

ANNUAL REPORT
2009/2010

MAKHADO LOCAL MUNICIPALITY (LP344)
Vhembe District (DC 34)
Limpopo Province
(Adopted by Council Resolution A.34.28.04.11)

28 April 2011

CLLR J HOORZUK
CHAIRPERSON OF COUNCIL
MAKHADO LOCAL MUNICIPALITY

It is my pleasure to submit the Annual Report of Makhado Local Municipality (MLM) for the financial year 1 July 2009 to 30 June 2010.

To the best of my knowledge the contents of the report are consistent with the disclosure principles contained in the Guide for Preparation of Annual Reports issued by National Treasury.

This report seeks to portray the Makhado Local Municipality's activities during the financial year under review and is based on sound underlying municipal information and management systems.

In presenting this report we acknowledge progress made during 2009/10 financial year as well as future challenges that may be encountered.

MR. A S TSHIKALANGE
MUNICIPAL MANAGER

28 April 2011



FOREWORD BY THE MAYOR

It is my pleasure to present the 2009-2010 Annual Report of Makhado Municipality. The report will critically reflect on and capture the milestones, challenges and institutional plans to accelerate service delivery.

As Makhado Municipality, we have made a resounding and historical contribution in hosting the FIFA World Cup- 2010- Football Friday and Mass Mobilization Campaign, also enabling our public to view the prestigious World Cup Trophy. We are exceptionally proud that the World Cup Legacy will remain with us for a long time when we construct the Rabali Stadium as part of the FIFA World Cup Legacy Program.

Some of the key highlights for the 2009-2010 include:

- Adoption and implementation of the Municipal Turn Around Strategy – this Strategy identified 60 different projects for implementing to improve service delivery
- Adoption of the 2014 Operation Clean Audit Plan – this Plan comprises of 56 respective items for action to achieve a Clean Audit
- Maximum implementation of planned Capital and Operational Projects in the Integrated Development Plan (IDP) – altogether twelve (12) civil and 42 electrical projects were implemented during the year under review under operational as well as capital expenditure
- Completion and monitoring of the Municipal Strategic Risk and Fraud Register – these Registers were completed and identified altogether twenty five (25) Strategic risks and thirty one (31) Fraud risks for which control measures have been developed/are being developed
- Successful and ongoing filling of critical top and general administrative vacant posts – altogether sixty two (62) officers were appointed in vacant/new posts in the year under review
- Improved and stable working relationship between administrative management, organized labor and Council

Despite the global economic downturn, Council has set clear financial and performance targets over the past year captured in the Integrated Development Plan. We have to frequently reposition our development and service delivery programmes and objectives to ensure that they address the revised needs of our stakeholders and communities, as influenced by changing and shifting socio economic contexts, political priorities, intergovernmental engagements, stakeholder expectations and internal institutional processes.

The time to restore the dignity of our people through provision of proper housing, clean water, electricity, better roads, adequate sanitation and good living conditions has come.

This Annual Report must provide us with the necessary signposts to help us find our direction in fast tracking community development and service delivery, as well as a reliable yardstick to measure our performance against the mandate that we have received from our people.

In 2011, local government elections will be held across South Africa, and we trust that all citizens will once more again cast their votes in the defense and advance of a democratic society.

Revolutionary appreciation is extended to the Office of the Speaker, Chief Whip, Executive Committee members and all councillors for their strategic and political guidance enhancing an effective local government.

The Municipal Manager and his staff must also be commended for their hard work and dedication to achieve the very ambitious goals of improving the quality of lives of the people of Makhado.

Finally, we wish to extend our sincere thanks to the residents of Makhado and their respective civic, political, social and economic organizations who diligently work together to ensure that Makhado Municipality continues to be a peaceful, prosperous and harmonious community.

Office of the Mayor

Makhado Municipality

CLLR M.M LURULI

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CHAPTER 1

Introduction

And

Overview

The Makhado Local Municipality at a glance for the year ending 30 June 2010

OVERVIEW – General Information

Makhado Local Municipality (LP344), located in the most northern region of Limpopo Province and one of four participating local municipalities in the Vhembe District Council (DC 34) region, has a vision indicative of its physical location and true to its ambition as institution which reads

The Municipality of Makhado, being the gateway to other African states, strives to improve the quality of life of all its people by rendering basic, efficient, affordable and sustainable services through transparent, participatory governance and a dedicated, efficient and accountable institution focused on developing the area as a growth point.

1. ORIENTATION BY MUNICIPAL MANAGER: THINGS TO KNOW – INTRODUCTION

1.1 *Makhado Local Municipality (MLM) (LP344) was inaugurated as the new local government system on 5 December 2000. Its first term ended after 5 years in December 2005 and the second elections were held on 1 March 2006. The next elections are scheduled for 2011 when the current term will then come to an end.*

1.2 *The geographical area of the MLM consist of 279 villages and 28 formal towns with a vast number of privately owned and state farms in between. The estimated population is about 515 763 with a number of 129 665 households – the Certified Valuation Roll 2008-2012 has altogether 126 000 listings which gives an indication of parcels of land in the municipal jurisdiction area.*

1.3 *In January 2001, the Municipality set itself up to operate in three respective regions namely Dzanani, Vuwani and Waterval. The Civic Centre as the main core for municipal business is located in Louis Trichardt Township which is one of the four urban nodes in the geographical area and located in the Makhado Region.*

1.4 *The Makhado Local Municipality is responsible for provision of basic services like refuse removal, municipal roads and provision of electricity within its license area. The Water Services Authority, the Fire Fighting Services and the Health Services have been devolved to both the Vhembe District Municipality and the Provincial Health Department respectively. The jurisdiction of MLM currently functions in 37 respective municipal wards.*

2. OVERVIEW BY THE ACCOUNTING OFFICER

At various stages during the financial year under review the Senior Management component of the Municipality was appointed by Council namely, Director Corporate Support and Shared Services was appointed in September 2009, Director Technical Services and Director Development and Planning were appointed in October 2010 and myself (Municipal Manager) was appointed in April 2009 and thus completing the Senior Management Team which already had two Senior Managers, i.e. Director Community Services and Chief Financial Officer who were appointed in January and May 2008, respectively.

The completion of filling of Senior Management vacancies has indeed brought a stable working environment which can also be credited with reduced unprotected and unplanned industrial actions by Trade Unions. The Stable environment that we find ourselves affords the municipality with conducive environment that gives impetus to a democratic, transparent, accountable and developmental municipality.

It is against, this background that the Municipality together with labour engaged in an organizational restructuring process which resulted in the establishment of a fifth crucial Department of Development and Planning that encompasses developmental issues such as the Spatial Development Framework, Land Use Management Scheme and Local Economic Development.

Elsewhere in this report, it has been indicated that there are huge backlogs in key basic service delivery i.e. water, electricity, roads, housing and waste management together with the related poor maintenance and repairs of the Infrastructure. One of the major and critical aspect that negatively affects these key basis service deliverables is shortage of resources both financial and human capital.

The shortage of financial resources is induced by both external and internal factors. The Municipality identified debt collection, the non writing off non-recoverable debts, the inclusion of village household in the valuation roll, and indigent clients as having a negative impact in our finances. It goes without saying that the ever increasing debts from our consumers need to be arrested, stabilized and be reduced. The municipality cannot afford to have the situation continuing forever since at the end might result in the municipality loosing the remaining its loyal paying clients, we need to beef up our debt collection unit by considering the option of outsourcing the service. Bad debts need to be written off by implementing the Credit and Debt Control Policy that regulates this issue.

We have to be honest with ourselves that the inclusion of village households in the Valuation Roll did not yield any positive financial benefit to the Municipality. In fact the opposite is the case as some residents under the banner of the Rates Payers Association have suspended the payment of rates and taxes and pay same into a trust because they feel that the municipality is indiscriminately / irrationally implementing its property rates policy. The property rates policy need to be revisited and consider whether the concept of "ownership of the land" in villages falls within the definition of owner as intended by the legislature. It will be fair and just to all affected to resolve this confusion once and for all and without any delay. We are happy to hear that the Department of Co-operate Governance and Traditional Affairs (COPTA) is yet to submit a revised Property Rates Amending Bill that incorporates public views and inputs to the relevant Portfolio Committee of Parliament.

My observation is that as a Municipality we will never have enough funds from our current sources of income to overcome and drastically reduce the huge backlogs of key basic service delivery. We need a special intervention, a special purpose vehicle that will tap into other sources of income like

parastatals, private sector and foreign aid development agencies. As a Municipality we might not have the necessary capacity to attend to the issue of tapping into these sources of funds and we might have to establish a dedicated municipal entity to attend to issues of project funding.

It has been indicated elsewhere in the report that we need skilful and capable human resources in order to succeed in reducing the key national service delivery backlogs. As a way of retaining staff, we have during the year under review benchmarked the municipal staff salaries with those of Vhembe District Municipality and our staff members have substantially benefitted, in particular officials in finance, technical services and development planning.

The Municipality has an individual performance management system that only assesses the performance of senior management and is not cascaded to the lowest ranked employee in the Municipality. This should come to an end because the performance of the Head of Department is dependent upon the performance of his subordinates. The system is therefore incomplete if all the employees in that department are not assessed for performance which enables the Municipality to monitor and evaluate production and to identify gaps with a view of future improvement which at the end will positively impact in reducing basic service delivery backlogs. There is also a need to introduce the Organizational Performance Management System which is non-existent except in paper.

The organizational structure is annually reviewed during the IDP process and our challenge as a Municipality is that we are unable to place staff into the new organogram thanks to the delay in releasing the job evaluation results by the Job Evaluation Task Team established by South African local Government Bargaining Council (SALGBC).

Council during March 2010 adopted its Municipal Turnaround Strategy (MTAS), 2010 as an outflow from the Local Government Turnaround Strategy (working together, turning the tide in Local Government) which Cabinet formulated in November 2009. The MTAS identified sixty (60) strategic priorities that need to be implemented from the five Key Performance Areas in local government, i.e. Basic Service Delivery, Public Participation, Governance, Local Economic Development and Financial management. The Municipality intends to use its available resources to ensure that these priority strategic plans are immediately implemented and achieved in the 2011/2012 financial year.

Conclusion

We have accepted as the Municipality that in order to improve on the reduction of service delivery backlogs we need to intensify our debt collection system, and investigate new and innovate mechanism for funding our infrastructure projects, and implement the financial policies in so far as debt collection and bad debts is concerned and ensure that funds allocated for indigent clients are spend promptly and timeously.

The Municipality must be in a position that it is able to recruit and retain human capital in the engineering, finance and planning development sectors in order to fulfil our dream of a better life for all by delivering key basic services to our communities.

MR. A S TSHIKALANGE
MUNICIPAL MANAGER

INTRODUCTION AND GENERAL INFORMATION

Vision

Peace, harmony and prosperity in
a healthy environment for all.

Mission

The Municipality of Makhado,
being the gateway to other
African states, strives to
improve the quality of life of
all its people by rendering
basic, efficient, affordable and
sustainable services through
transparent, participatory
governance and a dedicated,
efficient and accountable
institution focused on developing
the area as a growth point.

CHAPTER 2

Performance

Highlights

(i) Narrative of Services Rendered

The budget allocation for infrastructure development as approved by council for the financial year under review, in order to address services backlog was R129 553 336.96. The following services as per IDP 2009/10 Financial Year existed:

○	Water:	60 376
○	Sanitation:	63 725
○	Waste Management:	100 123
○	Electricity:	35 000
○	Housing:	21 020

It should be taken into consideration that water services function according section 84 of the Municipal Structures Act 117 of 1998 is the responsibility of the district municipality, whereas the provision of RDP houses is the responsibility of Department of Local Government and Housing.

The capital expenditure during the financial year under review was R57 501 300.98, which translate to 44% of the capital budget. The low expenditure can be attributed to:

- *No forward planning existed in the preceding financial year, which is 2008/09 financial year.*
- *Late appointment of service providers*
- *Unfavorable climate conditions*

In order to address the above, our intention is to advertise for the appointment of consultant on time for the following financial year.

40 infrastructure projects were completed, while 14 projects were at more than 70% completion and 5 were between 50% and 60% completed. Again 26 infrastructure projects were below 50% at the end of the financial year.

As indicated above, Vhembe District Municipality commissioned a project for construction of 8640 VIP toilets. This reduced sanitation backlog by almost 15%. There had not been any water project commissioned during the financial year, hence there was no change on backlog.

Furthermore, the district municipality, appointed a service provider for the refurbishment of the Waste Water Treatment Plant to the tune of R11 500 000.00.

340 RDP houses were planned for the financial year, however only 218 houses were built. This translate to 64% of the total planned houses.

Department Technical Services

(ii) Service Backlog

	30 June 2008 2008/09			30 June 2009 2009/10			30 June 2010		
Water Backlog (6kl per month)				Total No. of Household			Total no. of household Required	Budgeted R	Actual R
Backlog to be reduced (No of household not receiving minimum standard of service)				129 665	59785		VDM	45101	
Backlogs to be eliminated (Percentage. Household identified as backlog/Total House Holds in the municipality)				129 665	46.1 %		VDM		
Spending on new infrastructure to eliminate backlog (R'000)				129 665			VDM		
Spending on Renewal of existing Infrastructure to eliminate backlog (R'000)				129 665			VDM		
Total spending to eliminate backlog (R'000)				129 665	R491 11452		VDM		
Spending on maintaining infrastructure to ensure that no new backlog created				129 665	R10m		VDM		
	30 June 2008 2008/09			30 June 2009 2009/10			30 June 2010		
Sanitation Backlog									
Backlog to be reduced (No of household not receiving minimum standard of service)				129 665	99119		185714	101304	
Backlogs to be eliminated (Percentage. Household identified as backlog/Total House Holds in the municipality)				129 665	76.4 %		185714	84410	45%
Spending on new infrastructure to eliminate backlog (R'000)				129 665			185714	VDM	
Spending on Renewal of existing Infrastructure to eliminate backlog (R'000)				129 665			185714	VDM	
Total spending to eliminate backlog (R'000)				129 665			185714	VDM	
Spending on maintaining infrastructure to ensure that no new backlog created				129 665			185714	VDM	

Department Development Planning:**1. Town-planning Section**

Zoning applications to acquire land use rights received and processed:

APPLICATIONS OUTSTANDING BY July 2009	CATEGORY	NUMBER OF NEW APPLICATIONS RECEIVED 2009/2010	TIME TAKEN TO APPROVE	TOTAL VALUE OF APPLICATIONS RECEIVED IN RANDES	OUTSTANDING APPLICATIONS JUNE 2010
None	New Residential (Building Plans)	327	1 Month		None
None	Commercial (Building Plans)	27	1 Month		None
None	Cellular Mast	16	1 Month		None
None	Industrial (Building Plans)	10	1 Month		None
				111, 056 04	
All	Demarcation of New residential sites	200 residential sites at Mahatlani 500 residential sites at Vuwani	24 months (General Plan Approval) 24 Months (General Plan Approval)	Projects have been funded by Department of Local Government and Housing hence the municipality do not have figures.	All
None	Increase in Density (Additions of dwelling units)	2		R500 (tariff for increase in density)	None
None	Increase in Density (Granny Flat)	3		R750 (tariff for increase in density)	None
None	Consolidations of sites	2	3 Months	100 (Tariff for sites consolidation)	None
None	Subdivision of sites	11	3 Months	100 (Tariff for subdivision)	None
	Special consent for different land uses excluding granny flat and increase in density	15	3 Months	R250 per application for special consent Total R3, 750.00	

2. Geographic Information System (GIS) This section consists of one (1) dedicated staff member on post level 6 to capture data and keep the system updated. The TGIS system was newly installed in the 2007/8 financial year and is used through the main frame computer system of Council – a dedicated server is used for TGIS data to ensure a useable tool in town-planning and development information.

Department Corporate Services:

1. PROPERTY SECTION

1.1 Land Claims

No new or additional land claims was registered during the year in question.

The existing land claims – no progress with regard to

1.1.1 Resettlement on Farm Ledig,

1.1.2 Resettlement on Kranspoort,

1.1.3 Masagani land claim on the Remainder of Farm Bergvliet 288 L.S.

CHAPTER 3

Human Resources & other Organizational Management

INTRODUCTION OF MUNICIPAL DEPARTMENTS

- 1. Community Services**
- 2. Corporate Services**
- 3. Development Planning**
- 4. Finance**
- 5. Technical Services**

ORGANIZATIONAL STRUCTURE

ORGANISATIONAL STRUCTURE

The original organizational structure was reviewed as per Council Resolution A.37.29.05.09 in May 2009 and recomposed to implement five (5) Departments as opposed to four (4) and three (3) regional service delivery units whereas previously it was four units. The previous Makhado Region is no longer an office unit on its own as it overlapped with the Civic Center as service centre and caused duplication of both functions and expenditure. The Organogram as adopted in May 2009 was not completely implemented due to the delay in job assessment and wage curve resolve by organized local government. The intended placement of staff according to the organogram could not proceed due to these two factors. At the same time the grading of MLM has yet to be formalized whereas at present it operates according to bench marking with the Vhembe District Municipality.

HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

1. ORGANISATIONAL STRUCTURE

The original organizational structure was reviewed as per Council Resolution A.37.29.05.09 in May 2009 and recomposed to implement five (5) Departments as opposed to four (4) and three (3) regional service delivery units whereas previously it was four units. The previous Makhado Region is no longer an office unit on its own as it overlapped with the Civic Center as service centre and caused duplication of both functions and expenditure. The *Organogram as adopted in May 2009* was not completely implemented due to the delay in job assessment and wage curve resolve by organized local government. The intended placement of staff according to the organogram could not proceed due to these two factors. At the same time the grading of MLM has yet to be formalized whereas at present it operates according to bench marking with the Vhembe District Municipality.

The following five departments were in existence during the year 2009/2010:

(i) DEPARTMENT COMMUNITY SERVICES

Department Community Services consist of -

- *Protection Services (Traffic and Licensing)
- *Disaster Management Services
- *Special Programs and Culture Services
- *Support service to the Office of the Mayor and Municipal Councillors
- *Environmental Health Services (although this service is busy being transferred to the Vhembe District, the staff and function is still with MLM)
- *Communication and Publicity Services
- *Public Library Services

1. TRAFFIC SERVICES

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

2. LICENSING SERVICES

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

3. SOCIAL SUPPORT / FACILITATION SERVICES

Office of the Mayor
Office of the Speaker (including municipal councillor support activities)
Disaster Management
Gender desk
Youth desk
Aged desk
Disability desk
Arts and Culture including Libraries

(ii) DEPARTMENT CORPORATE SUPPORT & SHARED SERVICES

1. DIVISION: HUMAN RESOURCES

Section: Personnel Administration & PMS

- *Personnel Administration
- *All aspects of Human Resource Management and Administration
- *Recruitment and Placement of staff
- *Performance Management administration for individual officials

Section: OD & Skills Development

- *Employment Equity
- *Skills gaps analyses and skills development programs
- *Labour Related Policies
- *Organizational Development

2. DIVISION: ADMINISTRATION AND AUXILIARY SERVICES

Section: Administration and Council Support

- *Committee Services
- *Council Administration
- *Ward Committees
- *Support services to all municipal departments

Section: Auxiliary Services

- *Records and Archives
- *Caretaker Services

Section: Legal and Property Services

- *Legal Services
- *Municipal property administration

3. DIVISION: INFORMATION & COMMUNICATION TECHNOLOGY

Section: Computer Services

- * Information Technology – hardware, software and user assistance
- * System Administration
- * Network Administration
- * User technical support
- * Website Maintenance and Expansion

Section: Telephone Systems & Others

- * Communication Technology – hardware, software and user assistance
- * System and Users Technical Support and Administration

(iii) DEPARTMENT DEVELOPMENT PLANNING

The department is divided into 3 divisions, i.e.

Integrated Development Planning And Organizational Performance Management System
Local Economic Development
Spatial Planning And Land Use Management

1. INTEGRATED DEVELOPMENT PLANNING AND ORGANIZATIONAL PERFORMANCE MANAGEMENT SYSTEM

The Division has 2 Sections, i.e.

Section: Integrated Development Planning Section

- Review and drafting of the IDP
- Coordinate the IDP review process

Section: Organizational Performance Management System Section

- Alignment between IDP, Budget and the SDBIP
- Monitor organizational performance through SDBIP
- Coordination of Organizational annual reports, quarterly reports and monthly reports.
- Development and review of the performance management framework

2. LED DIVISION

- Investment attraction and business retention and expansion drive
- Conducting open market days
- Creating and enabling environment for SMMEs, Agriculture, Tourism and Co operatives.
- 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

3. SPATIAL PLANNING AND LAND USE MANAGEMENT DIVISION

The Division has 5 Sections, i.e.

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. Vleivontein, 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 ervens
- 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 councillors
- Assist contractors, councillors 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 councillors
- 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.

(iv) DEPARTMENT OF FINANCES

ALL ASPECTS RELATED TO FINANCE THAT INCLUDE

Financial Accounting and Financial Statements

Budget Office

Expenditure costing and Income section procurement

Asset management

Supply Chain Management

Systems, mainframe and network

Financial reporting

Consisting of four respective sections – Revenue, Expenditure, Budgeting and Supply Chain Management

(v) DEPARTMENT TECHNICAL SERVICES

Water and sanitation services

Mechanical workshop for maintenance of fleet

Electricity network, distribution and maintenance

Roads and storm water

Parks and recreation, including swimming pools, cemeteries and crematorium

Side walks and open spaces

Waste Management (domestic and industrial)

The five (5) departments were supported by three (3) Regional Administration units due to the vastness of the municipal area, approximately 16 000km² in extent with unofficially an estimated 750 000 residents. Three Regional service centers are operational where all levels of services are delivered and coordinated at regional level. These regional centers are the following:

Dzanani Region (north eastern part of municipal jurisdiction), **Vuwani Region** (Eastern part of municipal jurisdiction) and **Waterval Region** (southern part of municipal jurisdiction) – the central to western part of the municipal area, previously known as Makhado Region is serviced from the Civic Center as main service center.

These centers are headed by Regional Administrators that co-ordinate service delivery and all other municipal services such as enquiries, account payments etc at regional level in a quest to take services as close as possible to the community; additional remote pay points totaling 9 are operating at ward/village level to cater for pre-paid electricity customers – these paypoints are located at Zamenkomste, Madodonga, Tshiozwi, Khunda, Mudimeli, Musekwa, Khomele, Tshiendeulu & Mashau.

Two of the three regional offices operate with the services of an acting administrator for a number of years now. The filling of the vacant posts did not materialize during the 2009/10 financial year due to various reasons.

B. DISCUSSION OF DEPARTMENTS

1. DEPARTMENT COMMUNITY SERVICES

1.1 PERFORMANCE HIGHLIGHTS

1.1.1 OBJECTIVES FOR 2009/2010

During the 2009/10 financial year, the department has set out the following objectives;

- Promotion of community participation and consultation
- Law enforcement
- Provision of municipal health services
- Ensuring a clean and healthy environment within our municipality
- Disaster management
- Render library services
- Promotion, coordination and support of the programmes and interests of the designated groups, namely, Youth, Elderly, Women, Children, people with disabilities
- Provision of learners licenses, drivers licenses and registration of motor vehicles and motor-bikes
- Provision and coordination of security services
- Provision of bursary support to learners from disadvantaged background to pursue their studies
- Promotion and coordination of arts and culture activities
- Promotion and facilitation of sport development
- Coordinate the local AIDS Council activities and intensify prevention of HIV and AIDS

1.2 ACTUAL ACHIEVEMENTS/ OUTPUTS

For full information see schedules in Chapter 5.

1.3 CHALLENGES

- * We experienced high vacancies to key critical positions in different divisions such as in traffic and licensing, indigent, disaster management, including the call centre.
- * The inadequate staff shortages resulted in long queues at our traffic and licensing stations, particularly at the Louis Trichardt Registration Authority office.
- * The high usage of our library in town resulted in shortages of space accommodation for the clients during peak periods between September and November.
- * The usage of the old manual library system negatively impacted on the provision of library services.

