Challenges  | roads infrastructure costs rapidly increasing   |                    |                       |                         |
| Anticipated citizen benefits                             | Easy and comfortable access to and from areas within municipal areas                            |                    |                       |                         |
| <b>Name of Project - B</b>                               | Eltivillas A & B Tarring of Streets   |                    |                       |                         |
| Objective of Project                                     | To ensure easy access to public around municipality's nodal points                              |                    |                       |                         |
| Delays   | Rain  |                    |                       |                         |
| Future Challenges  | roads infrastructure costs rapidly increasing   |                    |                       |                         |
| Anticipated citizen benefits                             | Easy and comfortable access to and from areas within municipal areas                            |                    |                       |                         |
| <b>Name of Project - C</b>                               | Ledig access road   |                    |                       |                         |
| Objective of Project                                     | To ensure community have access to village from N1 and industrial roads                         |                    |                       |                         |
| Delays   | None  |                    |                       |                         |
| Future Challenges  | Maintenance of halls and safe guarding  |                    |                       |                         |
| Anticipated citizen benefits                             | Easy and comfortable access to and from areas within municipal areas                            |                    |                       |                         |
| <b>Name of Project - D</b>                               | Sereni Themba to Mashamba road  |                    |                       |                         |

| Capital Expenditure of 5 largest projects* |  |                    |                       |                         |
|--|--|--------------------|-----------------------|-------------------------|
| R' 000                                     |  |                    |                       |                         |
| Name of Project                            | Year 2014/15   |                    |                       | Variance Current Year   |
|  | Adjusted Budget  | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| Objective of Project                       | Construction of hall, guard house, parking buys, palisade fencing and landscaping and provision of borehole and tank for irrigation system and for public use. |                    |                       |                         |
| Delays                                     | None   |                    |                       |                         |
| Future Challenges                          | None   |                    |                       |                         |
| Anticipated citizen benefits               | Easy and comfortable access to community facilities and sports uses as multipurpose within municipal areas   |                    |                       |                         |
| <b>Name of Project - E</b>                 | Rehabilitation of Town CBD   |                    |                       |                         |
| Objective of Project                       | To ensure access to promoting business growth rapidly around the township and related villages   |                    |                       |                         |
| Delays                                     | procurement processes ,delays on site preparation for relevant progress  |                    |                       |                         |
| Future Challenges                          | roads infrastructure costs rapidly increasing  |                    |                       |                         |
| Anticipated citizen benefits               | Easy and comfortable access to and from areas within municipal areas   |                    |                       |                         |
|  |  |                    |                       | T5.7.1                  |

## COMPONENT C: CASHFLOW

### 5.5 BORROWING AND INVESTMENTS

#### INTRODUCTION TO BORROWING AND INVESTMENTS

- *Makhado municipality had 2 short term call accounts and 1 notice deposit at 30 June 2015.*
- *Makhado municipality has the following Borrowings:*
  - *DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA) the loan is from 01.04.2008 until 31.03.2018 and is being paid bi-annually.*

#### Challenges:

- *Inability to settle Eskom bulk purchases invoice for main town timeously.*
- *Cash flow constraints thus the infrastructure plan to upgrade substations are currently on hold, external sourcing of funds still in progress.*

**Table 69** : Actual Borrowings 2012/13- 2014/15

| Actual Borrowings 2012/13- 2014/15               |         |         |         |
|--|---------|---------|---------|
| R' 000   |         |         |         |
| Instrument                                       | 2012/13 | 2013/14 | 2014/15 |
| <u>Municipality</u>                              |         |         |         |
| Long-Term Loans - outstanding balances INCA LOAN | 1 807   | 2021    |         |
| Long-Term Loans - outstanding balances DBSA LOAN | 1098    | 1 195   | 1 304   |
| 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                                 |         |         |         |
| Municipality Total                               | 2905    | 3216    | 1304    |
|  |         |         | T5.10.2 |
|  |         |         |         |
| Outstanding balances as at 30 June 2015          |         |         |         |
| DBSA : LOAN 1 R 3,540,041.58                     |         |         |         |
| DBSA : LOAN 2 R 1,091,513.01                     |         |         |         |
| INCA : Paid up                                   |         |         |         |
| Total : R 4,631 554.59                           |         |         |         |



**Table 70: Municipal and Entity Investments**

| Municipal and Entity Investments           |           |         |         |
|--|-----------|---------|---------|
| R' 000                                     |           |         |         |
| Investment* type                           | 2012/2013 | 2013/14 | 2014/15 |
|  | Actual    | Actual  | Actual  |
| Municipality                               |           |         |         |
| Securities - National Government           |           |         |         |
| Listed Corporate Bonds                     |           |         |         |
| Deposits – Bank                            | 7840      | 50622   | 40737   |
| Deposits - Public Investment Commissioners |           |         |         |
| Deposits - Corporation for Public Deposits |           |         |         |
| Bankers' Acceptance Certificates           |           |         |         |
| Negotiable Certificates of Deposit – Banks |           |         |         |
| Guaranteed Endowment Policies (sinking)    |           |         |         |
| Repurchase Agreements – Banks              |           |         |         |
| Municipal Bonds                            |           |         |         |
| Other                                      |           |         |         |
| Municipality sub-total                     | 7840      | 50622   | 40737   |
|  |           |         |         |
| Municipal Entities                         |           |         |         |
| Securities - National Government           |           |         |         |
| Listed Corporate Bonds                     |           |         |         |
| Deposits – Bank                            |           |         |         |
| Deposits - Public Investment Commissioners |           |         |         |
| Deposits - Corporation for Public Deposits |           |         |         |
| Bankers' Acceptance Certificates           |           |         |         |
| Negotiable Certificates of Deposit – Banks |           |         |         |
| Guaranteed Endowment Policies (sinking)    |           |         |         |
| Repurchase Agreements – Banks              |           |         |         |
| Other                                      |           |         |         |
| Entities sub-total                         | 0         | 0       | 0       |
|  |           |         |         |
| Consolidated total:                        | 7840      | 50622   | 40737   |
|  |           |         | T5.10.4 |

## COMPONENT D: SUPPLY CHAIN MANAGEMENT

### 5.6 SUPPLY CHAIN MANAGEMENT

The Supply chain management policy was approved by the council in 2006 .The implementation was done by establishing supply chain management division under the direct supervision of the CFO. The structure for this division was established to cover all elements of supply chain. Two sections are fully functional, that is Acquisition and Logistic managements sections. Both bid specification and evaluation committees were established which comprises of members appointed by Municipal Manager on temporary basis depending on the tender under consideration. The Bid adjudication Committee was also established which is composed of senior managers. Councilors are not part of bid committees and they are not participating in supply chain processes. Supply Management officials have attended training as indicated below:4

| Description of course attended     | Number of officials attended | Duration of course/training         |
|------------------------------------|------------------------------|-------------------------------------|
| Inventory management course        | 3                            | 2 days                              |
| MFMA Programme                     | 1                            | Still continuing till November 2015 |
| Local content training workshop    | 4                            | 1 day                               |
| Computer literacy/MS Word training | 1                            | 5 days                              |

During the financial year, the municipality incurred irregular expenditure as disclosed in the financial statements (refer to the audit report).

The following 40 tenders were awarded as depicted in the table below:

#### TENDER AWARDED FOR JULY 2014/15 FINANCIAL YEAR

**Table 71: Tenders awarded for 2014/2015**

| TENDER NO | DESCRIPTION  | AMOUNT   | DATE AWARDED |
|-----------|--|--|--------------|
| 14/2014   | Bush clearing  | R3 3181 rate per km  | 14/7/2014    |
| 17/2014   | Engineering service for rehabilitation of Makhado streets                          | Professional Engineering Service fee                                   | 14/7/2014    |
| 18/2014   | Engineering services for Magau Access Road   | Professional Engineering Service fee                                   | 14/7/2014    |
| 19/2014   | Engineering services for Maduwa Bridge and access road                             | Professional Engineering Service fee                                   | 14/7/2014    |
| 20/2014   | Engineering service for Robert Khosa Access Road to Chabani                        | Professional Engineering Service fee                                   | 14/7/2014    |
| 21/2014   | Engineering services for Tshivhazwaulu to Rasivhetshela road                       | Professional Engineering Service fee                                   | 14/7/2014    |
| 30/2014   | Construction of Tshikota streets   | R18 929 245.37   | 4/8/2014     |
| 31/2014   | Construction of Mashamba to Sereni Bridge  | R16 612 800.31   | 4/8/2014     |
| 34/2014   | Supply and delivery of protective clothing   | R1 475 500.00  | 9/9/2014     |
| 38/2014   | Supply and delivery of photocopying papers for 3 years                             | With cost per set R18 479.00, Total tender price depend on ulitization | 12/9/2014    |
| 42/2014   | Supply and delivery of diaries and calendars for 2015                              | R351 428.60  | 12/9/2014    |
| 37/2014   | Electrification of villages of Makhado Municipal Distribution Licence Area         | R319 200 per unit  | 12/9/2014    |
| 15/2014   | Vat recovery for two years   | Commission based charges 8%  | 26/6/2014    |
| 25/2014   | Medical services, occupational medical therapist for Makhado employees for 3 years | Various rates for different cases                                      | 26/6/2014    |

|         |  |                                      |            |
|---------|--|--------------------------------------|------------|
| 24/2014 | Engineering services for Ledig access road to industrial area                    | Professional Engineering Service fee | 26/6/2014  |
| 27/2014 | Electrification of Wisagalaza (Bungeni )   | Professional Engineering Service fee | 26/6/2014  |
| 22/2014 | Upgrading and refurbishment of Bungeni Sports facility                           | R5 915 067.76                        | 15/8/2014  |
| 23/2014 | Upgrading and refurbishment of Vuwani sportsfield                                | R9 992 040.69                        | 15/8/2014  |
| 29/2014 | Construction of Mphaila Access Road Phase 2                                      | R5 103 047.14                        | 15/8/2014  |
| 39/2014 | Supply and Delivery of toilet papers for period of three years                   | R131.45 per pack                     | 03/10/2014 |
| 41/2014 | Supply and delivery of stationery for period of three years                      | R115 151.90                          | 29/10/2014 |
| 41/2014 | Supply and delivery of stationery for period of three years                      | R129 748.61                          | 29/10/2014 |
| 44/2014 | Supply and pave of Dzanani Traffic Station Testing Facility                      | R481 275.00                          | 15/12/2014 |
| 45/2014 | SUPPLY AND DELIVERY OF OFFICE FURNITUE   | R432 860.00                          | 03/02/2015 |
| 46/2014 | CONSTRUCTION OF LEDIG ACCESS ROAD TO INDUSTRIAL AREA                             | R24 887 155.86                       | 02/02/2015 |
| 47/2014 | CONSTRUCTION OF TSHIVHAZWAULU TO RASIVHETSHELA ROAD                              | R27, 687,607.67                      | 02/02/2015 |
| 48/2014 | CONSTRUCTION OF MAGAU ACCESS ROAD  | R25 787 513.87                       | 02/02/2015 |
| 49/2014 | CONSTRUCTION OF MADZUWA BRIDGE AND ACCESS ROAD                                   | R6 754 455.00                        | 02/02/2015 |
| 50/2014 | REHABILITATION OF MAKHADO CBD  | R13 780 072.04                       | 02/02/2015 |
| 51/2014 | SUPPLY AND DELIVERY OF 25 WASTE SKIP BINS  | R387 500.00                          | 03/02/2015 |
| 52/2014 | SUPPLY AND DELIVERY OF 1000 X 240L WHEELIE BINS                                  | R925 000.00                          | 03/02/2015 |
| 56/2014 | CONSTRUCTION OF MAKHADO MAYORS RESIDENTIAL PROJECT AT 235, ELTIVILLAS TOWNSHIP   | R1 101 838.50                        | 03/02/2015 |
| 14/2013 | MMS AND SMS SENT STATEMENT FOR MUNICIPAL ACCOUNTS                                | MMS @R5.60 AND SMS @R0.40            | N/A        |
| 1/2015  | CONSTRUCTION OF ROBERT KHOZA(BUNGENI TO CHABANI) ROAD                            | R 31 555 238.89                      | 18/5/2015  |
| 2/2015  | CONSTRUCTION OF PIESANGHOEK TO KHUNDA ROAD PHASE 2                               | R 5 982 643.14                       | 18/5/2015  |
| 10/2015 | DEVELOPMENT OF MAKHADO N1 RECREATIONAL PARK                                      | R 498 000.00                         | 18/5/2015  |
| 11/2015 | SUPPLY AND DELIVERY OF ONE CRANE TRUCK   | R 2 552 708.71                       | 17/4/2015  |
| 12/2015 | REPAIRS AND MAINTENANCE OF PARK EQUIPMENTS FOR TWO YEARS                         | R 484 872.00                         | 17/6/2015  |
| 14/2015 | SUPPLY AND DELIVERY OF PROTECTIVE CLOTHINGS FOR TWO YEARS                        | UNIT PRICES FOR VARIOUS ITEMS        | 17/6/2015  |
| 15/2015 | VERIFICATION AND VALUATION OF MUNICIPAL OWN LAND                                 | R 819 550.00                         | 17/6/2015  |
| 21/2015 | PROVISION OF STAGE,SOUND SYSTEM ,VIP MARQUEE PACKAGE,BARARIGADE AND ARTISTS SHOW | R 985 000.00                         | 29/06/2015 |

Notes that tender no 14/2013 for MMS and SMS sent statement for municipal account was awarded in terms of section 32 of Supply Chain Management regulations and policy

The amount of R6 589 075.00 was condoned by council as irregular expenditure

## 5.7 GRAP COMPLIANCE

### GRAP COMPLIANCE

GRAP is the acronym for Generally Recognised Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. The major objectives of GRAP are:

- To ensure consistency in the accounting treatment of transactions and classification of account balances in municipalities
- To enhance comparability between similar-sized municipal bodies on a national basis

- To enable users of financial statements to make more accurate assessments of risks and returns.
- The municipality is constantly reviewing and embarking on processes to ensure compliance with GRAP standards :
  - ✓ GRAP 1 Presentation of Financial Statements
  - ✓ GRAP 2 Cash Flow Statements
  - ✓ GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
  - ✓ GRAP 4 The Effects of Changes in Foreign Exchange Rates
  - ✓ GRAP 5 Borrowing Costs
  - ✓ GRAP 6 Consolidated and Separate Financial Statements
  - ✓ GRAP 7 Investments in Associates
  - ✓ GRAP 8 Interests in Joint Ventures
  - ✓ GRAP 9 Revenue from Exchange Transactions
  - ✓ GRAP 10 Financial Reporting in Hyperinflationary Economies
  - ✓ GRAP 11 Construction Contracts
  - ✓ GRAP 12 Inventories
  - ✓ GRAP 13 Leases
  - ✓ GRAP 14 Events After the Reporting Date
  - ✓ GRAP 16 Investment Property
  - ✓ GRAP 17 Property, Plant and Equipment
  - ✓ GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
  - ✓ GRAP 21 Impairment of Non-cash-generating Assets
  - ✓ GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
  - ✓ GRAP 24 Presentation of Budget Information in the Financial Statements
  - ✓ GRAP 25- Employee Benefits
  - ✓ GRAP 26 Impairment of Cash-generating Assets
  - ✓ GRAP 31 Intangible assets
  - ✓ GRAP 103 Heritage Assets
  - ✓ GRAP 104 Financial Instruments

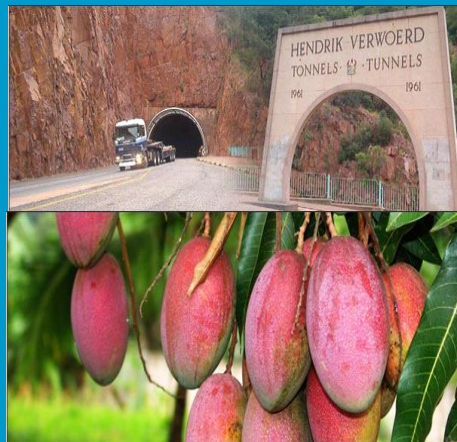
**Standards approved but not yet effective:**

- ✓ GRAP32: Service Concession Arrangements: Grantor
- ✓ GRAP108: Statutory Receivables
- ✓ 47GRAP109: Accounting by Principals and agents

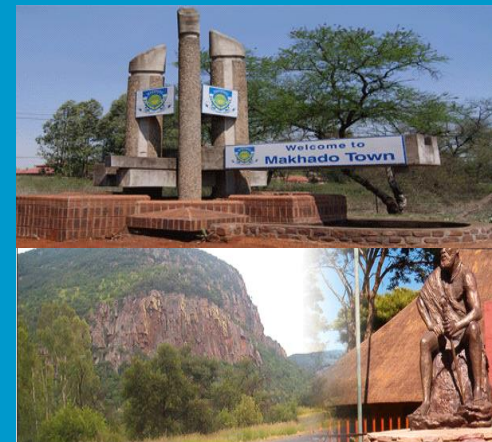


# CHAPTER 6

## AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/2015



## ANNUAL REPORT 2014/2015



# Report of the auditor-general to the Limpopo provincial legislature and the council on Makhado Local Municipality

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Makhado Local Municipality set out on pages 6 to 72, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## Basis for qualified opinion

### Property, plant and equipment

6. The municipality did not adequately assess at reporting date whether there is any indication that an asset may be impaired, in accordance with SA standards of GRAP 21, *Impairment of non-cash generating assets* and SA standards of GRAP 26, *Impairment of cash generating assets*. The municipality assessed items of property, plant and equipment on a sample basis. As a result impairment was not considered for items of property, plant and equipment with a gross carrying amount of R1 776 162 316. I was not able to determine the impact on the carrying amount of property plant and equipment and surplus for the period, as it was impracticable to do so.

### Sundry debtors

7. I was unable to obtain sufficient appropriate audit evidence that management has assessed whether there is any objective evidence of impairment at the reporting date, as required by SA Standards of GRAP 104, *Financial Instruments*. I was unable to confirm by alternative means whether objective evidence of impairment exists. Consequently, I was unable to determine whether any adjustment to sundry debtors stated at R60 500 815 in the financial statements was necessary. Additionally, there is a consequential impact on the surplus for the period.

### Consumer debtors

8. The municipality applied incorrect financial information in calculating the amount of impairment. Consequently, consumer debtors was overstated by R39 198 696, and the surplus for the year understated by the same amount.

### Property rates

9. The municipality did not affect the adjustments made to the valuation from the effective date of the general valuation roll, as required by the Municipal Property Rates Act, 2004 (Act No. 6 of 2004). Property rates for the current year were based on the general valuation roll. Consequently, property rates was overstated by R12 083 971 in note 24 to the financial statements and gross consumer debtors relating to property rates was overstated by the same amount in note 6 to the financial statements. Additionally, there was a resultant impact on the surplus for the period.

### Unauthorised expenditure

10. I was unable to obtain sufficient appropriate audit evidence that unauthorised expenditure for the current year had been properly disclosed, due to the status of the accounting records. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any unauthorised expenditure had to be disclosed in note 47 to the financial statements.

### Aggregation of immaterial uncorrected misstatements

11. The financial statements were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following items included in the statement of financial position and the statement of financial performance.

- Inventories reflected as R113 957 871 was overstated by R9 509 865.
  - Property plant and equipment reflected as R1 776 162 316 was understated by R9 190 214.
  - Accumulated surplus reflected as R1 775 639 186 was overstated by R443 759.
  - Consumer debtors – exchange transactions reflected as R38 154 597 was understated by R150 891.
  - Payables from exchange transactions reflected as R137 656 320 was understated by R124 109.
  - Cash and cash equivalents reflected as R47 449 950 was understated by R88 147.
  - General expenses reflected as R130 973 693 was overstated by R62 744.
12. In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm the following items by alternative means:
- Cash and cash equivalents of R523 217 as included in the disclosed balance of R47 449 950.
  - Sundry debtors of R7 294 959 as included in the disclosed balance of R60 500 815.
  - Other income of R207 519 as included in the disclosed balance of R7 736 628.
  - Accumulated surplus of R1 161 851 as included in the disclosed balance of R1 775 639 186.
  - Gross receivables from non- exchange transactions of R6 891 556 and impairment of R4 341 680 as included in the disclosed balance of R2 549 876.
  - Not included in the disclosed balance of R1 566 329 for heritage assets is an asset I identified of which it was impractical to determine an amount.