2. DEPARTMENT CORPORATE SERVICES

HUMAN RESOURCE MANAGEMENT, EMPLOYMENT EQUITY, SKILLS DEVELOPMENT, RECRUITMENT AND OTHER HUMAN RESOURCE RELATED MATTERS

2.1 The Human Resource division forms part of the Corporate Support and Shared Services Department and provide support to all Departments. The *Organogram, 2009* approved twenty one (21) posts for this division. However, at 30 June 2010 a total of ten (10) of the approved posts had not yet been filled. Thus a number of eleven (11) employees took charge of the responsibilities of the division of which the functions performed and services rendered can be summarized as follows:

2.1.1 Labour Relations

Employment Equity Plan;
Employment Equity Report;
Conditions of Service;
New Collective Agreement on Conditions of Service
Human Resources related and Employment Policies;
Practices & Procedures, Disciplinary Hearings, Grievances Hearings, Trade Unions, Local Labour Forum; and

2.1.2 Personnel Administration

Leave records;
Retirement Funds;
Medical Aid Funds;
Vacancies;
Appointments;
Resignations;
Transfers;
Placements; and
Promotions & Demotions
Performance management administration

2.1.3 Organizational & Skills Development

Training courses;
Learner-ships;
Apprenticeships;
Workplace Skills Plan and Workplace Skills Report;
Skills Levy Grant and Skills Development Facilitator Forum;
Organogram, Duty Sheets and Job Profiles; and

2.2 PERFORMANCE HIGHLIGHTS OF THIS DIVISION

2.2.1 OBJECTIVES FOR 2009/10 WERE THE FOLLOWING

(according to the approved SDBIP under Resolution B.76.13.08.09)

- (i) Address Skills Gap as per WSP
- (ii) Placement of Employees on the approved organogram (A27.29.05.09)

- (iii) Develop job profiles for all new posts created, level 1 to level 15
- (iv) Implement Employee Assistance Programme
- (v) Align SALGA developed HR policies with the existing approved HR related policies
- (vi) Promote Batho Pele Principles
- (vii) Implement Employment Equity Plan 2007-2012
- (viii) Update general information and personnel history on the VIP Premier Payroll System
- (ix) Implement Computerised Vacancy Control System
- (x) Implement Time, Attendance and Access Control System
- (xi) Implement computerised overtime register system
- (xii) Fill vacant posts
- (xiii) Promote revenue enhancement and Batho Pele principles

2.2.2 ACTUAL ACHIEVEMENTS 2009/10

For actual achievements for the financial year in question see Chapter 5 of this Report

2.2.3 CHALLENGES EXPERIENCED 2009/10

The division functions without the leading of Manager on post level 1; although the post exists, it has not been filled – two assistant managers form the management of this division under direct leadership of the Director of the Department. But one post was vacant for the larger part of 2009/2010 with the result that some of the projects could not be implemented. This gap posed a number of challenges during the year in the day to day running and in streamlining administration.

The focus during the 2009/10 financial year was to get the vacant posts filled in order to enhance service delivery – the collective wage agreement which dictated filling of all vacant posts by 1 July 2010 engaged the division for the larger part of the financial year. The vacancies of other key posts such as the Labour Relations Officer also contributed to gaps in the functioning of the Division.

The projects listed in items (viii) to (xi) could not be implemented due to gaps in the capacity and available staff in the division.

2.3 OPE RATIONAL ACHIEVEMENTS AND CHALLENGES IN BRIEF SUMMARY

(i) Disciplinary Hearings

There were no official hearings in the course of the year which we had to attend as observer.

(ii) Trade Unions

Maintain continuous communications through regular Local Labor Forum meetings; Local Labor Forum meetings were scheduled on monthly frequency although it did not always form a quorum due to absence of representatives from both the employer and union.

(iii) Training & Development

Skills intervention through formal training was facilitated as more fully set out in the Table below.

DEFINITION OF N Q F

NATIONAL QUALIFICATION FRAMEWORK				
School Grades	NQF Levels	Bands	Types of Qualifications	
FURTHER EDUCATION AND TRAINING CERTIFICATE				
-	8	HIGHER EDUCATION AND TRAINING CERTIFICATE (HED)	Doctorates	
-	7		Masters	
-	6		B.Degrees and Honours Degrees	
	5		Higher Diplomas, National Diplomas and National Certificates	
FURTHER EDUCATION AND TRAINING CERTIFICATE				
12	4	FURTHER EDUCATION AND TRAINING CERTIFICATE (FET)	Certificate from Private School/College or Technical	
11	3		Certificate from Private School/College or Technical	
10	2		Certificate from Private School/College or Technical	
GENERAL EDUCATION AND TRAINING CERTIFICATE				
9	1	GENERAL EDUCATION AND TRAINING CERTIFICATE (GET)	Senior Phase	ABET 4
8				Intermediate Phase
7			Foundation	
6				Pre School
5				
4				
3				
2				
1				
R				

(v) SKILLS GAPS IDENTIFIED AND TRAINING INTERVENTIONS CONDUCTED

A. FORMAL TRAINING

PROGRAMME/COURSE	NO. OF OFFICIALS/CLLRS		AMOUNT SPENT	INSTITUTION
	Officials	Councillors		
ELMDP (Executive Leadership Municipal Development Management) 1 st intake	4	8	R180 000.00	University of Pretoria
ELMDP (Executive Leadership Municipal Development Management) 2 nd intake	3	8	R165 000.00	University of Pretoria
CPMD (Certificate Programme for Municipal Development) sponsored by LGSETA	6	2	LGSETA Discretionary Grant	Wits University
Business Administration Learnership	100 Unemployed Youth	-	LGSETA Discretionary Grant	Informage Rims' TACC Group
MFMA (Municipal Finance Management Programme) sponsored by LGSETA	14	-	LGSETA Discretionary Grant	University of Pretoria
Advanced Fraud Exam	1	-	R10 000.00	University of Pretoria
Examiner of Driving License grade F	4	-	R20 000.00	Limpopo Traffic College
National Certificate Municipal Governance	22	3	LGSETA Discretionary Grant	University of Johannesburg
Water and Waste Reticulation Learnership	30 Unemployed Youth	-	LGSETA Discretionary Grant	African Training Academy
Professional Certificate in Government communication and marketing	1	-	R31 000.00	Wits University
Local Government Accounting Certificate	10	-	LGSETA Discretionary Grant (DPLG&H)	Legodi Holding (AAT)

PROGRAMME/COURSE	NO. OF OFFICIALS/CLLRS		AMOUNT SPENT	INSTITUTION
	Officials	Councillors		
Municipal Finance Management Programme	2	-	R82 000.00	DBSA
Examiner for Driving License Grade A	1	-	R7 575.00	Dept. of Transport
Performance Management System and Monitoring Evaluation Programme	2	-	LGSETA Discretionary Grant (DPLG&H)	DBSA
Examiner of Drivers License	1	-	R2 635.00	Dept. of Transport

B. OTHERS

PROGRAMME/COURSE	NO. OF OFFICIALS/CLLRS		AMOUNT SPENT (EXCLUDING TRAVELLING AND ACCOMMODATIONS)	SERVICE PROVIDER/ INSTITUTION
	Officials	Councillors		
Abet Level 1	16	-	LGSETA Discretionary Grant	Project Literacy
Abet Level 2	17	-	Funded by Dept of Education	Mahonisi Abet Centre
Abet Level 3	10	-	Funded by Dept of Education	Nandoni Learning Centre
Abet Level 4	19	-	Funded by Dept of Education	Mavhunga Learning Centre
Land Use Management	1	-	Funded by DPLG&H	DBSA
IDP Short Course	1	-	R23 493.00	African Information Institute
Municipal Infrastructure Investment Plan	1	-	Funded by DPLG&H	DBSA
MV & HV Substation design	1	-	R15 891.00	Bessie Global Management
MV & HV Circuit Breakers and Switch gear	2	-	R16 915.00	Joshua West
Organisational Structure and Design	3	-	R34 886.00	Kapito Corporation Division

PROGRAMME/COURSE	NO. OF OFFICIALS/CLLRS		AMOUNT SPENT (EXCLUDING TRAVELLING AND ACCOMMODATIONS)	SERVICE PROVIDER/ INSTITUTION
	Officials	Councillors		
Disaster management	1	1	R40 000.00	Disaster Management Institute of Southern Africa
Lawn Mower Operator	28	-	R36 000.00	Impact Plus Training
IMASA (Institute for Municipal Administration in) Southern Africa	11	-	R8 534	IMASA
Advanced Skills for Secretaries	1	-	R6 870.00	P K Consulting
EAP (Employee Assistance Programme)	17	-	R49 197.00	IIR Training
Programme Legislative Drafting	2	-	Funded by DPLG&H	DPLG & H
GRAP Training	2	-	R7 981.00	National Treasury
VIP Module 1 & 2 (Payroll and Administration)	1	-	R9 650.00	Vip Shifline
Development of Municipal Infrastructure Plans	2	-	Funded by DPLG&H	DPLG & H

First Aid Level 1	15	-	R66 285.00	HASLAC
First Aid Level 2	10	-		
First Aid Level 3	20			
Contract Management & Service Level Agreement	3	-	R35 679.00	Premier Conferencing (service provider)
African Women in Politics & Leadership	1	3	R45 409.00	Amabhusi Training
Skills Audit	3	-	Funded by LGSETA	DPLG & H
Intranets & Portraits	2	-	R25 000.00	Joshua West
Operating Regulations High Voltage System	9	-	R48 683.00	Eskom
Waste Management Forum	2	-	R14 010.00	LEDET

PROGRAMME/COURSE	NO. OF OFFICIALS/CLLRS		AMOUNT SPENT (EXCLUDING TRAVELLING AND ACCOMMODATIONS)	SERVICE PROVIDER/ INSTITUTION
	Officials	Councillors		
VIP Leave Module	1	-	R16 500.00	VIP Softline
Traditional Council, Local Government and Rural Government	1	-	R12 685.00	Havard Training Institute
District Skills Colloquium	7	1	Funded by LGSETA	LGSETA
Leadership for Women in Law Enforcement	2	-	R7 020.00	Intelligence Transfer Centre
Basic Information & Knowledge management	2	-	R33 500.00	University of Pretoria
Accounting Fixed Assets	5	-	R7 160.00	National Treasury
IDP Short Course	1	-	Funded by DPLG&H	DPLG & H
Engineering Contract & Project Management	1	-	R10 203.00	University of Pretoria
Payroll Administration	1	-	R3 894.00	VIP Softline
Advance Information and Knowledge	2	-	R3 800.00	University of Pretoria
Safe Operation and Maintenance	2	-	R16 915.00	Joshua West
Vehicle test station evaluation	2	-	R8 534.00	SABS
Public Sector Protocol	3	-	R27 253.00	Bessie Global Management
Engineering and Construction Project Management	1	-	R10 203.00	University of Pretoria
Service Delivery Improvement Plans	1	-	R17 604.00	Intelligence Transfer
Operator TLB Machine	3	-	R35 600.00	Begvin Holding (Pty) Ltd

TOTALS: Officials	=	308	Number of Programmes funded by different
Councillors	=	26	donors:
Unemployed Youth	=	130 [LEARNERSHIPS]	LGSETA - 10
GRAND TOTAL	=	464	DPLG – 7
			DE - 3

Makhado Local Municipality (LP344)

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(vi) NUMBER OF VACANCIES ON APPROVED ORGANOGRAM AS AT 30 JUNE 2010

VACANT POSITIONS AS PER DEPARTMENT/REGIONAL OFFICES

DEPARTMENT	NO. OF VACANCIES	DESIGNATIONS
Municipal Top Management and Office of the Mayor	5	<ul style="list-style-type: none"> ▪ Mayor's Chauffer ▪ Municipal Manger's Executive Secretary ▪ Regional Administrator: Waterval ▪ Regional Administrator: Vuwani ▪ Regional Administrator: Makhado
Corporate Support and Shared Services	5	<ul style="list-style-type: none"> ▪ Labour Relations Officer ▪ Caretaker: Halls and Offices ▪ Assistant Manager Legal & Legislation ▪ Manager: HRM ▪ Clerical Assistant
Development and Planning	7	<ul style="list-style-type: none"> ▪ Building Inspector ▪ Assistant Manager: IDP ▪ Manager: PMU ▪ Superintendent: Building Maintenance ▪ Special Workman ▪ Artisan Assistant ▪ Team Leader
Budget and Treasury Office	23	<ul style="list-style-type: none"> ▪ Assistant Manager: SCM ▪ Accountant Revenue Management ▪ Clerk: Credit Control x 1 ▪ Clerk Clearances ▪ Senior Clerk: Cashiers ▪ Clerk: Salaries ▪ Senior Storeman/Buyer ▪ Accountant Asset Management ▪ Clerk: Budget & Financial Statements ▪ Accountant: Salaries ▪ Accountant: SCM ▪ Clerk: Costing ▪ Clerk: Asset Management x 1 ▪ Sub Accountant: Bank Recon & Cash Flow ▪ Clerk: SCM x 3 ▪ Clerk: Consumer x 2 ▪ Clerk: Fleet Management ▪ Accountant: Budget & Financial Statement ▪ Intern x 1 ▪ Clerk: Data Capturing
Community Services	8	<ul style="list-style-type: none"> ▪ Assistant Manager: Licensing ▪ Clerical Assistant x 3 ▪ Traffic Wardens x 4
Technical Services: Civil Services	72	<ul style="list-style-type: none"> ▪ Manager: Civil Engineering ▪ Engineering Technician: Waste Management ▪ Engineering Technician Roads & Stormwater ▪ Road Maintenance Caretaker ▪ Rail Road Caretaker ▪ Instructor ▪ Operators x 4 ▪ Tractor Driver x 1 ▪ Service Workers x 12

DEPARTMENT	NO. OF VACANCIES	DESIGNATIONS
		<ul style="list-style-type: none"> ▪ Superintendent: Maintenance x 2 ▪ Millwright ▪ Assistant Technician ▪ Booster Pump Attendant ▪ Messenger ▪ Driver ▪ Senior Technical Assistant ▪ Plant Operator x 8 ▪ Superintendent: Operations ▪ Service workers: Water x 32
Technical Services: Electrical Engineering	52	<ul style="list-style-type: none"> ▪ Meter Reader Auditors x 4 ▪ Superintendent: Metering & Revenue Enhancement ▪ Superintendent: Electrification ▪ Superintendent: Rural ▪ Technical Advisor ▪ Artisan Assistant x 4 ▪ General Workman x 1 ▪ Surveyor ▪ Senior Electrician x 2 ▪ Service workers x 37
Dzanani Regional Office	9	<ul style="list-style-type: none"> ▪ Examiner of Drivers License x 2 ▪ Examiner Motor Vehicle ▪ Service Worker x 5 ▪ Team Leader
Vuwani Regional Office	3	<ul style="list-style-type: none"> ▪ Service Workers x 2 ▪ Senior Clerical Assistant Urban x 1
Waterval Regional Office	10	<ul style="list-style-type: none"> ▪ Team Leader ▪ Service Workers x 9
Makhado Regional Office	10	<ul style="list-style-type: none"> • Service Workers x 10

PROPOSED AND FUTURE POSITIONS PER DEPARTMENT/REGIONAL OFFICES

DEPARTMENT	NO. OF POSITIONS	DESIGNATIONS
Municipal Top Management and Office of the Mayor	7	<ul style="list-style-type: none"> ▪ PA to the Mayor(Proposed) ▪ Manager in Municipal Manager's Office (Future) ▪ Speaker's Secretary (Proposed) ▪ Chief Whip's Secretary(Proposed) ▪ Administrative Officer: Protocol & Events Management (Proposed) ▪ Media Researcher (Proposed) ▪ Media Liaison Officer (Proposed)
Corporate Support and Shared Services	20	<ul style="list-style-type: none"> ▪ Snr Clerk / Typist: Legal (Proposed) ▪ Assistant Manager: PMS (Future) ▪ Senior Clerical Assistant (Proposed) ▪ Assistant Manager: Labour Relations (Proposed) ▪ Health & Safety Officer (Proposed) ▪ Senior H R Officer: HRM (Proposed) ▪ Skills Development Facilitator (Proposed) ▪ Clerk Gr1: Personnel Administration (Proposed) ▪ Snr. Clerical Assistant: Personnel Administration (Proposed) ▪ Snr Clerk: Recruitment (Proposed) ▪ Assistant Manager: Administration & Council Support (Proposed)

DEPARTMENT	NO. OF POSITIONS	DESIGNATIONS
		<ul style="list-style-type: none"> ▪ Photocopier Operator (Proposed) ▪ System Administrator (Proposed) ▪ Snr. Clerk Typist/Legal (Proposed) ▪ Assistant Manager: EAP (Proposed) ▪ Assistant Manager: Strategic Management Support (Proposed) ▪ Manager: ICT (Proposed) ▪ Manager: Auxiliary Services (Future) ▪ ICT Technician x 2 (Proposed)
Development and Planning	27	<ul style="list-style-type: none"> ▪ Divisional Manager: Planning (Proposed) ▪ Divisional Manager Development (Proposed) ▪ Assistant Manager: LED (Proposed) ▪ Assistant Manager: Town Planning (Proposed) ▪ Assistant Manager: SMME & Tourism (Proposed) ▪ IDP Coordinators x 2 (Proposed) ▪ Service Workers x 4 (Proposed) ▪ Transport Planning (Proposed) ▪ Technician Town Planning (Proposed) ▪ Spatial Planner (Proposed) ▪ Institutional Social Development Officer (Proposed) ▪ Admin Officer Gr 2: Land Use (Proposed) ▪ Data Collectors (Proposed) ▪ Driver (Proposed) ▪ Technician: Project Management (Proposed) ▪ Admin Assistant (Proposed) ▪ SMME's & Mining Officer (Proposed) ▪ Admin Officer Strategy Gr2 (Proposed) ▪ Admin Officer: Arts & Youth (Proposed) ▪ Clerk: LED (Proposed) ▪ Admin Officer Tourism & Development (Proposed) ▪ Clerk: Tourism (Proposed) ▪ Surveyor (Proposed)
Budget and Treasury Office	3	<ul style="list-style-type: none"> ▪ Assistant Manager: Revenue (Proposed) ▪ Assistant Manager: Financial Control (Proposed) ▪ Chief Clerk Clearances (Proposed)
Community Services	46	<ul style="list-style-type: none"> ▪ Assistant Manager: Special Programme & Culture (Proposed) ▪ Coordinator: Bursary, HIV/AIDS, Disability & Children (Proposed) ▪ Coordinator: Traditional Affairs, Moral Regeneration, Gender, Elderly and Batho Pele (Proposed) ▪ Pound Rangers x 4 (Proposed) ▪ Chief Licensing Officer (Proposed) ▪ Law Enforcement Officers: Hawkers x 2 (Proposed) ▪ Chief Traffic Officers x 1 (Proposed) ▪ Superintendent: Law Enforcement x 1 (Proposed) ▪ Superintendent: Business & Hawkers x 2 (Proposed) ▪ Licensing Officer x 1 (Proposed) ▪ Assistant Superintendent: Administration (Proposed) ▪ Manager Disaster Management (Future) ▪ Disaster Officers x 4 (1 Per region) (Proposed) ▪ Snr. Disaster Officers x 2 (Future) ▪ Field Officers x 2 (Future) ▪ Examiner Grade F x 3 (Proposed) ▪ Cashiers x 4 (Proposed) ▪ Manager Special Programmes & Culture (Proposed)

DEPARTMENT	NO. OF POSITIONS	DESIGNATIONS
		<ul style="list-style-type: none"> ▪ Assistant Librarians x 3 (Proposed) ▪ Assistant Superintendent: Law Enforcement x 3 (Proposed) ▪ Assistant Superintendent Business & Hawkers x 2 (Proposed) ▪ Clerical Assistant x 2 (Proposed) ▪ Assistant Chief Licensing Officer (Proposed) ▪ Control Room Attendants x 4 (Proposed)
Technical Services: Civil Services	9	<ul style="list-style-type: none"> ▪ Mechanical Technician (Proposed) ▪ Mechanic (Proposed) ▪ Assistant Manager: Water Services (Proposed) ▪ Assistant Manager: Sanitation (Proposed) ▪ Plumber x 3 (Proposed) ▪ Horticulturist (Future) ▪ Supervisor: Waste Collection (Future)
Technical Services: Electrical Services	22	<ul style="list-style-type: none"> ▪ Tracer (Future) ▪ Handyman x 3 (Future) ▪ Artisan Assistant x 3(Future) ▪ Electricians x 7 LV MV HV (Proposed) ▪ General Workman x 1 (Proposed) ▪ Administrative: Electrical Legal (Proposed) ▪ Senior Electrician x 1 (Proposed) ▪ OHS Officer & Electrical Installations (Proposed) ▪ Engineering Technician: Rural (Proposed) ▪ Job Description Changes(Proposed) ▪ Installations Electrician: Safety Inspectors (Proposed) ▪ Plant Operator (Proposed)
Water Services and Sanitation: Dzanani, Waterval, Vuwani, and Makhado	79	<ul style="list-style-type: none"> ▪ Regional Water Technicians x 4 (Proposed) ▪ Superintendent Sanitation (Proposed) ▪ Superintendent Water (Proposed) ▪ Electrician (Proposed) ▪ Operators: TLB x 4 (Proposed) ▪ Plumbers Maintenance x 4 (Proposed) ▪ Operators: TLB x 8 (Proposed) ▪ Plumbers x 12 ▪ Service Workers x 44
Makhado Regional Office	157	<ul style="list-style-type: none"> ▪ Supervisor: Road and Stormwater (Proposed) ▪ Road Maintenance Caretaker (Proposed) ▪ Truck Drivers x 3 (Proposed) ▪ Operators x 7 (Proposed) ▪ Transport Officer (Proposed) ▪ Drivers x 2 (Proposed) ▪ Tractor Drivers x 2 (Proposed) ▪ Team Leaders x 2 (Proposed) ▪ Superintendent: Civil Engineering Services (Proposed) ▪ Me chanics x 3 (Proposed) ▪ Supervisor: Waste Management (Future) ▪ Supervisor: Waste Collection (Future) ▪ Cleansing Caretaker (Future) ▪ Operator Dumping Site (Future) ▪ Driver – Refuse Truck (Future) ▪ Caretaker dumping Site (Future) ▪ Driver Tractor x 2(Future) ▪ Safety Officer (Proposed) ▪ Asst. Horticulturist (Proposed) ▪ Truck Driver (Proposed)

DEPARTMENT	NO. OF POSITIONS	DESIGNATIONS
		<ul style="list-style-type: none"> ▪ Vehicle Driver Gr 2 (Proposed) ▪ Cemetery Caretaker (Proposed) ▪ Caretaker: Sports facilities (Proposed) ▪ Tractor Drivers x 2 (Proposed) ▪ Building Control Officer (Proposed) ▪ Network Administrator (Proposed) ▪ ICT Technician (Proposed) ▪ Snr Clerical Assistant: Rural / Urban x 4 (Proposed) ▪ Typist (Proposed) ▪ Records Clerk Assistant (Proposed) ▪ Clerical assistant (Proposed) ▪ Switchboard Operator (Proposed) ▪ Messenger (Proposed) ▪ Building Inspector x 4 (Proposed) ▪ Town Planner Assistant (Proposed) ▪ Clerk Gr 1 (Proposed) ▪ Superintendent: Building Maintenance (Proposed) ▪ Artisans: Building x 2 (Proposed) ▪ LED Officer (Proposed) ▪ LED Facilitator (Proposed) ▪ Admin Assistant: Ward Committees & Public Consultation (Proposed) ▪ Snr Clerk: Housing x 2 (Proposed) ▪ Clerk Gr 1: Housing (Proposed) ▪ IDP Coordinator (Proposed) ▪ Assistant IDP Officer (Proposed) ▪ Disaster Services Officer (Proposed) ▪ Service Workers x 88 (Proposed)
Sinthumule / Kutama Satellite Office	4	<ul style="list-style-type: none"> ▪ Office Manager (Proposed) ▪ Snr. Clerical Assistant (Proposed) ▪ Cashier (Proposed) ▪ Clerical Assistant (Proposed)
Dzanani Regional Office	157	<ul style="list-style-type: none"> ▪ Supervisor: Road and Stormwater (Proposed) ▪ Road Maintenance Caretaker (Proposed) ▪ Transport Officer (Proposed) ▪ Operators x 1 (Proposed) ▪ Tractor Driver (Proposed) ▪ Supervisor: Waste Management (Future) ▪ Supervisor: Waste Collection (Future) ▪ Cleansing Caretaker (Proposed) ▪ Operator – Dumping Site (Proposed) ▪ Caretaker Dumping Site (Proposed) ▪ Tractor Driver x 2 (Proposed) ▪ Superintendent: Civil Engineering Services (Proposed) ▪ Plant Supervisor (Proposed) ▪ Plumbers x 5 (Proposed) ▪ Mechanics x 3 (Proposed) ▪ Driver Refuse Truck (Proposed) ▪ Team Leader (Proposed) ▪ Safety Officer (Proposed) ▪ Assistant Horticulturist (Proposed) ▪ Truck Driver (Proposed) ▪ Vehicle Driver (Proposed) ▪ Caretaker: Cemetery (Proposed) ▪ Caretaker: Sport facilities (Proposed) ▪ Tractor Driver x 2 (Proposed)

DEPARTMENT	NO. OF POSITIONS	DESIGNATIONS
		<ul style="list-style-type: none"> ▪ Clerk Gr 1 (Proposed) ▪ Clerical Assistant (Proposed) ▪ Center Manager MPCC (Proposed) ▪ Cashiers x 2 MPCC (Proposed) ▪ Service Workers x 5 MPCC (Proposed) ▪ Network Administrator (Proposed) ▪ ICT Technician (Proposed) ▪ Town Planner Assistant (Proposed) ▪ Building Inspectors x 2 (Proposed) ▪ Building Control Officer (Proposed) ▪ Superintendent : Building Maintenance (Proposed) ▪ Artisans: Building x 2 (Proposed) ▪ LED Officer (Proposed) ▪ LED Facilitator (Proposed) ▪ Snr. Clerk Officer: Housing x 2 (Proposed) ▪ Clerk Gr 1: Housing (Proposed) ▪ Sub. Accountant: Expenditure (Proposed) ▪ Storeman (Proposed) ▪ Clerical Assistant Gr 1 x 4 (Proposed) ▪ IDP Coordinator (Proposed) ▪ Assistant IDP Officer (Proposed) ▪ Disaster Officer (Proposed) ▪ Assistant Chief Traffic Officer (Proposed) ▪ Superintendent: Law Enforcement (Proposed) ▪ Traffic Officers x 3 (Proposed) ▪ Special Workman (Proposed) ▪ Superintendent: Admin (Proposed) ▪ Clerical Assistant (Proposed) ▪ Indigent Officer x 1(Proposed) ▪ Admin Ward Committee & Public Consultation (Proposed) ▪ Chief Licensing Officer (Proposed) ▪ Assistant Licensing Officer (Proposed) ▪ Superintendent: Business and Hawkers (Proposed) ▪ Asst. Superintendent: Business and Hawkers (Proposed) ▪ Business Inspectors x 3 (Proposed) ▪ Licensing Officer (Proposed) ▪ Cashier x 3 (Proposed) ▪ Help Desk x 2 (Proposed) ▪ Service Worker x 112 (Proposed)
Vuwani Regional Office	183	<ul style="list-style-type: none"> ▪ Admin Assistant: Ward Committee & Public Participation (Proposed) ▪ Town Planner Assistant (Proposed) ▪ Building Inspector (Proposed) ▪ Building Control Officer (Proposed) ▪ Superintendent: Building Maintenance (Proposed) ▪ Artisan: Building x 2 (Proposed) ▪ LED Officer (Proposed) ▪ LED Facilitator (Proposed) ▪ Housing Officer x 2 (Proposed) ▪ Assistant Housing Officer (Proposed) ▪ Clerk Gr 1 (Proposed) ▪ Snr. Clerical Assistant Rural / Urban x 2 (Proposed) ▪ Clerical Assistant (Proposed) ▪ Network Administrator (Proposed) ▪ ICT Technician (Proposed) ▪ Snr. Clerk (Proposed)

DEPARTMENT	NO. OF POSITIONS	DESIGNATIONS
		<ul style="list-style-type: none"> ▪ Cashier (Proposed) ▪ Sub – Accountant Expenditure (Proposed) ▪ Storeman (Proposed) ▪ Clerk Assistant Gr 1 x 2 (Proposed) ▪ Indigent Officer (Proposed) ▪ IDP Coordinator (Proposed) ▪ Disaster Officer (Proposed) ▪ Supervisor: Road & Stormwater (Proposed) ▪ Road Maintenance Caretaker (Proposed) ▪ Transport Officer (Proposed) ▪ Operator (Proposed) ▪ Driver (Proposed) ▪ Tractor Driver (Proposed) ▪ Supervisor: Waste Management (Proposed) ▪ Supervisor: Waste Collection (Proposed) ▪ Operator –Dumping Site (Proposed) ▪ Cleansing Caretaker (Proposed) ▪ Driver: Refuse Truck (Proposed) ▪ Caretaker: Dumping Site (Proposed) ▪ Tractor Driver x 4 (Proposed) ▪ Superintendent : Civil Engineering Services (Proposed) ▪ Plant Supervisor x 3 (Proposed) ▪ Plumbers x 5 (Proposed) ▪ Mechanics x 3 (Proposed) ▪ Team Leader (Proposed) ▪ Safety Officer (Proposed) ▪ Assistant Horticulturist (Proposed) ▪ Truck Driver (Proposed) ▪ Caretaker: Cemetery (Proposed) ▪ Vehicle Driver Gr 2 (Proposed) ▪ Caretaker: Facilities (Proposed) ▪ Chief Traffic Law Officer (Proposed) ▪ Assistant Chief Traffic Law Officer (Proposed) ▪ Superintendent Law Enforcement (Proposed) ▪ Superintendent Administration (Proposed) ▪ Traffic Officer x 5 (Proposed) ▪ Special Workman x 2 (Proposed) ▪ Clerical Assistant (Proposed) ▪ Chief Licensing Officer (Proposed) ▪ Assistant Licensing Officer (Proposed) ▪ Superintendent: Business & Hawkers (Proposed) ▪ Asst. Superintendent: Business and Hawkers (Proposed) ▪ Inspector: Business x 3 (Proposed) ▪ Examiner of Drivers License x 1 (Proposed) ▪ Typist (Proposed) ▪ Licensing Officer (Proposed) ▪ Cashier x 2 (Proposed) ▪ Help Desk x 2 (Proposed) ▪ Service Workers x 95 (Proposed)
Waterval Regional Office	141	<ul style="list-style-type: none"> ▪ Supervisor: Road and Stormwater (Proposed) ▪ Road Maintenance Caretaker (Proposed) ▪ Operator x 2 (Proposed) ▪ Transport Officer (Proposed) ▪ Driver x 2 (Proposed) ▪ Tractor Driver x 3 (Proposed) ▪ Supervisor: Waste Management (Proposed)

DEPARTMENT	NO. OF POSITIONS	DESIGNATIONS
		<ul style="list-style-type: none"> ▪ Supervisor: Waste Collection (Proposed) ▪ Operator: Dumping Site (Proposed) ▪ Cleansing Caretaker (Proposed) ▪ Driver – Refuse Trucks (Proposed) ▪ Caretaker: Dumping Site (Proposed) ▪ Tractor Driver x 2 (Proposed) ▪ Plant Supervisor x 2(Proposed) ▪ Plumbers x 5 (Proposed) ▪ Mechanics x 3 (Proposed) ▪ Superintendent: Civil Engineering Services (Proposed) ▪ Assistant Horticulturist (Proposed) ▪ Truck Driver (Proposed) ▪ Vehicle Driver Gr 2 (Proposed) ▪ Caretaker: Cemetery (Proposed) ▪ Caretaker: Sports Facilities (Proposed) ▪ IDP Coordinator (Proposed) ▪ Indigent Officer (Proposed) ▪ Assistant IDP Officer (Proposed) ▪ Disaster Officer (Proposed) ▪ Sub Accountant: Expenditure (Proposed) ▪ Snr Clerk (Proposed) ▪ Cashier (Proposed) ▪ Clerical Assistant (Proposed) ▪ Building Control Officer (Proposed) ▪ Building Inspectors x 2 (Future) ▪ Superintendent: Building Maintenance (Proposed) ▪ Snr. Clerk: Housing (Proposed) ▪ Asst. Housing Officer x 2 (Proposed) ▪ Artisan: Building x 2 (Proposed) ▪ Admin Asst.: Ward Committees & Public Participation (Proposed) ▪ Town Planner (Proposed) ▪ LED Officer (Proposed) ▪ LED Facilitator (Proposed) ▪ Liason Officer: Ward Committee & Public Participation (Proposed) ▪ Clerk Gr 1 (Proposed) ▪ Typist (Proposed) ▪ Safety Officer (Proposed) ▪ Admin Clerk (Proposed) ▪ Network Administrator (Proposed) ▪ ICT Technician (Proposed) ▪ Chief Traffic Law Officer (Proposed) ▪ Assistant chief Traffic Officer (Proposed) ▪ Superintendent: Law Enforcement (Proposed) ▪ Traffic Officer x 5 (Proposed) ▪ Special Workman (Proposed) ▪ Superintendent: Admin (Proposed) ▪ Clerical Assistant x 2 (Proposed) ▪ Chief Licensing Officer (Proposed) ▪ Asst. Licensing Officer (Proposed) ▪ Superintendent: Business & Hawkers (Proposed) ▪ Asst. Superintendent: Business & Hawkers (Proposed) ▪ Business Inspectors x 3 (Proposed) ▪ Management Rep (Proposed) ▪ Examiner of Drivers License x 3 (Proposed)

DEPARTMENT	NO. OF POSITIONS	DESIGNATIONS
		<ul style="list-style-type: none"> ▪ Examiner of Motor Vehicle (Proposed) ▪ Snr Licensing Officer (Proposed) ▪ Licensing Officer (Proposed) ▪ Cashiers x 4 (Proposed) ▪ Help Desk x 2 (Proposed) ▪ Service Workers x 47
Vleifontein Satellite Office	4	<ul style="list-style-type: none"> ▪ Office Manager (Proposed) ▪ Snr Clerical Assistant (Proposed) ▪ Cashier (Proposed) ▪ Clerical Assistant (Proposed)

(g) NEW APPOINTMENTS, TRANSFERS AND PROMOTIONS OF PERSONNEL

Designation	Incumbent	Post Level	Appointment date	Department	Remark
Manager Supply Chain Management	Mathivha N A	01	2009.07.06	Finance	New appointment
Manager Expenditure	Mandobe M V	01	2009.07.10	Finance	New appointment
Director Corporate & Shared Services	T S Ndou	0	2009.09.01	Corporate & Shared Services	New Appointment
Director Technical Services	Ralulimi T E	0	2009-10-01	Technical Services	New Appointment
Director Development and Planning	Sinthumule D	0	2009-10-01	Development and Planning	New Appointment
Secretary to the Director Technical Services	T Maluleke	9	2009-12-01	Technical Services	New Appointment
Records Clerk	F J Mahlamali	8	2009-12-01	Corporate Support & Shared Services	New Appointment
I T Intern	Z E Tharini		2009-12-01	Corporate Support & Shared Services	New Appointment
Building Control Officer	M J Muruge	4	2009-12-01	Development and Planning	New Appointment
Clerk Assets Management	P Nephawe	8	2009-12-01	Budget and Treasury	New Appointment
Plumber	T J Ramarumo	7	2009-12-01	Technical Services	New Appointment
Plumber	C Baloyi	7	2009-12-01	Technical Services	New Appointment
Plumber	F R Murendi	7	2009-12-01	Technical Services	New Appointment
Superintendent Protection	N A Tshikovhi	5	2009-12-01	Technical Services (Electrical)	New Appointment
Superintendent Electrification	T P Kone	5	2009-12-01	Technical Services (Electrical)	New Appointment
Secretary to the Director Corporate Services	Ramuthaga W M	9	2010.01.01	Corporate Services	New Appointment
Examiner of Driver's Licenses	Tshamano L P	7	2010.01.01	Community Services	New Appointment
Examiner of Driver's Licenses	Sithole S B	7	2010.01.01	Community Services	New Appointment
Plumber	Moswedi M F	7	2010.01.01	Technical Services	New Appointment
Tractor Driver	Munyai L T	14	2010.01.01	Technical Services	New Appointment
Operator	Nemudzivhadi M O	10	2010.01.01	Technical Services	New Appointment
Operator	Mudau M J	10	2010.01.01	Technical Services	New Appointment
Operator	Mulaudzi M P	10	2010.01.01	Technical Services	New Appointment
Service Worker	Radzilani E R	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Nemurunzini K E	15	2010.01.01	Technical Services	New Appointment

Designation	Incumbent	Post Level	Appointment date	Department	Remark
				(Electrical)	
Service Worker	Ravhutulu M	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Chauke R D	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Mathabela N P	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Mavhungu N V	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Nefale S A	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Kotsinkwa P J	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Muronga K M	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Tshilamulele M	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Mamidzana T P	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Netshiya A N	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Mashamba T S	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Muthelo V L	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Swuhana T	15	2010.01.01	Technical Services (Electrical)	New Appointment
Service Worker	Mukwevho A	15	2010.01.01	Technical Services (Electrical)	New Appointment
Admin Officer Legal	Shitlelani T H	05	2010-02-01	Corporate Services	New appointment
Sub-Accountant: Stores	Tshikosi M C	06	2010-03-01	Finance	New Appointment
Messenger	Nevhulamba M T	14	2010-03-01	Corporate	New Appointment
Administrative Asst. Committee	Munyai M D	06	2010-03-01	Corporate	New Appointment
Municipal Manager	Tshikalange AS	00	2010-04-01	Municipal Manager's Office	New appointment
Manager: Internal Auditor	Mathepe M E	0	2010-04-01	Municipal Manager's Office	New appointment
Internal Auditor	Mabunda M L	3	2010-04-01	Municipal Manager's Office	New appointment
Risk Management Officer	Mphelane B	3	2010-04-01	Municipal Manager's Office	New appointment
Assistant Manager: HRM	Mphaphuli T K	3	2010-04-01	Corporate Support & Shared Services	New appointment
Manager: Legal	Kharidzha N C	01	2010-04-01	Corporate Support & Shared Services	New appointment
Manager: IDP & Organizational PMS	Sidimela M P	01	2010-04-01	Planning and Development	New appointment
Chief Fleet Management	Mukona S	06	2010-04-01	Finance	New appointment
Assistant Manager: Supply Chain Management	Mudzili T P	03	2010-04-01	Finance	New appointment
Assistant Librarian	Nevhuthalu T	08	2010-04-01	Community Services	New appointment
Accountant Creditors	Nemadodzi S E	05	2010-06-01	Finance	New Appointment
Snr Debt Collection	Rihlampfu K R	07	2010-06-01	Finance	New Appointment
Clerk Credit Control	Ramovha T	08	2010-06-01	Finance	New Appointment
Handyman	Makgobole D	11	2010-06-01	Technical Services	New Appointment

Designation	Incumbent	Post Level	Appointment date	Department	Remark
Assistant artisan	Mandulane C	11	2010-06-01	Technical Services	New Appointment
Assistant artisan	Baloyi T	11	2010-06-01	Technical Services	New Appointment
Assistant artisan	Chibi N S	11	2010-06-01	Technical Services	New Appointment
Assistant artisan	Munyai N S	11	2010-06-01	Technical Services	New Appointment

(h) TERMINATION OF SERVICE DUE TO RESIGNATION, RETIREMENT, DISMISSAL, DEATH, OR MEDICAL BOARD RETIREMENT: 1 JULY 2009 – 30 JUNE 2010

Designation	Incumbent	Post Level	Date of resignation/ dismissal/ retirement/ death	Department	Remark
Service Worker	Rapaho T W	15	2009.07.22	Technical Services	Death
Service Worker	Mukhithi M S	15	2009.07.28	Technical Services	Death
Service Worker	Semonelo A M	15	2009.07.31	Technical Services	Retirement
Service Worker	Maluleke M W	15	2009.07.31	Technical Services	Retirement
Service Worker	Tshabalala M G	15	2009-08-05	Technical Services (Refuse)	Death
Service Worker	Sigagamba M P	15	2009-08-31	Technical Services (Electrical)	Retirement
Service Worker	Manganyi H G	14	2009-08-31	Community Services	Retirement
Service Worker	Serakalala S V	15	2009.09.08	Technical Service Worker (Civil)	Death
Service Worker	Munyai M S	13	2009.09.16	Technical Services (Waterval)	Death
Assistant Manager Personnel Admin	Bezeidenhout H J	03	2009-11-30	Corporate and Shared Services (HR division)	Retirement
HR Officer Admin	Sithole M B	05	2009-11-28	Corporate and Shared Services (HR Division)	Death
Service Worker	Chavani A S	13	2009-12-01	Technical Services (Waterval)	Death
Service Worker	Mashau E S	15	2009-12-16	Technical Services (Parks)	Death
Service Worker	Masulumpana M D	17	2009-12-30	Technical Services (Electrical)	Retirement
Library Assistant	Maraka N W	10	2009-12-30	Community Services	Resignation
Service Worker	Lebepe N S	15	2010.01.31	Technical Services (Sewerage)	Retirement
Service Worker	Mutepe V S	15	2010.01.31	Technical Services (Civil)	Retirement
Special Workman	Jordaan B P	7B	2010.01.31	Technical Services (Civil)	Retirement
Service Worker	Mavhunga T W	13	2010.01.26	Community Services (Dzanani)	Death
Service Worker	Ramabulana M T	15	2010.03.30	Technical Services (Waterval)	Retirement
Plant Operator	Mkondo M W	10	2010.03.30	Technical Services (Civil)	Retirement
Service Worker	Chauke H S	15	2010.03.30	Technical Services	Retirement

Designation	Incumbent	Post Level	Date of resignation/ dismissal/ retirement/ death	Department	Remark
				(Civil)	
Assistant Manager Supply Chain Management	Mudzili T P	03	2010.04.30	Finance	Resignation
Clerical Assistant	Nevondwe R P	11	27/06/2010	Community Services	Death

(vii) EMPLOYMENT EQUITY: 2009/10

The following table indicates the Employment Equity as applicable at 30 June 2010 (as submitted to Department of Labor on 1 October 2010)

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4				2				6
Senior Management	21			4	5			1	31
Professionally qualified and experienced specialists and mid-management	80			11	34			3	128
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	246			1	67	1		2	317
Semi-Skilled and defined decision making	237				82				319
Total permanent	588			16	190	1		6	801
Temporary employees	4								4
GRAND TOTAL	592			16	190	1		6	805

EMPLOYMENT EQUITY PLAN

Our employment equity plan targets were set for a 5 year period as from 2007 - 2012. During such period the Municipality has achieved to close some gaps targets which were set for 2009/2010 financial year. We are to review our employment equity plan in 2012. See attached Employment Equity report submitted to the Department of Labour in 2009 and 2010.

During recruitment process, we are checking our employment plan to fill the gaps.

(x) FIXED ESTABLISHMENT

**The following is a reflection of the staff fixed establishment for the period
1 July 2009 until 30 June 2010**

[It must also pointed out that not all vacant posts were financial informed, and not all of these vacancies were due to be filled in the 2009/2010 financial year].

STAFFING INFORMATION

FUNCTION	TOTAL POSTS	FILLED POSTS	VACANCIES
Office of the Mayor	14	6	8
Office of the Municipal Manager	15	10	5
Budget and Treasury Office	82	51	31
Corporate Support and Shared Services	69	45	24
Technical Services	491	247	247
Community Services	134	69	65
Development and Planning	84	46	38
Makhado Region Office	228	83	145
Dzanani Regional Office	279	58	221
Vuwani Regional Office	273	77	196
Waterval Regional Office	276	112	164
Total	1945	805	1144

Total Number of Employees	805
Permanent Employees	796
Contractual Employees	09

Total vacant posts per Oganogramme	1144
Vacant posts budgeted for	169
Vacant posts not budgeted for	975
Vacant posts budgeted for but not filled	139

(xi) MEDICAL AID SCHEME'S INFORMATION: MEMBERSHIP NUMBERS

Key Health	=	75
Bonitas	=	130
Samwumed	=	52
La Health	=	07
Commed	=	02
Hosmed	=	25
Spectramed	=	01
TOTAL		292

(xii) PENSION FUNDS INFORMATION: MEMBERSHIP NUMBERS

Municipal Gratuity Fund (MGF)	=	371
Municipal Employees Pension Fund (MEPF)	=	295
SAMWU National Provident Fund (SAMWUNPF)	=	119
National Fund for Municipal Workers (NFMW)	=	14
Joint Municipal Pension Fund (JMPF)	=	2
Local Government Pension Fund (LGPF)	=	0
Municipal Councillors Pension fund (MCPF)	=	73

TOTAL 874

The total number of permanent employee membership is 801 and the total number of Councillor's membership is 73.

(xii) **ARREARS OWED TO MUNICIPALITY**

The following table indicates monies which councillors and officials owe to the Municipality as at 30 June 2010:

	30 Days +	60 Days +	90 Days +
	R	R	R
Councillors	R6 591.59	R3 592.90	R3 437.35
Senior Officials	0	0	0
Staff	R2463.44	R902.58	R889.88
Totals	R9055.03	R4495.48	R4327.23

(xii) **SALARY DISCLOSURES**

Disclosures Concerning Councillors - For the period 1 July 2009 to 30 June 2010

Description	MAYOR	EXECUTIVE COUNCILLOR(Full time)	EXECUTIVE COUNCILLOR (Full time)	EXECUTIVE COUNCILLOR (Full time)	TOTAL
Salaries and Wages R'000					
Normal	372,778.00	279,583.00	279,583.00	279,583.00	838,749.00
Overtime	-	-	-	-	0
Contributions R'000					
Pensions	59,428.00	44,571.00	44,571.00	44,571.00	133,713.00
Medical Aid	-	-	-	-	-
Other	-	-	-	-	-
Allowances R'000					
Travel and Motor Car	144,069.00	108,052.00	108,052.00	108,052.00	324,156.00
Accommodation	-	-	-	-	-
Subsistence	-	-	-	-	-
Housing Benefits and Allowances R'000	-	-	-	-	-
Loans and Advances R'000	-	-	-	-	-
Other Benefits and Allowances R'000					
(specify) Cell phone allowance	15,984.00	15,984.00	15,984.00	15,984.00	47,952.00
Arrears Owed to Municipality R'000	REFER TO NO : 33.6 PAGE 33 OF THE OF THE ANNUAL FINANCIAL STATEMENTS				
TOTAL	592,259.00	448,190.00	448,190.00	448,190.00	1,344,570.00

Salaries and Wages R'000							
Normal	253,785.93	439,492.00	337,306.00	308,943.00	404,768.00	303,576.00	2,047,870.93
Overtime	-	-	-	-	-	-	-
Contributions R'000							
Pensions	17,812.50	57,737.00	50,596.00	51,491.00	50,596.00	50,596.00	278,828.50
Medical Aid	-	34,860.00	23,857.00	27,435.00	-	0	86,152.00
Other (UIF)	374.00	1,497.00	1,248.00	1,123.00	1,497.00	1,123.00	6,862.00
Allowances R'000							
Travel and Motor Car	76,813.00	198,900.00	159,402.00	144,432.00	217,753.00	160,474.00	957,774.00
Accommodation	-	-	-	-	-	-	-
Subsistence	-	-	-	-	-	-	-
Housing Benefits and Allowances R'000	-	-	-	-	-	-	-
Loans and Advances R'000	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Other Benefits and Allowances R'000	-	-	-	-	-	-	-
Other (specify)	-	-	-	-	-	-	-
Arrears Owed to Municipality R'000	-	-	-	-	-	-	-
TOTAL	348,785.43	732,486.00	572,409.00	533,424.00	674,614.00	515,769.00	3,377,487.43

REMUNERATION OF EMPLOYEES (OFFICIALS AND COUNCILLORS) FOR THE PAST THREE (3) YEARS

FINANCIAL YEAR	CATEGORY	TOTAL NO. OF OFFICIALS & COUNCILLORS	EXPENDITURE
2007/2008	Snr. Management	25	R100 156 339
	Staff	855	
	Councillors	73	R13 318 460
2008/2009	Snr. Management	28	R117 647 463
	Staff	788	
	Councillors	73	R14 444 036
2009/2010	Snr. Management	37	R151 750 741
	Staff	768	
	Councillors	73	R15 599 914

2.4 ADMINISTRATION, COUNCIL SUPPORT, AUXILIARY SERVICES, LEGAL AND PROPERTY SERVICES

2.4.1 The functions of this division can be summarized further as follows:

Properties – selling & leasing of municipal owned land.

Administration – registry section, typing services, house cleaning services, purchase of materials & services, processing of public notices, bidding processes administration; general correspondence activities; writing of reports

Council and its Committees – writing reports, compiling agendas, taking of minutes, compiling and distributing minutes to all heads of departments; keeping official Council documents

Legal services - liaise with council attorneys in all litigations, disputes, claims against & claims by council, disciplinary cases, legal opinions, assess small claims of value less than excess payment for insurance.