Consequently, I was unable to determine whether any adjustments to these items were necessary.

## **Qualified opinion**

13. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Makhado Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

## **Emphasis of matters**

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

## **Restatement of corresponding figures**

15. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.



## Material electricity losses

16. As disclosed in note 33 to the financial statements, the electricity loss for the municipality is 17.7%, compared to the maximum acceptable loss of 10%.

## Irregular expenditure

17. As disclosed in note 44 to the financial statements, irregular expenditure amounting to R78 766 187 has been incurred by the municipality, due to contravention of the supply chain management (SCM) policy.

## **Additional matter**

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

## Unaudited disclosure notes

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

## **Report on other legal and regulatory requirements**

20. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## **Predetermined objectives**

21. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2015:
  - Basic service delivery and infrastructure development: Road transport on pages 27 to 30.
  - Basic service delivery and infrastructure development: Electricity on pages 18 to 26.
  - Basic service delivery and infrastructure development: Waste management on pages 15 to 17.
  - Municipal transformation and organisation development: Corporate services on pages 7 to 8.

22. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
23. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
24. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. I did not identify material findings on the usefulness and reliability of the reported performance information for the following selected development priorities:
- Basic service delivery and infrastructure development: Road transport
  - Basic service delivery and infrastructure development: Electricity
  - Basic service delivery and infrastructure development: Waste management
  - Municipal transformation and organisation development: Corporate services

### **Additional matters**

26. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development priorities, I draw attention to the following matters.

### Achievement of planned targets

27. Refer to the annual performance report on pages 5 to 45 for information on the achievement of planned targets for the year.

### Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for all the development priorities. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

### Unaudited supplementary information

29. The supplementary information set out on pages 46 to 58 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

## Compliance with legislation

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

### Strategic planning and performance management

31. The performance management system and related controls were not maintained as it did not represent the processes of performance planning, monitoring, review, reporting and how it is conducted, organised and managed, as required by sections 38 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and regulation 7 of the *Municipal planning and performance management regulations*.
32. The key performance indicators set by the municipality did not include indicators on percentage of households with access to basic level of electricity and solid waste removal, as required by section 43(2) of the MSA and the *Municipal planning and performance management regulation 10(a)*.

### Financial statements, performance and annual reports

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, reserves, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.
34. The annual performance report for the year under review did not include a comparison of the performance with set targets and comparison with the previous financial year, as required by section 46(1)(b) of the MSA.

### Audit committee

35. The audit committee did not advise the council and accounting officer on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

### Procurement and contract management

36. Bids were not always evaluated by bid evaluation committees which were composed of at least one SCM practitioner of the municipality as required by *Supply Chain Management Regulation (SCM Regulation) 28(2)*.
37. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM Regulations 21(b) and 28(1)(a) and the *Preferential Procurement Regulations*.
38. Bid adjudication was not always done by committees which were composed in accordance with SCM Regulation 29(2).

39. Contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and its regulations.
40. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA.
41. A SCM role player whose partner had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract, in contravention of SCM Regulation 46(2)(f).

### Irregular and fruitless and wasteful expenditure

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

### Revenue management

43. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

### **Internal control**

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

### **Leadership**

45. The accounting officer and management did not exercise oversight responsibility over the enforcement of the SCM policy.
46. Management did not have sufficient monitoring controls to ensure the reliability of reported performance information and the fairly presentation of the financial statements.
47. Management did not in all instances address the recommendations of the internal audit unit and audit committee.

### **Financial and performance management**

48. The financial statements contained numerous misstatements that were corrected and those not corrected resulted in a qualified audit opinion. This was mainly due to officials in the finance unit not fully understanding the requirements of the financial reporting framework.
49. Supply chain management processes were not monitored due to lack of understanding and implementation of SCM regulations, resulting in irregular expenditure.

### **Governance**

50. The activities performed by the internal audit unit did not prevent the municipality from regressing to a qualified audit opinion and assist the municipality to improve its internal control environment that supports financial and performance reporting and compliance with legislation.

## Other reports

### Investigation

51. The municipality requested an independent service provider to conduct an investigation into possible fraudulent payments. Emanating from the investigation, two employees were dismissed and the internal disciplinary hearing process against one employee is currently in progress. Criminal proceedings have been instituted against an employee and a service provider.

*Auditor-General.*

Polokwane

30 November 2015



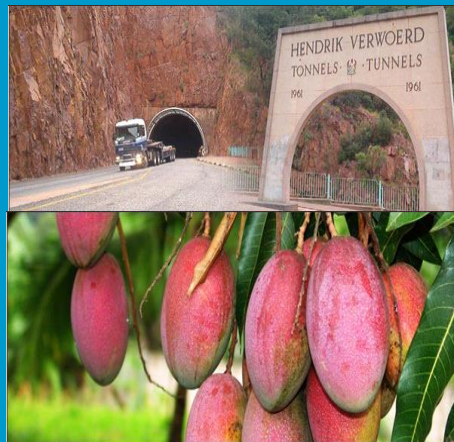
AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

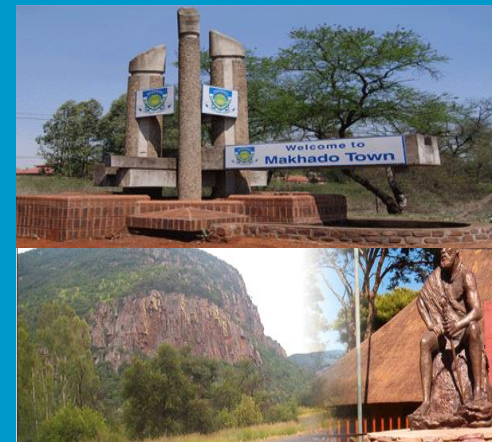


# ANNEXURES

## ANNEXURES A1 -A8



## ANNUAL REPORT 2014/2015



### ANNEXURE 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

| Priority Issue/Programme        | Strategic IDP Objective                       | KPI/Measurable Objective   | Project Name      | Baseline   | Annual Targets   | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|---------------------------------|---|--|-------------------|--|--|---------------------|--|---|------------|---------------------------|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
| Integrated Development Planning | Good governance and administrative excellence | To review the IDP for 2015/2016 financial year by 31 May 2015  | IDP Review        | IDP review for 2014/2015 was completed and approved by Council before 31 May 2014                    | IDP review for 2015/2016 completed and approved by Council by 31 May 2015                                      | Target Achieved     | The IDP review process for 2015/2016 was completed and the IDP was approved by Council on the 28 <sup>th</sup> of May 2015   | None  | None       | None                      | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Council resolutions, Draft IDP, Strategic plan report, Attendance register, Invitations for strategic plan, IDP Consultation attendance register, IDP Analysis phase | MM    |
| Performance Management          | Good governance and administrative excellence | To develop the SDBIP 2015/2016 and submit to the Mayor for signature within 28 days after approval of the budget | SDBIP Development | SDBIP 2014/2015 was developed and submitted to the Mayor within 28 days after approval of the budget | SDBIP 2015/2016 developed and submitted to the Mayor for signature within 28 days after approval of the budget | Target Achieved     | SDBIP 2015/2016 developed and submitted to the Mayor for signature within 28 days after approval of the budget. The Mayor signed on the 26 <sup>th</sup> of June 2015 while the IDP/Budget was | None  | None       | None                      | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Signed SDBIP   | MM    |

| Priorit y Issue/P rogram me | Strateg ic IDP Objecti ve                        | KPI/Measu rable Objective  | Project Name                         | Baseline  | Annual Targets   | Perform ance Remar ks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challe nges | Measure s for Improve ments | Location              | Fundi ng Sourc e | Budget 14/15 R'000 | Adjust ed Budget 14/15 R'000 | Annual Expendit ure | Portfolio Of Evidence  | Depts |
|-----------------------------|--|--|--------------------------------------|---|--|-----------------------|---|---|-------------|-----------------------------|-----------------------|------------------|--------------------|------------------------------|---------------------|--|-------|
|                             |  |  |                                      |   |  |                       | approved on the 28 <sup>th</sup> of May 2015                            |   |             |                             |                       |                  |                    |                              |                     |  |       |
| Perform ance Manag ement    | Good govern ance and admini strative excellen ce | # of organisatio nal performanc e reports developed and submitted to Council by 30 June 2015   | Quarte rly perform ance reports      | 8   | 8  | Target Achiev ed      | 8 organisational performance reports developed and submitted to Council | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Draft Annual Report, Fourth Quarter SDBIP Report 2013/2014, First Quarter SDBIP Report 2014/2015, Mid-Year Performance Report 2014/2015, Oversight, Final Annual Report, Council Resolutions | MM    |
| Perform ance Manag ement    | Good govern ance and admini strative excellen ce | % Section 57 Managers with signed performanc e agreements by 30 June 2015 (# of managers with signed performanc e agreements /# of managers appointed) | Perform ance agree ments             | 100% (3/3)  | 100% (5/5)   | Target Achiev ed      | 100% (5/5) appointed Section 57 Managers signed performance agreements  | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Signed Performance Agreements  | MM    |
| Perform ance Manag ement    | Good govern ance and admini strative excellen ce | # of section 57 managers individual assessment conducted by 30 June 2015   | Individ ual Perform ance Assess ment | 4 section 57 managers individual assessment conducted | 4 section 57 managers individual assessme nt conducted | Target Achiev ed      | 4 section 57 managers individual assessment were conducted              | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Scorecards, Attendance Register  | MM    |



| Priorit y Issue/P rogram me                    | Strateg ic IDP Objecti ve | KPI/Measu rable Objective                     | Project Name                            | Baseline                | Annual Targets        | Performa nce Remar ks | Actual Annual Achievement     | Progress Made (if Annual Target Not Achieved) | Challe nges | Measures for Improve ments             | Location             | Fundi ng Sourc e | Budget 14/15 R'000 | Adjust ed Budget 14/15 R'000 | Annual Expendit ure | Portfolio Of Evidence                           | Depts |
|--|---------------------------|---|---|-------------------------|-----------------------|-----------------------|-------------------------------|---|-------------|--|----------------------|------------------|--------------------|------------------------------|---------------------|---|-------|
| Human Resources and Organizational Development | Invest in human capital   | To develop HR Strategy by 30 June 2015        | HR Strategy Development                 | N/A                     | HR Strategy Developed | Target Achieved       | The HR Strategy was developed | None  | None        | Intensify the marketing of the bursary | Makhado Municipality | Income           | Operational        | Operational                  | Operational         | Council Resolution and <u>HR Strategy, 2015</u> | CORP  |
| Human Resources and Organizational Development | Invest in human capital   | To review the Organogram by 30 June 2015      | Organizational structure review         | Organogram was reviewed | Organogram reviewed   | Target Achieved       | Organogram was reviewed       | None  | None        | None                                   | Makhado Municipality | Income           | Operational        | Operational                  | Operational         | Council Resolution and Organogram 2015/16       | CORP  |
| Human Resources and Organizational Development | Invest in human capital   | Number of employees trained by 30 June 2015   | Training and development of employees   | 240                     | 200                   | Target Achieved       | 114                           | None  | None        | None                                   | Makhado Municipality | Income           | Operational        | Operational                  | Operational         | Training reports                                | CORP  |
| Human Resources and Organizational Development | Invest in human capital   | Number of councillors trained by 30 June 2015 | Training and development of councillors | 75                      | 75                    | Target Achieved       | 61                            | None  | None        | None                                   | Makhado Municipality | Income           | Operational        | Operational                  | Operational         | Training reports                                | CORP  |
| Human Resources and Organizational Development | Invest in human capital   | Number of vacancies filled by 30 June 2015    | Personnel Recruitment                   | 15                      | 20                    | Target Achieved       | 57                            | None  | None        | None                                   | Makhado Municipality | Income           | Operational        | Operational                  | Operational         | Advertisement and appointment letter            | CORP  |

| Priorit y Issue/P rogram me | Strateg ic IDP Objecti ve                       | KPI/Measu rable Objective  | Project Name             | Baseline   | Annual Targets  | Perfor mance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)   | Challe nges   | Measure s for Improve ments                       | Location              | Fundi ng Sourc e | Budget 14/15 R'000 | Adjust ed Budget 14/15 R'000 | Annual Expendit ure | Portfolio Of Evidence  | Depts       |
|-----------------------------|---|--|--------------------------|--|---|----------------------|--|---|---|---|-----------------------|------------------|--------------------|------------------------------|---------------------|--|-------------|
| Special Progra mmes         | Promot e commu nity and enviro nment al welfare | To award 15 bursaries to qualifying learners by 30 June 2015         | Extern al Bursar y Award | 15 bursaries were awarded  | 15 bursaries awarded  | Target Not Achiev ed | 18 busaries awarded  | 18 learners have been awarded bursaries but payments were 16. These include double payment for one learner. | Lack of cooper ation by applica nts in submit ting additio nal inform ation | To improve the communi cation with beneficia ries | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Copy of the reviewed Bursary Policy. Letters of bursary awards | <b>CORP</b> |
| Special Progra mmes         | Promot e commu nity and enviro nment al welfare | # of activities conducted on special programme s by 30 June 2015     | Special Progra mmes      | 50   | 49 activities done  | Target Achiev ed     | 49 activities were done  | None  | None  | None  | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Attendance registers, Signed minutes, Initiations, programmes  | <b>CORP</b> |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g                      | % queries attended emanating from the Valuation Roll by 30 June 2015 | Valuati on Roll          | 100% (# of queries attended/q ueries received)                             | 100%(# of queries attended/ queries received)                                 | Target Achiev ed     | 100/100% all queries were addressed  | None  | None  | None  | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Letters of complaints, Responses from the valuer               | <b>DEVP</b> |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g                      | % application for PTO attended to within 90 days after receipt.      | Permis sion to Occupy    | 100% (# of application attended/# of application received within 90 days). | 100% (# of applicatio n attended/ # of applicatio n received within 90 days). | Target Achiev ed     | 100% (25/25) application for PTO attended to within 90 days after receipt. | None  | None  | None  | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Site inspection report, Register of applications               | <b>DEVP</b> |

| Priorit y Issue/P rogram me | Strateg ic IDP Objecti ve  | KPI/Measu rable Objective   | Project Name           | Baseline  | Annual Targets  | Perfor mance Remar ks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challe nges | Measur es for Improve ments | Location              | Fundi ng Sourc e | Budget 14/15 R'000 | Adjust ed Budget 14/15 R'000 | Annual Expendit ure | Portfolio Of Evidence  | Depts |
|-----------------------------|----------------------------|---|------------------------|---|---|-----------------------|---|---|-------------|-----------------------------|-----------------------|------------------|--------------------|------------------------------|---------------------|--|-------|
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % Housing queries attended to within 30 days after receipt.   | Housin g Coordi nation | 100% (# of housing queries attended within 30 days/# of received) | 100% (# of housing queries attended within 30 days/# of received) | Target Achiev ed      | 100% (20/20) Housing queries attended to within 30 days after receipt. Meetings and correspondenc es to COGHSTA were also made. | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Complaints letters, Accounts applications, Corresponded letters with CFO | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % building plans assessed by 30 June 2015 (# of building plans assessed/# of building plans received) | Buildin g Plans        | 100% processed  | 100%  | Target Achiev ed      | 100% (20/20) building plans assessed  | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Building plans register  | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % of zoning certificates issued by 30 June 2015 (# of applications processed/# applications received) | Zoning of land         | 100% processed  | 100% (# of applicatio ns processed /# applicatio ns received)     | Target Achiev ed      | 100%(124/124) zoning certificates issued  | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Zoning certificates issued   | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % rezoning, subdivision, special consent and consolidati on applications assessed by 30 June          | Rezoni ng of land      | 100% processed  | 100% (# of applicatio ns processed /# applicatio ns received)     | Target Achiev ed      | 100%(133/133) rezoning, subdivision, special consent and consolidation applications   | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | EXCO resolutions   | DEVP  |

| Priorit y Issue/P rogram me | Strateg ic IDP Objecti ve  | KPI/Measu rable Objective  | Project Name           | Baseline  | Annual Targets  | Perform ance Remar ks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challe nges | Measur es for Improve ments | Location              | Fundi ng Sourc e | Budget 14/15 R'000 | Adjust ed Budget 14/15 R'000 | Annual Expendit ure | Portfolio Of Evidence                                   | Depts |
|-----------------------------|----------------------------|--|------------------------|---|---|-----------------------|---|---|-------------|-----------------------------|-----------------------|------------------|--------------------|------------------------------|---------------------|---|-------|
|                             |                            | 2015 (# of applications processed/ # applications received)  |                        |   |   |                       |   |   |             |                             |                       |                  |                    |                              |                     |   |       |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % application for land use rights inspection conducted within 14 days  | Land Use Manag ement   | 100% (# of application for land use rights inspection conducted within 14 days/# of application received) | 100% (# of applicatio n for land use rights inspection conducted within 14 days/# of applicatio n received) | Target Achiev ed      | 100%(43/43) application for land use rights inspection conducted within 14 days | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Site inspection report, Register of applications        | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % certificates of occupancy issued by 30 June 2015 (# of applications processed/ # of applications received) | Occupan cy of land     | 100% processed  | 100% (# of applicatio ns processed /# of applicatio ns received)  | Target Achiev ed      | 100% (57/57) certificates of occupancy issued                                   | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Copy of occupancy certificates issued                   | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % application for pegging attended to within 15 days after receipt.  | Peggin g Applica tions | 100% (# of application s processed/ # of application s received)  | 100% (# of applicatio ns processed /# of applicatio ns received)  | Target Achiev ed      | 100% (24/24) application for pegging attended to within 15 days after receipt.  | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Application Assessment Report, Register of applications | DEVP  |
| Spatial and Town            | Advanc e Spatial           | % application for  | Demarc ation of sites  | 100% (# of application s  | 100% (# of applicatio   | Target Achiev ed      | 100% (54/54) application for demarcation of                                     | None  | None        | None                        | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Application Assessment Report, Register of              | DEVP  |

| Priorit y Issue/P rogram me | Strateg ic IDP Objecti ve  | KPI/Measu rable Objective   | Project Name           | Baseline   | Annual Targets   | Perform ance Remar ks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challe nges | Measures for Improve ments | Location              | Fundi ng Sourc e | Budget 14/15 R'000 | Adjust ed Budget 14/15 R'000 | Annual Expendit ure | Portfolio Of Evidence                                   | Depts |
|-----------------------------|----------------------------|---|------------------------|--|--|-----------------------|---|---|-------------|----------------------------|-----------------------|------------------|--------------------|------------------------------|---------------------|---|-------|
| Plannin g                   | Plannin g                  | demarcat ion of new site attended to within 30 days after receipt.          |                        | processed/ # of application s received)  | ns processed /# of applicatio ns received)   |                       | new site attended to within 30 days after receipt.                                |   |             |                            |                       |                  |                    |                              |                     | applications  |       |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % property application processed within 30 days of receipt                  | Propert y applica tion | 100% (# of application s processed/ # of application s received)                       | 100% (# of applicatio ns processed /# of applicatio ns received)                       | Target Achiev ed      | 100%(17/17) property application processed within 30 days of receipt              | None  | None        | None                       | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Application Assessment Report, Register of applications | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % request for use municipal property processed within 5 days                | Propert y applica tion | 100% (# of application s processed/ # of application s received)                       | 100% (# of applicatio ns processed /# of applicatio ns received)                       | Target Achiev ed      | 100%(37/37) request for use municipal property processed within 5 days            | None  | None        | None                       | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Bookings register                                       | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % land claims queries coordinate d within 30 days after receipt             | Land Claims            | 100% (# of queries processed/ # of queries received)                                   | 100% (# of queries processed /# of queries received)                                   | Target Achiev ed      | 100%(2/2) land claims queries coordinated within 30 days after receipt            | None  | None        | None                       | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Correspondence letters and emails.                      | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % by law contraventi ons notices issued within 5 days after identificati on | By Law Enforc ement    | 100% (# of contraventi on notices issued within 5 days/# of contraventi on identified) | 100% (# of contraven tion notices issued within 5 days/# of contraven tion identified) | Target Achiev ed      | 100%(5/5) by law contraventions notices issued within 5 days after identification | None  | None        | None                       | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Duplicate notices                                       | DEVP  |

| Priorit y Issue/P rogram me | Strateg ic IDP Objecti ve  | KPI/Measu rable Objective                                 | Project Name         | Baseline  | Annual Targets  | Perform ance Remar ks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)          | Challe nges   | Measures for Improve ments                                    | Location              | Fundi ng Sourc e | Budget 14/15 R'000 | Adjust ed Budget 14/15 R'000 | Annual Expendit ure | Portfolio Of Evidence     | Depts |
|-----------------------------|----------------------------|---|----------------------|---|---|-----------------------|---|--|---|---|-----------------------|------------------|--------------------|------------------------------|---------------------|---------------------------|-------|
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | # of routine inspection conducted by 30 June 2015         | Routin e Inspect ion | 240   | 240   | Target Not Achiev ed  | 144 routine inspections conducted (Building Control).   | 144 routine inspections conducted. (Building Control). | Comm unities buildin g without approv ed buildin g plans. | Issuing of notices and assisting with building plan approval. | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Inspection form, Register | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | % site inspection applications done within 24 hours       | Site Inspect ion     | 100% (# of site inspections conducted within 24 hours/# of site inspections application received) | 100% (# of site inspections conducted within 24 hours/# of site inspections application received) | Target Achiev ed      | 100% (48/48) site inspection applications done within 24 hours  | None   | None  | None  | Makhado Municipa lity | Incom e          | Operatio nal       | Operatio nal                 | Operatio nal        | Inspection form, Register | DEVP  |
| Spatial and Town Plannin g  | Advanc e Spatial Plannin g | To name the streets in the R293 townships by 30 June 2015 | Street Namin g       | Consultatio n/ Establishm ent of committees /Some names completed                                 | Provision of street names for R293 towns completed  | Target Achiev ed      | Street names completed for Dzanani township. Vuwani, Waterval and Vleifontein still awaiting public consultation (Town Planning). | None   | None  | None  | Makhado Municipa lity | Incom e          | 200 000.00         | 200 000.00                   | 200 000.00          | Expenditure Report        | DEVP  |

## ANNEXURE 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

| Priority Issue/Programme | Strategic IDP Objective                     | KPI/Measurable Objective   | Project Name                                   | Baseline                                      | Annual Targets  | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)  | Challenges   | Measures for Improvements   | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|--------------------------|---|--|--|---|---|----------------------|---|--|--|---|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
| Disaster Management      | Promote community and environmental welfare | To review the Disaster Management Plan and summarised into the IDP 2015/2016 by 30 June 2015 | Disaster Management                            | Disaster Management was reviewed in 2013/2014 | Disaster Management Plan completed and summarised in to the IDP 2015/2016 | Target achieved.     | The Disaster Management Plan is completed and further summarised in to the IDP 2015/2016          | None   | None   | None  | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Report of data collected. Draft and Final Disaster Management Plan. Council Resolution | COMM  |
| Library Services         | Promote community and environmental welfare | # of Readathon campaign conducted by 30 September 2014                                       | Readathon campaign                             | 1 readathon campaign was conducted            | 1 readathon campaign conducted  | Target achieved.     | The intended 1 readathon campaign was conducted   | None   | None   | None  | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Memo, Attendance register, Invitations, Programmes.                                    | COMM  |
| Library Services         | Promote community and environmental welfare | # of Library week campaigns conducted by 31 March 2014                                       | Project cancelled.                             | Project cancelled                             | Project cancelled   | Target not achieved. | The library week campaign was not conducted since the project was cancelled due to a linking roof | Project cancelled due to damage of the library roof. The library temporarily closed. | Project cancelled due to damage of the library roof. The library temporarily closed. | Amount of 1000 000 is budgeted for the refurbishment of the library in the 2015/2016 financial year | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Memo, Attendance register, Invitations, Programmes.                                    | COMM  |
| Protection Services      | Promote community and environmental welfare | To construct and upgrade testing station by 30 June 2015                                     | Constructing and upgrading of testing stations | N/A   | Construction and upgrading of testing stations completed                  | Target achieved.     | The construction and upgrading of testing stations is completed                                   | None   | None   | None  | Makhado Municipality | Income         | 1 270 000.00       | 1 100 000.00                | 893 027.71         | Project Report, Completion certificate   | TECH  |

| Priority Issue/Programme | Strategic IDP Objective                     | KPI/Measurable Objective   | Project Name  | Baseline | Annual Targets  | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)   | Challenges   | Measures for Improvements   | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|--------------------------|---|--|---|----------|---|----------------------|---|---|--|---|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
| Protection Services      | Promote community and environmental welfare | To construct and upgrade Makhado pounds facilities by 30 June 2015 | Construction and Upgrading of Makhado municipal pounds facilities | N/A      | Construction and Upgrading of Makhado municipal pounds facilities completed | Target Not achieved. | Construction and Upgrading of Makhado municipal pounds facilities is not completed: | Progress is as follows: Pound borehole (Makhado) is done, Pound 5000L water tank & stand was purchased, Pound Upgrade and fence was not done Pound Office electrification & Plumbing (Makhado) was done | Slow progress by the service provider  | To complete the project before the end of the quarter 2015/216  | Makhado Municipality | Income         | 530 000.00         | 280 000.00                  | 893 027.71         | Specifications, appointment letters, proof of purchase.                                  | TECH  |
| Traffic and Licensing    | Promote community and environmental welfare | To purchase Motor cycle equipment by 30 June 2015                  | Provision of tools and equipment' s for traffic stations          | N/A      | Removed during budget adjustment  | Target not achieved. | The project was removed during budget adjustment                                    | The project was removed during budget adjustment  | Financial constraints  | To be budgeted after 2016/2017 financial year   | Makhado Municipality | Income         | 40 000.00          | -                           | -                  | Removed during budget adjustment   | COM M |
| Traffic and Licensing    | Promote community and environmental welfare | # of joint operations conducted by 30 June 2015                    | Joint Operations  | 48       | 48 joint operations conducted   | Target achieved.     | 48 Joint operations were conducted  | None  | None   | None  | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Attendance register, Action plan, Output register  | COM M |
| Waste Management         | Promote community and environmental welfare | To develop the New Landfill site by 30 June 2014                   | Development of a new of landfill site (Makhado)                   | N/A      | New Landfill site developed   | Target not achieved. | New Landfill site is not completed  | New Landfill development is not complete since cell lining and evaporation pot are not yet completed. The following are completed: Specifications, Advertisement, establishment, Fencing site           | The service provider has underquoted. This was only discovered when the project was already under implementation | Additional funding of R2.2m has been sourced to finalise the pending activities. A new service provider will be | Makhado Municipality | MIG            | 3 000 000.00       | 4 000 000.00                | 3 500 318.97       | Specifications, advertisement, appointment letter, designs/plan, Project progress report | TECH  |



| Priority Issue/Programme | Strategic IDP Objective                     | KPI/Measurable Objective                              | Project Name                        | Baseline | Annual Targets                   | Performance Remarks  | Actual Annual Achievement                                     | Progress Made (if Annual Target Not Achieved)   | Challenges  | Measures for Improvements   | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|--------------------------|---|---|-------------------------------------|----------|----------------------------------|----------------------|---|---|---|---|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
|                          |   |   |                                     |          |                                  |                      |   | clearing, completion of ablation, guardhouse, way bridge, leachate dam, regravell the access road, sewer system for the office and ablation, drilling of 4 x ground water monitoring borehole   |   | appointed.  |                      |                |                    |                             |                    |  |       |
| Waste Management         | Promote community and environmental welfare | To rehabilitate the old landfill site by 30 June 2015 | Rehabilitation of old landfill site | N/A      | Old Landfill site rehabilitated  | Target not achieved. | The rehabilitation of the old landfill site is not completed. | Progress is as follows: Covering of waste body with soil done, Appointment of the service provider done. Drilling of 2 x ground water quality monitoring boreholes done. Planting of indigenous vegetation (10ha) not done, Construction of leachate collection dam 4m dip not done | Planting of indigenous vegetation (10ha) and Construction of leachate collection dam 4m dip cannot be done since the municipality is still using the old landfill site. The new landfill site is 95% done | The new landfill site to be completed in the first quarter 15/16 financial year (roll over) | Makhado Municipality | INCOME         | 3 000 000.00       | 2 360 163.00                | 2 131 273.61       | Specifications , Appointment letter, Project progress report | TECH  |
| Waste Management         | Promote community and environmental         | To purchase 1X LDV'S with a canopy by                 | Purchase of 1X LDV'S with a canopy  | N/A      | 1X LDV'S with a canopy purchased | Target not achieved. | The purchase 1X LDV'S with a canopy was                       | Progress is as follows: Development of specifications done,   | The municipality took a decision to centralise  | To be purchased in the 16/17 financial  | Makhado Municipality | INCOME         | 300 000.00         | -                           | -                  | Appointment letter, proof of purchase                        | COMM  |

| Priority Issue/Programme | Strategic IDP Objective                     | KPI/Measurable Objective   | Project Name   | Baseline | Annual Targets  | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)  | Challenges                            | Measures for Improvements | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                                | Depts |
|--------------------------|---|--|--|----------|---|---------------------|--|--|---------------------------------------|---------------------------|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
|                          | welfare                                     | 30 June 2015   |  |          |   |                     | not done.  | advertisement of the tender done, evaluation and adjudication processes done. Appointment of a service provider not done | all vehicle to asset management unit. | year through Asset Unit   |                      |                |                    |                             |                    |  |       |
| Waste Management         | Promote community and environmental welfare | To purchase waste management tools and equipment by 30 June 2015           | Provision of Tools and Equipment for Waste Management  | N/A      | Waste management tools and equipment purchased  | Target achieved.    | The Waste management tools and equipment are purchased.  | None   | None                                  | None                      | Makhado Municipality | INCOME         | 1 160 000.00       | 1 160 000.00                | 5 631 592.58       | Proof of purchase                                    | COM M |
| Parks and Recreation     | Promote community and environmental welfare | To upgrade and refurbish and 2 x town swimming pools by 30 June 2015       | Refurbishment and upgrading of 2 x swimming pools (small - 72m <sup>2</sup> , big - 737m <sup>2</sup> ). | N/A      | Refurbishment and upgrading of 2 x swimming pools (small - 72m <sup>2</sup> , big - 737m <sup>2</sup> completed | Target achieved.    | The refurbishment and upgrading of 2 x swimming pools (small - 72m <sup>2</sup> , big - 737m <sup>2</sup> is completed | None   | None                                  | None                      | Makhado Municipality | INCOME         | -                  | 200 000.00                  | 11 263 185.16      | Project progress report, Commissioning report        | COM M |
| Parks and Recreation     | Promote community and environmental welfare | To purchase tools and equipment's for parks and recreation by 30 June 2015 | Provision of tools and equipment's (parks and recreation and maintenances                                | N/A      | Tools and equipment's (parks and recreation purchased.  | Target achieved.    | The tools and equipment's for parks and recreation are purchased.  | None   | None                                  | None                      | Makhado Municipality | INCOME         | 500 000.00         | 298 955.73                  | 16 894 777.74      | Specifications, Proof of purchase, Proof of delivery | COM M |

| Priority Issue/Programme | Strategic IDP Objective                      | KPI/Measurable Objective  | Project Name  | Baseline   | Annual Targets  | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)                      | Challenges  | Measures for Improvements   | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                                     | Depts |
|--------------------------|--|---|---|--|---|---------------------|--|--|---|---|----------------------|----------------|--------------------|-----------------------------|--------------------|---|-------|
| PMU                      | Accessible basic and infrastructure services | # of MIG projects completed in line with SDBIP targets by 30 June 2015                            | Municipal Infrastructure Grant projects   | 11 MIG projects completed in line with SDBIP targets | 15 MIG projects completed in line with SDBIP targets                                      | Target not achieved | 12 MIG projects are completed in line with the SDBIP targets.  | Only 12 MIG projects are completed in line with the SDBIP targets. | 1 project could not be completed due to delays in terms of designs approval by RAL. 1 projects was taken out during adjustment budget, Landfill site delayed due to lack of capacity by the contractor, | All the three projects will be completed and done during 15/16 financial year | Makhado Municipality | MIG            | 104 432 000.00     | 151333 336.74               | 147655 201         | Project Reports   | MM    |
| Electricity Provision    | Accessible basic and infrastructure services | To fence Riverview Tshipise (25m x 10m) and Mudimeli (97m x 11m) switching points by 30 June 2015 | Fencing Riverview-Tshipise (25m x 10m) and Mudimeli (97m x 11m) switching point | N/A  | Fencing Riverview-Tshipise (25m x 10m) and Mudimeli (97m x 11m) switching point completed | Target achieved.    | The fencing of Riverview-Tshipise (25m x 10m) and Mudimeli (97m x 11m) switching point are completed | None   | None  | None  | Makhado Municipality | INCOME         | 60000              | 60000                       | 5 169.94           | Quotations for materials, designs, completion certificate | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To install 8 flood lights by 31 December 2014   | Installation of 8 x flood lights  | N/A  | Installation of 8 x flood lights completed  | Target achieved.    | The installation of 8 x flood lights is completed  | None   | None  | None  | Makhado Municipality |                | 20 000.00          | 20 000.00                   | 19 015.30          | Project Report  | TECH  |
| Electricity Provision    | Accessible basic and infrastructure          | % budget spent on repair of transformer   | Power/Distribution transformer repairs  | N/A  | Power/Distribution transformer repairs  | Target not achieved | Power/Distribution transformer repairs   | This project was taken out during adjustment                       | Insufficient funds to handle the insurance  | The project will no longer  | Makhado Municipality | INCOME         | 1 000 000.00       | -                           | -                  | Taken out during adjustment                               | TECH  |

| Priority Issue/Programme | Strategic IDP Objective                      | KPI/Measurable Objective   | Project Name                                   | Baseline | Annual Targets   | Performance Remarks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challenges  | Measures for Improvements                                       | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|--------------------------|--|--|--|----------|--|---------------------|---|---|---|---|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
|                          | ture services                                | rs by 30th June 2015   |  |          | completed  |                     | not completed   |   | matter  | continue because the future repairs is now handled by insurance | ty                   |                |                    |                             |                    |  |       |
| Electricity Provision    | Accessible basic and infrastructure services | To replace 7 X protection relays for the Urban indoor subs by 30 June 2015   | Replacement of the protection relays           | N/A      | 7 x Protection relays for Urban indoor subs purchased and replaced                                     | Target achieved     | The 7 x Protection relays for Urban indoor subs was purchased and replaced  | None  | None  | None  | Makhado Municipality | INCOME         | 90 000.00          | 156 000.00                  | 155 995.00         | Specifications , Request for Quotations, Proof of purchase                             | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To rebuild Emma Substation MV line by 31 March 2015  | Rebuild Emma Substation MV line                | N/A      | Rebuild Emma Substation MV line completed  | Target not achieved | Rebuild Emma Substation MV line not completed   | The project was taken out during adjustment.  | The money was used to pay for Madombidja high mast lights | The money was used to pay for Madombidja high mast lights       | Makhado Municipality | INCOME         | 600 000.00         | 450 000.00                  | 377 511.90         | Taken out during adjustment. The money was used to pay for Madombidja high mast lights | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To finalise payment of R379408.70 for work completed (Modombinja and Rathsidili High mast project.) by 31 March 2015 | Payment of Modombinja and Rathsidili High mast | N/A      | Final payments of R379408.70 done for work completed at (Modombinja and Rathsidili High mast project.) | Target achieved     | The payment of R379408.70 is done for work completed when installing Modombinja and Rathsidili High mast project. | None  | None  | None  | Makhado Municipality | INCOME         | -                  | 379 408.70                  | 379 408.70         | Proof of payment   | TECH  |
| Electricity Provision    | Accessible basic and                         | To install 7 remote controls for   | 7 X Remote control for switch gear             | N/A      | 7 X Remote control for switch gear   | Target achieved     | The 7 X Remote control for  | None  | None  | None  | Makhado Municipality | INCOME         | 80 000.00          | 70 000.00                   | 70 000.00          | Specifications , appointment   | TECH  |

| Priority Issue/Programme | Strategic IDP Objective                      | KPI/Measurable Objective  | Project Name  | Baseline | Annual Targets  | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)  | Challenges  | Measures for Improvements  | Location               | Funding Source                     | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts                    |
|--------------------------|--|---|---|----------|---|---------------------|--|--|---|--|------------------------|------------------------------------|--------------------|-----------------------------|--------------------|--|--------------------------|
| on                       | infrastructure services                      | the switch gear at Tshipise & Levubu sub and line controllers by 30 June 2015 | Tshipise & Levubu sub and line controllers                      |          | Tshipise & Levubu sub and line controllers completed                      |                     | switch gear Tshipise & Levubu sub and line controllers is completed      |  |   |  | city                   |                                    |                    |                             |                    | letter, Oil test results, Close out report   |                          |
| Electric Provision       | Accessible basic and infrastructure services | To repair 2 X 10MVA Transformers at Levubu Substation by 30 June 2015         | Repair 2 X 10MVA Transformers Levubu Sub station                | N/A      | Repair 2 X 10MVA Transformers Levubu Substation completed                 | Target not achieved | The repair of 2 X 10MVA Transformers Levubu Sub station is not completed | Only advertisement of tender was done the rest will be done in 2015/2016 when money is available   | Insufficient funds                                | The tender has been advertised and the project will be completed during 15/16 financial year                   | Makhado Municipality   | INCOME                             | 150 000.00         | 150 000.00                  | 150 000.00         | Specifications, appointment letter, Oil test results, Close out report                                 | TECH<br>See SDBI P 15/16 |
| Electric Provision       | Accessible basic and infrastructure services | To construct the Standby quarters (419m <sup>2</sup> ) by 30 June 2015        | Standby quarters (419m <sup>2</sup> )                           | N/A      | Standby quarters (419m <sup>2</sup> ) completed                           | Target not achieved | Standby quarters (419m <sup>2</sup> ) is not completed                   | Construction of building up to roof height and Roof and plastering is completed. Ceilings, windows, floors, painting and cupboards are not done. However roof and plastering are completed | Delays in supply of materials by service provider | The municipality has pressured the service provider. Materials are now supplied and the building has commenced | Makhado Municipality   | INCOME                             | 800 000.00         | 800 000.00                  | 118 404.87         | Specification, quotations, appointment letter, delivery notes, purchase orders, good received vouchers | TECH                     |
| Electric Provision       | Accessible basic and infrastructure services | To provide two new transformers (10MVA 22/11) for extension 9 by 30 June      | Provision of two new transformers (10MVA 22/11) for extension 9 | N/A      | Provision of two new transformers (10MVA 22/11) for extension 9 completed | Target not achieved | The provision of two new transformers (10MVA 22/11) for extension 9      | The provision of two new transformers (10MVA 22/11) for extension 9 not done since the project was   | Financial constraints                             | To be done in 2015/2016 financial through maintenance  | Adjusted during budget | Adjusted during budget adjustment. | 2 000 000.00       | -                           | -                  | Specification, advertisement, appointment letter, purchase order,                                      | TECH<br>See SDBI P 15/16 |