Maintain a law library of government & provincial gazettes, national, provincial & municipal legislation - statutes, ordinances, by-laws & policy guidelines and legal cases/ law reports

Maintain & update policy documents of local, provincial & national government that apply to municipal powers & functions.

Maintain & update legislation sources - hard copy & electronic format.

Maintain & update policy register of council to guide decision making by Council.

Maintain & update delegation register & other charters in circulation.

2.4.2 Objectives 2009/2010 financial year

(As recorded in the 2009/2010 SDBIP adopted by Council under Resolution B.76.13.08.09)

The following were the KRAs (Key result areas) for the Legal, Administration and Committees Division for 2009/10

Legal and Property Sections

Complete audit of Municipal land

Complete By-laws project

Develop a Municipal Code of By-laws

Appoint External Legal Representatives for the Municipality

Transfer of land in R293 towns to Municipality

Sale of all vacant residential erven in R293 towns

Sale of the remaining residential erven in Eltivillas Extension 1

Land tenure and enhancement of economic development in Tshitale area

Administration, Council Support and Auxiliary services sections

Develop strategy for stakeholder meetings

Reply to internal audit queries

Revenue enhancement – fiduciary duties of senior managers

Batho Pele Charter Campaign & Promote

Update Codex of Delegated Powers and convert into user friendly electronic format

Update Policy Register and convert into user friendly electronic format

Develop Council Resolution Electronic System

Implement Committee Electronic System

Supplementary 2009//2010 valuation roll

Update Statutes and By-laws – electronic and hard copy formats in the law library

Bind official minutes and agendas of Council 2002-2007

Purchase furniture and equipment.

Implement action plan for cleaner office environment

Optimize collaborator electronic system of registry

Achievements for 2009/10 KRAs

See chapter 5 of this report for complete information about achievements of KRA's.

2.4.3 Operational Objectives 2009/10 for Administration, Council Support, Legal, Property and Auxiliary services

Outputs, Achievements and Challenges

Legal and Property Section

(i) Prosecution Services /Disciplinary Enquiries

Note: During the year in question a moratorium was maintained on instituting of disciplinary steps against employees in order to enhance stable working conditions and labour relations. Only matters that were already on appeal stage / arbitration process continued along the process of law. These cases were the following –

Three (3) matters in which the employees were dismissed in 2007/08, their dismissals were confirmed at arbitration and the employees applied for review at the Labour Court.

(ii) Litigations**Claims against Council**

37 legal claims were lodged against Council.

Claims by Council

None

(iii) Permission to Occupy Certificates

Makhado Municipality received and processed applications for PTO's for both residential, business and other purposes from areas where traditional leaders are the custodians, and forwarded it to Department of Local Government and Housing for final approval. The municipal jurisdiction has 28 traditional leader areas where property transactions happen by means of the PTO process which hails from the apartheid era. The procedure should be reviewed together with the principle of land tenure.

Applications processed	534
2009/10	
Business	161
Other (residential and church related)	373

(iv) Property Sales***Elti Villas Extension 1 town***

Altogether 39 residential erven were sold in Elti Villas Extension 1 township from available stock. The demand for residential erven in Louis Trichardt region has decreased drastically which is indicative of buying ability – this can be as a result of the National Credit Act as well as the fact that Municipality no longer finances the sale of land – purchasers have to pay the full purchase price in cash or deliver guarantees within 28 days of signing the purchase agreement plus pay interest on the guarantee for the duration of the term that it takes to pass transfer. Prior to the MFMA, 2003, Municipality would also act as financier for purchasers in that it collected a 14% deposit of the purchase price and the balance could be paid in 60 equal installments – this no longer being the case, a purchaser has to arrange for its own financier and in general the banking sector is strict in granting loans for undeveloped land, also taking into account the fact that such land is not necessarily serviced when it is presented for sale (which was the case in Elti Villas extension 1 township).

Tshikota township

During the year no properties were sold in Tshikota Township.

Tshikota extension 1 township

During the year 3 properties were sold in Tshikota Extension 1 township for purposes of religious activities.

Land in R293 towns- Vuwani, Dzanani, Waterval and Vleyfontein

Council accepted a new policy for the sale of business land in R293 towns during December 2009 which reads as follows:

*“POLICY ON SALE OF COUNCIL LAND: R293 TOWNS (BUSINESS)
(15/3/23, 7/3/2/1 & 7/3/2/B)*

RESOLVED A.108.14.12.09 –

- 1. THAT Council takes note of the high unemployment and the dire need of investment in the R293 Towns which also impacts on the surrounding villages.*
- 2. THAT Council therefore in accord with sub-regulation 40 of the Municipal Supply Chain Management Regulation of 2005 (GNR 868, 30 May 2005) regard its own immovable properties in R293 Towns as falling within the ambit of the “plight of the poor” and in the “public interest”.*
- 3. THAT in the light of the above, Council considers selling of business properties in the surveyed R293 Towns on a first come first serve basis.*
- 4. THAT the sale of properties in R293 Towns as purported in paragraph 2 above be for a period of two years from the date of Council Resolution whereafter the impact thereof would be reviewed by Council.*
- 5. THAT notwithstanding the above, the properties in R293 Towns be sold on a market related price determined by a Valuator.*
- 6. THAT before the sale agreement can be concluded, the purchaser must submit a development proposal for approval by the Executive Committee.*
- 7. THAT the development of the property as per approved development proposal must be fully completed within three years from the date of signing of the Deed of Sale, subject to a further two years extension on approval by Council, on good cause shown as to why the development was not completed within the required three years’ period.*
- 8. THAT in the event that the development is not completed within the stipulated three years period and no further extension was approved by Council, the property sold shall revert back to Council with no refund of the purchase price and without compensation of any development or improvements made by the purchaser/applicant thus far.*
- 9. THAT an Integrated Council Policy on Alienation and Sale of Municipal Land be developed in the next financial year, 2010/11.”*

Since then it passed 9 resolutions to sell business land in the respective R293 towns by private contract. The formalities and procedures of the actual sales transactions are still under way and have not yet been concluded in any one of the approved sales.

The policy aims to redress imbalances of the past and allows for the sale by private contract to an interested party as opposed to the bidding process. The bidding process invites major entrepreneurs from other areas and local entrepreneurs are not able to compete with major developers from beyond municipal boundaries. This policy will be valid for a period of 36 months, whereafter it will revert to be uniform to the policy of the towns Louis Trichardt, Elti Villas and Tshikota.

Louis Trichardt Extension 5 township (industrial)

Only 3 serviced stands remain available as stock that can be sold.

Louis Trichardt (Makhado) Extension 8

A number of 77 residential and 3 business erven remains in Council's possession. It was due to be serviced in the 2007/8 financial year and marketed thereafter. However, the Technical Department was unable to service the sites and it could thus not be marketed. The status of these erven is still the same as at 30 June 2010.

Louis Trichardt Extension 9- west of the N1 national road

The 179 un-serviced stands west of the N1 that were sold by public tender for an amount of R15,3 million to a private developer in 2004/5 is still in progress. The Developer had protracted procedures of land rezoning to redesign the township layout, consolidate and rezone portions of the land to cater for residential, commercial and hotel and conference facilities. Guarantees were delivered in respect of the purchase price. Transfer of the land will be passed once all Conditions of Sale have been duly met by the Developer. This is the status since the 2006/7 financial year. The developer has in the meantime finalized formalities for rezoning which included street closure formalities; on 30 June 2010 there still had not been any development other than administrative formalities and the actual transfer of land ownership has also not yet been concluded. If taken into account that the first step of sale when the tender was awarded dates 5 years back, the complexities of the intended development now seems to overrule the realization of the actual development. In 5 years only administrative procedures were implemented while actual development cannot be reported.

(v) Acquisition of Land by Council

Council did not purchase any land during the year in question. The ownership of certain portions of land was however formally transferred to Council during the year in question as a result of the year 2000 local government inaugurations – land previously registered in the name of Department Local Government and Housing / R S A was transferred to Municipality as successor in title.

(vi) By-laws review project

21 By-laws which were originally drafted between 2004 and 2006 by a Professor from Port Elizabeth were reviewed and 18 of the By-laws were found to be consistent with the Constitution and the Laws of the Republic.

There are fifty four (54) By-laws applicable only to the area of jurisdiction of former Greater Louis Trichardt TLC. The remaining area of the municipality which formed part of the then Greater /Nzhelele, Tshipise and Elim, Tshitale, Vuwani, Hlanganani is governed and regulated in terms of the Regulations R293 of 1962, 16 of 1992, 188 of 1969, 49 of 1991 and 35 of 1993.

The By- laws project was first identified as the KPI of Corporate Services Department in 2004 and in the same year a service provider was appointed to review the twenty four (24) By-laws which were adopted by the then Greater Louis Trichardt and at the end of 2008 the twenty four (24) By-laws were reviewed and redrafted namely:

1. Land and Buildings: Aerodrome
2. Public Health: Livestock Market
3. Municipal Facilities: Hiring of Municipal
4. Premises and Amenities
5. Municipal Facilities: Sporting
6. Municipal Facilities: Library
7. Regulation of Conditional Study Grants for Employees
8. Outdoor signs
9. Inflammable Liquids and Substances

10. Environment: Waste Management (Non hazardous)
11. Environment: Parks, Gardens & Open Spaces
12. Environment: Caravan Park
13. Municipal Facilities: Cemeteries
14. Land and Buildings : Aerial Systems
15. Public Health: Fumigation
16. Public Health: Pre-school Institutions
17. Emergency Municipal Services: Fire Brigade
18. Parking Meter and Parking Grounds
19. Heritage Resources and Cultural Institutions
20. Street Trading
21. Outdoor signs
22. Environment: Inflammable Liquids Substances
23. Public Health: Animal
24. Fences and Fencing

Four new By-laws which were identified as a priority were also drafted by the service provider viz Supply Chain Management, Customer Care and Revenue Management as well as the Property Rates and the Rules and Orders By-laws. The latter two were adopted by Council and promulgated into law.

The By-laws project did not take a centre stage in the projects of the Department until 2009/10 (the year under review) wherein it was decided that since the By-laws were drafted and reviewed some 4 to 5 years ago, before they (the By-laws can be tabled and approved by Council for public participation), the legality of the By-laws need to be verified.

The twenty one (21) By-laws that had not yet been considered by Council underwent vigorous legal compliance verification and were found to be consistent with Provincial and National legislation. We can safely say that the twenty one (21) drafted By-laws are valid and lawful as they comply with the Constitution and relevant/applicable legislation and to this end draft memoranda for each By-law were also drafted for consideration by Council with a view for public participation by inviting members of the public and stakeholders submit inputs and objections.

It is envisaged that the public participation process, the consideration of objections and inputs by Council and promulgation of the By-laws will take place in the 2010/11 financial year. Furthermore in 2010/11 other critical By-laws will be identified and be reviewed, in particular those identified by the respective Departments and those that National or Provincial legislation dictates that a By-law be adopted by a Municipal Council.

(vii) Land Claims

Participated as stakeholder / service provider in a number of investigations and stakeholder meetings conducted by the Land Claims Commissioner; discussions related to processes of already registered land claims. No new or additional land claims were registered during the year in question.

Other functions performed

(viii) Peri-urban Electricity Supply Agreements & Way Leave Agreements

Completed new contracts and supply agreements for 89 new consumers
An additional 7 consumers enlarged their existing supply capacities.

Altogether 96 contracts and 96 way leave agreements were processed for this purpose. A contract and supply agreement register is maintained to keep track of document movement and to record transactions concluded.

(ix) Project management – Valuation Roll 2008-2012

The administration was responsible to manage projects such as the compilation of the Valuation Roll 2007-1011. The project was completed under Tender 49 of 2005 when the Valuation Roll 2008-2012 became a duly certified roll to implement with effect of 1 July 2008. The Roll consists of 126 000 listings and it was the first roll in terms of the Local Government: Municipal Property Rates Act, 2004. The Supplementary Valuation Roll 2008/9 also commenced during the year in question.

Although the certified Roll was implemented on 1 July 2008, most of the challenges were only experienced during February/March 2009 when consumers received their bills requiring payment based on higher land values. A group of aggrieved consumers petitioned the Premier of the Province and the MEC for Local Government and Housing and declared a dispute with Municipality as a result of amongst others the implementing of the 2008-2012 Valuation Roll. The MEC's did not rule in favor of the dispute request and the Valuation Roll remained in place.

The 2009/10 Supplementary Valuation Roll was also completed and implemented in the 2009/10 financial year.

(x) Leasing of municipal halls & facilities

Facility	Frequency of use
Show Hall	277
Rissik Street Facility	0
Beer Garden	77
*Other four halls & Show Ground	700
Library Activity Room	124
Tshikota Hall	51
Muduluni Hall	130
Ravele Hall	0
Sports Hall	34
Munnik street parking garage	13

**Vleifontein, Bungeni & Vuwani Hall*

(xi) Department's occupational health & safety duties

On 25 November 2009 the department elected an Occupational Health and Safety Committee consisting of Mr S Mathivha (Chairperson), Mr P Muvhango, Mr E Fungene (both representing management), Ms C Senoamadi (representing SAMWU), Mrs L Heinlein (representing IMATU) and Ms M Mutheiwana (as member and scribe).

During the year in question 2 meetings of the Department's Occupational and Health Safety Committee was held.

The department also participated in the activities of the Central Committee for Occupational Health and Safety Issues and gave attention to critical matters as and when it was identified through the central structure of the institution. However, the Central Committee did not formalize much business in view thereof that there was almost never a quorum.

(xii) Committees & Administration

Meetings held:

Meetings	Number	Reports considered
Portfolio Committee meetings	72	222
Executive Committee meetings	19	216
Council Meetings	8	216
Tender Adjudication meetings (as final process of Bid Committees consisting of the Specifications Committee, the Assessment Committee and the Adjudication Committee)	14	83

Number of reports considered at meetings at three different forums 216 each plus 6 plus 83. The return of meetings attended by Councillors is reflected under paragraph marked (xvii)(a), (b) and (c).

(xiii) Ward committee elections

The Director Community Services will report on the election of ward committees as this portfolio rests with his department.

(xiv) Typing services

Two typists are responsible for this function. All items and minutes of agenda work and all other typing work are generated in this office. This office performs core function without which Council would not be able to take decisions based on full information as neatly set out in Council documents by the typing office. It also offers secretarial services to some members of management and stand in for absent secretaries when needed.

(xv) Messenger services

Deliveries of agendas and other documents at least on a weekly basis to 73 Councillors and 14 Traditional Leaders that have a sitting in Council as Ex-Officio members. From the frequency of meetings reflected above, one can understand the continuous process of service by messenger services – we do a door to door delivery to the councillors and traditional leaders. But it is not restricted to agenda delivery. The Department Community Services generate a large number of notices when it performs their social consultation and communication services with the community at large, and this also requires extensive delivery services. The deliveries are performed by three (3) messengers and the support for this is performed by Registry personnel.

(xvi) Purchases & payments - Stationary and materials

Altogether 320 requisitions were processed for purchase of materials and payment of invoices generated by this department. This department stocks general stationary such as amongst others paper for use by all other departments

(xvii) Meetings attended by Councillors**(a) COUNCIL MEETINGS FROM 1 JULY 2009 TO 30 JUNE 2010 – 8 MEETINGS**

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
1. BALADZI, P (Ms)	8	5	1	2
2. BALOYI, R S (Executive Committee member)	8	7	1	0

	NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
3.	BOPAPE, M B	8	6	1	1
4.	CHAYA, A A	8	8	0	0
5.	DU PLOOY, A	8	4	2	2
6.	DZHOMBE, J	8	7	0	1
7.	GUNDULA, A S (Ms)	8	7	1	0
8.	HELM, M A (Ms)	8	3	1	4
9.	HLONGWANE, B F	8	4	2	2
10.	HONWANA, X N C	8	4	3	1
11.	HOORZUK, J (SPEAKER) (Ms)	8	8	0	0
12.	KENNEALY, A (Ms)	8	6	1	1
13.	KUMALO, J D	8	8	0	0
14.	LEBEA, M E	8	4	3	1
15.	LOWANE, L B (Executive Committee Member) (Ms)	8	6	0	2
16.	LERULE, M (MAYOR) (Ms)	8	6	0	2
17.	MABILA, M N	8	3	4	1
18.	MABOHO, N K (Executive Committee member)	8	7	0	1
19.	M ABOHO, T E (Ms)	8	6	1	1
20.	MACHOVANI, R G (Ms)	8	6	1	1
21.	MADUWA, E (Ms)	8	6	1	1
22.	MAGUGA, S G	8	7	0	1
23.	MAHANI, M F (Ms)	8	6	1	1
24.	MAHLAULE, N V (Ms)	8	2	3	3
25.	MAHWAI, S J	8	5	1	2
26.	MAKANANISE, M M (Ms)	8	3	0	5
27.	MAKHADO, M M	8	7	0	1
28.	MAKHADO, M N (passed away in August 2010)	8	7	1	0
29.	MAKHERA, M A	8	6	1	1
30.	MAKHOMISANI, S E (Ms)	8	6	1	1
31.	MAKHUBELE, R T (Ms)	8	6	0	2
32.	MALETE, D	8	5	0	3
33.	MANGANYI, S D S	8	2	3	3
34.	MAPHALA, O S (Ms)	8	8	0	0
35.	MASHAMBA, H A (Ms)	8	3	3	2
36.	MASHAU, L P	8	5	1	2
37.	MASHELE, W N	8	2	4	2
38.	MASUKA, S (Executive Committee member)	8	4	0	4
39.	MATAMELA, N S	8	6	0	2
40.	MATODZI, A N	8	8	0	0
41.	MATUMBA, N J (Executive Committee member) (Ms)	8	8	0	0
42.	MAUBA, K D	8	6	0	2
43.	MAVHUNGU, K	8	7	1	0
44.	MBOYI, M D (Ms)	8	5	1	2
45.	MUDAU, T J (Executive Committee member)	8	6	0	2
46.	MUFAMADI, M R (Ms)	8	7	0	1
47.	MUKHAHA, A J (Ms)	8	6	1	1
48.	MULOVHEDZI, M D	8	8	0	0
49.	MUNUNGFHALA, M L	8	6	1	1
50.	MUROVHI, N J	8	3	1	4

NAMES OF COUNCILLORS		NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
51.	MUTAVHATSINDI, F D (Executive Committee member)	8	7	0	1
52.	MUVHUMBE, M A (Executive Committee member)	8	7	0	1
53.	NCHAUBA, T G	8	8	0	0
54.	NDHLIWAYO, B T (Ms)	8	7	0	1
55.	NEKHUMBE, L M (Ms)	8	7	0	1
56.	NE MALEGENI, P R J (Ms)	8	4	4	0
57.	NEPHAWE, K P (Ms)	8	7	1	0
58.	NGOBENI, E H (Ms)	8	6	0	2
59.	NGOBENI, N E (Ms)	8	5	1	2
60.	NGWANA, A G (Ms)	8	5	1	2
61.	NKANYANI, R G (Ms)	8	0	5	3
62.	NTHULANE, L T (Ms)	8	3	3	2
63.	PHASWANA, P	8	4	1	3
64.	RADAMBA, M S	8	8	0	0
65.	RAMASHIA, N G	8	6	0	2
66.	RAMUDZULI, S D (Ms)	8	7	0	1
67.	REKHOTSO, S M (Ms)	8	7	1	0
68.	REYNEKE, P Q (Executive Committee member) (Ms)	8	6	2	0
69.	RIKHOTSO, F J	8	8	0	0
70.	RUMANI, F F (Ms)	8	4	0	4
71.	SELEPE, M R	8	5	2	1
72.	SIPHUMA, A L (Ms)	8	8	0	0
73.	TSHAVHUYO, T G	8	7	0	1

**ATTENDANCE OF COUNCIL MEETINGS – 1 JULY 2009 TO 30 JUNE 2010
TRADITIONAL LEADERS AS EX OFFICIO MEMBERS OF COUNCIL**

NAMES OF TRADITIONAL LEADERS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
1. HOSI MUKHARI T J (ELIM/SHIRLEY TRADITIONAL AUTHORITY) <i>Passed away on 20 January 2010.</i>	8	1	7	0
2. HOSI BUNGENI M S (BUNGENI TRADITIONAL AUTHORITY)	8	0	8	0
3. KHOSI MULIMA S A (MULIMA TRADITIONAL AUTHORITY)	8	0	8	0
4. KHOSI MASAKONA M C (MASAKONA TRADITIONAL AUTHORITY)	8	0	8	0
5. HOSI MAJOSI H M (KHOMANANI TRADITIONAL AUTHORITY)	8	0	8	0
6. KHOSI MADZIVHANDILA M A (TSHAKHUMA TRADITIONAL AUTHORITY) <i>Passed away</i>	8	2	6	0
7. KHOSI NESENGANI T P (NESENGANI TRADITIONAL AUTHORITY)	8	3	5	0
8. KHOSI MASHAMBA N T L (MASHAMBA TRADITIONAL AUTHORITY)	8	2	6	0
9. HOSI MUKHARI S T (NKHENSANI (CHAVANI) TRADITIONAL AUTHORITY)	8	1	7	0

NAMES OF TRADITIONAL LEADERS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
10. HOSI BALOYI J (RIBUNGWANA TRADITIONAL AUTHORITY)	8	0	8	0
11. KHOSI RAMABULANA V C (NTHABALALA TRADITIONAL AUTHORITY)	8	0	8	0
12. KHOSI MASHAU T R V (MASHAU TRADITIONAL AUTHORITY)	8	3	5	0
13. KHOSI NETSIANDA M W (TSIANDA TRADITIONAL AUTHORITY)	8	2	6	0
14. KHOSI SINTHUMULE S E (SINTHUMULE TRADITIONAL AUTHORITY) <i>Passed away on 30 April 2008.</i>	8	0	8	0

(b) EXECUTIVE COMMITTEE (MEETINGS) 1 JULY 2009 TO 30 JUNE 2010 - MEETINGS - 19

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR LERULE M M	19	15	0	4
CLLR BALOYI R S	19	16	2	1
CLLR MASUKA S	19	13	2	4
CLLR MATUMBA N J	19	14	2	3
CLLR MUDAU T J	19	13	1	5
CLLR MUVHUMBE M A	19	15	3	1
CLLR MUTAVHATSINDI F D	19	14	5	0
CLLR REYNEKE P Q	19	14	4	1
CLLR MABOHO N K	16	10	4	2
CLLR LOWANE L B	19	16	0	3
CLLR SMALLE J F	1	1	0	0

REMARK: Cllr J F Smalle resigned on 16 July 2009 and was replaced by Cllr Maboho N K

(c) ATTENDANCE OF PORTFOLIO COMMITTEE MEETINGS – 1 JULY 2009 TO 30 JUNE 2010

[Council Resolution A.66.13.08.09 constituted the members of each one of the portfolio committees and/or its subcommittees]

(i) LOCAL LABOUR FORUM AS SUBCOMMITTEE OF PORTFOLIO COMMITTEE CORPORATE SERVICES

ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR MAKHADO M M	10	5	3	2
CLLR MUDAU T J	10	2	5	3

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR MAUBA K D	10	9	0	1

**(ii) PORTFOLIO COMMITTEE: SPORTS & RECREATION
ATTENDANCE FROM JULY 2009 TO JUNE 2010**

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR MASUKA S	6	5	1	0
CLLR RAMUDZULI S D	6	1	5	0
CLLR TSHAVHUYO G	6	0	4	2
CLLR MAKHUBELE R	6	3	3	0
CLLR BALADZI P	6	3	3	0
CLLR MAKHERA M A	6	4	2	0
CLLR DZHOMBE J	6	1	5	0
CLLR SIPHUMA A L	6	5	1	0
CLLR MAKHADO M N	6	4	2	0
CLLR MALETE B	6	3	3	0
CLLR MAHWAI S J	6	2	4	0

(iii) PORTFOLIO COMMITTEE: ROADS, TRANSPORT, DISASTER AND LAND REFORM : ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR MUVHUMBE M A	9	9	0	0
CLLR MUROVHI N J	9	5	4	0
CLLR MATAMELA N S	9	5	2	2
CLLR MABOHO T E	9	5	4	0
CLLR NGWANA A G	9	7	2	0
CLLR KENNEALLY A	9	4	5	1
CLLR NEKHUMBE L M	9	8	1	0
CLLR HONWANA XNC	9	0	9	0
CLLR NGHULANE L T	9	1	8	0

(iv) PORTFOLIO COMMITTEE: CORPORATE SERVICES ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR MUDAU T J	10	8	1	1

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR NEKHUMBE L M	10	7	3	0
CLLR MABILA M N	10	5	4	1
CLLR HLONGWANE B F	10	4	5	0
CLLR MAKANANISE M M	9	3	4	2
CLLR NEPHAWE P	10	4	6	0
CLLR MAUBA K D	10	8	1	1
CLLR MAKHADO M M	10	4	4	2
CLLR RADAMBA M	10	9	1	0
CLLR NGOBENI N E	10	5	5	0
CLLR MABOHO N K	9	6	3	0
CLLR LEBEA M E	1	1	0	0

(v) PORTFOLIO COMMITTEE: TECHNICAL SERVICES AND INFRASTRUCTURE: ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR MUTAVHATSINDI F D	7	7	0	0
CLLR MAVHUNGA K	7	1	6	0
CLLR MAHANE F	7	4	3	0
CLLR RUMANI F	7	3	3	1
CLLR LEBEA M D	7	3	4	0
CLLR HONWANA XNC	7	2	4	1
CLLR HLONGWANE B F	7	2	5	0
CLLR RAMASHIA N A	7	3	4	0
CLLR MULOVHEDZI D	7	3	3	1
CLLR KENNEALLY A	5	3	2	0

(vi) PORTFOLIO COMMITTEE: PLANNING, ECONOMIC DEVELOPMENT AND TOURISM: ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR BALOYI R S	8	7	1	0
CLLR DZHOMBE J	8	3	4	1
CLLR MAUBA M D	8	7	1	0
CLLR DU PLOOY A	8	4	2	2
CLLR MUFAMADI M R	8	6	2	0

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR RADAMBA M S	8	7	0	1
CLLR MASHAU L P	8	7	0	1
CLLR MALETE D	8	6	1	1
CLLR PHASWANA P	8	6	5	1
CLLR MAKHADO M N	8	4	4	0

(vii) PORTFOLIO COMMITTEE: FINANCE - ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR LERULE M M	15	10	4	2
CLLR MATODZI A N	15	12	4	0
CLLR MASHELE W N	15	4	11	0
CLLR DU PLOOY A	15	8	7	0
CLLR MBOYI D	15	6	9	0
CLLR MUKHAHA A J	15	8	7	0
CLLR MASHA L P	15	8	4	3
CLLR NKANYANE R G	15	3	9	3
CLLR NCHAUBA T G	15	6	7	2
CLLR MAKHADO M M	15	10	3	2

(viii) PORTFOLIO COMMITTEE: HOUSING: ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR REYNEKE P Q	4	3	1	
CLLR RIKHOTSO F J	4	2	2	1
CLLR NCHAUBA T G	4	2	2	
CLLR MACHOVANE R G	4	3	1	
CLLR MANGANYE S D S	4	1	3	1
CLLR MABHO N K	4	2	2	
CLLR MAPHALA O S	4	2	1	
CLLR MUNUNGUHALA M L	4	1	3	
CLLR MAGUGA S G	4	4		

(ix) PORTFOLIO COMMITTEE: COMMUNITY SERVICES: ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR LOWANE L B	5	4	1	
CLLR MAHWAI S J	5	3	1	1
CLLR KHUMALO J D	5	1	4	
CLLR MULOVEDZI M D	5	1	3	1
CLLR MBOYI D	5			
CLLR HELM M A	5	2	3	
CLLR REKHOTSO S M	5	2	3	
CLLR NEMALEGENI P R J	5	1	4	
CLLR HONWANA X N C	5			
CLLR GUNDULA S	5		5	
CLLR SELEPE R M	5	2	2	1

(x) PORTFOLIO COMMITTEE: YOUTH, ELDERLY, GENDER, DISABLED, CHILDREN AND TRADITIONAL AFFAIRS ATTENDANCE FROM JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR MATHUMBA J	1	1		
CLLR CHAYA A A	1			
CLLR NDHLIWAYO B T	1	1		
CLLR MABOHO T E	1	1		
CLLR MAKHOMISANI S E	1		1	
CLLR MAHLAULE N V	1		1	
CLLR NGOBENI E H	1	1		
CLLR MADUWA E	1	1		
CLLR MAHANI F	1	1		

(xi) PORTFOLIO COMMITTEE: RULES AND ETHICS: ATTENDANCE JULY 2009 TO JUNE 2010

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR HOORZUK J	1	1		
CLLR MAGUGA S G	1	1		
CLLR RAMASHIA G	1	1		
CLLR MUFAMADI M R	1	1		
CLLR MAVHUNGU K	1	1		

NAMES OF COUNCILLORS	NUMBER OF MEETINGS	PRESENT	ABSENT	APOLOGY
CLLR RADAMBA M	1	1		
CLLR MAHLAULE V	1		1	
CLLR MASHAU L P	1	1		
CLLR MATODZI A	1	1		
CLLR MATAMELA N S	1	1		

Objectives, Achievements and Challenges

REMARK: This information can be found in Chapter 5 in the description for Council and Administration.

2.5 INFORMATION AND COMMUNICATION TECHNOLOGY

2.5.1 Objectives for 2009/10

Develop Master Systems Plan (Draft is available, no funds to implement the document)

Implement wireless network for Waterval, Vuwani, Stores and Control (Done)

Popularize the use of the website as information reference source (Done)

Purchase and commission UPS (Done)

Integrate finance system (Done “Munsoft now has supply chain module”)

Train all system users (Not achieved, lack of staff)

Develop Disaster Recovery Plan (Not achieved, tender process rolled over project to the next financial year)

Research VPN (Done)

Develop IT policies (Researched and rolled over to next financial year)

Purchase and install MS Office 2007 (Rolled over to next financial year)

2.5.2 Achievements for 2009/10 KRAs

See chapter 5 of this report for complete information about achievements of KRA's.

2.5.3 Challenges experienced 2009/10 financial

*The ICT section comprise of only two staff members to serve more than 250 end user work stations; the staff vacancies in the department as a whole impacted negatively on management of ICT section

*Impossible to address the gaps identified by Gijima (consultant appointed by Vhembe District Municipality) with existing capacity constraints

*Participation in District ICT Forum did not result in financial assistance for MSP as initially negotiated

*It is impossible to work towards a clean audit in the absence of filling all the vacant posts in this unit – see further description under 2.5.4 (ii)

* Development MSP – MSP draft was done by Vhembe District for all locals, but we are unable to implement the identified gaps due to lack of staff and lack of funds as district did not supply funds for implementation.

* Train all system users – unable to train in house due to lack of staff that can train the users as all staff (2) are attending to ICT issues.

* Develop DRP – Tender process took longer than envisaged so project was rolled over to the next financial year

* Develop IT Policies – combined project with development of DRP, rolled over to next financial year

* Purchase & Install MS Office 2007 – rolled over to next financial year.

2.5.4 Operational achievements

(i) Telephone services

Five operators render this service viz two at head office and one in each of the other regions .

During the year in question a software management system was integrated into the telephone system which resulted therein that we are unable to have a summary of total .

(ii) The two full time and one contractual staff members of this section render a full support service to 250 end user work stations on continuous day to day basis, including twelve (12) remote pay points in the regions, as well as eight (8) off site offices, plus a further (3) three traffic stations

(iii) The section takes care of 10 servers that run seventeen (17) respective software systems which are administered by the vacant System Administrator for three different user groups.

3. DEPARTMENT OF BUDGET AND TREASURY (FINANCE)

3.1 OFFICE OF BUDGET AND TREASURY

The Department is divided into four divisions, namely:

- * Revenue Division
- * Expenditure Division
- * Supply Chain Management Division
- * Financial Control Division

3.1.1 REVENUE DIVISION

The Division is managed by the Manager. The main functions under this division are:

- 3.1.1.1 Revenue management and debtors control
- 3.1.1.2 It is responsible for ensuring that meter reading is done and statements sent to consumers.
- 3.1.1.3 The other most important function performed is customer services.

3.1.2 EXPENDITURE DIVISION

It is managed by the Manager. The main functions under this division are:

- 3.1.2.1 Control over the expenditure budget and ensure the payment of creditors and salaries of staff.
- 3.1.2.2 To make sure that irregular payments are avoided.
- 3.1.2.3 Reconcile creditors statements with the ledger to avoid double payments.

3.1.3 SUPPLY CHAIN MANAGEMENT DIVISION

The division is managed by the Manager and the main function is to ensure the implementation of Section 111 of the MFMA. Other functions of the division are:

- 3.1.3.1 Bid documentations
- 3.1.3.2 Advertising of bids
- 3.1.3.3 Making sure that bids are evaluated to ensure best value for money.
- 3.1.3.4 To ensure that policy which is in line with the regulation is compiled and implemented.
- 3.1.3.5 Compilation and submission of reports in terms of the policy.

3.1.4 FINANCIAL CONTROL DIVISION

- 3.1.4.1 Consolidation of inputs from departments and ensure compilation of budget in terms of the Budget and Reporting Regulations.
- 3.1.4.2 Controlling of budget to avoid unauthorized expenditure.
- 3.1.4.3 Compilation of Annual Financial Statements in terms of GRAP and MFMA.
- 3.1.4.4 Responsible for facilitation of audit process.

3.2 HIGHLIGHTS OF THE DEPARTMENT

- 3.2.1 Appointment of Manager: Budget at the beginning of January 2010 resulted in the Municipality's perform better in the migrating to new budget format.
- 3.2.2 The expansion of collection points was introduced whereby consumers could make payment of municipal services through swipping at the Nedbank and Municipal Offices. Consumers can also make payment by making deposits at Nedbank and Absa Bank.
- 3.2.3 We were able to resolve most of the prior year's queries dating back to 2004/5 financial year.

3.3 CHALLENGES

- 3.3.1 Poor servicing of accounts by consumers resulting in high consumer debtors balance as at the end of the financial year. The outstanding debts as at 30 June 2010 was R131 532 061.
- 3.3.2 Failure to appoint full complement of the organogram which resulted in high costs of overtime expenditure.
- 3.3.3 The department has no full Asset Division and only trainees were used who fall within the Supply Chain Management Division, hence the accounting of Assets was a challenge.
- 3.3.4 Electricity selling hardware and software are such that we cannot use the third party Vending which is required in order to sell and collect at Super Hypermarkets such as Pick 'n Pay, Shoprite/Checkers and Spar.

Employment Equity Plan

CHAPTER 4

Audited Statements and Related Financial Information

MAKHADO LOCAL MUNICIPALITY



ANNUAL REPORT OF THE AUDIT COMMITTEE 2009/2010

MAKHADO LOCAL MUNICIAPALITY

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

The Audit Committee is pleased to present its report for the financial year ended 30 June 2010.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee, as an independent advisory committee appointed by the Council, has been established in terms of section 166 of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and section 79 of Municipal Structures Act, 1998 (Act No. 117 of 1998). During July 2009 the Council of Makhado Local Municipality adopted and approved to make use of the Vhembe District Council's Audit Committee as a shared service Audit Committee.

The Audit Committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference.

During the current year 7 meetings were held:

Name of Member	Total No. of Meetings	Attended	Apologies
NA Dzuguda	7	7	0
B Mbewu	7	4	3
N Siala	7	6	1
M Mahonga	7	7	0
Municipal Manager*NOTE 1	7	7	0

NOTE 1: For the period up to 31 March 2010 a vacancy existed in the Office of the Municipal Manager. During this time Audit Committee meetings were attended by the Acting Municipal Manager. Municipal Manager was appointed in April 2010.

TERMS OF REFERENCE

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

The Audit Committee also reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act ("the Act"), relevant other legislation as well as the King Report III on Corporate Governance for South Africa.

ANNUAL AUDIT OF MAKHADO LOCAL MUNICIPALITY

The annual audit of Makhado Local Municipality by the Auditor General of South Africa (AGSA) has been finalised. The Audit Committee reviewed the audit findings and the resultant audit report for the year ended 30 June 2010.

The audit opinion and causes thereof on the accompanying financial statements was discussed in detail at the Audit Committee meeting held on 28 November 2010

The Audit Committee requested management to prepare action plans and corresponding responsible individuals and dates. The Audit Committee will monitor the plan and management will inform the Audit Committee regularly of the progress made on the matters raised by the Auditor General of South Africa.

Areas of focus

- Review of the Internal Audit and Audit Committee Charters before submission for noting and approval to Council respectively.
- Review of the internal audit activities and approval of a three year internal audit plan up to 2013.
- Review of internal audit reports and management responses to address identified control weaknesses.
- Follow-up of actions emanating from previous meetings and follow-up of actions implemented resulting from internal audit reports.
- Liaison with Auditor General regarding past; current and future external audits.
- Liaison with management regarding:
 - Resourcing of internal audit and risk management sections;
 - Action plans relating to Operation Clean Audit 2014;
 - Risk management and municipal risk assessment.
- Liaison with Internal Audit and Risk Management functions.

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process as well as the identification of corrective actions and suggested enhancements to the controls and processes. During the period under review until 31 March 2010, the internal audit function was outsourced where after the municipality appointed Head Internal Audit and Internal Auditor during April 2010 as well as a Risk Officer during May 2010.

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality in its audit.

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

The Audit Committee reports that risk management was not effective during the year. The annual risk assessment was not conducted and the risk management committee was not operational and therefore management was not reporting to the Audit Committee on risk management. However, after the appointment of the Risk Officer toward the end of the financial year, the Audit Committee noted positive developments. The Audit Committee will monitor the risk continued improvements in risk management function for the remainder of the year to increase the likelihood that the municipality derives the benefits embedded in risk management.

PERFORMANCE MANAGEMENT

The Audit Committee reports that due to instability at top management level with the office of the Municipal Manager being vacant for the better part of the year, the municipality did not implement performance management system. The office of the Municipal Manager was only filled in April 2010. The section 57 Managers who acted in the capacity of Municipal Manager could not sign Performance agreements with the mayor and they in turn could not enter into performance agreements with the other section 57 Managers as required by legislative requirements. Consequently, regular performance management reports were not produced as required by legislative requirements.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has

- reviewed and discussed the audited annual financial statements to be included in the annual report with the Accounting Officer;
- reviewed the Auditor-General's management report and management's response thereto;
- reviewed significant adjustments resulting from the audit;
- requested management to prepare action plans to correct matters mentioned on the audit report and management report for monitoring by the Audit Committee.

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

AUDITOR-GENERAL OF SOUTH AFRICA

Due to unavailability of the officials from the Auditor General of South Africa when requested to attend Audit Committee meeting held on the 28 November 2010 where the audit report was to be discussed, the Audit Committee was not able to determine whether there are any unresolved issues with the Auditor General of South Africa. The unavailability of the officials from the Auditor General of South Africa at certain meetings during the year is a matter of concern for the Audit Committee.

APPRECIATION

The Audit Committee wishes to thank the Accounting Officer of Makhado Local Municipality and the municipal officials for the cordial manner in which this year's audit was conducted, together with the enthusiasm shown by management to address the issues identified. However, the Audit Committee will continue to engage the Auditor General of South Africa with a view of getting their co-operation for improved governance and realisation of the municipal vision of getting a clean audit opinion by 2014.

On behalf of Makhado Local Municipality Audit Committee

Albert Dzuguda

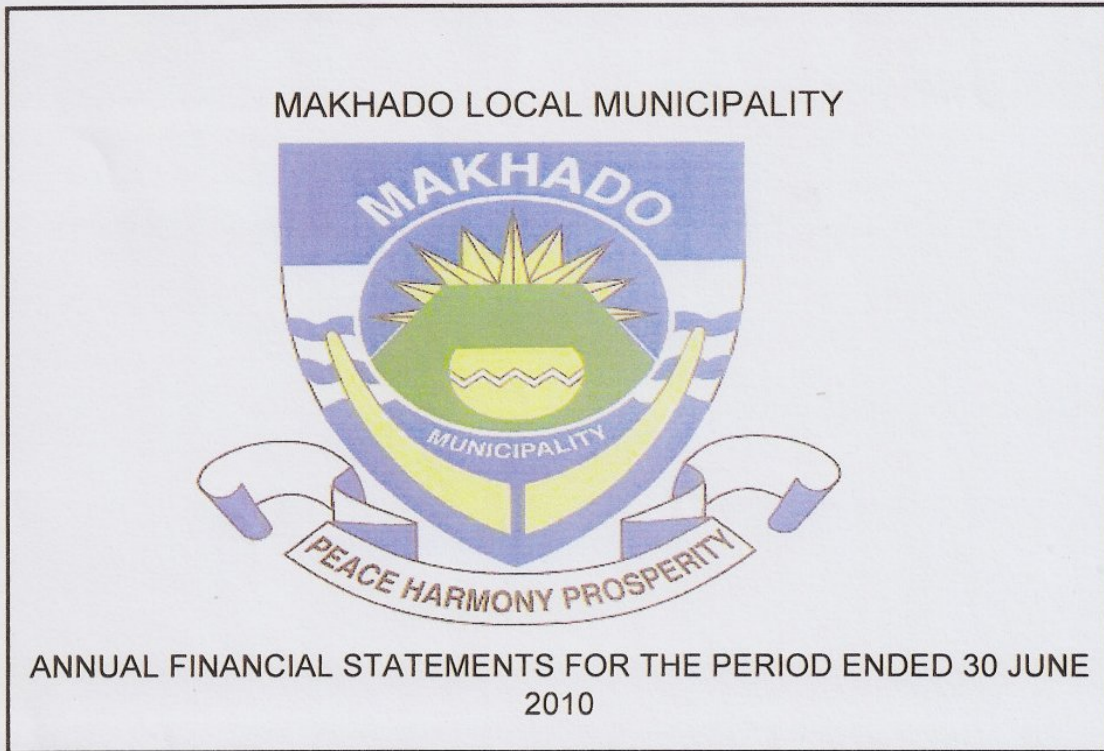
December 2010

Albert Dzuguda
Chairperson of the Audit Committee

30

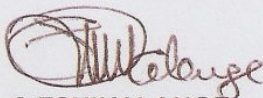
Date

**Report of the Auditor
General on Financial
Statements
Ended 30 June 2010**



I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 46, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


S TSHIKALANGE
MUNICIPAL MANAGER

DATE 31/08/2010

Annual Financial Statements

for

MAKHADO LOCAL MUNICIPALITY

for the year ended 30
June: 2010

2010

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:	
Name of Municipal Manager:	Mr S Tshikalange
Name of Chief Financial Officer:	RH MALULEKE
Contact telephone number:	(015) 5193000
Contact e-mail address:	malulekerh@makhado.co.za
Name of contact at provincial treasury:	
Contact telephone number:	N. NGOEPE
Contact e-mail address:	
Name of relevant Auditor:	AUDITOR GENERAL
Contact telephone number:	015 291 7000
Contact e-mail address:	eabotsi@agsa.co.za
Name of contact at National Treasury:	Thomas Matjeni
Contact telephone number:	thomas.matjeni@treasury.gov.za
Contact e-mail address:	012 315 5792

MAKHADO LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 june 2010

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

MAYOR

MM LERULE

Appointed 01/12/2008

SPEAKER

MS J HOORZUK

CHIEF WHIP

MR FJ RIKHOTSO

EXCO - FULL TIME.

MR MA MUVHUMBE

MS LB LOWANE

MR FD MUTAVHATSINDI

EXCO - PART TIME.

MR S MASUKA

MR NK MABOHO

MR TJ MUDAU

MRS PQ REYNEKE

MR SR BALOYI

MS J MATUMBA

COUNCILLORS NORMAL.

MR NS MATAMELA

MR ME LEBEA

MR A DU PLOOY

MR SE MAKHOMISANI

MS NE NGOBENI

MS N V MAHLAULE

MRS A KENNEALY

MR KD MAUBA

MR NG RAMASHIA

MR D MALETE

MR NJ MUROVHI

MS MD MBOYI

MRS EH NGOBENI

MR P PHASWANA

MF MAHANI

MRS PRJ NEMALEGENI

MR J DZHOMBE

MR TG TSHAVHUYO

MR MR SELEPE

MR FB HLONGWANI

MRS SM RIKHOTSO

MR MN MABILA

MS SD RAMUDZULI

MS P BALADZI

MR NA MATODZI

MR MB BOPAPE

MS BT NDHLIWAYO

MS FF RUMANI

MS OS MAPHALA

MR XNC HONWANA

MS RG NKANYANI

MS AG NGWANA

MR SDS MANGANYI

MR MS RADAMBA
MR MM MAKHADO
MR AA CHAYA
MR MD MULOVEDZI
MRS AS GUNDULA
MS MR MUFAMADI
MS AL SIPHUMA
MR MA MAKHERA
MS T E MABOHO
MRS E MADUWA

MS RT MAKHUBELA
MS TL NTHULANE
MR ML MUNUNGUHALA
MR LP MASHAU
MR K MAVHUNGU
MRS RG MACHOVANI
MS MA HELM
MR SJ MAHWAI
MRS LM NEKHUMBE
MRS A J MUKHAHA

MR SG MAGUGA
MR WN MASHELE
MR TG NCHAUBA
MRS HA MASHAMBA
MR JD KUMALO
MRS MM MAKANANISE
MR MN MAKHADO
MRS KP NEPHAWE

Municipal Manager

Mr S TSHIKALANGE

Chief Financial Officer

Mr. R H MALULEKE

Grading of Local Authority

GRADE : 4

Bankers

Absa Bank - Makhado Branch

Account number: 1000000147

Auditors

Auditor-General

MAKHADO LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information (continued)

MAKHADO MUNICIPALITY - LP344

Registered Office:

Limpopo
Makhado (Louis Trichardt)

Physical address:

Corner Krogh Street & Erasmus
Civic Centre
Makhado
O920

Postal address:

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O920

Telephone number:

(015) 5193000

Fax number:

(015) 5161195

E-mail address: CFO
: MM

malulekerh@makhado.co.za
shadrackt@makhado.co.za

MAKHADO LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

Approval of annual financial statements

I am responsible for the preparation and fair presentation of the Annual Financial Statements of Makhado Municipality comprising the Statement of Financial Position as at 30 June 2010, the Statement of Financial Performance, the Statement of Changes in Net Assets and Cash Flow Statement for the year then ended, and the notes to Annual Financial Statements, which include a summary of significant policies and other explanatory notes, and the performance report, in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such statements issued by the Accounting Practices Board, with the Standards of Generally Recognized Accounting Practices issued by the Accounting Standards Board and in the manner required by the MFMA and the Division of Revenue Act 12, 2009 (Act No. 12 of 2009) (DORA)

I have executed my responsibility as an accounting officer including: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

I have also made an assessment of the municipality's ability to continue as a going concern and have no reason to believe the municipality will not be a going concern in the next twelve months.