| Priority Issue/Programme | Strategic IDP Objective                      | KPI/Measurable Objective                                     | Project Name                                 | Baseline | Annual Targets  | Performance Remarks | Actual Annual Achievement                                      | Progress Made (if Annual Target Not Achieved)   | Challenges            | Measures for Improvements                                    | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts                    |
|--------------------------|--|--|--|----------|---|---------------------|--|---|-----------------------|--|----------------------|----------------|--------------------|-----------------------------|--------------------|--|--------------------------|
|                          |  | 2015   |  |          |   |                     | not done   | removed during budget adjustment  |                       | nce budget   | adjustment.          |                |                    |                             |                    | delivery notes, goods received voucher   |                          |
| Electricity Provision    | Accessible basic and infrastructure services | To provide Transformers 2x5MVA 22/11 by 30 June 2015         | Transformers 2x5MVA 22/11                    | N/A      | Transformers 2x5MVA 22/11 purchased                     | Target not achieved | The Transformers 2x5MVA 22/11 was not purchased                | The Transformers 2x5MVA 22/11 was not purchased since the project was removed during budget adjustment. | Financial constraints | To be done in 2015/2016 financial through maintenance budget | Makhado Municipality | INCOME         | 1 500 000.00       | -                           | -                  | Specification, advertisement, appointment letter, purchase order, delivery notes, goods received voucher   | TECH<br>See SDBI P 15/16 |
| Electricity Provision    | Accessible basic and infrastructure services | To upgrade 1.65km of Mara Line by 31 December 2014           | Upgrade 1.65km of Mara Line                  | N/A      | 1.65km Upgrade of Mara Line completed                   | Target achieved.    | The 1.65km upgrade of Mara Line is completed                   | None  | None                  | None   | Makhado Municipality | INCOME         | 200 000.00         | 200 000.00                  | 192 296.73         | Design, requisitions, photo evidence of progress, completion certificate   | TECH                     |
| Electricity Provision    | Accessible basic and infrastructure services | To upgrade 1.07km of Tshipise line by 31 December 2014       | Upgrade 1.07km of Tshipise line              | N/A      | 1.07km Upgrade of Tshipise line completed               | Target achieved.    | The 1.07km upgrade of Tshipise line is completed               | None  | None                  | None   | Makhado Municipality | INCOME         | 250 000.00         | 250 000.00                  | 228 910.81         | Design, requisitions, photo evidence of progress, completion certificate   | TECH                     |
| Electricity Provision    | Accessible basic and infrastructure services | To plan for upgrade of 5 X Urban Substations by 30 June 2015 | Planning for upgrade of 5 X Urban substation | N/A      | Planning for upgrade of 5 x Urban Substations completed | Target achieved.    | The planning for upgrade of 5 x Urban Substations is completed | None  | None                  | None   | Makhado Municipality | INCOME         | 500 000.00         | 500 000.00                  | 500 000.00         | Specification, advertisement appointment letter of consultant draft design, final design, advertisement for contractor appointment of contractor | TECH                     |

| Priority Issue/Programme | Strategic IDP Objective                      | KPI/Measurable Objective   | Project Name                       | Baseline | Annual Targets                                   | Performance Remarks                         | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)  | Challenges  | Measures for Improvements   | Location           | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|--------------------------|--|--|------------------------------------|----------|--|---|--|--|---|---|--------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
| Electricity Provision    | Accessible basic and infrastructure services | To begin with the construction work for the electrification of 471 at Wisagalaza village by 30 June 2015 | Electrification Wisagalaza village | N/A      | 471 households electrified at Wisagalaza village | Target achieved in terms of SDBIP timelines | 471 households has not been electrified.                               | The progress is as follows: Site establishment has been done, Digging of holes done and planting of poles done. The project is multiyear and will be completed during 15/16 financial year, However the SDBIP timelines for Wisagalaza project has been achieved | None  | None  | Wisagalaza village | INEP           | 6 020 000.00       | 442480<br>100000            | 439<br>121.29      | Specifications , Appointment letter, Designs, Site   | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 120 households at Murunwa village by 30 June 2015   | Electrification Murunwa village    | N/A      | 120 households electrified at Murunwa village    | Target not achieved.                        | Electrification of 120 households at Murunwa village was not completed | Only 107 households were electrified at Murunwa village  | During electrification only 107 households were available and ready for electrification | To remaining households will be done in the other circle as financial year progresses | Murunwa village    | INEP           | 980 000.00         | 328079<br>.8<br>600000      | 394<br>299.81      | Completion certificate, hand over certificate, Beneficiary list (PCS - Pre paid customer sheet). | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 148 households at Vhangani village by 30 June 2015  | Electrification Vhangani Village   | N/A      | 148 households electrified at Vhangani Village   | Target over achieved.                       | 167 households at Vhangani Village have electrified.                   | This was due to available application at the time of electrification. The municipality did not have any challenge implementing the difference since budget   | None  | None  | Vhangani Village   | INEP           | -                  | 838359<br>854900<br>.70     | 838<br>359.82      | Completion certificate, Customer information file (Eskom)  | TECH  |

| Priority Issue/Programme | Strategic IDP Objective                      | KPI/Measurable Objective  | Project Name  | Baseline | Annual Targets   | Performance Remarks  | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)  | Challenges   | Measures for Improvements                                | Location               | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                                     | Depts |
|--------------------------|--|---|---|----------|--|----------------------|--|--|--|--|------------------------|----------------|--------------------|-----------------------------|--------------------|---|-------|
|                          |  |   |   |          |  |                      |  | was available  |  |  |                        |                |                    |                             |                    |   |       |
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 60 households at Mugejwani village by 30 June 2015   | Electrification Mugejwani village                           | N/A      | 60 households electrified at Mugejwani village   | Target achieved.     | The electrification of 60 households at Mugejwani village has been completed                                     | None   | None   | None   | Mugejwani              | INEP           | -                  | 538941.550354.90            | 598941.00          | Completion certificate, Customer information file (Eskom) | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 190 households at Njhakanjha PH2 village by 30 June 2015   | Electrification Njhakanjha PH2                              | N/A      | 190 households electrified at Njhakanjha PH2   | Target Not achieved. | The electrification of 190 households at Njhakanjha PH2 has not been completed.                                  | The following has been completed: Digging of holes, Dress the poles, Plaiting of poles, Stringing of conductors, Install Transformers, Install Links<br>Low Voltage: Digging of holes, Plant poles, string the conductors, Install pole top boxes, Install meters, House connections | The project has not been switched on due to delay by Eskom | To engage Eskom to speed up the process of commissioning | Njhakanjha PH2         | INEP           | -                  | 601915.25107014.050         | 601915.25          | Customer list, Completion certificate                     | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To pay R194019 the service provider for the services provided at Tshikwarani/Muduluni village by 30 June 2015 | Payment for electrification of Tshikwarani/Muduluni village | N/A      | R194019 paid to the service provider for the services provided at Tshikwarani/Muduluni village | Target achieved.     | The amount of R194019 was paid to the service provider for the services provided at Tshikwarani/Muduluni village |  | None   | None   | (Tshikwarani/Muduluni) | INEP           | -                  | 194019.06                   |                    | Proof of payment  | TECH  |



| Priority Issue/Programme | Strategic IDP Objective                      | KPI/Measurable Objective  | Project Name                            | Baseline | Annual Targets  | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)   | Challenges   | Measures for Improvements   | Location        | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000     | Annual Expenditure | Portfolio Of Evidence                 | Depts |
|--------------------------|--|---|---|----------|---|----------------------|---|---|--|---|-----------------|----------------|--------------------|---------------------------------|--------------------|---------------------------------------|-------|
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 250 households at Mashamba/Woyoza by 30 June 2015          | Electrification Mashamba/Woyoza village | N/A      | 250 households electrified at Mashamba/Woyoza village | Target not achieved. | The electrification of 186 households at Mashamba/Woyoza village has been completed | The 64 household were an upgrade. They were already existing already. Only 186 connections were achieved                    | The municipality combined upgrade with new connection. | The municipality will separate upgrade project with new connections | Mashamba/Woyoza | INEP           | -                  | 128474<br>1.06<br>794530<br>.94 | 1 284<br>741.06    | Customer list, Completion certificate | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 190 households at Luvhalani village by 30 June 2015        | Electrification Luvhalana village       | N/A      | 190 households electrified at Luvhalana Village       | Target achieved      | The electrification of 190 households at Luvhalana Village has been completed       | None  | None   | None  | Luvhalana       | INEP           | -                  | 990333<br>.07<br>185383<br>0.59 | 990<br>333.07      | Customer list, Completion certificate | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 31 households at Njhakanjha ka PH2 village by 30 June 2015 | Electrification Mufeba village          | N/A      | 31 households electrified at Mufeba Village           | Target achieved      | The electrification of 31 households at Mufeba Village has been completed           | Please not that there was a typing error in terms of the village name. it is supposed to be Mufeba instead of Njhakanjhaka. | None   | None  | Mufeba          | INEP           | -                  | 542576<br>.79<br>133950         | 542<br>576.79      | Customer list, Completion certificate | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 31 households at Mauluma ZONE 4 village by 30 June 2015    | Electrification Mauluma ZONE 4          | N/A      | 31 households electrified at Mauluma ZONE 4           | Target achieved      | The electrification of 31 households at Mauluma ZONE 4 has been completed           | None  | None   | None  | Mauluma ZONE 4  | INEP           | -                  | 171769<br>6<br>102612<br>1.39   | 1 717<br>696.54    | Customer list, Completion certificate | TECH  |
| Electricity Provision    | Accessible basic and infrastructure services | To electrify 57 households at Pfananani village by                      | Electrification Pfananani village       | N/A      | 57 households electrified at Pfananani                | Target achieved      | The electrification of 57 households at Pfananani                                   | None  | None   | None  | Pfananani       | INEP           | -                  | 636<br>601.88                   | 731<br>278.35      | Customer list, Completion certificate | TECH  |

| Priorit<br>y<br>Issue/P<br>rogram<br>me | Strategic<br>IDP<br>Objectiv<br>e                          | KPI/Measu<br>rable<br>Objective   | Project<br>Name  | Baseli<br>ne  | Annual<br>Targets   | Perfor<br>mance<br>Remark<br>s | Actual<br>Annual<br>Achieveme<br>nt   | Progress Made<br>(if Annual<br>Target Not<br>Achieved)  | Challenges             | Measure<br>s for<br>Improve<br>ments                     | Loca<br>tion                        | Fundin<br>g<br>Source | Budget<br>14/15<br>R'000 | Adjust<br>ed<br>Budget<br>14/15<br>R'000 | Annual<br>Expend<br>iture | Portfolio Of<br>Evidence   | Dept<br>s |
|---|--|---|--|---|---|--------------------------------|---|---|------------------------|--|-------------------------------------|-----------------------|--------------------------|--|---------------------------|--|-----------|
|   |  | 30 June<br>2015   |  |   |   |                                | has been<br>completed   |   |                        |  |                                     |                       |                          |  |                           |  |           |
| Electric<br>Provisi<br>on               | Accessibl<br>e basic<br>and infrastruc<br>ture<br>services | To electrify<br>31<br>households<br>at<br>Madombid<br>hza village<br>by 30 June<br>2015           | Payment of<br>Madombidz<br>ha village<br>electrificati<br>on           | Proje<br>ct<br>compl<br>eted<br>but<br>payme<br>nt not<br>done. | 31<br>househol<br>ds<br>electrifie<br>d at<br>Madomb<br>idzha<br>village            | Target<br>achie<br>ved         | 31<br>househol<br>ds were<br>electrifie<br>d at<br>Madomb<br>idzha<br>village                   | Please note that<br>the project was<br>completed in<br>the prior year.<br>The only reason<br>it was included<br>here was for<br>the purpose of<br>payment.<br>Actually the<br>indicator was<br>not well coined<br>to suit the<br>intended<br>outcome. | None                   | None   | Mad<br>ombi<br>dzha                 | INEP                  | -                        | 206<br>938.30                            | 227<br>759.38             | Proof of<br>payment  | TECH      |
| Electric<br>Provisi<br>on               | Accessibl<br>e basic<br>and infrastruc<br>ture<br>services | To electrify<br>83<br>households<br>at<br>Tshafhahan<br>i village by<br>30 June<br>2015           | Electrificati<br>on<br>Tshafhahan<br>i village                         | N/A   | 83<br>households<br>electrified<br>at<br>Tshafhahan<br>i                            | Target<br>achie<br>ved         | The<br>electrificati<br>on of 103<br>households<br>at<br>Tshafhahan<br>i has been<br>completed  | None  | None                   | None   | Tsha<br>fhah<br>ani                 | INEP                  | -                        | 376<br>464.62                            | 227<br>759.38             | Customer list,<br>Completion<br>certificate  | TECH      |
| Electric<br>Provisi<br>on               | Accessibl<br>e basic<br>and infrastruc<br>ture<br>services | To<br>purchase<br>tools and<br>equipment'<br>s for<br>electrical<br>section by<br>30 June<br>2015 | Provision of<br>tools<br>,equipment<br>and<br>material<br>(Electrical) | N/A   | Provision of<br>tools<br>,equipment<br>and<br>material<br>(Electrical)<br>completed | Target<br>achie<br>ved         | Provision of<br>tools<br>,equipment<br>and<br>material<br>(Electrical)<br>has been<br>completed | None  | None                   | None   | Mak<br>hado<br>Muni<br>cipali<br>ty | INCOM<br>E            | 4 723<br>000.00          | 3 858<br>000.00                          | 10 611<br>314.75          | Specifications<br>, quotations,<br>tenders,<br>appointments<br>, orders,<br>delivery<br>notes, goods<br>received<br>vouchers | TECH      |
| Electric<br>Provisi<br>on               |  | To provide<br>1 backup<br>electricity<br>generators<br>in traffic<br>stations                     | Backup<br>electricity<br>generators                                    | N/A   | Backup<br>electricity<br>generators<br>installed at<br>traffic<br>station           | Target<br>not<br>achie<br>ved  | Backup<br>electricity<br>generators<br>was not<br>installed at<br>traffic<br>station            | None  | Insufficient<br>budget | To do it<br>in the<br>financial<br>year<br>2016/201<br>7 | Mak<br>hado<br>Muni<br>cipali<br>ty | INCOM<br>E            | Operatio<br>nal          | Operatio<br>nal                          | Operatio<br>nal           | Installation<br>report   | TECH      |

| Priority Issue/Programme       | Strategic IDP Objective                      | KPI/Measurable Objective  | Project Name  | Baseline | Annual Targets  | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)                | Challenges   | Measures for Improvements                         | Location                  | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence   | Depts |
|--------------------------------|--|---|---|----------|---|----------------------|---|--|--|---|---------------------------|----------------|--------------------|-----------------------------|--------------------|---|-------|
| Sports Facilities              | Accessible basic and infrastructure services | To upgrade Bungeni sports facility by 30 June 2015  | Upgrading of Bungeni sports facility  | N/A      | Upgrading of Bungeni sports facility completed                | Target achieved.     | Upgrading of Bungeni sports facility has been completed           | None   | None   | None  | Bungeni                   | MIG            | 6 000 000.00       | 6000000                     | 6 604 409.11       | Contractor appointment letter, Project Report, Completion certificate | TECH  |
| Sports Facilities              | Accessible basic and infrastructure services | To upgrade Vuwani sports facility by 30 June 2015   | Upgrading of Vuwani sports facility   | N/A      | Upgrading of Vuwani sports facility completed                 | Target Not achieved. | Upgrading of Vuwani sports facility has not been completed        | None   | None   | None  | Vuwani                    | MIG            | 5 400 000.00       | 5400000                     | 4 489 910.99       | Contractor appointment letter, Project Report, Completion certificate | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To upgrade 4,5km of streets (Tshikota and Pretorius) from gravel to tar by 30 June 2015   | Upgrading of streets (Tshikota and Pretorius) - 4.5km                         | N/A      | Upgrading of streets (Tshikota and Pretorius) completed 4.5km | Target achieved.     | Upgrading of streets (Tshikota and Pretorius) was completed 5.4km | The targeted was 4.5km however the actual done is 5.4km None | None   | None  | Makhado Town and Tshikota | MIG            | 20 000 000.00      | 20 000 000.00               | 22 127 909.14      | Contractor appointment letter, Project Report, Completion certificate | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To upgrade and rehabilitate streets (Tshiruluni-1km to Ridgeway from gravel to tar and Hlanganani-2km rehabilitation) by 30 June 2015 | Upgrading and rehabilitation of streets (Tshiruluni -1km and Hlanganani -2km) | N/A      | Tshiruluni -1km and Hlanganani -2km streets completed         | Target not achieved. | Tshiruluni -1km and Hlanganani -2km streets was not done          | The project has been taken out during adjustment             | The project was not approved for implementation by MIG | To reapply to MIG in the 2016/2017 financial year | Makhado Town              | MIG            | 15 000 000.00      | -                           | -                  | Taken out during adjustment   | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To rehabilitate Eltivillas streets -5km (A&B) by 31 December 2014   | Eltivillas tarring of streets-5km (A&B)                                       | N/A      | Eltivillas tarring of streets-5km (A&B) completed             | Target achieved.     | Eltivillas tarring of streets-5km (A&B) is completed              | The targeted was 5km however the actual done is 5.2km        | None   | None  | Eltivillas                | MIG            | 12 000 000.00      | 20 299 510.00               | 11 313 877.01      | Contractor appointment letter, Project Report, Completion certificate | TECH  |

| Priority Issue/P program       | Strategic IDP Objective                      | KPI/Measurable Objective  | Project Name   | Baseline | Annual Targets  | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)  | Challenges                                  | Measures for Improvements                        | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|--------------------------------|--|---|--|----------|---|----------------------|---|--|---|--|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To rehabilitate streets-4km (Makhado Town CBD and Ruh street) by 30 June 2015 | Rehabilitation of street (Makhado town CBD and Ruh street) - 4km | N/A      | Rehabilitation of town Makhado CBD and Ruh street - 4km completed | Target achieved.     | The rehabilitation of town Makhado CBD and Ruh street has been completed. | The targeted was 4km however the actual completed is 4.2km.  | None  | None   | Makhado Town         | MIG            | 17 432 000.00      | 15 432 000.00               | 8 311 939.05       | Contractor appointment letter, Project Report, Completion certificate                | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To upgrade Magau road phase 1 (3.5km) from gravel to tar by 30 June 2015      | 3.5km - Magau road phase 1                                       | N/A      | Magau road phase 1 (3.5km) completed                              | Target achieved.     | Magau road phase 1 (3.5km) has been completed                             | None   | None  | None   | Magau                | MIG            | 5 000 000.00       | 6 898 525.74                | 8 311 939.05       | Contractor and Consultant appointment letter, Project Report                         | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To construct Madzuwa 1 x bridge by 30 June 2015                               | Madzuwa bridge construction                                      | N/A      | Madzuwa 1 x bridge completed                                      | Target not achieved. | Madzuwa 1 x bridge is not completed                                       | The progress is as follows: Walls completed, wing walls completed, deck at 85%. Take note this is a multiyear project  | This is a multi-year project                | To be completed in the 2015/2016 financial year. | Madzuwa              | MIG            | 5 500 000.00       | 7 000 000.00                | 3 885 695.83       | Contractor and Consultant appointment letter, Project Report, Completion certificate | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To upgrade Robert khoza street (3.5km) by 30 June 2015                        | 3.5km - Robert khoza street and bridge extension x 1             | N/A      | Robert khoza street-3.5km completed                               | Target not achieved. | Robert khoza street-3.5km is not completed                                | Progress is as follows: Appointment of Contractor done, Site establishment done, laying of stormwater pipes done, sub base and base at 40%, surfacing not done, kerbs not done, Bridge not done. | Delays in terms of designs approval by RAL. | The project has commence during May 2015         | Makhado Municipality | MIG            | 5 000 000.00       | 7 000 000.00                | 4 292 855.90       | Contractor and Consultant appointment letter, Project Report                         | TECH  |