Municipal Manager:

31 August 2010

MAKHADO LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

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MAKHADO LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

	Not e	2010	2009
ASSETS			
Current assets			
Cash and cash equivalents	1	38,880,956	33,946,901
Trade and other receivables from exchange transactions	2	103,970,966	96,306,036
Other receivables from non-exchange transactions	3	5,294,969	5,412,115
Inventories	4	5,474,997	7,139,844
Current portion of receivables	7	31,462	97,614
VAT receivable	11	4,512,391	10,953,554
Non-current assets			
Property, plant and equipment	8	911,030,427	643,690,733
Total assets		1,069,196,168	797,546,797
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	9	51,716,308	58,298,270
Consumer deposits	10	7,945,523	7,290,679
VAT payable	11	13,851,244	-
Current provisions	12	17,117,839	10,994,181
Bank overdraft	1	19,382,601	22,840,753
Current portion of unspent conditional grants and receipts	13	35,698,353	15,506,848
Current portion of borrowings	14	1,446,185	1,512,353
Non-current liabilities			
Non-current borrowings	14	12,872,257	14,725,124
Non-current provisions	15	4,592,277	400,000
Total liabilities		164,622,585	131,568,208

Net assets	904,573,583	665,978,589
NET ASSETS		
Reserves	265,200,415	-
Accumulated surplus / (deficit)	639,373,169	665,978,589
Total net assets	904,573,583	665,978,589

MAKHADO LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE

for the year ending 30 June 2010

	Note	2010	2009
Revenue			
Property rates	16	16,834,057	24,754,273
Service charges	17	182,148,045	148,896,182
Rental of facilities and equipment	18	220,302	387,556
Interest earned - external investments	19	2,934,903	5,230,136
Interest earned - outstanding receivables	20	9,593,784	3,033,654
Fines		2,796,705	2,773,493
Licences and permits		10,066,622	11,314,261
Government grants and subsidies	21	180,769,233	166,874,772
Other income	22	7,556,325	11,210,411
Total revenue		412,919,975	374,474,738
Expenses			
Employee related costs	23	151,750,741	117,647,463
Remuneration of councillors	24	15,599,914	14,444,036
Provision for Doubtful debts		19,217,656	3,593,833
Depreciation and amortisation expense	25	46,027,164	48,805,263
Repairs and maintenance		21,284,418	27,972,914
Finance costs	26	1,602,303	1,327,130
Bulk purchases	27	87,788,394	75,935,027
General expenses	28	96,157,008	46,283,730
Total expenses		439,427,598	336,009,397
Surplus / (deficit) for the period		(26,507,622)	38,465,341

MAKHADO LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS

as at 30 June 2010

		Revaluat ion Reserve	Other reserv es	Total: Reserve s	Accumul ated Surplus/ (Deficit)	Total: Net Assets
	N o t e					
Balance at 30 June	2008	-		-	774,029, 748	774,029, 748
Correction of prior period error	3 1				(146,516, 500)	(146,516, 500)
Restated balance		-	-	-	627,513, 248	627,513, 248
Surplus / (deficit) on revaluation of property of property, plant and equipment						-
Net gains and losses not recognised in the statement of financial performance						-
Transfers to / from accumulated surplus/(deficit)						-
Surplus / (deficit) for the period					38,465,3 41	38,465,3 41
Balance at 30 June	2009	-		-	665,978, 589	665,978, 589
Surplus / (deficit) on revaluation of property of property, plant and equipment						-
Revaluation reserves		265,200, 415		265,200, 415		265,200, 415
Net gains and losses not recognised in the statement of financial performance						-
Transfers to / from accumulated surplus/(deficit)						-
Surplus / (deficit) for the period					(26,605,4 20)	(26,605,4 20)
Balance at 30 June	2010	265,200, 415	-	265,200, 415	639,373, 169	904,573, 583

MAKHADO LOCAL MUNICIPALITY
CASH FLOW STATEMENT

as at 30 June 2010

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		426,614,971	298,676,040
Taxation		16,834,057	24,754,273
Sales of goods and services		172,692,346	88,536,323
Grants		200,960,738	151,435,932
Interest received		12,528,687	8,263,790
Other receipts		23,599,143	25,685,722
Payments		368,792,129	244,385,718
Employee costs		145,338,334	117,647,463
Remuneration of councillors		15,599,914	14,444,036
Interest paid		1,602,303	1,327,130
Payments to suppliers		206,251,578	110,967,089
Net cash flows from operating activities	29	57,822,842	54,290,322
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(48,166,442)	(77,297,095)
Net cash flows from investing activities		(48,166,442)	(77,297,095)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	5,126,875
Repayment of borrowings		(1,919,036)	(1,206,032)
Increase in consumer deposits		654,844	1,753,995
Net cash flows from financing activities		(1,264,192)	5,674,838
Net increase / (decrease) in net cash and cash equivalents		8,392,208	(17,331,935)
Net cash and cash equivalents at beginning of period		11,106,147	28,438,081
Net cash and cash equivalents at end of period	30	19,498,355	11,106,147

MAKHADO LOCAL MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2010

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

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

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

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

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

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

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

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

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

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

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

GRAP 8 Interest in Joint Ventures - issued August 2006
GRAP 18 Segment Reporting - issued March 2005
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 103 Heritage Assets - issued July 2008

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The Municipality has opted to take advantage of the transitional provision as required by Directive 4 with regard to measurement.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

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

Where the municipality replaces parts of an asset, it de-recognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Description	Life span in years	Description	Life span in years
Infrastructure		Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	30	Other vehicles	5
Water	20	Office equipment	7
Sewerage	30	Furniture and fittings	7
Community		Watercraft	15
Buildings	30	Bins and containers	5
Recreational Facilities	30	Specialised plant and equipment	10
Security Halls	5	Other items of plant and equipment	5
Libraries	20	Landfill sites	5
Parks and gardens	15	Quarries	
Other assets	7	Emergency equipment	10
Heritage assets		Computer equipment	3
Buildings	30		
Paintings and artifacts	7		
Finance lease assets			
Office	7		

equipment			
Other assets	5		

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

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

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

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

SUBSEQUENT MEASUREMENT - COST MODEL

3.2

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

AMORTISATION AND

3.3 IMPAIRMENT

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

3.3.1 Computer software

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

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

DERECOGNITION

3.4

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

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

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

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

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

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

SUBSEQUENT MEASUREMENT

5.2

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value. The annual depreciation rates are based on the following estimated average asset lives:

6. NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 INITIAL RECOGNITION

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

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

7.2 SUBSEQUENT MEASUREMENT

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

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

8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4 CASH AND CASH EQUIVALENTS

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

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

9 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

10 UNAUTHORISED EXPENDITURE

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

11 IRREGULAR EXPENDITURE

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

12 FRUITLESS AND WASTEFUL EXPENDITURE

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

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

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

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

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

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

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

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

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

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

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

16 BORROWING COSTS

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

17 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs*.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

20

Deferred Income

Government grants related to assets, including non-monetary grants at fair value , shall be presented in the Statement of Financial Position as follows:

- * account for the grant as deferred income, or
- * deduct the grant in arriving at the carrying amount of the asset.

If the grant is raised as **deferred income**, it shall be recognised as income on a rational and systematic basis over the useful life of the asset to counter the depreciation expense.

If the grant is **deducted** in arriving at the carrying amount of the asset, the grant is effectively recognised as income over the useful life of a depreciable asset by the reduced depreciation charge.

MAKHADO LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010	2009
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		1,700	36,700
Cash at bank		(19,382,601)	(22,840,753)
Call deposits		<u>38,879,256</u>	<u>33,910,200</u>
		<u>19,498,355</u>	<u>11,106,147</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
- Absa Bank - Makhado Brach - Account number 1000000147			
Cash book balance at beginning of year		<u>(22,705,984)</u>	<u>(7,896,865)</u>
Cash book balance at end of year		<u>(19,382,601)</u>	<u>(22,840,753)</u>
Bank statement balance at beginning of year		<u>724,166</u>	<u>8,594,816</u>
Bank statement balance at end of year		<u>4,606,752</u>	<u>724,166</u>
<u>Cash on hand</u>		<u>1,700</u>	<u>36,701</u>
Total cash and cash equivalents		<u>1,700</u>	<u>36,701</u>
Total bank overdraft		<u>19,382,601</u>	<u>22,840,753</u>

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances	Provision for Doubtful Debts	Net Balance
<u>Trade receivables</u>			
as at 30 June 2010			
Service debtors			
Rates	24,471,641	6,434,439	18,037,202
Electricity	31,470,884	2,978,422	28,492,462
Water	11,694,295	6,070,910	5,623,385
Sewerage	11,051,094	3,094,382	7,956,712
Refuse	11,681,563	3,286,354	8,395,209
Other Services	41,162,584	5,696,588	35,465,996
Total	131,532,061	27,561,095	103,970,966

as at 30 June 2009

Service debtors			
Rates	22,390,308.0 0	2,268,825.00	20,121,483
Electricity	10,261,322.0 0	1,039,787.00	9,221,535
Water	22,689,284.0 0	2,299,121.00	20,390,163
Sewerage	9,621,839.00	974,987.00	8,646,852
Refuse	10,058,125.0 0	1,019,197.00	9,038,928
Other Services	32,144,276.0 0	3,257,201.00	28,887,075
Total	107,165,154	10,859,118	96,306,036

Rates: Ageing

Current (0 – 30 days)	1,930,280	2,932,904
31 - 60 Days	1,144,623	2,829,520
61 - 90 Days	990,445	1,957,218
91 - 120 Days	992,165	1,823,442
121 - 365 + Days	19,414,129	12,847,224

Total	24,471,641	22,390,308
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Electricity, Water and Sewerage: Ageing

Current (0 – 30 days)	12,738,445	10,976,127
31 - 60 Days	5,400,713	4,785,426
61 - 90 Days	3,463,520	3,008,825
91 - 120 Days	3,091,724	2,599,662
121 - 365 + Days	82,366,019	63,404,806
Total	107,060,420	84,774,846

2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	8,343,441	4,749,608
Contributions to provision	19,217,656	6,109,511
Doubtful debts written off against provision	-	(2,515,678)
Reversal of provision	-	-
Balance at end of year	27,561,097	8,343,441

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Unauthorized expenditure (see Note 34)	-	-
Other debtors	5,294,969	5,412,115
Prepayments (if not material)	-	-
Total Other Debtors	5,294,969	5,412,115

4 INVENTORIES

Opening balance of inventories:	7,139,844	10,948,643
Consumable stores - at cost	7,139,844	10,948,643
Water	-	-
Additions:	10,697,305	14,795,724
Consumable stores		

	10,583,021	14,795,724
Water	114,284	-
Issued (expensed):	(12,246,603)	(18,604,523)
Consumable stores	(12,246,603)	(18,604,523)
Water	-	-
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):	(115,549)	-
5 Consumable stores	-	-
Closing balance of inventories:	5,474,997	7,139,844
Consumable stores	5,360,714	7,139,844
Water	114,284	-

6 INVESTMENTS

Deposits	-	-
Call investments	-	-
	<u>-</u>	<u>-</u>

7 NON-CURRENT RECEIVABLES

Car loans	31,462	97,614
	31,462	97,614
Less : Current portion transferred to current receivables	(31,462)	(97,614)
Car loans	(31,462)	(97,614)
Other non-current receivables	-	-
Total	<u><u>-</u></u>	<u><u>-</u></u>

CAR LOANS

Senior staff were entitled to car loans up to 30 June 2005 which attract interest at 8% per annum and are repayable over a maximum period of 6 years. These loans are repayable in the year 2010

Impairment loss/Reversal of
impairment loss

- - - - -

as at 30 June 2010

919,154 35,084,863 860,700,494 5,055,338 - 9,270,578 - 911,030,427

Cost/Revaluation

919,154	42,421,992	1,109,156,3 63	5,999,766	-	33,403,852	-	1,191,901,1 28
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Accumulated depreciation and
impairment losses

-	(7,337,129)	(248,455,87 0)	(944,428)	-	(24,133,27 4)	-	(280,870,70 1)
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The property, plant and equipment were revalued by an independent sworn appraiser, on 30 June 2010, at market value (This relate to infrastructure component). The fair values was determined with reference to market prices.

If the property, plant and equipment (Infrastructure component) were carried at cost less accumulated depreciation the carrying amount would have amounted to R 731 554 531

The revaluation reserve, will be realised as and when the asset is utilised.

The valuation was peformed by Nemurangoni Consulting Engineers (2003/053541/23)

Refer to Appendix B for more detail on property, plant and equipment

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	919,154	29,649,755	601,857,581	4,261,252	-	7,002,995	-	643,690,737
Cost/Revaluation	919,154	35,755,436	808,049,479	5,032,161	-	28,778,042	-	878,534,272
Accumulated depreciation and impairment losses	-	(6,105,681)	(206,191,898)	(770,909)	-	(21,775,047)	-	(234,843,535)
	919,154	35,755,436	808,049,478	5,032,161	-	28,778,042		
	-	-	0	-	-	-		
Refer to Appendix B for more detail on property, plant and equipment			-					

MAKHADO LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010	2009
9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		31,026,423	19,490,370
Retentions		2,243,961	3,275,280
Other creditors		18,445,924	35,532,620
Total creditors		51,716,308	58,298,270
<p>The fair value of trade and other payables approximates their carrying amounts.</p>			
10 CONSUMER DEPOSITS			
Electricity and Water		7,945,523	7,290,679
Total consumer deposits		7,945,523	7,290,679
Guarantees held in lieu of consumer deposits		1,210,260	1,197,632
11 VAT PAYABLE			
VAT payable		13,851,244	-
<p>VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.</p>			
11 VAT RECEIVABLE			
VAT receivable		4,512,391	10,953,554

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

12 PROVISIONS

Annual Bonus	3,873,421	-
Performance bonus	321,393	281,445
Provision for leave	12,923,025	10,712,736
Total Provisions	17,117,839	10,994,181

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.

The balance of the performance bonus provisions relate to amounts not yet paid to certain employees due to disputes over the assessment process. Also see note 54.

The movement in current provisions are reconciled as follows: -

	Annual Bonus	Performance Bonus	Provision for leave
as at 1 July 2009	-	281,445	10,712,736
Contributions to provision	7,458,092	39,948	-
Expenditure incurred	-	-	2,210,289
as at 30 June 2010	7,458,092	321,393	12,923,025
as at 1 July 2008	-	281,445	7,689,731
Expenditure incurred	696,153	-	3,023,005
as at 30 June 2009	6,961,531	281,445	10,712,736

13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

13.

1 Unspent Conditional Grants from other spheres of Government

PHP Grant	531,574.45	2 773 364
Sport, Arts and Culture		356 369
District Grant	356,368.86	0
Municipal Infrastructure Grant	26,557,422.05	4 054 469
Municipal Systems Improvement Grant		201 390
INEP	3,609,043.29	3 635 481

Finance Management Grant	912,837.61	801 042
DWAF Grant	2,567,495.10	2 567 495
Drought Relief Grant	33,801.12	46 082
VDM Electricity Grant	-	(995 097)
VDM.-graveyards-grant	1,073,391.66	2 009 834
VDM.- refuse removal truck	56,418.42	56 418

Total Unspent Conditional Grants and Receipts

35,698,353 **15,506,848**

Non-current unspent conditional grants and receipts

- -

Current portion of unspent conditional grants and receipts

35,698,353 **15,506,848**

See Note 21 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

14 BORROWINGS

Annuity Loans	14,318,441	16,237,477
	14,318,441	16,237,477
Less : Current portion transferred to current liabilities	(1,446,185)	(1,512,353)
Local Registered Stock Loans	-	-
Annuity Loans	(1,446,185)	(1,512,353)

Total borrowings

12,872,256 **14,725,124**

Refer to Appendix A for more detail on borrowings.

15 NON-CURRENT PROVISIONS

Provision for rehabilitation of landfill sites	4,592,277	400,000
Total Non-Current Provisions	4,592,277	400,000

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at prime interest rate 10%, over an average estimated useful life of 3 years.

Rehabilitation cost is assumed to increase at inflation rate of 7.1%

The movement in the non-current provision is reconciled as follows: -

Provision for rehabilitation of landfill sites:

Balance at the beginning of year	(400,000)	-
Contributions to provision	(4,192,277)	(400,000)
Balance at the end of year	(4,592,277)	(400,000)

Provision for long-service awards:

Balance at the beginning of year	-	-
Balance at the end of year	-	-

16 PROPERTY RATES

Actual

Residential	615,160	843,512
Commercial	13,799,598	21,925,727
State	2,419,299	1,985,034
Total property rates	16,834,057	24,754,273
Property rates - penalties imposed and collection charges	-	-
Total	16,834,057	24,754,273

Valuations

Residential	4,409,085,698	6,650,464,817
Commercial	1,131,823,386	
State	1,933,044,700	602,096,400
Municipal	327,096,200	432,953,928
Total Property Valuations	7,801,049,984	7,685,515,145

The last valuation came into effect on 1 July 2008. A general rate of R0.0103 (2007 - R0.092) is applied to property valuations (land value only) to determine assessment rates. Rebates are granted to residential and state property owners. Rates are levied on a monthly basis on property owners.

17 SERVICE CHARGES

Sale of electricity	154,144,597	120,279,562
Sale of water	15,791,722	17,677,574
Refuse removal	6,694,518	6,212,734
Sewerage and sanitation charges	5,517,208	4,726,312
Total Service Charges	182,148,045	148,896,182

18 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	160,776	387,556
Rental of equipment	35,717	-
Other rentals	23,809	-
Total rentals	220,302	387,556

19 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	2,934,903	5,230,136
Total interest	2,934,903	5,230,136

20 INTEREST EARNED - OUTSTANDING RECEIVABLES

Interest on Receivables	9,593,784	3,033,654
Total interest	9,593,784	3,033,654

21 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	144,862,641	111,645,941
MIG Grant	31,115,046	28,743,147
Other Government Grants and Subsidies	4,791,546	26,485,684
Total Government Grant and Subsidies	180,769,233	166,874,772

21.

1 Equitable Share

In terms of the Constitution, the grant is also used to subsidise the provision of free basic services to indigent community members. Total subsidy for the year is R144 862 641

21.

2 MIG Grant

Balance unspent at beginning of year	4 054 469	7 581 616
Current year receipts	53 618 000	25 216 000
Conditions met - transferred to revenue	(31 115 046)	(28 743 147)
Conditions still to be met - remain liabilities (see note 13)	26 557 423	4,054,469

The grant was utilised for the appointment of the financial interns and assist with the implementation of the MFMA. The conditions of the grant were met. No funds have been withheld.

21.

3 Other Government Grants and Subsidies

PHP

Balance unspent at beginning of year	2 773 364	8 009 991
Current year receipts	-	890 417
Conditions met - transferred to revenue	(2 241 789)	(6 127 044)
Conditions still to be met - remain liabilities (see note 13)	531 575	2,773,364

Sport Arts and Culture

Balance unspent at beginning of year	356 369	398 584
Current year receipts	-	-
Conditions met - transferred to revenue	-	(42 215)
Conditions still to be met - remain liabilities (see note 13)	356,369	356,369

MSIG

Balance unspent at beginning of year	201,390.00	-
Current year receipts	735,000.00	735 000

Conditions met - transferred to revenue	(936,390.00)	(533 610)
Conditions still to be met - remain liabilities (see note 13)	-	201,390
INEP		
Balance unspent at beginning of year	3,635,481.00	2 781 103
Current year receipts	-	1 743 000
Conditions met - transferred to revenue	(26,438.08)	(888 622)
Conditions still to be met - remain liabilities (see note 13)	3,609,043	3,635,481
FMG		
Balance unspent at beginning of year	801,042.00	663 900
Current year receipts	750,000.00	500 000
Conditions met - transferred to revenue	(638,205.26)	(362 858)
Conditions still to be met - remain liabilities (see note 13)	912,837	801,042
DWAF GRANT		
Balance unspent at beginning of year	2,567,495.10	2 837 320
Current year receipts	-	-
Conditions met - transferred to revenue	-	(269 825)
Conditions still to be met - remain liabilities (see note 13)	2,567,495	2,567,495
DROUGHT RELIEF		
Balance unspent at beginning of year	46,082.00	404 690
Current year receipts	-	-
Conditions met - transferred to revenue	(12,280.70)	(358 609)
Conditions still to be met - remain liabilities (see note 13)	33,801	46,082
VDM-ELECTRICITY GRANTS		
Balance unspent at beginning of year	(995,096.59)	8 214 221
Current year receipts	995,096.59	8 000 000
Conditions met - transferred to revenue	-	(17 209 318)
Conditions still to be met - remain liabilities (see note 13)	-	(995,097)
VDM-GRAVEYARDS-GRANT		

Balance unspent at beginning of year	-	2,009,834.00	-
Current year receipts	-	-	2 009 834
Conditions met - transferred to revenue	-	(936,443.00)	-
Conditions still to be met - remain liabilities (see note 13)	-	1,073,391	2,009,834

VDM- REFUSE REMOVAL TRUCK

Balance unspent at beginning of year	-	-	-
Current year receipts	-	56,418.42	750 000
Conditions met - transferred to revenue	-	-	(693 582)
Conditions still to be met - remain liabilities (see note 13)	-	56,418	56,418

21.

4 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

22.

1 Other income

Recovery of unauthorised, irregular, fruitless and wasteful expenditure	-	7,556,325	11,210,411
Total Other Income	-	7,556,325	11,210,411

22.

2 Public contributions and donations

Total public contributions and donations	-	7,556,325	11,210,411
---	---	------------------	-------------------

Reconciliation of conditional contributions

Balance unspent at beginning of year	-	-	-
Current year receipts	-	-	-
Conditions met - transferred to revenue	-	-	-
Conditions still to be met - remain liabilities (see note 13)	-	-	-

23 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	92,417,270	76,682,095
Employee related costs - Contributions for UIF, pensions and medical aids	26,824,858	21,690,076
Travel, motor car, accommodation, subsistence and other allowances	3,842,335	2,945,700
Housing benefits and allowances	238,417	272,964
Overtime payments	14,233,843	10,081,280
Performance and other bonuses	10,834,952	-
Other employee related costs	3,359,066	5,975,348
Total Employee Related Costs	151,750,741	117,647,463

There were no advances to employees / Loans to employees are set out in note 3.

Remuneration of the Municipal Manager

Annual Remuneration	142 500	451 133
Performance- and other bonuses		75 748
Travel, motor car, accommodation, subsistence and other allowances	85 191	201 366
Contributions to UIF, Medical and Pension Funds	19 966	95 464
Total	247,657	823,711

Remuneration of the Chief Finance Officer

Annual Remuneration	442 301	488 451
Performance- and other bonuses		-
Travel, motor car, accommodation, subsistence and other allowances	319 025	174 769
Contributions to UIF, Medical and Pension Funds	94 711	79 425
Total	856,037	742,645

Remuneration of Individual Executive Directors

Technical Services	Corporate Services	Community Services
R	R	R

2010

Annual Remuneration	308 944	337 307	407 356
Performance- and other bonuses			
Travel, motor car, accommodation, subsistence and other allowances	152 773	289 238	232 096
Contributions to UIF, Medical and Pension Funds	65 289	70 562	56 675
Total	527,005	697,106	696,127

2010

Annual Remuneration			Planning & Development
Performance- and other bonuses			R
Travel, motor car, accommodation, subsistence and other allowances			400 888
Contributions to UIF, Medical and Pension Funds			215 651
Total			668,148

2009

	Technical Services	Corporate Services	Community Services
	R	R	R
Annual Remuneration	338 682	-	369 221
Performance- and other bonuses		-	-
Travel, motor car, accommodation, subsistence and other allowances	118 528	-	177 350
Contributions to UIF, Medical and Pension Funds	53 755	-	47 716
Total	510,965	-	594,287

24 REMUNERATION OF COUNCILLORS

Mayor		457,456	554,559
Deputy Mayor		-	-
Speaker		477,003	431,233
Executive Committee Members		-	2,787,471
Councillors		10,904,628	10,228,983
Councillors' pension and medical aid contributions		-	-
Councillors' allowances		3,760,827	441,790

Total Councillors' Remuneration**15,599,914****14,444,036****In-kind Benefits**

The Mayor, Speaker, Chief whip and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by the Council at no cost. The Mayor has use of the Council owned vehicle for official duties.

25 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment

46,027,164

48,805,263

Intangible assets

-

-

Investment property carried at cost

-

-

Biological assets carried at cost

-

-

Total Depreciation and Amortisation**46,027,164****48,805,263****26 FINANCE COSTS**

Borrowings

1,602,303

1,327,130

Consumer deposits

-

-

Bank overdrafts

-

-

Total Finance Costs**1,602,303****1,327,130****27 BULK PURCHASES**

Electricity

86,586,264

67,257,030

Water

1,202,130

8,677,997

Total Bulk Purchases**87,788,394****75,935,027**

28 GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	391,593	190,918
Audit fees	2,898,918	1,288,873
Bank charges	458,772	78,038
Debt collection commission	213,305	39,597
Departmental consumption	5,486,568	72,414
Inventory write-off	115,549	
Entertainment	6,261	5,686
Fuel and oil	7,409,849	4,024,554
Insurance	1,077,841	949,648
Legal expenses	1,167,166	394,385
Licence fees - vehicles	258,082	134,273
Membership fees	910,733	3,308
Parking	-	241,243
Postage	673,116	885,636
Printing and stationery	2,047,495	581,948
Security costs	8,033,981	3,544,708
Sewerage treatment costs	7,949	1,351
Skills development levies	1,183,999	511,828
Stocks and material	1,335,200	790,749
Subscription & publication	1,702,665	513,309
Telephone cost	1,631,642	574,553
Training	1,315,010	751,552
Transport claims	182,157	102,601
Travel and subsistence	1,156,782	712,609
Uniforms & overalls	989,809	192,502
Non - asset items	6,304,606	-
Stortingsterrein/dumping site	4,192,277	400,000
Elect departmental	4,116,309	-
Operating lease: vehicles	11,319,010	-

Indigent policy	5,493,247	-
Other	24,077,116	29,297,447
	96,157,008	46,283,730

29 CASH GENERATED BY OPERATIONS

		10,994,181
		(7,400,348)
Surplus/(deficit) for the year	(26,507,622)	38,465,341
Adjustment for:-		
Depreciation and amortisation	46,027,164	48,805,263
Provision for doubtful debts	19,217,656	3,593,833
Contribution to provisions - non-current	4,192,277	400,000
Contribution to provisions - current	6,123,685	-
Operating surplus before working capital changes:	49,053,160	91,264,437
(Increase)/decrease in inventories	1,664,847	3,808,799
(Increase)/decrease in trade receivables	(27,107,701)	(44,308,011)
(Increase)/decrease in other receivables	117,146	(1,616,174)
(Increase)/decrease in VAT receivable	6,441,163	(10,953,554)
(Increase)/decrease in Shortterm receivables-Motor loans	193,441	109,430
Increase/(decrease) in conditional grants and receipts	20,191,505	(15,438,839)
Increase/(decrease) in trade payables	(6,581,962)	31,424,234
Increase/(decrease) in VAT payable	13,851,244	-
Cash generated by/(utilised in) operations	57,822,842	54,290,322

30 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	38,880,956	33,946,900
------------------------	------------	------------

Bank overdrafts	(19,382,601)	(22,840,753)
Net cash and cash equivalents (net of bank overdrafts)	19,498,355	11,106,147

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

31 CORRECTION OF ERROR

- During the year ended 30 June 2009, valuation roll was incorrectly capitalised and assets were previously removed from the asset register without council resolution, during the current year asset to the value of R 6 381 557 were
- 31.**
1 verified and included back to the PPE during the year under review.

The comparative amount has been restated as follows:

Difference between the asset register and AFS (770 125 596 -772 604 043)		2,478,447
Valuation roll		2,234,345
Property, plant and equipment		6,381,557
Net effect on surplus/(deficit) for the year	-	11,094,349
Assets	-	
Liabilities	-	
Net effect on Statement of Financial Position	-	-
Net effect on Accumulated surplus opening balance		11,094,349

- 31.**
2 The municipality did not depreciate certain, the following assets in the prior year, Building, Electricity supply and Reticulation and Roads. Consequently the correction was done from on the opening balance of accumulated surplus and Property, Plant and Equipment. The effect of the correction of error is as follows:

Decrease in accumulated surplus	
Depreciation in Buildings	1,255,247
Depreciation in Electricity supply and reticulation	196,541
Depreciation on roads	778,386
	<u>-</u>
	<u>2,230,174</u>
Increase in accumulated depreciation	<u>-</u>
	<u>2,230,174</u>
Decrease in Property, Plant and Equipment	<u>-</u>
	<u>2,230,174</u>

31.

3 In terms of Section 84 (1) of the Municipal Structures Act (Act 117 of 1998), District municipalities are assigned the powers and functions to provide, amongst others portable water supply systems within their district. The assignment of powers and functions to district municipality means that the district municipality is the Water Service Authority and legally own the water service assets. From accounting perspective, this means that the district municipality should reflect all water related transactions in their books, as results from all the years the water assets were accounted in the books of Makhado municipality. The impact of the transfer of water related assets to Vhembe District Municipality is as follows:

Decrease in accumulated surplus	
Cost of the water related assets	- 179,101,666
Accumulated depreciation thereon	- (57,931,556)
Net effect	<u>- 121,170,110</u>
Decrease in Property, Plant and Equipment	<u>- 121,170,110</u>
Decrease in Accumulated depreciation	<u>- 121,170,110</u>

31.

4 The vehicles of Mr Ndwammbi MT, which was bought under the municipality vehicle scheme, was repossessed from Mr Ndwammbi MT. The said vehicle was never depreciated and after applying depreciation it will be fully depreciated. The impact on this error is as follows:

Decrease in accumulated surplus	
Depreciation on vehicle	- 127,289
	<u>- 127,289</u>

Decrease in long term receivables	-	127,289
-----------------------------------	---	---------

Increase in Accumulated Depreciation	-	127,289
--------------------------------------	---	---------

31. The Municipality had constructed electricity infrastructure assets in an ESKOM business trade areas. Upon the completion, those assets were
5 handed over to ESKOM but were erroneously included in the books of the Municipality. The impact on this error is as follows:

Cost related to the assets	-	11,974,975
Accumulated Depreciation related to the assets	-	(80,396)
Net impact to the Accumulated surplus	-	11,894,578

31.
5 The Municipality had accounted for land used as landfill site as other assets

Land	-	59,017
Other assets	-	(59,017)
Net impact to the Accumulated surplus	-	-

Current reported accumulated after adjusting for errors		627,513,248
Error adjustment		146,516,500
Previously reported accumulated surplus before errors adjustment	-	774,029,748

32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

32.
1 **Unauthorised expenditure**

- Reconciliation of unauthorised expenditure

Opening balance	8,677,997	-
Unauthorised expenditure current year	1,202,130	8,677,997
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-

Unauthorised expenditure awaiting authorisation

9,880,127

8,677,997

This relate to water purchase and sales, which should have been accounted for in the district municipality books, as results of non compliant with Section 84 (1) of the Municipal Structures Act by performing the fuctions of the district municipality without obtaining the required approval from the minister as stated in section 84 (3) of the act.

32.

2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -

-

-

Fruitless and wasteful expenditure current year

-

-

Condoned or written off by Council

-

-

To be recovered – contingent asset

-

-

-

Fruitless and wasteful expenditure awaiting condonement

-

-

Fruitless and wasteful expenditure relates to the fees dispute with the Auditor General, and resulted in the interest being charged on the Overdue account.

32.

3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance

-

-

Irregular expenditure current year

-

-

Condoned or written off by Council

-

-

Transfer to receivables for recovery – not condoned

-

-

Irregular expenditure awaiting condonement

-

-

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE

33 MANAGEMENT ACT

33.			
1	Contributions to organised local government		
	Opening balance	-	
	Council subscriptions	897,110	449,471
	Amount paid - current	(897,110)	(449,471)
	Amount paid - previous years	-	
	Balance unpaid (included in payables)	-	-

33.			
2	Audit fees		
	Opening balance		
	Current year audit fee	2,898,918	1,652,096
	Amount paid - current year	(2,774,365)	(1,652,096)
	Amount paid - previous years		
	Balance unpaid (included in payables)	124,553	-

33.
3 VAT

VAT input receivables and VAT output payables are shown in note 11. All VAT returns have been submitted by the due date throughout the year.

33.			
4	PAYE and UIF		
	Opening balance		
	Current year payroll deductions	1,772,559	13,589,094
	Amount paid - current year	(1,773,269)	(13,589,094)
	Amount paid - previous years		
	Balance unpaid (included in payables)	(710)	-

The balance represents PAYE and UIF deducted from July 2009 to June 2010

33.

5 Pension and Medical Aid Deductions

Opening balance		
Current year payroll deductions and Council Contributions	52,676,742	28,641,867
Amount paid - current year	(52,584,309)	(28,641,867)
Amount paid - previous years		
Balance unpaid (included in payables)	92,433	-

The balance represents pension and medical aid contributions deducted from employees in the July 2009 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during June 2010.

33.

6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

as at 30 June 2010

	Total	Outstanding less than 90 days	Outstanding more than 90 days
Hlongwane F	145	82	63
Gundula AS	166	166	-
Nemalegeni PRJ	83	83	-
Mutavhatsindi FD	128	128	-
Maboho NK	135	135	-
Maboho NK	222	222	-
Bopape MB	578	578	-
Kennealy A	706	706	-
Mboyi MD	1,595	392	1,204
Maguga SG	2,262	509	1,754
Ndobeni NE	4,085	4,085	-
Mudau TJ	5,946	794	5,152
Makananise MM	6,513	6,513	-
Selepe MR	10,899	5,365	5,533
Total Councillor Arrear Consumer Accounts	33,464	19,758	13,706

as at 30 June 2009

Mboyi M D	198	-		198
Matamela NS	36	-		36
Makananise MM	17	10		7
Maguga SG	4,791		4,259	532
Gundula AS	66	-		66
Mudau MJ	7,951		7,488	463
Makhado MM	350	206		144
Baloyi RS	65	20		45
Total Councillor Arrear Consumer Accounts	13,474		11,983	1,491

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

	Highest Amount Outstanding	Ageing Days
as at 30 June 2010		
Makananise MM	6,513	90 Days
Selepe MR	10,899	90 Days
as at 30 June 2009		
Maguga SG	4,259	90 Days
Mudau MJ	7,488	90 Days

34 CAPITAL COMMITMENTS

34.1 Commitments in respect of capital expenditure

- Approved and contracted for	3,762,337	32,973,367
Infrastructure-Roads	1,237,215	22 966 383

- Infrastructure -Roads	-	8 931 259
- Infrastructure - Electrical Supply	-	357 702
- Infrastructure - Water and Sanitation	-	
Community	79,898	597,768
- Cemeteries	-	-
Heritage	-	-
Other-Land and Building	2,445,224	120,255
- Approved but not yet contracted for	-	-
Total	3,762,337	32,973,367

This expenditure will be financed from:

- External Loans	-	5,641,097
- Government Grants-(MIG)	3,762,337	25,851,614
- Own resources	-	1,480,656
	3,762,337	32,973,367

34.
2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	8,472,809	
In the second to fifth year inclusive	40,319,177	
After five years	46,076,629	
Total	94,868,615	-

Total future minimum sublease payment expected to be received under non-cancellable sublease

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable

35 CONTINGENT LIABILITY

35.

1 Claim for damages

127,853

-

The claim had been lodged against the Municipality by **TRICOR SIGNGS** for the goods delivered which were not paid. The Cost of the goods is estimated at R120 000. The court date had not been set.

120,000

The claim was made against the Council for the deduction of R 7852.79 for non-performance made for the ALCARI security company. The offer to pay was made by the council on 23-02-2010 and the Trial date is set for february 2011.

7,853

35.

2 Performance bonus dispute – Legal fees

None

36 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Provision for rehabilitation of landfill sites (discount rate used was prime rates, and the assesed remaining useful life of the sites to be 3 years)

Provision for doubtful debts

Provision for bonuses and leave

37 RISK MANAGEMENT

37.

1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Financial assets exposed to credit risk at year end were as follows:

Investment in ABSA and Standard Bank	38,879,256	33,910,200
Trade and other receivables	103,970,966	96,306,036
	142,850,222	130,216,236

These balances represent the maximum exposure to credit risk.

37.
2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Borrowings	14,318,441	16,237,478
Trade and other payables	59,080,598	58,298,270
	73,399,039	74,535,748

37.
3 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

At year end, financial instruments exposed to interest rate risk were as follows:

- Development Bank of Southern Africa loan at an average rate of 7.47%	7,428,820.18	8,054,297.00
- INCA loan fixed at 11.47%	6,889,621.05	8,183,181
	<u>14,318,441.23</u>	<u>16,237,478</u>

37.

4 Other price risk

The municipality has no exposure on price risk

38 Write off of bank and cash reconciling items

Through council resolution number 6/1/1(04/09), the council approves the write-off of the reconciling items for both expenditure and income until the 30th of June 2009.

Receipts not in cash book	-	122,077,117
Expenditure not in cash book	-	(24,013,891)
Outstanding cheques not in the bank statement	-	1,553,856
Deposits in transit on system not in bank	-	(99,617,081)
	<u>-</u>	<u>-</u>

39 RELATED PARTIES

Members of key management

No other payments are paid outside contractual employment payments from employment. Refer to note 24 for remuneration.

Compensation to councillors and other key management

Payments to councillors are for allowances as gazetted. No other payments are made to councillors. Refer to note 25 for remuneration of councillors.

MAKHADO LOCAL MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2010

EXTERNAL LOANS	Vote number	Amount	Balance at 30 June 2009	Received during the period	Redeemed / written off during the period	Balance at 30 June 2010	Current portion	Long term portion
ANNUITY LOAN								
INCA Loan @ 11.47%	963/71500 2	12,656,600	8,183,181		1,293,560	6,889,621	1,446,186	5,443,436
DBSA Loan @ 9.86% 1	963/71500 3	7,000,000	6,609,297		493,401	6,115,896		6,115,896
DBSA Loan @ 5% 2	963/71500 1	2,110,000	1,445,000		132,076	1,312,924		1,312,924
TOTAL EXTERNAL LOANS		21,766,600	16,237,478		1,919,037	14,318,441	1,446,186	12,872,256

MAKHADO LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value	
	Opening Balance	Additions	Revaluation	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/R reversal of impairment loss				Closing Balance
Land														
Land	860,137	-		-		860,137			-	-	-	-	-	860,137
Landfill Sites	59,017	-		-	-	59,017	-	-	-	-	-	-	-	59,017
Quarries	-	-		-	-	-	-	-	-	-	-	-	-	-
	919,154	-		-	-	919,154	-	-	-	-	-	-	-	919,154
Buildings	35,755,436	174,229	-	-	6,492,328	42,421,992	(6,105,681)	(1,231,448)	-	-	(7,337,129)	-	-	35,084,863
Infrastructure														
Drains	1,069,168	513,402		-	1,656,255	3,238,825	(366,206)	(79,128)	-	-	(445,334)	-	-	2,793,491
Roads Sewerage	331,756,279	6,424,566	265,200,415	-	52,113,453	655,494,713	(139,931,056)	(22,241,252)	-	-	(162,172,307)	-	-	493,322,406

	1,028,334	1,709,102	-	967,605	3,705,041	(181,381)	(89,843)	-	-	(271,224)	-	-	3,433,817
	3,323,059	1,709,102	-	967,605	5,999,766	(770,909)	(173,519)	-	-	(944,428)	-	-	5,055,338
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	804,479,684	23,296,935	-	65,520,242	1,158,497,276	(213,068,489)	(43,668,939)	-	-	(256,737,427)	-	-	901,759,849

MAKHADO LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
Total brought forward	804,479,684	23,296,935	-	65,520,242	1,158,497,276	(213,068,489)	(43,668,939)	-	-	(256,737,427)	-	-	901,759,849
Other Assets													
Office Equipment	2,083,741	142,816	-	-	2,226,557	(1,950,399)	(97,892)	-	-	(2,048,291)	-	-	178,266
Furniture & Fittings	1,663,488	1,104,243	-	-	2,767,731	(1,486,692)	(83,143)	-	-	(1,569,835)	-	-	1,197,896
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	11,999,197	110,901	-	-	12,110,098	(10,061,844)	(731,671)	-	-	(10,793,515)	-	-	1,316,583
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	4,105,0	2,202,5	-	-	6,307,61	(2,813,9	(811,47	-	-	(3,625,4	-	-	2,682,18

Computer Software (part of computer equipment)	97	22			9	68)	0)			38)			1
Other Assets	8,766,636	1,196,106	-	29,106	9,991,847	(5,462,144)	(634,051)	-	-	(6,096,195)	-	-	3,895,653
Finance Lease Assets	28,618,159	4,756,587	-	29,106	33,403,852	(21,775,047)	(2,358,227)	-	-	(24,133,274)	-	-	9,270,578
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	833,097,843	28,053,522	-	65,549,348	1,191,901,128	(234,843,536)	(46,027,165)	-	-	(280,870,701)	-	-	911,030,427

MAKHADO LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	860,137	-	-		860,137				-	-	-	-	860,137
Landfill Sites	59,017	-	-	-	59,017	-	-	-	-	-	-	-	59,017
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	919,154	-	-	-	919,154	-	-	-	-	-	-	-	919,154
Buildings	28,433,291	7,322,145	-	-	35,755,436	(5,312,855)	(792,826)	-	-	(6,105,681)	-	-	29,649,755
Infrastructure													
Drains	(112,748)	1,181,916	-	513,402	1,582,570	(312,748)	(53,458)	-	-	(366,206)	-	-	1,216,364
Roads	326,717,584	5,038,695	-	33,561,332	365,317,611	(118,866,753)	(20,285,917)	-	-	(139,152,670)	1,255,160	-	226,164,941
Sewerage Mains & Purification	23,321,	-	-	-	23,321,1	(7,279,6	(1,207,3	-	-	(8,486,9	-	-	14,834,1

	149			49	34)	26)			60)		89
Electricity Mains	395,586	12,748		9,492,7	417,828,	(39,977,	(17,314,		(57,291,	2,419,4	360,536,
Electricity Peak	,579	,860	-	09	149	482)	049)	-	531)	24	618
Load Equip	-	-	-	-	-	-	-	-	-	-	-
Water Mains &											
Purification											
Reservoirs –											
Water	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-
	745,512	18,969		43,567,	808,049,	(166,43	(38,860,		(205,29	3,674,5	602,752,
	,564	,472	-	443	478	6,617)	750)	-	7,367)	85	111
Community Assets											
Parks & Gardens	37,263	-	-	-	37,263	-	-	-	-	-	37,263
Libraries	-	-	-	-	-	-	-	-	-	-	-
Recreation						(155,07	(29,429		(184,50		
Grounds	630,053	-	-	-	630,053	6))	-	5)	-	445,548
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-
Halls	1,627,4				1,627,40	(350,77	(54,247		(405,02		1,222,38
	09	-	-	-	9	6))	-	3)	-	6
Theatre	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	1,028,3			1,709,1	2,737,43	(147,10	(34,278		(181,38		2,556,05
	34	-	-	02	6	3))	-	1)	-	5

	3,323,059	-	-	1,709,102	5,032,161	(652,955)	(117,954)	-	-	(770,909)	-	-	4,261,252
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	778,188,068	26,291,617	-	45,276,545	849,756,229	(172,402,427)	(39,771,530)	-	-	(212,173,957)	3,674,585	-	637,582,272

MAKHADO LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
Total brought forward	778,188,068	26,291,617	-	45,276,545	849,756,229	(172,402,427)	(39,771,530)	-	-	(212,173,957)	3,674,585	-	637,582,272
Other Assets													
Office Equipment	1,988,465	95,276	-	-	2,083,741	(1,872,935)	(77,464)	-	-	(1,950,399)	-	-	133,342
Furniture & Fittings	(995,007)	2,658,495	-	-	1,663,488	(1,390,307)	(96,385)	-	-	(1,486,692)	-	-	176,796
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	11,305,616	693,581	-	-	11,999,197	(9,930,924)	(130,920)	-	-	(10,061,844)	-	-	1,937,353
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	3,166,3	938,74	-	-	4,105,09	(2,606,5	(207,37	-	-	(2,813,9	-	-	1,291,12

Computer Software (part of computer equipment)	50	7			7	98)	0)			68)		9
Other Assets	7,583,685	1,182,951	-	159,883	8,926,519	(5,240,436)	(221,708)	-	-	(5,462,144)	-	3,464,375
Finance Lease Assets	23,049,109	5,569,050	-	159,883	28,778,042	(21,041,200)	(733,847)	-	-	(21,775,047)	-	7,002,995
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	801,237,177	31,860,667	-	45,436,428	878,534,271	(193,443,627)	(40,505,377)	-	-	(233,949,004)	3,674,585	644,585,267

MAKHADO LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June: 2010

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions Plus Revaluation	Under Construction	Dispos als	Closing Balance	Opening Balance	Additions	Dispos als	Closing Balance	
	PUBLIC WORKS (ROADS)	873	5 694	128		5 823	11	402		
AIRPORT	488	350	195		068	297	586	-	884	185
CEMETARY	235	816	51	967	1 835	121	26	-	148	1 687
CLINIC GENERAL	946	213	892	605	1 923	139	3	-	179	552
COMMUNITY SERVICES	988	3 810	102		048	654	805	-	458	590
COMPUTER SERVICES	086	522	48		3 859	901	160	-	1 062	2 797
CORPORATE	118	3 022	12		933	895	543	-	438	495
CORPORATE SERVICES	929	263	409		534	393	128	-	522	12
DIASTER	135	9	32		495	677	402	-	079	416
DZANANI	863	263	754		3 054	3	181	-	184	2 870
DZANANI REGIONAL	844	68	95		872	114	223	-	337	535
DZANANI TESTING STATION	884	216	290		219	810	575	-	386	834
DZANANI TRAFFIC	724	226	260		269	1	3	-	4	265
ECONOMIC HOUSING	557	1 335	557	82	693	288	045	-	333	359
ELECTRICITY	920	30 358	850	570	1 506	954	1	-	955	550
ELECTRICITY ADMIN LOCAL	047	664	889	8 797	284	669	148	-	817	467
ELECTRICITY		31 063	162		8 866	14	20	-	34	8 832
					733	258	349	-	607	126
					245	108	19	-	128	117
					559	950	105	-	056	504
					425	3	98	-	101	324
					924	309	279	-	588	335
					1 422	177	44	-	221	1 200
					463	376	314	-	690	773
					30 361	191	1 572	-	1 764	28 597
					420	708	520	-	228	193
					324 510	48 532	16 744	-	65 277	259 233
					711	601	999	-	600	111
					31 225	2 523	225	-	2 748	28 476

WORKSHOP	141	554			695	125	817		942	753
		846	88		935	846			846	88
ENGINEERING	930	716	162	-	646	927	-	-	927	719
		176			339	24	58		83	255
FINANCE	788	248	14	-	036	221	929	-	151	886
		2 341			2 355	1 863	90		1 954	401
FINANCIAL SERVICES	527	301	114	-	828	753	492	-	245	583
		748			863	174	24		199	663
FIRE & RESCUE	477	638	32	-	115	792	949	-	741	374
		111			144	31	1		32	111
FIXED ASSETS	374	745	169	-	119	006	493	-	499	620
		265			435	217	19		236	198
HUMAN RESOURCES	858	208	190	-	066	403	004	-	407	659
		13			204		4		5	199
INDIGENT	968	668	162	-	636	370	656	-	026	610
		33 673			33 836	12 573	1 706		14 279	19 556
INFRASTRUCTURE	803	264	272	-	067	215	086	-	302	765
		1 794			2 067	483	78		561	1 505
LIBRARY	972	682	31	-	654	680	115	-	794	860
		175			207	32	1		33	173
LICENCES	780	354	36	-	134	915	026	-	940	193
		58			95	33	8		42	52
LICENCING VUWANI	727	304	258	-	030	531	531	-	062	968
		34			293	3	11		15	278
MAYORS OFFICE	654	500		-	154	467	551	-	019	135
		8 516	1 493		16 400	2 291	263		2 555	13 845
MUNICIPAL BUILDINGS	849	894		-	841	854	781	-	634	207
		127			127	118	4		122	4
MUNICIPAL MANAGER	068	-	8	-	068	464	175	-	639	429
		6 389			6 398	1 092	42		1 134	5 263
PARKS GENERAL	702	943		-	645	646	002	-	647	998
PROTECTION					208	94	4		99	108
SERVICES	563			-	563	632	998	-	629	934
		347 572	280 020		687 716	141 046	19 996		161 042	526 673
PUBLIC WORKS	160	327	296	-	783	709	290	-	999	784
		1 510			1 510	226	75		302	1 207
RAILWAY LINES	114			-	114	931	506	-	437	677
		3 123			3 123	1 808	600		2 409	714
REFUSE	455			-	455	444	884	-	328	127
		62 636			62 636	22 193	3 165		25 358	37 277
SEWERAGE	188			-	188	550	221	-	771	417
		59			59	59			59	
SINTHULE AREA 9	861			-	861	843		-	843	18
		176			176	71	3		74	101
STORES	298			-	298	059	564	-	623	675

STRATEGIC DEVELOPMENT	720	7			-	720	714	7	0	-	714	6
		374				374	90		12		102	271
SWIMMING POOL	177				-	177	542		335	-	877	300
TECHNICAL SERVICES (CIVIL)	458	905			-	905	13		169		182	722
		906				906	766		38		805	101
TOWN CIVIL ENG	419				-	419	462		846	-	308	111
		93				93	93				93	
TOWN RESOURCES	440				-	440	439		-	-	439	1
		432				432	43		2		46	385
TOWN SECRETARY	463				-	463	974		922	-	895	567
TOWN SECRETARY - ADMIN	128	1 131			-	1 131	708		2		710	420
		541				541	260		29		824	304
TRAFFIC GENERAL	384				-	384	734		237	-	971	413
		57				57	57				57	
TSHITALE	589				-	589	587		-	-	587	2
		22				22	22				22	
VLEYFONTEIN	245				-	245	235		0	-	236	9
		2 315				2 315	2 227		15		2 243	72
VUWANI	823				-	823	866		743	-	609	214
		570		148		719	116		85		202	516
VUWANI REGIONAL	940		367		-	307	809		821	-	629	677
		210		26		237	21		71		92	144
VUWANI TRAFIC	942		438		-	380	234		233	-	468	912
		142 192		513		142 705	46 176		6 602		52 778	89 926
WATER	155		402		-	556	854		044	-	899	657
		335				335	323		1		325	10
WATERVAL	574				-	574	242		865	-	107	467
		68				68	1		5		6	61
WATERVAL REGIONAL	837				-	837	848		112	-	959	878
		84				84	42				43	40
WORKSHOP	296				-	296	668		978	-	646	650
Total	485	1024 174	286 578	77 050	-	1387 803	290 625	52 873	215	-	343 498	1044 305
			484	665		635	311				527	108