| Priority Issue/Programme       | Strategic IDP Objective                      | KPI/Measurable Objective   | Project Name  | Baseline | Annual Targets   | Performance Remarks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements | Location                  | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|--------------------------------|--|--|---|----------|--|---------------------|---|---|------------|---------------------------|---------------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To construct Tshivhazwulu to Rasivhetshe la road phase 1 (3.5km) by 30 June 2015 | 3.5km - road Tshivhazwulu to rasivhetshe la road phase 1 and bridge x 1 | N/A      | Tshivhazwulu to rasivhetshe la road phase 1 - 3.5km completed          | Target achieved.    | Tshivhazwulu to rasivhetshe la road phase 1 - 3.5km has been completed              | None  | None       | None                      | Tshivhazwulu              | MIG            | 4 600 000.00       | 7 600 000.00                | 10 962 862.11      | Contractor and Consultant appointment letter, Project Report | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To construct 3km Piesanghoek to Khunda road and stormwater by 31 March 2015      | 3km - Piesanghoek to Khunda road and stormwater                         | N/A      | Piesanghoek to Khunda road and stormwater - 3km completed              | Target achieved.    | Piesanghoek to Khunda road and stormwater - 3km has been completed                  | None  | None       | None                      | Piesanghoek               | MIG            | 5 500 000.00       | 5 500 000.00                | 4 292 855.90       | Project Report, Completion certificate                       | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To construct 1.7km Mphaila Access Road by 31 March 2015                          | 1.7km - Mphaila Access Road   | N/A      | Mphaila Access Road - 1.7km completed                                  | Target achieved.    | The Mphaila Access Road - 1.7km has been completed                                  | None  | None       | None                      | Mphaila                   | MIG            | -                  | 6 500 000.00                | 6 548 427.34       | Appointment letter, Project report                           | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To construct 2 x bridges at Sereni Themba to Mashamba by 30 June 2015            | Construction of 2 (two) bridges at Sereni Themba to Mashamba            | N/A      | Construction of 2 (two) bridges at Sereni Themba to Mashamba completed | Target achieved.    | The construction of 2 (two) bridges at Sereni Themba to Mashamba has been completed | None  | None       | None                      | Thenbama                  | MIG            | -                  | 114 746 336.74              | 18 154 269.01      | Appointment letter, Project report                           | TECH  |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To construct 1 x bridge at Tshivhulana to  | 1 x Tshivhulana to Tshilaphala bridge                                   | N/A      | 1 x Tshivhulana to Tshilaphala bridge                                  | Target achieved.    | The 1 x Tshivhulana to Tshilaphala bridge has                                       | None  | None       | None                      | Tshivhulana - Tshilaphala | MIG            | -                  | 4 500 000.00                | 4 405 828.06       | Project report   | TECH  |

| Priority Issue/Programme  | Strategic IDP Objective                      | KPI/Measurable Objective   | Project Name  | Baseline | Annual Targets  | Performance Remarks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements | Location  | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence   | Depts |
|---------------------------|--|--|---|----------|---|---------------------|---|---|------------|---------------------------|---|----------------|--------------------|-----------------------------|--------------------|---|-------|
|                           | services                                     | Tshilaphala by 30 June 2015  |   |          | completed   |                     | been completed  |   |            |                           | la  |                |                    |                             |                    |   |       |
| Building and Construction | Accessible basic and infrastructure services | To extend the ablution facilities in the Electrical Workshop (3.2m X 5.5m X 4 by 31 March 2015                 | Upgrade ablutions (3.2m X 5.5m X 4)                                   | N/A      | Upgrading of ablutions blocks (3.2m X 5.5m X 4) completed                       | Target achieved.    | The upgrading of ablutions blocks (3.2m X 5.5m X 4) at Electrical workshop has been completed                         | None  | None       | None                      | Makhado Municipality                              | INCOME         | 150 000.00         | 150 000.00                  | 46 168.61          | Specifications, quotations, goods received vouchers. Photo evidence of progress | TECH  |
| Building and Construction | Accessible basic and infrastructure services | To construct a carport steel structure at the Civil engineering workshop (53m X 7m X 3 blocks) by 30 June 2015 | Carport (Steel structure) (Building maintenance)                      | N/A      | Carport (Steel structure) (53m X 7m X 3 blocks) completed                       | Target achieved.    | The construction of Carport (Steel structure) (53m X 7m X 3 blocks) at Civil Engineering workshop has been completed. | None  | None       | None                      | Makhado Municipality (Civil engineering workshop) | INCOME         | 300 000.00         | 300 000.00                  | 257 398.71         | Specifications and Project Report   | TECH  |
| Building and Construction | Accessible basic and infrastructure services | To pave yard (516m <sup>2</sup> ) at the Mechanical Workshop by 31 March 2015                                  | Paving of yard (516m <sup>2</sup> ) (Mechanical Workshop)             | N/A      | Paving of yard (516m <sup>2</sup> ) (Mechanical Workshop) completed             | Target achieved.    | The paving of yard (516m <sup>2</sup> ) at Mechanical Workshop has been completed                                     | None  | None       | None                      | Mechanical Workshop                               | INCOME         | 200 000.00         | 200 000.00                  | 70 227.37          | Specifications, Service provider appointment letter, Project Report             | TECH  |
| Building and Construction | Accessible basic and infrastructure services | To construct Pre Cast wall (52M <sup>2</sup> X 1.8m height) at Mechanical Workshop                             | Pre Cast wall (52M <sup>2</sup> X 1.8m height) at Mechanical Workshop | N/A      | Pre Cast wall (52M <sup>2</sup> X 1.8m height) at Mechanical Workshop completed | Target achieved.    | The Pre Cast wall (52M <sup>2</sup> X 1.8m height) at Mechanical Workshop has been                                    | None  | None       | None                      | Mechanical Workshop                               | INCOME         | 150 000.00         | 150 000.00                  | 41 544.72          | Specifications, Contractor appointment letter, Project Report                   | TECH  |

| Priority Issue/Programme  | Strategic IDP Objective                      | KPI/Measurable Objective   | Project Name  | Baseline | Annual Targets  | Performance Remarks  | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)   | Challenges  | Measures for Improvements                                  | Location                                  | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence   | Depts |
|---------------------------|--|--|---|----------|---|----------------------|--|---|---|--|---|----------------|--------------------|-----------------------------|--------------------|---|-------|
|                           |  | by 30 June 2015  |   |          |   |                      | completed  |   |   |  |   |                |                    |                             |                    |   |       |
| Building and Construction | Accessible basic and infrastructure services | To refurbish the Waterval and Vleifontein regional offices by 30 June 2015 | Refurbishment of Waterval and Vleifontein regional offices (Building maintenance) | N/A      | Refurbishment of Waterval and Vleifontein regional offices (Building maintenance) completed | Target achieved.     | The refurbishment of Waterval and Vleifontein regional offices (Building maintenance) has been completed | None  | None  | None   | Waterval and Vleifontein regional offices | INCOME         | 350 000.00         | 350 000.00                  | 247 425.23         | Proof of purchase and project report                          | TECH  |
| Building and Construction | Accessible basic and infrastructure services | To construct palisade fencing at Waterval stadium by 30 June 2015          | Palisade fencing of Waterval stadium  | N/A      | Removed during adjustment   | Target not achieved. | The project has been removed during adjustment   | The project has been removed during adjustment  | The project deferred to 2015/16 financial year due to insufficient budget to complete the project | The project is budgeted for in the 2015/16 financial year  | Waterval                                  | INCOME         | 350 000.00         | -                           | -                  | Removed during adjustment                                     | TECH  |
| Building and Construction | Accessible basic and infrastructure services | To construct Guard Room by 30 June 2015                                    | Guard Room  | N/A      | Guard Room completed  | Target not achieved. | The project has been removed during adjustment   | The project has been removed during adjustment  | The project deferred to 2015/16 financial year due to insufficient budget to complete the project | The project is budgeted for in the 2015/16 financial year  | Waterval                                  | INCOME         | 45 000.00          | -                           | -                  | Removed during adjustment budget                              | TECH  |
| Building and Construction | Accessible basic and infrastructure services | To construct the Mayoral House (490m <sup>2</sup> ) by 30 June 2015        | Mayoral House   | N/A      | Mayoral House (490m <sup>2</sup> ) completed  | Target not achieved. | The Mayoral house has not been completed.  | The progress is as follows: Clearing of the site done, setting out of a foundation done, digging of foundation trenches done, cast strip concrete and | Delay in supply of building materials   | The closely monitor the contractor to avoid further delays | Makhado Municipality                      | INCOME         | 1 500 000.00       | 1 500 000.00                | 366 950.01         | Specifications, Contractor appointment letter, Project Report | TECH  |

| Priority Issue/Programme  | Strategic IDP Objective                      | KPI/Measurable Objective   | Project Name                                | Baseline | Annual Targets   | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)   | Challenges   | Measures for Improvements                               | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence   | Depts |
|---------------------------|--|--|---|----------|--|----------------------|---|---|--|---|----------------------|----------------|--------------------|-----------------------------|--------------------|---|-------|
|                           |  |  |   |          |  |                      |   | build foundation walls done, backfilling and compaction done, mesh wire laying and slab done, bricklaying to wall plate done. The following are not done: Roofing, plumbing, plastering, painting, ceiling, and handover. |  |   |                      |                |                    |                             |                    |   |       |
| Building and Construction | Accessible basic and infrastructure services | To develop designs for extension of Makhado Civic Centre by 30 June 2015           | Extension of Makhado Civic Centre           | N/A      | Extension of Makhado Civic Centre completed                                | Target not achieved. | The extension of Makhado Civic Centre is not done   | The money budgeted for the extension for the building was used for the renovation of the Southern side  | The money budgeted for the extension for the building was used for the renovation of the Southern side | Removed during adjustment budget                        | Makhado Municipality | INCOME         | 500 000.00         | -                           | -                  | Removed during adjustment budget                              | TECH  |
| Building and Construction | Accessible basic and infrastructure services | To renovate the building on the South Eastern (418m <sup>2</sup> ) by 30 June 2015 | Renovation of building on the South Eastern | N/A      | Renovation of building on the South Eastern (418m <sup>2</sup> ) completed | Target achieved.     | The SDBIP timelines for Renovation of building on the South Eastern (418m <sup>2</sup> ) has been completed | Progress is as follows: Cast strip concrete done, build foundation walls done, backfilling and compaction done, mesh wire laying and slab done, bricklaying to plate done.  | This a multi-year project  | To complete the project in the 2015/2016 financial year | Makhado Municipality | INCOME         | 500 000.00         | 500 000.00                  | 573 388.81         | Specifications, Contractor appointment letter, Project Report | TECH  |



| Priority Issue/Programme   | Strategic IDP Objective                      | KPI/Measurable Objective  | Project Name  | Baseline | Annual Targets   | Performance Remarks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence | Depts |
|----------------------------|--|---|---|----------|--|---------------------|---|---|------------|---------------------------|----------------------|----------------|--------------------|-----------------------------|--------------------|-----------------------|-------|
| Infrastructure maintenance | Accessible basic and infrastructure services | To purchase a vehicle (1 X 10 Ton 25 T/M truck and towing trailer) for Technical services by 30 June 2015 | Purchase of vehicle (1 X 10 Ton 25 T/M truck and towing trailer) for Technical services | N/A      | Technical services vehicles (1 X 10 Ton 25 T/M truck and towing trailer) purchased | Target achieved.    | The purchase of 1 x 10 Ton 25 T/M truck for technical services has been done. The towing trailer has been purchased | None  | None       | None                      | Makhado Municipality | INCOME         | 5 570 000.00       | 2 970 000.00                | 2 243 884.83       | Proof of purchase     | TECH  |
| Infrastructure maintenance | Accessible basic and infrastructure services | To purchase 1 x generator for mechanical workshop by 30 June 2015   | Purchase of 1 x generator for mechanical workshop                                       | N/A      | 1 x generator for mechanical workshop purchased.                                   | Target achieved.    | The 1 x generator for mechanical workshop has been purchased.   | None  | None       | None                      | Makhado Municipality | Income         | 100 000.00         | 100 000.00                  | 55 023.04          | Proof of purchase     | TECH  |

**ANNEXURE 3: LOCAL ECONOMIC DEVELOPMENT**

| Priority Issue/Programme   | Strategic IDP Objective | Key Performance Indicators/Measurable Objective                        | Project Name   | Baseline                       | Annual Targets   | Performance Remarks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                               | Depts |
|----------------------------|-------------------------|--|--|--------------------------------|--|---------------------|---|---|------------|---------------------------|----------------------|----------------|--------------------|-----------------------------|--------------------|---|-------|
| Local Economic Development | Invest in local economy | To revitalise Tshakhuma Fruit Markets by 30 June 2015                  | Revitalization of Tshakhuma fruit market                             | N/A                            | Revitalisation of Tshakhuma Fruit Markets completed                  | Target Achieved     | The revitalisation of Tshakhuma Fruit Markets has been completed                  | None  | None       | None                      | Makhado Municipality | Income/DTI     | 100 000.00         | 100 000.00                  | 93 252.25          | Funding Proposal, Project inspection report         | DEVP  |
| Local Economic Development | Invest in local economy | To develop Makhado information and recreational centre by 30 June 2015 | Makhado N1 Information and Caravan Recreational/Entertainment centre | N/A                            | Development of Makhado information and recreational centre completed | Target Achieved     | The development of Makhado information and recreational centre has been completed | None  | None       | None                      | Makhado Municipality | Income         | 500 000.00         | -                           | -                  | Specifications, Appointment letter (contractor)     | DEVP  |
| Local Economic Development | Invest in local economy | To host Makhado annual show by 30 September 2014                       | Annual Show  | Makhado annual show was hosted | Makhado annual show hosted   | Target Achieved     | The Makhado Annual show has been hosted   | None  | None       | None                      | Makhado Municipality | Income         | 159 300.00         | 159 300.00                  | 96 595.00          | Annual Show Report and Audited Financial Statements | DEVP  |

| Priority Issue/Programme   | Strategic IDP Objective | Key Performance Indicators/Measurable Objective    | Project Name          | Baseline | Annual Targets | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence | Depts |
|----------------------------|-------------------------|--|-----------------------|----------|----------------|---------------------|--|---|------------|---------------------------|----------------------|----------------|--------------------|-----------------------------|--------------------|-----------------------|-------|
| Local Economic Development | Invest in local economy | # of LED job opportunities created by 30 June 2015 | LED Job opportunities | New      | 600            | Target Achieved     | 1422 job opportunities created.<br><br>(225 people trained in plastering, plumbing, bricklaying by the NHBRC. 1130 people enrolled in the CWP program in 8 x wards. 25 people enrolled for the LED Learnership funded by LGSETA. 34 people enrolled in the Transnet/Furniture Maunufacturing Incubator). | None  | None       | None                      | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Project Reports       | DEVP  |

| Priority Issue/Programme   | Strategic IDP Objective | Key Performance Indicators/Measurable Objective | Project Name | Baseline | Annual Targets | Performance Remarks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence     | Depts       |
|----------------------------|-------------------------|---|--------------|----------|----------------|---------------------|---|---|------------|---------------------------|----------------------|----------------|--------------------|-----------------------------|--------------------|---------------------------|-------------|
| Local Economic Development | Invest in local economy | # of LED projects supported 30th June 2014      | LED Strategy | 6        | 9              | Target Achieved     | 9 LED projects supported. Provided funding support for Salaonabe Poultry Project. Conducted site visits to CWP Pilot sites. Coordinated the 25 LED Learnership Project funded by LGSETA. Participated in the Durban Indaba with 4 x Exhibitors. Hosted the Quarterly LED Forum Meeting. Trained 225 homebuilders in bricklaying, plumbing and plastering in partnership with NHBRC. Held 1 x Project Steering Committee meeting for Transnet/Furniture Manufacturing Project. | None  | None       | None                      | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Project visit and reports | MM and DEVP |

#### ANNEXURE 4: MUNICIPAL FINANCE MANAGEMENT AND VIABILITY

| Priority Issue/Programme | Strategic IDP Objective                  | KPI/Measurable Objective   | Project Name                 | Baseline                               | Annual Targets                         | Performance Remarks | Actual Annual Achievement                 | Progress Made (if Annual Target Not Achieved) | Challenges   | Measures for Improvements / Intervention                                      | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                       | Depts                |
|--------------------------|--|--|------------------------------|--|--|---------------------|---|---|--|---|----------------------|----------------|--------------------|-----------------------------|--------------------|---|----------------------|
| Expenditure management   | Sound Financial Management and viability | % Capital budget spent by 30 June 2015 (Total budget spent/Total budget) | Capital Budget               | 75% (Total budget spent/Total budget)  | 75% (Total budget spent/Total budget)  | Target Not Achieved | 94% (17996213 9.9338/191 854954.1)        | 94% (179962139 .9338/1918 54954.1)            | Some projects could not be completed in time e.g. landfill site, Robert khoza street.  | To be rolled over to the financial year 2015/2016                             | Makhado Municipality | Income         | 150 940 600.00     | 191 854 954.10              | 182 385 828.92     | Quarterly Financial Report                  | MM and All Directors |
| Expenditure management   | Sound Financial Management and viability | % MIG spent by 30 June 2015  | MIG                          | 75% (Total budget spent/Total budget)  | 100% (Total budget spent/Total budget) | Target Not Achieved | 98% (14765520 1/1513333 36.74)            | 98% (147655201 /15133333 6.74)                | 2 projects could not be completed due to delays in terms of designs approval by RAL. 1 projects was taken out during adjustment budget | All the three projects will be completed and done during 15/16 financial year | Makhado Municipality | Income         | 104 432 000.00     | 150 076 373.24              | 146 271 985.96     | Quarterly Financial Report                  | MM                   |
| Expenditure management   | Sound Financial Management and viability | % INEP Grants spent by 30 June 2015                                      | INEP                         | 100% (Total budget spent/Total budget) | 100% (Total budget spent/Total budget) | Target Achieved     | 100% (7539142.4 7/7539142. 47)            | None  | None   | None  | Makhado Municipality | Income         | 7 000 000.00       | 7 539 142.47                | 7 539 142.47       | Quarterly Financial Report                  | MM                   |
| Expenditure management   | Sound Financial Management and viability | % FMG by 30 June 2015  | FMG                          | 100%                                   | 100%                                   | Target Achieved     | 100% (1609541.0 1/1609541. 01)            | None  | None   | None  | Makhado Municipality | Income         | 200 000.00         | 80 000.00                   | 1 609 541.01       | Expenditure Report                          | B&T                  |
| Revenue Management       | Sound financial management and viability | To review the revenue enhancement policies                               | Revenue enhancement policies | Revenue enhancement policies were      | Revenue enhancement policies reviewed  | Target Achieved     | The Revenue enhancement policies has been | None  | None   | None  | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Draft/Final Policies (Rates Policy, Tariff) | B&T                  |

| Priority Issue/Programme | Strategic IDP Objective                  | KPI/Measurable Objective   | Project Name                 | Baseline   | Annual Targets   | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements / Intervention | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                                   | Depts |
|--------------------------|--|--|------------------------------|--|--|---------------------|--|---|------------|--|----------------------|----------------|--------------------|-----------------------------|--------------------|---|-------|
|                          |  | by 30 June 2015  | review                       | reviewed   |  |                     | reviewed   |   |            |  |                      |                |                    |                             |                    | Policy, Credit Control Policy, Debts Collection Policy) |       |
| Budget and Reporting     | Sound financial management and viability | To table the draft budget to council by 31 March 2015                              | Draft budget                 | Draft budget was tabled to council                 | Draft budget tabled to council                                   | Target Achieved     | The draft budget has been tabled to Council by the 31 March 2015                         | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Draft budget and Council Resolution                     | B&T   |
| Budget and Reporting     | Sound financial management and viability | To submit the final budget to council by 31 May 2015                               | Final budget                 | Final budget was submitted to council              | Final budget submitted to council                                | Target Achieved     | The Final budget has been submitted to Council by the 28 May 2015                        | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Final budget and Council Resolution                     | B&T   |
| Budget and Reporting     | Sound financial management and viability | To submit the Financial statements submitted to AG by 31 August 2014               | Financial statements         | Financial statements was compiled and submit to AG | Financial statements compiled and submitted to AG by August 2014 | Target Achieved     | The financial Financial statements were compiled and submitted to AG by 31st August 2014 | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Copy of Financial statements                            | B&T   |
| Budget and Reporting     | Sound financial management and viability | Number of section 71 reports submitted to Treasury within 10 days after the end of | Section 71 report submission | 12   | 12   | Target Achieved     | 12 section 71 reports submitted to Treasury within 10 days after the end of the month    | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Copy of acknowledgedgement of receipt by Treasuries     | B&T   |

| Priority Issue/Programme | Strategic IDP Objective                  | KPI/Measurable Objective   | Project Name        | Baseline   | Annual Targets   | Performance Remarks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved) | Challenges                   | Measures for Improvements / Intervention | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                | Depts |
|--------------------------|--|--|---------------------|--|--|---------------------|---|---|------------------------------|--|----------------------|----------------|--------------------|-----------------------------|--------------------|--------------------------------------|-------|
|                          |  | the month  |                     |  |  |                     |   |   |                              |  |                      |                |                    |                             |                    |                                      |       |
| Supply Chain Management  | Sound financial management and viability | % of tenders adjudicated within 90 days of closure period (# tenders adjudicated /# of tenders closed and due for adjudication)  | Tender adjudication | 100% (# tenders adjudicated/# of tenders closed and due for adjudication)                                      | 100% (# tenders adjudicated/# of tenders closed and due for adjudication)                                      | Target Achieved     | 100% - 40/40 tenders adjudicated within 90 days of closure period | None  | None                         | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Monthly Tender Reports               | B&T   |
| Supply Chain Management  | Sound financial management and viability | % quotations processed within 18 days after approval by Accounting Officer (# of quotations processed within 18 days after approval by Accounting Officer /# of quotations received) | Quotations          | 100% (# of quotations processed within 18 days after approval by Accounting Officer /# of quotations received) | 100% (# of quotations processed within 18 days after approval by Accounting Officer /# of quotations received) | Target Achieved     | 91% (87/96) quotations were processed within 18 days              | None  | Delays in committee sittings | Speed up the process of appointments     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Quotations Report                    | B&T   |
| Asset Management         | Sound financial management and viability | To update a GRAP compliant Asset Register by 30 June 2015  | Asset Register      | GRAP Compliant Asset Register was updated  | GRAP Compliant Asset Register updated  | Target Achieved     | GRAP Compliant Asset Register updated                             | None  | None                         | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Schedules of Asset Register movement | B&T   |

## ANNEXURE 5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| Priority Issue/Programme    | Strategic IDP Objective                       | KPI/Measurable Objective   | Project Name                | Baseline   | Annual Targets                                  | Performance Remarks | Actual Annual Achievement                               | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements / Intervention | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence  | Depts |
|-----------------------------|---|--|-----------------------------|--|---|---------------------|---|---|------------|--|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
| Risk Management             | Good governance and administrative excellence | To ensure effectiveness Risk Management System by 30 June 2015   | Risk Management project     | Effective Risk Management System                 | Effective Risk Management System                | Target Achieved     | The Risk Management System was effectively implemented  | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Attendance register, Minutes and Programme                           | MM    |
| Fraud and Anti - Corruption | Good governance and administrative excellence | % Fraud and Anti - Corruption cases attended by 30 June 2015 (# of cases attended/# of cases reported) | Fraud and Anti - Corruption | 100% (# of cases attended /# of cases reported)  | 100% (# of cases attended /# of cases reported) | Target Achieved     | 100% (1/1) Fraud and Corruption cases were attended to. | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Case Register  | MM    |
| Public Participation        | Good governance and administrative excellence | # of izimbizos convened by 30 June 2015  | Public Participation        | 4  | 4   | Target Achieved     | 4 Izimbizos were convened                               | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Attendance register and Programme                                    | CORP  |
| Public Participation        | Good governance and administrative excellence | To organise activities for 38 Ward Committees by 30 June 2015  | Ward Committee Activities   | Activities for 38 Ward committees were organised | Activities for 38 Ward committees organised     | Target Achieved     | The activities for 38 Ward committees organised.        | None  | None       | None                                     | Makhado Municipality | Income         | R369,884           | R369,884                    |                    | Minutes, Attendance register, ward committee report, training report | CORP  |



| Priority Issue/Programme | Strategic IDP Objective                       | KPI/Measurable Objective  | Project Name                   | Baseline  | Annual Targets  | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements / Intervention | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                             | Depts |
|--------------------------|---|---|--------------------------------|---|---|---------------------|--|---|------------|--|----------------------|----------------|--------------------|-----------------------------|--------------------|---|-------|
| Policies and By Laws     | Good governance and administrative excellence | # of By-Laws reviewed by 30 June 2015   | Reviewing of Municipal By-laws | 12  | 7   | Target Achieved     | 7 policies were promulgated<br><br>(6 reviewed and 1 repealed)   | None  | None       | None                                     | Makhado Municipality | Income         | 900 000.00         | 900 000.00                  |                    | Copy of By-laws                                   | CORP  |
| Policies and By Laws     | Good governance and administrative excellence | To develop a policy register (dashboard) by 30 June 2015  | Policy Register (Dashboard)    | N/A   | Policy Register (Dashboard) developed.  | Target Achieved     | The Policy Register (Dashboard) was developed.   | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Communication to all departments, Policy Register | CORP  |
| Internal Auditing        | Good governance and administrative excellence | To develop the Internal Audit Charter, Audit and Performance Audit Charter and submit to council for approval by 30th June 2015 | Internal Audit Charter         | Internal Audit Charter, Audit and Performance Audit Charter was developed and submitted to council for approval | Internal Audit Charter, Audit and Performance Audit Charter developed and submitted to council for approval | Target Achieved     | The Internal Audit Charter, Audit and Performance Audit Charter developed and were submitted to council for approval | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Council Resolution, Copy of the plan              | MM    |

| Priority Issue/Programme | Strategic IDP Objective                       | KPI/Measurable Objective   | Project Name               | Baseline  | Annual Targets  | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)  | Challenges                             | Measures for Improvements / Intervention   | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence | Depts |
|--------------------------|---|--|----------------------------|---|---|---------------------|--|--|--|--|----------------------|----------------|--------------------|-----------------------------|--------------------|-----------------------|-------|
| Internal Auditing        | Good governance and administrative excellence | To submit the three (3) year Internal Audit rolling plan and Annual plan to council for approval by 30 June 2015 | Internal Audit 3 Year Plan | Three (3) year Internal Audit rolling plan and Annual plan was approved | Approved three (3) year Internal Audit rolling plan and Annual plan | Target Not Achieved | Approved three (3) year Internal Audit rolling plan and Annual plan was not approved | The draft Internal Audit plan has been developed based on the Risk Assessment report which was submitted to Audit and Performance Audit and Performance Audit Committee meeting on 04 June 2015. | Risk Assessment not finalised on time. | Management to ensure that the risk assessment process is aligned to the Strategic Planning sessions. Risks assessment must be finalised and submitted to Council when the IDP for the coming financial year is approved. | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Copy of the plan      | MM    |

| Priorit y Issue/P rogram me | Strategic IDP Objective                          | KPI/Measu rable Objective  | Project Name         | Baseline | Annual Targets | Perfor mance Remarks | Actual Annual Achieveme nt   | Progress Made (if Annual Target Not Achieved) | Challenges   | Measur es for Improv ements / Interv ention   | Location             | Fundin g Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expend iture | Portfolio Of Evidence   | Dept s           |
|-----------------------------|--|--|----------------------|----------|----------------|----------------------|--|---|--|---|----------------------|-----------------|--------------------|-----------------------------|---------------------|---|------------------|
| Interna l Auditin g         | Good governan ce and administr ative excellenc e | % implement ation of the Approved Internal Audit Plan by 30th June 2014 (# of projects executed/# of projects in the audit plan) | Interna l Audit Plan | 100%     | 100%           | Target Achieved      | 80% ( 12/15 ) implement ation of the Approved Internal Audit Plan was done   | Only 12 activities were done                  | Lack of resources to finalise the execution of Annual Internal Audit plan.   | The Municip ality to appoint co-sourc ed internal audit service provide r to be appoint ed within the first quarter of the financia l year. | Makhado Municipality | Income          | Operatio nal       | Operatio nal                | Operatio nal        | Internal Audit report to Audit and Performanc e Audit Committee | MM               |
| Interna l Auditin g         | Good governan ce and administr ative excellenc e | % implement ation of the AG(SA) action plan by 30 June 2015 (# of queries resolved/# of queries in the action plan)              | AG(SA) action plan   | 80%      | 100%           | Target Not Achieved  | 41% implement ation of the AG(SA) action plan was done ( Total number of findings = 27 Findings resolved = 13 Findings in progress and/or on-going controls= 11 No of findings not resolved by | The AGSA action plan was only 41% done        | As some is extensive policy related and procedure development with other sectors of government –IT systems Cascading of performance management to line managers Overtime Transfer of ownership of municipal stands held for sale | Refer to AG(SA) action plan progres s report as at 30 June 2015.  | Makhado Municipality | Income          | Operatio nal       | Operatio nal                | Operatio nal        | Progress report   | All depa rtments |

| Priorit y Issue/P rogram me | Strategic IDP Objective                          | KPI/Measu rable Objective  | Project Name                                     | Baseline | Annual Targets | Perfor mance Remar ks | Actual Annual Achieveme nt  | Progress Made (if Annual Target Not Achieved) | Challenges  | Measur es for Improv ements / Interv ention  | Location             | Fundin g Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expend iture | Portfolio Of Evidence                     | Dept s |
|-----------------------------|--|--|--|----------|----------------|-----------------------|---|---|---|--|----------------------|-----------------|--------------------|-----------------------------|---------------------|---|--------|
|                             |  |  |  |          |                |                       | 30 June 2015 = 7)   |   |   |  |                      |                 |                    |                             |                     |   |        |
| Interna l Auditin g         | Good governan ce and administr ative excellenc e | # of Audit and Performanc e Audit Committee meetings held by 30 June 2015              | Audit and Perform ance Audit Commi ttee          | 7        | 7              | Target Not Achiev ed  | 6 APAC meetings were held   | Only 6 APAC meetings were held                | Contract of Audit and Performance Audit Committee ended 31 February 2015. | Appoint ment of the Audit and Perform ance Audit Commi ttee finalise d was done in third quarter | Makhado Municipality | Income          | Operatio nal       | Operatio nal                | Operat ional        | Minutes, Attendance register, invitations | MM     |
| Interna l Auditin g         | Good governan ce and administr ative excellenc e | # of Audit and Performanc e Audit Committee Reports developed and submitted to Council | Audit and Perform ance Audit Commi ttee Report s | 4        | 4              | Target Achiev ed      | 4 Audit and Performanc e Audit Committee Reports were developed and submitted to Council. | None  | None  | None   | Makhado Municipality | Income          | Operatio nal       | Operatio nal                | Operat ional        | Council resolution, Attendance register   | MM     |
| Interna l Auditin g         | Good governan ce and administr ative excellenc e | # of Audit Steering Committee meetings held by 30 June 2015                            | Audit Steerin g Commi ttee                       | 8        | 8              | Target Achiev ed      | 11 Audit Steering Committee meetings held.  | None  | None  | None   | Makhado Municipality | Income          | Operatio nal       | Operatio nal                | Operat ional        | Minutes, Attendance register, invitations | MM     |
| Interna l Auditin g         | Good governan ce and administr ative excellenc e | # of OPCA meetings held by 30 June 2015  | Operat ion Clean Audit (OPCA)                    | 6        | 6              | Target Achiev ed      | 6 OPCA meetings were held   | None  | None  | None   | Makhado Municipality | Income          | Operatio nal       | Operatio nal                | Operat ional        | Minutes, Attendance register, invitations | MM     |

| Priorit y Issue/P rogram me | Strategic IDP Objective                          | KPI/Measu rable Objective   | Project Name  | Baseline | Annual Targets  | Perfor mance Remar ks | Actual Annual Achieveme nt   | Progress Made (if Annual Target Not Achieved)                | Challenges                      | Measur es for Improv ements / Interv ention             | Location             | Fundin g Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expend iture | Portfolio Of Evidence   | Dept s |
|-----------------------------|--|---|---|----------|---|-----------------------|--|--|---------------------------------|---|----------------------|-----------------|--------------------|-----------------------------|---------------------|---|--------|
| Interna l Auditin g         | Good governan ce and administr ative excellenc e | To submit the IAA and APAC Assessment report submitted to Council by 30 June 2015 | IAA and APAC Assess ment report                                   | 2        | 2   | Target Achiev ed      | 2 IAA and APAC Assessment reports were submitted                               | None   | None                            | None  | Makhado Municipality | Income          | Operatio nal       | Operatio nal                | Operatio nal        | Report, Council Resolution  | MM     |
| Auxiliar y Service s        | Good governan ce and administr ative excellenc e | To purchase furniture and equipment' s by 30 June 2015                            | Provisi on of office furnitu re and equip ment's                  | N/A      | Furniture and equipme nt purchase d'                                      | Target Achiev ed      | Office furniture and equipment were purchased                                  | None   | None                            | None  | Makhado Municipality | Income          | 1 365 000.00       | 1 485 000.00                | 557 167.60          | Proof of purchase   | COR P  |
| Informat ion Techno logy    | Good governan ce and administr ative excellenc e | To upgrade and acquire network and communica tion systems by 30 June 2015         | Upgrad e and acquisi tion of networ k and communi cation system s | N/A      | Upgrade and acquisitio n of network and communi cation systems complete d | Target Achiev ed      | The upgrade and acquisition of network and communica tion systems is completed | None   | None                            | None  | Makhado Municipality | Income          | 2 280 000.00       | 1 300 000.00                | -                   | Proof of purchase of sound system, collaborator and warranty for server | COR P  |
| Informat ion Techno logy    | Good governan ce and administr ative excellenc e | To develop the CGICTPF develop by 30 June 2015                                    | CGICTP F develop ment   | N/A      | Develop ment of CGICTPF complete d  | Target Not Achiev ed  | Removed during budget adjustment due to cashflow constraints                   | Removed during budget adjustment due to cashflow constraints | Waiting for national guidelines | To be done when the national guidelin es are availabl e | Makhado Municipality | Income          | 1 000 000.00       | -                           | -                   | Removed during budget adjustment due to cashflow constraints            | COR P  |
| Council Service s           | Good governan ce and administr ative             | # of Council meeting convened   | Council meetin g  | 8        | 8   | Target Achiev ed      | 13 Council meeting were convened   | None   | None                            | None  | Makhado Municipality | Income          | Operatio nal       | Operatio nal                | Operatio nal        | Minutes, Attendance register, notice of invitations.                    | COR P  |

| Priority Issue/Programme | Strategic IDP Objective                       | KPI/Measurable Objective                            | Project Name                 | Baseline                              | Annual Targets   | Performance Remarks | Actual Annual Achievement                                  | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements / Intervention | Location             | Funding Source | Budget 14/15 R'000 | Adjusted Budget 14/15 R'000 | Annual Expenditure | Portfolio Of Evidence                                | Depts |
|--------------------------|---|---|------------------------------|---------------------------------------|--|---------------------|--|---|------------|--|----------------------|----------------|--------------------|-----------------------------|--------------------|--|-------|
|                          | excellence                                    |   |                              |                                       |  |                     |  |   |            |  |                      |                |                    |                             |                    |  |       |
| Council Services         | Good governance and administrative excellence | # of Executive Committee Meetings convened.         | Executive Committee Meetings | 24                                    | 24   | Target Achieved     | 26 Executive Committee Meetings convened.                  | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Minutes, Attendance register, notice of invitations. | CORP  |
| Communication            | Good governance and administrative excellence | To develop the Communication Policy by 30 June 2015 | Communication policy         | Council approved Communication policy | Communication policy developed and approved by Council | Target Achieved     | Communication policy was developed and approved by Council | None  | None       | None                                     | Makhado Municipality | Income         | Operational        | Operational                 | Operational        | Council resolutions                                  | CORP  |

## ANNEXURE 6: MEASURES FOR IMPROVEMENTS

| Priority Issue/Programme                                       | Strategic IDP Objective                     | Key Performance Indicators/Measurable Objective                    | Project Name   | Baseline   | Annual Targets   | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)   | Challenges   | Measures for Improvement / Intervention   | Depts./Responsible Person |
|--|---|--|--|--|--|----------------------|---|---|--|---|---------------------------|
| <b>MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT</b> |   |  |  |  |  |                      |   |   |  |   |                           |
| Special Programmes   | Promote community and environmental welfare | To award 15 bursaries to qualifying learners by 30 June 2015       | External Bursary Award   | 15 bursaries were awarded  | 15 bursaries awarded   | Target Not Achieved  | Only nine (9) bursaries were awarded through the formal committee processing                      | Of the 22 applicants only 9 qualified according to the bursary criteria to be awarded bursaries   | Lack of cooperation by applicants in submitting additional information               | Intensify the marketing of the bursary  | <b>CORP</b>               |
| Spatial and Town Planning                                      | Advance Spatial Planning                    | # of routine inspection conducted by 30 June 2015                  | Routine Inspection   | 240  | 240  | Target Not Achieved  | 144 routine inspections conducted.(building Control).   | 144 routine inspections conducted. (Building Control).  | Communities building without approved building plans.                                | Issuing of notices and assisting with building plan approval.                                       | <b>DEVP</b>               |
| <b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>   |   |  |  |  |  |                      |   |   |  |   |                           |
| Library Services   | Promote community and environmental welfare | # of Library week campaigns conducted by 31 March 2014             | Project cancelled due to damage of the library roof. The library temporarily closed. | Project cancelled due to damage of the library roof. The library temporarily closed. | Project cancelled due to damage of the library roof. The library temporarily closed. | Target not achieved. | The library week campaign was not conducted since the project was cancelled due to a linking roof | Project cancelled due to damage of the library roof. The library temporarily closed.  | Project cancelled due to damage of the library roof. The library temporarily closed. | Amount of 1000 000 is budgeted for the refurbishment of the library in the 2015/2016 financial year | <b>COMM</b>               |
| Protection Services  | Promote community and environmental welfare | To construct and upgrade Makhado pounds facilities by 30 June 2015 | Construction and Upgrading of Makhado municipal pounds facilities                    | N/A  | Construction and Upgrading of Makhado municipal pounds facilities completed          | Target Not achieved. | Construction and Upgrading of Makhado municipal pounds facilities is not completed:               | Progress is as follows: Pound borehole (Makhado) is done, Pound 5000L water tank & stand was purchased, Pound Upgrade and fence was not done Pound Office electrification & Plumbing (Makhado) was done | Slow progress by the service provider  | To complete the project before the end of the quarter 2015/216                                      | <b>TECH</b>               |
| Traffic and Licensing  | Promote community and environmental welfare | To purchase Motor cycle equipment by 30 June 2015                  | Provision of tools and equipment's for traffic stations                              | N/A  | Removed during budget adjustment   | Target not achieved. | The project was removed during budget adjustment  | The project was removed during budget adjustment  | Financial constraints  | To be budgeted after 2016/2017 financial year   | <b>COMM</b>               |

| Priority Issue/Programme | Strategic IDP Objective                      | Key Performance Indicators/Measurable Objective                        | Project Name                                    | Baseline   | Annual Targets                                       | Performance Remarks  | Actual Annual Achievement                                     | Progress Made (if Annual Target Not Achieved)   | Challenges  | Measures for Improvements / Intervention   | Depts./Responsible Person |
|--------------------------|--|--|---|--|--|----------------------|---|---|---|--|---------------------------|
| Waste Management         | Promote community and environmental welfare  | To develop the New Landfill site by 30 June 2014                       | Development of a new of landfill site (Makhado) | N/A  | New Landfill site developed                          | Target not achieved. | New Landfill site is not completed                            | New Landfill development is not complete since cell lining and evaporation pot are not yet completed. The following are completed: Specifications, Advertisement, establishment, Fencing site clearing, completion of ablution, guardhouse, way bridge, leachate dam, regravell the access road, sewer system for the office and ablution, drilling of 4 x ground water monitoring borehole | The service provider has underquoted. This was only discovered when the project was already under implementation  | Additional funding of R2.2m has been sourced to finalise the pending activities. A new service provider will be appointed. | TECH                      |
| Waste Management         | Promote community and environmental welfare  | To rehabilitate the old landfill site by 30 June 2015                  | Rehabilitation of old landfill site             | N/A  | Old Landfill site rehabilitated                      | Target not achieved. | The rehabilitation of the old landfill site is not completed. | Progress is as follows: Covering of waste body with soil done, Appointment of the service provider done. Drilling of 2 x ground water quality monitoring boreholes done. Planting of indigenous vegetation (10ha) not done, Construction of leachate collection dam 4m dip not done   | Planting of indigenous vegetation (10ha) and Construction of leachate collection dam 4m dip cannot be done since the municipality is still using the old landfill site. The new landfill site is 95% done | The new landfill site to be completed in the first quarter 15/16 financial year (roll over)                                | TECH                      |
| Waste Management         | Promote community and environmental welfare  | To purchase 1X LDV'S with a canopy by 30 June 2015                     | Purchase of 1X LDV'S with a canopy              | N/A  | 1X LDV'S with a canopy purchased                     | Target not achieved. | The purchase 1X LDV'S with a canopy was not done.             | Progress is as follows: Development of specifications done, advertisement of the tender done, evaluation and adjudication processes done. Appointment of a service provider not done  | The municipality took a decision to centralise all vehicle to asset management unit.  | To be purchased in the 16/17 financial year through Asset Unit   | COMM                      |
| PMU                      | Accessible basic and infrastructure services | # of MIG projects completed in line with SDBIP targets by 30 June 2015 | Municipal Infrastructure Grant projects         | 11 MIG projects completed in line with SDBIP targets | 15 MIG projects completed in line with SDBIP targets | Target not achieved  | 12 MIG projects are completed in line with the SDBIP targets. | Only 12 MIG projects are completed in line with the SDBIP targets.  | 1 project could not be completed due to delays in terms of designs approval by RAL. 1 projects was taken out during adjustment budget, Landfill site delayed due to lack of capacity by the contractor,   | All the three projects will be completed and done during 15/16 financial year  | MM                        |
| Electricity Provision    | Accessible basic and infrastructure services | % budget spent on repair of transformers by 30th June 2015             | Power/Distribution transformer repairs          | N/A  | Power/Distribution transformer repairs completed     | Target not achieved  | Power/Distribution transformer repairs was not completed      | This project was taken out during adjustment  | Insufficient funds to handle the insurance matter   | The project will no longer continue because the future repairs is now handled by   | TECH                      |



| Priority Issue/Programme | Strategic IDP Objective                      | Key Performance Indicators/Measurable Objective                               | Project Name  | Baseline | Annual Targets  | Performance Remarks | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)  | Challenges  | Measures for Improvements / Intervention   | Depts./Responsible Person |
|--------------------------|--|---|---|----------|---|---------------------|---|--|---|--|---------------------------|
|                          |  |   |   |          |   |                     |   |  |   | insurance  |                           |
| Electricity Provision    | Accessible basic and infrastructure services | To rebuild Emma Substation MV line by 31 March 2015                           | Rebuild Emma Substation MV line                                 | N/A      | Rebuild Emma Substation MV line completed                                 | Target not achieved | Rebuild Emma Substation MV line was not completed   | The project was taken out during adjustment.   | The money was used to pay for Madombidja high mast lights | To reconsider it in future   | TECH                      |
| Electricity Provision    | Accessible basic and infrastructure services | To repair 2 X 10MVA Transformers at Levubu Substation by 30 June 2015         | Repair 2 X 10MVA Transformers Levubu Substation                 | N/A      | Repair 2 X 10MVA Transformers Levubu Substation completed                 | Target not achieved | The repair of 2 X 10MVA Transformers Levubu Substation is not completed   | Only advertisement of tender was done the rest will be done in 2015/2016 when money is available   | Insufficient funds  | The tender has been advertised and the project will be completed during 15/16 financial year                     | TECH                      |
| Electricity Provision    | Accessible basic and infrastructure services | To construct the Standby quarters (419m <sup>2</sup> ) by 30 June 2015        | Standby quarters (419m <sup>2</sup> )                           | N/A      | Standby quarters (419m <sup>2</sup> ) completed                           | Target not achieved | Standby quarters (419m <sup>2</sup> ) was not completed   | Construction of building up to roof height and Roof and plastering is completed. Ceilings, windows, floors, painting and cupboards are not done. However roof and plastering are completed | Delays in supply of materials by service provider         | The municipality has pressurised the service provider. Materials are now supplied and the building has commenced | TECH                      |
| Electricity Provision    | Accessible basic and infrastructure services | To provide two new transformers (10MVA 22/11) for extension 9 by 30 June 2015 | Provision of two new transformers (10MVA 22/11) for extension 9 | N/A      | Provision of two new transformers (10MVA 22/11) for extension 9 completed | Target not achieved | The provision of two new transformers (10MVA 22/11) for extension 9 not done since the project was removed during budget adjustment | The provision of two new transformers (10MVA 22/11) for extension 9 not done since the project was removed during budget adjustment  | Financial constraints                                     | To be done in 2015/2016 financial through maintenance budget   | TECH                      |
| Electricity Provision    | Accessible basic and infrastructure services | To provide Transformers 2x5MVA 22/11 by 30 June 2015                          | Transformers 2x5MVA 22/11                                       | N/A      | Transformers 2x5MVA 22/11 purchased                                       | Target not achieved | The Transformers 2x5MVA 22/11 was not purchased since the project was removed during  | The Transformers 2x5MVA 22/11 was not purchased since the project was removed during budget adjustment.  | Financial constraints                                     | To be done in 2015/2016 financial through maintenance budget   | TECH                      |

| Priority Issue/Programme       | Strategic IDP Objective                      | Key Performance Indicators/Measurable Objective  | Project Name  | Baseline | Annual Targets  | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)  | Challenges  | Measures for Improvements / Intervention  | Depts./Responsible Person |
|--------------------------------|--|--|---|----------|---|----------------------|---|--|---|---|---------------------------|
|                                |  |  |   |          |   |                      | budget adjustment.  |  |   |   |                           |
| Electricity Provision          | Accessible basic and infrastructure services | To electrify 120 households at Murunwa village by 30 June 2015   | Electrification Murunwa village   | N/A      | 120 households electrified at Murunwa village         | Target not achieved. | Electrification of 120 households at Murunwa village was not completed  | Only 107 households were electrified at Murunwa village  | During electrification only 107 households were available and ready for electrification | To remaining households will be done in the other circle as financial year progresses | TECH                      |
| Electricity Provision          | Accessible basic and infrastructure services | To electrify 190 households at Njhakanjhaka PH2 village by 30 June 2015  | Electrification Njhakanjhaka PH2  | N/A      | 190 households electrified at Njhakanjhaka PH2        | Target Not achieved. | The electrification of 190 households at Njhakanjhaka PH2 has been completed.                                       | The following has been completed: Digging of holes, Dress the poles, Plaiting of poles, Stringing of conductors, Install Transformers, Install LinksLow Voltage: Digging of holes, Plant poles, string the conductors, Install pole top boxes, Install meters, House connections | The project has not been switched on due to delay by Eskom                              | To engage Eskom to speed up the process of commissioning                              | TECH                      |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To upgrade and rehabilitate streets (Tshiruluni-1km to Ridgeway from gravel to tar and Hlanganani-2km rehabilitation ) by 30 June 2015 | Upgrading and rehabilitation of streets (Tshiruluni -1km and Hlanganani -2km) | N/A      | Tshiruluni -1km and Hlanganani -2km streets completed | Target not achieved. | The project has been taken out during adjustment  | The project has been taken out during adjustment   | The project not approved for implementation by MIG                                      | Taken out during adjustment   | TECH                      |
| Roads, Bridges and Storm water | Accessible basic and infrastructure services | To construct Madzuwa 1 x bridge by 30 June 2015  | Madzuwa bridge construction   | N/A      | Madzuwa 1 x bridge completed                          | Target not achieved. | The SDBIP timelines for completion of Madzuwa 1 x bridge has been achieved however the bridge is not yet completed. | The progress is as follows: Walls completed, wing walls completed, deck at 85%. Take note this is a multiyear project  | This is a multiyear project   | To be completed in the 2015/2016 financial year.                                      | TECH                      |
| Roads, Bridges                 | Accessible basic and                         | To upgrade Robert khoza  | 3.5km - Robert  | N/A      | Robert khoza  | Target not achieved. | Robert khoza street-3.5km is  | Progress is as follows: Appointment of Contractor done,  | Delays in terms of designs approval by RAL.   | The project has   | TECH                      |

| Priority Issue/Programme  | Strategic IDP Objective                      | Key Performance Indicators/Measurable Objective                                    | Project Name                                | Baseline | Annual Targets   | Performance Remarks  | Actual Annual Achievement   | Progress Made (if Annual Target Not Achieved)   | Challenges   | Measures for Improvement / Intervention                    | Depts./Responsible Person |
|---------------------------|--|--|---|----------|--|----------------------|---|---|--|--|---------------------------|
| and Stormwater            | infrastructure services                      | street (3.5km) by 30 June 2015   | khoza street and bridge extension x 1       |          | street-3.5km completed   |                      | not completed   | Site establishment done, laying of stormwater pipes done, sub base and base at 40%, surfacing not done, kerbs not done, Bridge not done.  |  | commence during May 2015                                   |                           |
| Building and Construction | Accessible basic and infrastructure services | To construct palisade fencing at Waterval stadium by 30 June 2015                  | Palisade fencing of Waterval stadium        | N/A      | Removed during adjustment  | Target not achieved. | The project has been removed during adjustment  | The project has been removed during adjustment  | The project deferred to 2015/16 financial year due to insufficient budget to complete the project          | The project is budgeted for in the 2015/16 financial year  | TECH                      |
| Building and Construction | Accessible basic and infrastructure services | To construct Guard Room by 30 June 2015  | Guard Room                                  | N/A      | Guard Room completed   | Target not achieved. | The project has been removed during adjustment  | The project has been removed during adjustment  | The project deferred to 2015/16 financial year due to insufficient budget to complete the project          | The project is budgeted for in the 2015/16 financial year  | TECH                      |
| Building and Construction | Accessible basic and infrastructure services | To construct the Mayoral House (490m <sup>2</sup> ) by 30 June 2015                | Mayoral House                               | N/A      | Mayoral House (490m <sup>2</sup> ) completed                     | Target not achieved. | The Mayoral house has not been completed.   | The progress is as follows: Clearing of the site done, setting out of a foundation done, digging of foundation trenches done, cast strip concrete and build foundation walls done, backfilling and compaction done, mesh wire laying and slab done, bricklaying to wall plate done. the following are not done: Roofing, plumbing, plastering, painting, ceiling, handover. | Delay in supply of building materials  | The closely monitor the contractor to avoid further delays | TECH                      |
| Building and Construction | Accessible basic and infrastructure services | To develop designs for extension of Makhado Civic Centre by 30 June 2015           | Extension of Makhado Civic Centre           | N/A      | Extension of Makhado Civic Centre completed                      | Target not achieved. | The extension of Makhado Civic Centre is not done   | The money budgeted for for the extension for the building was used for the renovation of the Southern side  | The money budgeted for for the extension for the building was used for the renovation of the Southern side | Removed during adjustment budget                           | TECH                      |
| Building and Construction | Accessible basic and infrastructure services | To renovate the building on the South Eastern (418m <sup>2</sup> ) by 30 June 2015 | Renovation of building on the South Eastern | N/A      | Renovation of building on the South Eastern (418m <sup>2</sup> ) | Target achieved.     | The SDBIP timelines for Renovation of building on the South Eastern (418m <sup>2</sup> ) has been | Progress is as follows: Cast strip concrete done, build foundation walls done, backfilling and compaction done, mesh wire laying and slab done, bricklaying to plate done.  | This a multi year project  | To complete the project in the 2015/2016 financial year    | TECH                      |

| Priority Issue/Programme | Strategic IDP Objective                       | Key Performance Indicators/Measurable Objective   | Project Name                          | Baseline | Annual Targets                   | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)                | Challenges   | Measures for Improvements / Intervention   | Depts./Responsible Person |
|--------------------------|---|---|---------------------------------------|----------|----------------------------------|---------------------|--|--|--|--|---------------------------|
|                          |   |   |                                       |          | completed                        |                     | completed  |  |  |  |                           |
| Internal Auditing        | Good governance and administrative excellence | % implementation of the Approved Internal Audit Plan by 30th June 2014 (# of projects executed/# of projects in the audit plan) | Internal Audit Plan                   | 100%     | 100%                             | Target Achieved     | 80% ( 12/15 ) implementation of the Approved Internal Audit Plan was done  | Only 12 activities were done                                 | Lack of resources to finalise the execution of Annual Internal Audit plan.   | The Municipality to appoint co-sourced internal audit service provider to be appointed within the first quarter of the financial year. | MM                        |
| Internal Auditing        | Good governance and administrative excellence | % implementation of the AG(SA) action plan by 30 June 2015 (# of queries resolved/# of queries in the action plan)              | AG(SA) action plan                    | 80%      | 100%                             | Target Not Achieved | 41% implementation of the AG(SA) action plan was done ( Total number of findings = 27 Findings resolved = 13 Findings in progress and/or ongoing controls= 11 No of findings not resolved by 30 June 2015 = 7) | The AGSA action plan was only 41% done                       | As some is extensive policy related and procedure development with other sectors of government –IT systems Cascading of performance management to line managers Overtime Transfer of ownership of municipal stands held for sale | Refer to AG(SA) action plan progress report as at 30 June 2015.  | All departments           |
| Internal Auditing        | Good governance and administrative excellence | # of Audit and Performance Audit Committee meetings held by 30 June 2015  | Audit and Performance Audit Committee | 7        | 7                                | Target Not Achieved | 6 APAC meetings were held  | Only 6 APAC meetings were held                               | Contract of Audit and Performance Audit Committee ended 31 February 2015.  | Appointment of the Audit and Performance Audit Committee finalised was done in third quarter   | MM                        |
| Information Technology   | Good governance and administrative excellence | To develop the CGICTPF develop by 30 June 2015  | CGICTPF development                   | N/A      | Development of CGICTPF completed | Target Not Achieved | Removed during budget adjustment due to cashflow   | Removed during budget adjustment due to cashflow constraints | Waiting for national guidelines  | To be done when the national guidelines are  | CORP                      |

| Priority Issue/Programme | Strategic IDP Objective | Key Performance Indicators/Measurable Objective | Project Name | Baseline | Annual Targets | Performance Remarks | Actual Annual Achievement | Progress Made (if Annual Target Not Achieved) | Challenges | Measures for Improvements / Intervention | Depts./Responsible Person |
|--------------------------|-------------------------|---|--------------|----------|----------------|---------------------|---------------------------|---|------------|--|---------------------------|
|                          | ive excellence          |   |              |          |                |                     | constraints               |   |            | available                                |                           |

#### 7. MUNICIPAL FINANCE MANAGEMENT AND VIABILITY

|                         |  |  |                |  |  |                     |  |                                  |  |   |                      |
|-------------------------|--|--|----------------|--|--|---------------------|--|----------------------------------|--|---|----------------------|
| Expenditure management  | Sound Financial Management and viability | % Capital budget spent by 30 June 2015 (Total budget spent/Total budget)   | Capital Budget | 75% (Total budget spent/Total budget)  | 75% (Total budget spent/Total budget)  | Target Not Achieved | 94% (179962139.9338 /191854954.1)                    | 94% (179962139.9338/191854954.1) | Some projects could not be completed in time e.g. landfill site, Robert Khoza street.  | To be rolled over to the financial year 2015/2016                             | MM and All Directors |
| Expenditure management  | Sound Financial Management and viability | % MIG spent by 30 June 2015  | MIG            | 75% (Total budget spent/Total budget)  | 100% (Total budget spent/Total budget)   | Target Not Achieved | 98% (147655201/15133336.74)                          | 98% (147655201/15133336.74)      | 2 projects could not be completed due to delays in terms of designs approval by RAL. 1 projects was taken out during adjustment budget | All the three projects will be completed and done during 15/16 financial year | MM                   |
| Supply Chain Management | Sound financial management and viability | % quotations processed within 18 days after approval by Accounting Officer (# of quotations processed within 18 days after approval by Accounting Officer /# of quotations received) | Quotations     | 100% (# of quotations processed within 18 days after approval by Accounting Officer /# of quotations received) | 100% (# of quotations processed within 18 days after approval by Accounting Officer /# of quotations received) | Target Achieved     | 91% (87/96) quotations were processed within 18 days | None                             | Delays in committee sittings   | Speed up the process of appointments  | B&T                  |

#### 8. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| Priority Issue/Programme | Strategic IDP Objective                       | Key Performance Indicators/Measurable Objective   | Project Name                | Baseline  | Annual Targets  | Performance Remarks | Actual Annual Achievement  | Progress Made (if Annual Target Not Achieved)  | Challenges  | Measures for Improvements / Intervention   | Depts./Responsible Person |
|--------------------------|---|---|-----------------------------|---|---|---------------------|--|--|---|--|---------------------------|
| Internal Auditing        | Good governance and administrative excellence | To submit the three (3) year Internal Audit rolling plan and Annual plan to council for approval by 30 June 2015                | Internal Audit 3 Year Plan  | Three (3) year Internal Audit rolling plan and Annual plan was approved | Approved three (3) year Internal Audit rolling plan and Annual plan | Target Not Achieved | Approved three (3) year Internal Audit rolling plan and Annual plan was not approved   | The draft Internal Audit plan has been developed based on the Risk Assessment report which was submitted to Audit and Performance Audit and Performance Audit Committee meeting on 04 June 2015. | Risk Assessment not finalised on time.  | Management to ensure that the risk assessment process is aligned to the Strategic Planning sessions. Risks assessment must be finalised and submitted to Council when the IDP for the coming financial year is approved. | MM                        |
| Internal Auditing        | Good governance and administrative excellence | % implementation of the Approved Internal Audit Plan by 30th June 2014 (# of projects executed/# of projects in the audit plan) | Internal Audit Plan         | 100%  | 100%  | Target Achieved     | 80% ( 12/15 ) implementation of the Approved Internal Audit Plan was done  | Only 12 activities were done   | Lack of resources to finalise the execution of Annual Internal Audit plan.  | The Municipality to appoint co-sourced internal audit service provider to be appointed within the first quarter of the financial year.   | MM                        |
| Internal Auditing        | Good governance and administrative excellence | % implementation of the AG(SA) action plan by 30 June 2015 (# of queries resolved/# of queries in the action plan)              | AG(SA) action plan          | 80%   | 100%  | Target Not Achieved | 41% implementation of the AG(SA) action plan was done (Total number of findings = 27Findings resolved = 13Findings in progress and/or ongoing controls= 11No of findings not resolved by 30 June 2015 = 7) | The AGSA action plan was only 41% done   | As some is extensive policy related and procedure development with other sectors of government –IT systemsCascading of performance management to line managersOvertimeTransfer of ownership of municipal stands held for sale | Refer to AG(SA) action plan progress report as at 30 June 2015.  | All departments           |
| Internal Auditing        | Good governance and                           | # of Audit and Performance  | Audit and Performance Audit | 7   | 7   | Target Not Achieved | 6 APAC meetings were held  | Only 6 APAC meetings were held   | Contract of Audit and Performance Audit Committee ended 31  | Appointment of the Audit and Performance Audit   | MM                        |

| Priority Issue/Programme | Strategic IDP Objective   | Key Performance Indicators/Measurable Objective | Project Name | Baseline | Annual Targets | Performance Remarks | Actual Annual Achievement | Progress Made (if Annual Target Not Achieved) | Challenges     | Measures for Improvements / Intervention      | Depts./Responsible Person |
|--------------------------|---------------------------|---|--------------|----------|----------------|---------------------|---------------------------|---|----------------|---|---------------------------|
|                          | administrative excellence | Audit Committee meetings held by 30 June 2015   | Committee    |          |                |                     |                           |   | February 2015. | Committee finalised was done in third quarter |                           |

## ANNEXURE 7: SERVICE PROVIDERS PERFORMANCE

Section 46 of Municipal Systems Act requires reflection on the performance of service providers. This section will address this aspect as follows:

Assessment of service provider ratings in a scale of 1-5 = 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent

| Project name  | Name of Service provider                                | Source of funding | start date            | Completion date | Progress to date   | Challenges and interventions | Q1 | Q2 | Q3 | Q4 | Comments   |
|---|---|-------------------|-----------------------|-----------------|--|------------------------------|----|----|----|----|--|
| Padkamp Town Establishment  | Nhlatse Consulting                                      | Income            | July 2014 - June 2015 | Jun-15          | Application submitted to the municipality by the service provider                          | None                         | 2  | 4  | 4  | 3  |  |
| Formalisation of 700 sites at Matshavhawe                             | Pieterse Dutoit & Associates Town and Regional Planners | Income            | July 2014 - June 2015 | Jun-15          | Revised layout plan submitted for consideration by the municipality                        | None                         | 4  | 3  | 3  | 4  |  |
| Demarcation of 100 sites at Tiyani & Ribungwani                       | Land Mark Consulting                                    | Income            | July 2014 - June 2015 | Jun-15          | Record of Decision (ROD) obtained from LEDET and submitted to the municipality             | None                         | 4  | 4  | 4  | 4  |  |
| Demarcation of 200 sites at Hamasia Tshikwarani                       | Land Mark Consulting                                    | Income            | July 2014 - June 2015 | Jun-15          | Environmental Impact Assessment submitted to LEDET for issuing of record of decision (ROD) | None                         | 4  | 4  | 4  | 4  |  |
| Demarcation of 300 sites at Muananzhele Communal Property Association | Vutsila Consulting                                      | Income            | July 2014 - June 2015 | 15-Jun-15       | Environmental Impact Assessment submitted to LEDET for issuing of record of decision (ROD) | None                         | 4  | 4  | 4  | 3  |  |
| Tshikota Rehabilitation and upgrading of streets Phase 3              | Mont Consulting Engineers                               | MIG               | 01-Jul-14             | 31-May-15       | Construction   | None                         | 5  | 5  | 5  | 5  | Good management  |
| Tshikota Rehabilitation and upgrading of streets Phase 3              | H T E Construction                                      | MIG               | 01-Jul-14             | 31-May-15       | Construction   | None                         | 5  | 5  | 5  | 5  | The quality of work is good and complied with specifications |
| Piesanghoek to Khunda Road  | Tshashu Consulting Enginners                            | MIG               | 01-Jul-14             | 30-Jun-15       | Construction   | None                         | 5  | 4  | 5  | 5  | Good management  |
| Mphaila Access road and Bridge  | Morula Consulting Engineers                             | MIG               | 01-Aug-14             | 30-Jun-15       | Construction   | None                         | 5  | 5  | 5  | 5  | Good management  |
| Mphaila Access road and Bridge  | Splish Splash Construction                              | MIG               | 01-Aug-14             | 30-Jun-15       | Construction   | None                         | 5  | 4  | 5  | 5  | The quality of work is complying with                        |



|                                     |                              |     |           |           |              |      |   |   |   |   |  |  |
|-------------------------------------|------------------------------|-----|-----------|-----------|--------------|------|---|---|---|---|--|--|
|                                     |                              |     |           |           |              |      |   |   |   |   |  | specifications                                       |
| Sereni to Mashamba road and bridge  | MVE Consulting Engineers     | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 5 | 5 | 5 | 5 |  | Good management                                      |
| Sereni to Mashamba road and bridge  | Mkhachani Construction       | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 4 | 5 | 5 | 5 |  | The quality of work is complying with specifications |
| Tshivhazwaulu to Rasivhetshale road | Victory Consulting Engineers | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 5 | 5 | 5 | 5 |  | Good management                                      |
| Tshivhazwaulu to Rasivhetshale road | Seakiri/nickmay JV           | MIG | 02-Apr-15 | 01-Dec-15 | Construction | None |   |   | 5 | 4 |  |  |
| Bungeni sports facility             | T3 Consulting                | MIG | 01-Jul-14 | 30-Apr-15 | Construction | None | 5 | 5 | 5 | 5 |  | Good management                                      |
| Bungeni sports facility             | Dzugu Trading Construction   | MIG | 01-Jul-14 | 30-Apr-15 | Construction | None | 5 | 5 | 5 | 5 |  | The quality of work is complying with specifications |
| Vuwani sports field                 | Thiko Consulting Engineers   | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 5 | 5 | 5 | 4 |  | Good management                                      |
| Vuwani sports field                 | Nduvho / dzindake JV         | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 5 | 5 | 4 | 4 |  | The quality of work is complying with specifications |
| Lideg Access Road                   | Tshedza Consulting           | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 5 | 5 | 5 | 5 |  | Good management                                      |
| Lideg Access Road                   | PGN Civil/dzindake JV        | MIG | 02-Apr-15 | 01-Sep-15 | Construction | None |   |   | 5 | 5 |  |  |
| Magau access road                   | rainbow S.A Consulting Eng   | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 5 | 5 | 5 | 4 |  | Good management                                      |
| Magau access road                   | Vhakoma Construction         | MIG | 02-Apr-15 | 01-Jan-16 | Construction | None |   |   | 4 | 4 |  |  |
| Robert Khoza to Chavhani road       | Mont Consulting Engineers    | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 5 | 5 | 5 | 5 |  | Good management                                      |
| Robert Khoza to Chavhani road       | Gorogang civil construction  | MIG | 30-May-15 | 01-Mar-16 | Construction | None |   |   |   | 3 |  |  |
| Madzuwa bridge and access road      | Morula Consulting Engineers  | MIG | 01-Jul-14 | 30-Jun-15 | Construction | None | 5 | 5 | 5 | 5 |  | Good management                                      |
| Madzuwa bridge and access road      | Nkomazi / madevha JV         | MIG | 01-Apr-15 | 15-Sep-15 | Construction | None |   |   | 4 | 5 |  |  |

|   |   |        |            |                     |                                 |  |   |   |   |   |  |
|---|---|--------|------------|---------------------|---------------------------------|--|---|---|---|---|--|
| Makhado Development of New Landfill Site                          | Ram 77 AT-R Construction                  | MIG    | 01-Apr-14  | 14-Dec-14           | Construction                    | None   | 3 | 3 | 3 | 3 | The quality of work is complying with specifications |
| Rehabilitation of Makhado CBD Streets                             | MVE Consulting Engineers                  | MIG    | 01-Jul-14  | 30-Jun-15           | Construction                    | None   | 5 | 5 | 5 | 5 | Good management                                      |
| Rehabilitation of Makhado CBD Streets                             | Mkhachani Construction                    | MIG    | 30-Mar-15  | 01-Sep-15           | Construction                    | None   |   |   | 5 | 5 | Good management and quality work                     |
| Electrification of Njakanjaka Ph2                                 | Brightside electrical                     | INEP   |            | 31/3/2015           | Work in progress                | None   | 4 | 4 | 3 | 2 | Fair management                                      |
| Electrification of Vhangani                                       | Rivisi Electrical                         | INEP   |            | 31/3/2015           | Work in progress                | None   | 3 | 2 | 3 | 3 | Fair management                                      |
| Electrification of Pfananani                                      | Tshipota Electrical                       | INEP   |            | 31/3/2015           | Work in progress                | None   | 3 | 2 | 3 | 3 | Average management                                   |
| Electrification of Luvhalani                                      | Brightside electrical                     | INEP   |            | 31/3/2015           | Work in progress                | None   | 5 | 5 | 4 | 4 | Good management                                      |
| Electrification of Tshifhahani                                    | Humpry Electrical                         | INEP   |            | 31/3/2015           | Work in progress                | None   | 3 | 3 | 3 | 3 | Average management average management                |
| Electrification of Mufeba   | Tshipota Electrical                       | INEP   |            | 31/3/2015           | Work in progress                | None   | 3 | 2 | 3 | 3 | Completed  |
| Electrification of Makhavhani                                     | Humpry Electrical                         | INEP   |            | 31/3/2015           | Work in progress                | None   | 3 | 3 | 3 | 3 | Average management                                   |
| Electrification of Mauluma Zone 4                                 | Brightside electrical                     | INEP   |            | 31/3/2015           | Work in progress                | None   | 4 | 5 | 4 | 4 | Excellent management                                 |
| Printing of consumer statements                                   | SA Post office                            | Income | 1/6/2014   | 31/5/2017           | Consumer statement are not sent |  | 3 | 3 | 3 | 1 |  |
| Short term insurance portfolio for a period of three years        | Lateral Unison Insurance Brokers (PTY)LTD | Income | 2013/10/01 | 2016/09/30          | Satisfactory                    |  | 4 | 4 | 4 | 4 | Excellent management                                 |
| Provision of banking services for period of 60 months.            | First National Bank                       | Income | 2011/07/01 | 2016/06/30          | Satisfactory                    |  | 4 | 4 | 4 | 4 |  |
| GRAP Compliant Assets register                                    | Musanda Chartered Accounts (PTY)LTD       | Income | 2014/03/01 | 2017-29-02          | Satisfactory                    |  | 3 | 4 | 4 | 4 | Good management                                      |
| Proposal card fleet management                                    | Wesbank                                   | Income | 2011/11/01 | 2013/10/31          | Satisfactory                    |  | 5 | 5 | 5 | 5 | Excellent management                                 |
| Rendering of meter reading services for period of three (3) years | Bires/UMS                                 | Income | 2011/06/29 | 2014/05/30 extended | Satisfactory                    | Problem experiences regarding credit control and | 3 | 3 | 3 | 3 |  |

|  |  |        |  |  |                                     |  |   |   |   |   |                    |
|--|--|--------|--|--|-------------------------------------|--|---|---|---|---|--------------------|
|  |  |        |  |  |                                     | metering   |   |   |   |   |                    |
| 4X10000 Water tankers  | Cooper Eagle Trading<br>327 CC   | Income | 2009/02/12   | 2019/02/28   | Satisfactory                        |  | 4 | 3 | 3 | 3 | Average Management |
| Supply and delivery of hardware materials for three years  | lydo Trading Enterprise, Shillas Business Enterprise and One on Two Suppliers  | Income | 1/9/2012   | 30/8/2015  | Satisfactory                        |  | 4 | 4 | 4 | 4 |                    |
| Supply and delivery of electrical materials for three years  | muspat Trading, Actom Electrical, Shumani Phateni general Dealer, Polokwane Power Supplies, Medupe Distributors, Mamamiya Trading Enterprise and Manganyana Logistics and Construction | Income | 1/9/2012   | 30/08/2015   | Satisfactory                        | Price escalation due to changing price of copper | 3 | 3 | 3 | 3 |                    |
| Provision of Security Services for property  | Vetaran Security Services  | Income | 01/08/2013   | 31/7/2016  | Satisfactory                        |  | 4 | 4 | 4 | 4 |                    |
| Provision of Security Services for property  | Backline Security & Cleaning Services  | Income | 01/08/2013   | 31/7/2016  | Satisfactory                        |  | 4 | 4 | 4 | 4 |                    |
| Provision of Security Services for property  | GNS Security   | Income | 01/08/2013   | 31/7/2016  | Satisfactory                        |  | 4 | 4 | 4 | 4 |                    |
| Provision of Security Services for property  | Vhugi Protection Services  | Income | 01/08/2013   | 31/7/2016  | Satisfactory                        |  | 3 | 3 | 4 | 4 |                    |
| Provision of Security Services for property  | Majojo Trading   | Income | 01/08/2013   | 31/7/2016  | Satisfactory                        |  | 4 | 4 | 4 | 3 |                    |
| Provision of Security Services for property  | 2RM Security T/A Analytical Risk MX  | Income | 01/08/2013   | 31/7/2016  | Satisfactory                        |  | 4 | 4 | 4 | 4 |                    |
| Parking Meter Management System  | Rirhothe Trading and Investment  | Income | 01/12/2012   | 30/11/2015   | In progress                         |  | 3 | 3 | 3 | 3 |                    |
| Cash-In-Transit  | G4S Security   | Income | 01/09/2011   | 31/8/2014 extended   | In progress                         |  | 4 | 4 | 3 | 2 |                    |
| One day per month on site service support with Collaborator electronic document movement as per Annual Service Level Agreement | Business Engineering Pty Ltd   | Income | Annually negotiated and subject to available funds; 1 November 2012 to 30 June 2013 and again 1 October 2013 to 30 June 2014 | Annually negotiated and subject to available funds; 1 November 2012 to 30 June 2013 and again 1 October 2013 to 30 June 2014 | According to contractual provisions | None   | 5 | 5 | 4 | 5 |                    |

|   |  |                    |   |  |                                     |      |   |   |   |   |              |
|---|--|--------------------|---|--|-------------------------------------|------|---|---|---|---|--------------|
| ICT software applications and technical support service   | ITNA (Pty) Ltd                                     | Income             | As per Service Level Agreement  | As per Service Level Agreement                                   | According to contractual provisions | None | 5 | 5 | 5 | 5 | Satisfactory |
| Continuous daily support services on Munsoft Financial Management services, including upgrade of software and training on operational level as well as Software License Agreement | Munsoft Pty Ltd                                    | Income             | As per Service Level Agreement  | As per Service Level Agreement                                   | According to contractual provisions | None | 5 | 5 | 5 | 5 | Satisfactory |
| Software Applications on the Information Technology Systems   | Various software application service providers     | Income             | Contractual as per Licensing Agreement for the relevant software                                | Contractual as per Licensing Agreement for the relevant software | According to contractual agreements | None | 5 | 5 | 5 | 5 | Satisfactory |
| Supply and delivery of stationery for three years   | Londola Trades, Ludricks construction and projects | Income             | 1/11/2014   | 30/10/2017   | According to contractual provisions | None |   | 5 | 5 | 5 | Satisfactory |
| Supply and delivery of photocopying papers for three years  | TCL Group Pty(Ltd)                                 | Income             | 1/10/2014   | 30/09/2017   | According contract                  | None |   | 5 | 5 | 5 | Satisfactory |
| Medical services, occupational medical therapist for employees  | Chitandani Medical Clinic                          | Income             | 1/7/2014  | 31/5/2017  | Per contract conditions             | None |   | 5 | 5 | 5 | Satisfactory |
| Medical Services psychology for period of three years   | Matswaisa Trading Enterprice                       | Operational budget | 13/02/2013  | 13/02/2016   | Still operating                     | None | 5 | 5 | 5 | 5 | Satisfactory |
| Rental of 12 copiers as per Main Rental Agreement with Fintech Bank Pty Ltd and as per 11 Continuous Service Agreements with Palesa Tech Pty Ltd                                  | Palesa Tech Pty Ltd and Fintech Bank               | Income             | SCM has this file and must fill the information in please (BAC 15 October 2013) File 8/3/2/1150 | According to contractual provisions                              | None                                | None | 5 | 5 | 5 | 5 | Satisfactory |

## **ANNEXURE A8 – AG OPINION FOR 2013/2014 FINANCIAL YEAR (PREVIOUS FINANCIAL YEAR)**

### **Report of the auditor-general to the Limpopo provincial legislature and council on the Makhado Municipality**

#### ***Report on the financial statements***

#### **Introduction**

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

#### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2013 (Act No.2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

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

### **Emphasis of matters**

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

### **Restatement of corresponding figures**

8. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2014 in the financial statements of the Makhado Municipality at, and for the year ended 30 June 2013.

### **Material impairments**

9. As disclosed in note 6 to the financial statements, material impairments to the amount of R105 783 283 was made to receivables as a result of the municipality's inadequate collection practices.

### **Material underspending of the conditional grant**

10. As disclosed in note 17 to the financial statements, the municipality has materially under spent its conditional grants to the amount of R48 099 226. The underspending relates to mainly an additional R45 million received in March 2014 and for which the municipality put in place procurement plans.

### **Additional matters**

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

### **Unaudited supplementary schedules**

12. 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.

### **Unaudited disclosure notes**

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

### **Report on other legal and regulatory requirements**

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

### **Predetermined objectives**

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2014.

- Development priority: Roads and storm water on pages 139 to 143
- Development priority: Electrical on pages 120 to 139
- Development priority: Library services, traffic and licensing, parks and recreation, buildings and control, environmental management, disaster management and security services on pages 117 to 118, 144, 147, 150 to 158
- Development priority: Waste management on pages 118 to 119 and 148 to 149

16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

17. I evaluated the usefulness of reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priority. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).

18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. The material findings in respect of the selected development priorities are as follows:

**Development priority: Electrical**

**Usefulness of reported performance information**

**Measurability of targets**

20. The FMPPI requires that the performance targets be measurable. I could not measure the required performance for 23% of the targets.

This was due to a lack of proper systems and processes as well as technical indicator descriptions.

**Reliability of reported performance information**

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of technical indicator descriptions for the accurate measurement, recording and monitoring of performance and monitoring of completeness of source documentation in support of actual achievements.

**Development priority: Library services, traffic and licensing, parks and recreation, buildings and control, environmental management, disaster management and security services**

**Usefulness of reported performance information**

**Measurability of targets**

22. The FMPPI requires that the performance targets be measurable. I could not measure the required performance for 46% of the targets.

This was due to a lack of proper systems and processes as well as technical indicator descriptions.

**Development priority: Waste management**

**Usefulness of reported performance information**

**Measurability of targets**

23. The FMPPI requires the following:



- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 38% of the targets were not specific.
- Performance targets must be measurable. I could not measure the required performance for 38% of the targets.

This was due to a lack of proper systems and processes as well as technical indicator descriptions.

### **Additional matters**

24. I draw attention to the following matters.

### **Achievement of planned targets**

25. Refer to the annual performance report on pages 117 to 144 and 147 to 158 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priorities in paragraphs 20 to 23 of this report.

### **Adjustment of material misstatements**

26. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of all selected development priorities. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

### **Compliance with legislation**

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

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

28. The performance management system and related controls were inadequate as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting and improvement and how it is conducted, organised and managed, as required by sections 38 of the MSA and regulation 7 of the *Municipal planning and performance management regulations*.

### **Financial statements, performance and annual reports**

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.

Material misstatements of non-current assets, liabilities and expenditure identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### **Procurement and contract management**

30. A contract was awarded to a bidder that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act.

### **Expenditure management**

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

### **Internal control**

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

### **Leadership**

33. An inadequate performance management system and processes exist which did not ensure performance information that is in all instances useful and reliable.

34. The council, accounting officer and management did not exercise oversight responsibility in finding a solution that would ensure that material provision for bad debts are reduced to satisfactory levels and increased the municipality's contribution towards delivering quality services.

35. The accounting officer and management did not exercise adequate oversight responsibility over the enforcement of the municipality's procurement policy.

### **Financial and performance management**

36. The financial statements contained material misstatements that were corrected. This was mainly due to inadequate internal controls over a wide spectrum of the activities of the municipality and lack of competencies within finance department.

37. An adequate and frequent review of the validity, accuracy and completeness of reported achievements against source documentation was not performed.
38. The municipality's internal controls over procurement did not identify non-compliance with the procurement policy.

### **Governance**

39. Through on-going monitoring the accounting officer, management and the audit committee has to ensure there is an adequately resourced internal audit unit that assessed the effectiveness of the internal control environment supporting performance reporting and compliance with legislation.

*Auditor - General.*

Polokwane

28 November 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**NB (FOR A SUMMARY LETTER DATED 18 MARCH 2015 REFER TO ANNEXURE A9)**