MAKHADO LOCAL MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

2009		2009		2009		2010		2010		2010	
Actual Income		Actual Expenditure		Surplus / (Deficit)		Actual Income		Actual Expenditure		Surplus / (Deficit)	
					-						-
	12		153				21		105		
494		105		(140,611)	Cemetery	416		467		(84,051)	
	17 113		655				20 683		1 389		
723		483		16,458,239	Assesment Rates	318		278		19,294,040	
	144		6 033				56		7 395		
666		482		(5,888,816)	Health Services	098		011		(7,338,914)	
	42		756		-				1 257		-
215		954		(714,739)	Grant in Aid & Donation Strategic Development Services			- 779		(1,257,779)	
			5 928				45		9 575		
-		049		(5,928,049)	Corporate Services	127		495		(9,530,368)	
	48 567		27 365				36 365		26 488		
713		442		21,202,272	Incorporate Areas	584		109		9,877,475	
			765						1 028		
16		695		(765,679)	Stores			- 364		(1,028,364)	
	27 705		5 225				31 356		8 024		
821		941		22,479,881	Public Works	435		660		23,331,775	
			24 734				144 979		33 801		
	111 645 941	308		86,911,633	Council's General Expenses	706		892		111,177,814	
	4 449		9 390				5 519		11 733		
320		502		(4,941,182)	Municipal Secretariat	890		587		(6,213,697)	
	634		37 262				563		51 699		
728		410		(36,627,681)	Technical Services	758		046		(51,135,288)	
			3 665						4 166		
-		805		(3,665,805)	Protection Services			- 223		(4,166,223)	
	202		4 996						5 860		
909		712		(4,793,803)	Human Resources			- 107		(5,860,107)	

569	14 799		84 818	(70,018,565)	Financial Services	933	15 258	830	98 355	(83,096,897)
	18	134	616				8		439	
285		857	401	(598,572)	Swimming Pool	069		906		(431,837)
-		516		(401,516)	Railway Facilities			- 591	413	(413,591)
	138						7			
245		-		138,245	Fixed Properties	573			-	7,573
	2 854		7 367				2 807		9 233	
031		322		(4,513,290)	Traffic Services	997		535		(6,425,537)
			4 634						5 176	
-		987		(4,634,987)	Municipal Manager			- 134		(5,176,134)
	130		3 115				113		6 094	
667		348		(2,984,681)	Civil Buildings Fire Brigade & Ambulance	674		885		(5,981,211)
	45		1 244				34		1 817	
734		280		(1,198,546)	Library	374		212		(1,782,838)
	65		7 393				51		8 721	
692		945		(7,328,253)	Parks & Recreation	267		261		(8,669,994)
	11 203		5 692				9 974		7 936	
010		756		5,510,254	Licensing	981		122		2,038,859
	4 538		2 065				4 816		8 118	
746		180		2,473,566	Cleansing	356		834		(3,302,478)
	4 234		1 720				3 763		2 070	
310		530		2,513,780	Sewerage	751		738		1,693,013
	38						38			
291		-		38,291	Sub economic Housing	738			-	38,738
	6 127		6 127				2 242			
716		044		672	Economical Housing	461			-	2,242,461
			97 006				139 047		121 796	
	130 394 792	965		33,387,827	Electricity	339		739		17,250,600
	15 974		11 655				14 183		13 787	
186		579		4,318,607	Water	039		323		395,716
			16						58	
-		334		(16,334)	Aerodrome			- 440		(58,440)
	401,082,819		360,810,665	40,272,154		884	431 939	568	446 545	(14,605,684)
				2,234,346	Less: Inter-Department Charges					
	401,082,819		360,810,665	42,506,500	Total	884	431 939	568	446 545	(14,605,684)

APPENDIX E1
Actual versus Budget (Revenue and Expenditure)
for the year ended 30 June 2010

REVENUE	2010 Actual	2010 Budget	2010 Variance	2010 Variance	Explanation of significant Variance greater than 10% versus Budget
	R	R	R	%	
Property rates	16 834 057	36 442 381	19 608 324	53.81	Reversal of incorrect billing for Dzanani Area.(2009 F/Y)
Service charges	179 905 752	199 146 429	19 240 677	9.66	Due to increase in tariffs for Services.
Rental of facilities and equipment	220 302	467 656	247 354	52.89	Decline in customer turnover rate on usage.
Interest earned - external investments	2 934 903	3 241 560	306 657	9.46	Decline is due to economic factors.
Interest earned - outstanding debtors	9 593 784	11 313 593	1 719 809	15.20	Due to increase in outstanding Debtors.
Fines	2 796 705	2 898 949	102 244	3.53	
Licences and permits	10 066 622	17 374 409	7 307 787	42.06	Turnover rate of the need for licences and permit.
Government grants and subsidies	180 769 234	186 479 353	5 710 119	3.06	
Other income	7 556 325	11 629 431	4 073 106	35.02	Dependent on the customer turnover rate.(Direct Income)
Total Revenue	410 677 684	468 993 761	58 316 077		

Employee related costs	146 701 797	180 838 406	34 136 609	18.88	Due to normal yearly salary increase and recruitment of new staff.
Remuneration of councillors	15 599 914	18 468 788	2 868 874	15.53	Due to normal yearly allowance increase of Public Office bearers.
Provision for Doubtful debts	19 217 656	19 400 000	182 344	0.94	
Depreciation	52 886 475	53 180 000	293 526	0.55	
Repairs & Maintenance	21 707 821	33 827 568	12 119 747	35.83	Favourable savings on major services like Roads, Electricity and Vehicle.
Interest paid	1 602 303	1 613 400	11 097	0.69	
Bulk purchases	87 788 394	95 941 789	8 153 395	8.50	
General expenses	79 779 009	98 453 051	18 674 042	18.97	Favourable savings on major expenditure like Fuel costs.
Total Expenditure	425 283 368	501 723 002	76 439 633		

**APPENDIX F
MAKHADO MUNICIPALITY**

for the year ended 30
June: 2010

Disclosures of Grants and subsidies in Terms of the Section 123 of MFMA,56 of 2003

Grants and Subsidies
Received

Name of Grants	Organ of States	Quarterly Expenditure								Grants and Subsidies delayed/wit hheld	Reason for delay/withh olding of funds	Did your municip ality comply with the grant conditio ns in terms of grant framew ork in the latest Division of Revenu e Act	Reason for non-complia nce
		July - Sept	Oct. - Dec	Jan. - March	April - June	July - Sept	Oct. - Dec	Jan. - March	April - June				
PHP Grant	Housing/Inte rest					770 898	849 231	406 745	214 915	No	N/A	Yes	N/A
Sport, Arts and Culture District Grant			12 028	39 874	11 393	0				No	N/A	Yes	N/A
Municipal Infrastructure Grant	DPLG	15 000 000	2 000 000	11 000 000	25 618 000	5 358 912	8 373 223	1 814 812	15 568 098	No	N/A	Yes	N/A
Municipal Systems Improvement Grant	LGTA	735 000				576 192	266 762	93 436	0	No	N/A	Yes	N/A
INEP Finance Management Grant	Electricity National Treasury	- 750 000				- 83 578			26 438	No	N/A	Yes	N/A
DWAF Grant	Water						0	0		No	N/A	Yes	N/A
Drought Relief Grant	Water						12 280	0	0	No	N/A	Yes	N/A
VDM Electricity Grant	Electricity			-		-	0	0	0	No	N/A	Yes	N/A

VDM.-graveyards-grant				-				575 200	261 243	No	N/A	Yes	N/A
VDM.- refuse removal truck				-					0	No	N/A	Yes	N/A
Equitable Share	National Treasury	60 510 012	40 917 976	43 434 653		60 510 012	40 917 976	43 434 653		No	N/A	Yes	N/A
		76 995 012	42 930 004	54 474 527	25 629 393	67 299 592	50 483 673	46 467 673	16 418 293				
					200 028 936				180 669 231				

**AUDITOR'S 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 was engaged to audit the accompanying financial statements of the Makhado Municipality, which comprise statement of financial position as at 30 June 2010, and the statement of financial performance statement of changes in net assets cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages xx to xx.

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 in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009*. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Cash and cash equivalents

4. My audit report for the prior year was modified due to the non-clearance of long outstanding reconciling items and this matter had not been resolved for the year ended 30 June 2010. I was unable to determine whether adjustment to the results of operations and opening accumulated surplus might be necessary for the year ended 30 June 2009. My opinion for the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
5. In its deliberations, council has written off cash and bank reconciling items as disclosed in note 38 to the financial statements. The resolution to write off these reconciling items was also approved prior to the municipality carrying out an investigation to clear and allocate these reconciling items in the accounting records. In applying the resolution, the municipality selectively identified items for write off in order to reflect a no impact balance. If the resolution had been applied consistently on all reconciling items up to 30 June 2009, as approved by council, the bank overdraft would have reduced by R4 899 241 and accumulated surplus be increased by the same amount.

6. Deposits totalling to R48 774 369 was received in the bank account of the municipality in the year under review. The nature of these deposits were not investigated and recorded in the accounting records of the municipality.. Had the deposits been recorded in the accounting records and the cash and cash equivalents would be increased by R48 774 369. I could not determine the effect on the account balances or classes of transactions contained in the financial statements.
7. Included in the bank overdraft amounting to R19 382 601 are outstanding deposits to the amount of R24 932 164 which could not be traced to the bank statement and supporting documentation. With reference to the above paragraphs, the effect on cash and cash equivalents and on other account balances or classes of transactions contained in the financial statements could not be determined.

Property, plant and equipment

8. The municipality's accounting records did not facilitate the easy identification and location of assets recorded in the financial statements. As a result, movable assets amounting to R173 564 004 included in the financial statements could not be verified.
9. Due to the lack of sufficient information in the accounting records of the municipality, I could not obtain sufficient appropriate audit evidence regarding the completeness and valuation of land amounting to R919 154 (2009: R919 954) as disclosed in the financial statements. The municipality's records did not permit the application of alternative audit procedures.

Trade and other receivables

10. As disclosed in note thirty eight to the financial statements, the municipality has written off unidentified deposits in the bank account from prior periods amounting to R122 077 117. The write off was approved prior to the municipality prior to performing an investigation to allocate these amount to the respective debtor accounts. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the valuation and allocation of the consumer debtors amounting to R131 532 061. I could not determine the effect on the other account balances or classes of transactions contained in the financial statements.
11. Included in the trade receivable balance of R131 532 061 on the statement of financial position is debtors with credit balances amounting to R2 335 240. As per the SA standards of GRAP framework, paragraph 66 debtors with credit balances are defined as current liabilities and to be classified as trade and other payables. Consequently both trade and other receivables and trade and other payables are understated.

Trade and other payables

12. My audit report for the prior year was modified due to lack of sufficient evidence that all projects were accounted for amounting to R3 275 280 and this matter had not been resolved for the year ended 30 June 2010. I was unable to determine whether adjustment to the results of operations and opening accumulated surplus might be necessary for the year ended 30 June 2009. My opinion for the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
13. The entity did not accrue for invoices in respect of goods and services received amounting to R2 887 725. If these invoices had been accrued for the effect would have been to reduce the surplus for the period, and the accumulated surpluses by R2 887 725 and to increase payables in the statement of financial position by an equal amount.
14. The municipality could not provide sufficient appropriate audit evidence to support the balance of retention money of R2 243 961 as disclosed in note nine to the financial statements. As a result, I

could not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation and allocation, rights and existence of the retention balance in the financial statements.

15. Included under other creditors in note nine to the financial statements are suspense accounts for unallocated deposits amounting to R8 218 457. The municipality did not investigate the nature of these deposits. As a result I was unable to determine the effect on the other account balances or classes of transactions contained in the financial statements

Revenue

16. The municipality did not perform a reconciliation between the valuation roll and the underlying accounting records which resulted in discrepancies between the rates as per the valuation roll and the rates charged on the financial system and accounting records. There were no satisfactory audit procedures that I could perform to obtain reasonable assurance that property rates amounting to R16 834 057 in the financial statements is accurate and complete.

Financial statements

17. In terms of section 122(3) of the MFMA, the annual financial statements must be prepared in accordance with generally recognised accounting practice as determined by the Accounting Standards Board. The municipality have not provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, as prescribed by GRAP 1 *Presentation of Financial Statements*.
18. In terms of section 125(2)(d)(i) of the MFMA, the municipality did not disclose distribution losses in the financial statements.

Disclaimer of Opinion

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

Emphasis of matter

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

Unauthorised expenditure

21. As disclosed in note 32 to the financial statements, the municipality incurred unauthorised expenditure amounting to R1 202 130 (2008-09: R8 677 9977) against section 84(1) of the Municipal Structures Act, 1998 (Act no of 17 of 1998) which assign the powers and functions to provide, amongst others, potable water supply systems within their district to the District Municipalities.

Restatement of corresponding figures

22. As disclosed in note 31 to the financial statements, the corresponding figures for the year ended 30 June 2009 have been restated as a result of errors discovered in the financial statements of the Makhado municipality at, and for the year ended, 30 June 2009.

Additional matters

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

Unaudited supplementary schedules

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

25. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations and financial management (internal control).

Predetermined objectives

26. Material findings on the report on predetermined objectives, as set out on pages xx to xx, are reported below:

Non-compliance with regulatory and reporting requirements

Reported performance information not received in time

27. Makhado Local Municipality did not submit the annual performance report in terms of section 46 of the MSA, and section 121(3)(c) of the MFMA.

Existence and functioning of a performance audit committee

28. Makhado Local Municipality did not appoint and budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

Internal auditing of performance measurements

29. Makhado Local Municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA.

Compliance with laws and regulations

MFMA

Expenditure was incurred in contravention of applicable legislation resulting in unauthorised expenditure

30. Contrary to the requirement of section 1 of the MFMA, the municipality incurred unauthorised expenditure.

Expenditure was not paid within the parameters set by the applicable legislation

31. Contrary to section 65(2)(e) of the MFMA the municipality did not pay money owing by the municipality within 30 days of receiving the statement or invoice payments.

The accounting officer did not adhere to his statutory responsibilities

32. Contrary to section 62(1)(d) of the MFMA the accounting officer did not comply with his legislative responsibilities to implement effective, efficient and transparent processes of financial and risk management to prevent and detect unauthorised expenditure and fruitless and wasteful expenditure.

Supply chain management legislative requirements were not adhered to

33. Contrary to section 62(1)(b) of the MFMA proper record keeping and management was not in place resulting in requested information not being available at the municipality.

The financial statements were not prepared in accordance with applicable legislation

34. Contrary to section 122(1) of the MFMA the municipality did not prepare financial statements that fairly present its state of affairs as material misstatements were corrected during the audit.

35. Contrary to section 125(2)(d)(i) of the MFMA the municipality did not disclose distribution losses in the financial statements.

36. In terms of section 122(3) of the MFMA, the annual financial statements must be prepared in accordance with generally recognised accounting practice as determined by the Accounting Standards Board. The municipality have not provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, as prescribed by GRAP 1 *Presentation of Financial Statements*.

The internal audit unit were not functioning properly

37. Contrary to section 165(2) of the MFMA the internal audit unit of the municipality did not advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to performance management.

INTERNAL CONTROL

38. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA, but not for the purpose of expressing an opinion on the effectiveness of internal control.

39. The matters reported below are limited to the significant deficiencies regarding the basis for disclaimer of opinion paragraph, the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

- **Leadership**

- Oversight responsibility

- The accounting officer does not exercise oversight responsibility over reporting and compliance by management with laws, regulations and internally designed policies and procedures. As a result, non-compliance issues were noted.

- **Financial and performance management**

- Quality, reliable financial statements and management information

- The financial statements and other information to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit by the chief financial officer.

- Adequate systems, manual or automated controls are not designed or implemented to ensure that the transactions have occurred, are authorised, and are completely and accurately processed pertaining to the accounting system.

- **Governance**

Risk identification and management

Internal controls are not selected and developed to prevent/detect and correct material misstatements in financial reporting and reporting on predetermined objectives.

Auditor-General

Polokwane

30 November 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



**MAKHADO LOCAL
MUNICIPALITY
ACTION PLAN FOR 2011 TO
ADDRESS 2010 FINANCIAL
YEAR AUDIT ISSUES
DRAFT**

Ref	Issues	Action	Due Date	Status	Responsibility
QUALIFICATION MATTERS					
1	<p>Corresponding figures misstated.</p> <p>1.1. Cash and bank <i>(Refer to page 22 Ex.86 in the Management Report)</i></p> <p>1.2. provision <i>(Refer to page 22 Ex.86 in the Management Report)</i></p> <p>1.3. Property Plant and Equipment <i>(Refer to page 35 Ex.23 in the Management Report)</i></p> <p>1.4. Trade and Other Payables <i>(Refer to page 42 Ex.90 in the Management Report)</i></p>	<p>Cash and Bank The amount of 4.8 Million relating to prior year to be written off by a journal.</p> <p>Provisions Provision for rehabilitation of landfill site was calculated correctly and the matter will automatically falls out in the 2011 financial year.</p> <p>PPE Linking of land in the Asset Register and Valuation Roll also performing deeds search of all municipal properties</p> <p>Trade and other Payables Compilations of retention register which will be linked to each project undertaken. Establishing the criteria to calculate retention and implementation of retention reconciliation on monthly basis.</p>	31 March 2011	<p>Outstanding</p> <p>Outstanding</p> <p>Outstanding</p> <p>Outstanding</p>	<p>CFO and Manager Budget</p> <p>CFO and Manager Budget</p> <p>CFO and Manager SCM</p> <p>CFO, Director Technical Services and Manager SCM</p>
2	<p>Reconciling items are not cleared on time <i>(Refer to page 23 Ex.12 in the Management Report)</i></p>	<ul style="list-style-type: none"> Reversal of stale cheques (6 months) on time against the correct account. Capturing of the direct deposit and direct expenditure on time on to the financial system 	31 March 2011	Outstanding	CFO, Manager budget, Manager expenditure and Manager Revenue.
3	<p>Cash book balance does not agree to the Financial statements <i>(Refer to page 25 Ex.13 in the Management Report)</i></p>	Journal to be processed to adjust the bank General Ledger account.	31 March 2011	Outstanding	Manager Budget and CFO

Ref	Issues	Action	Due Date	Status	Responsibility
4	Deposits not recorded in the cash book <i>(Refer to page 25 Ex.28 in the Management Report)</i>	All deposit to the Municipality's bank account to be captured and allocated correctly. All unknown deposits to be receipted using the unknown deposit account.	31 March 2011	Outstanding	Manager revenue and Manager Budget
5	Returned cheques not debited as at year end <i>(Refer to page 26 Ex.42 in the Management Report)</i>	Compilations of the RD cheque register. Follow up on the register to ensure that all RD cheques had been reversed against the correct debtor with bank charged incurred by the Municipality.	31 March 2011	Outstanding	Manager revenue
6	Cash and bank transactions removed without council approval. <i>(Refer to page 30 Ex.49 in the Management Report)</i>	Refer to Corresponding figures. The amount R 4 899 241 will written off via a journal. Refer to the content of the audit finding.	31 march 2011	Outstanding	Manager Budget and the CFO
7	Value of land cannot be properly linked to the Valuation roll <i>(Refer to page 35 Ex.23 in the Management Report)</i>	Refer to Corresponding figures.	31 march 2011	Outstanding	Manager SCM and CFO
8	Asset register inappropriate <i>(Refer to page 36 Ex.16 in the Management Report)</i>	All duplication of the Asset numbers on the Asset register will have to be investigated and corrected.	31 march 2011	Outstanding	Manager SCM
9	Fruitless and wasteful expenditure not accounted for <i>(Refer to page 83 Ex.59 in the Management Report)</i>	The Municipality to accept bank guarantee cheques only.	31 march 2011	Outstanding	Manager revenue
10	Suppliers not included in the accrual listing <i>(Refer to page 41 Ex.89 in the Management Report)</i>	The journal for correction to be made to correct the accrual for 2010. The accrual listing for 2011 to done in June 2011.	31 August 2011	Outstanding	Manager Expenditure
11	Completeness of retention amount <i>(Refer to page 42 Ex.90 in the Management Report)</i>	Refer to the corresponding figure. Compilations of retention register which will be linked to each project undertaken. Establishing the criteria to calculate retention and implementation of retention	31 March 2011	Outstanding	Manager Expenditure

Ref	Issues	Action	Due Date	Status	Responsibility
		reconciliation on monthly basis.			
12	No clearing of Suspense Account under Creditors <i>(Refer to page 38 Ex.81 in the Management Report)</i>	All suspense accounts should be reconciled on a monthly basis.	Monthly	Outstanding	All Finance managers
13	Debtors with credit balances not disclosed as creditors <i>(Refer to page 45 Ex.87 in the Management Report)</i>	All debtors with credit balance to be reclassified as creditors. (when preparation of AFS)	30 June 2011	Outstanding	Manager Revenue and CFO
14	Incorrect property rates used for billing <i>(Refer to page 47 Ex.30 in the Management Report)</i>	The reported matter had been corrected but however the reconciliation should be performed to ensure that correct tariff is used for billing purposes.	31 March 2011	Outstanding	Manager Revenue and CFO
15	Property rates charged on incorrect market value <i>(Refer to page 47 Ex.31 in the Management Report)</i>	Reconciliation of valuation on the system and the manual valuation roll to be performed.	31 March 2011	Outstanding	Manager Revenue and CFO
16	Water not accounted as per Water Services Act <i>(Refer to page 48 Ex.37 in the Management Report)</i>	All water related transaction to be reversed and taken out of the Municipality's books.	30 June 2011	outstanding	CFO and Finance managers
17	VAT accounted incorrectly <i>(Refer to page 50 Ex.55 in the Management Report)</i>	Follow up reviews to be made on the information captured on to the financial system.	Daily basis	Outstanding	Manager Expenditure
17	VAT not disclosed correctly in annual financial statements. <i>(Refer to page 51 Ex.66 in the Management Report)</i>	VAT Input and Output to be netted off against each other in the AFS.	30 June 2011	outstanding	CFO
18	Performance information report by the municipality not prepared	The performance information report to be prepared at the financial year end and it will include the overall performance by the municipality and the service providers.	31 August 2011	Outstanding	MM
19	There were no performance agreements for section 57	All the section 57 managers are expected to sign the performance contracts and the	31 march 2011	Outstanding	All Section 57 Managers.

Ref	Issues	Action	Due Date	Status	Responsibility
	managers	assessment be done annually on the directors performance			
20	No performance audit by the Internal Audit	Internal Audit should conduct performance audit every year and should at always be included in their audit plan.	31 march 2011	Outstanding	Internal Audit Manager
INTERNAL CONTROL AND OTHER MATTERS					
1	Different employees sharing same employee number.	All the employees numbers to be reviewed and correction to be made were employees are sharing same number	31 March 2011	Outstanding	Human resource managers
2	Leave were not managed per SALBC Main Collective Agreement	Disagreement with management.			
3	High vacant positions in the Municipality	All vacant position as indicated on the organisational structure to be filled	30 June 2011	Outstanding	MM and director Corporate
4	Municipality does not have an IT Steering Committee	IT steering committee to be established	31 March 2011	Implemented	IT Managers
5	IT Governance	Executive management to formally document, approve and adopt an IT risk and control framework.	31 March 2011	Outstanding	MM and Director Corporate Services
6	Security Management	<p><u>The following to be implemented:</u></p> <ul style="list-style-type: none"> • Invalid logon attempt lockout threshold • Regularly review the logon and access violations • Monitor the activities of the IT personnel 	31 March 2011	Outstanding	IT Manager
7	User access control	<p><u>The following to be implemented:</u></p> <ul style="list-style-type: none"> • Development of user access request forms creation, termination and change of user's access on the 	31 March 2011	Outstanding	IT Manager

Ref	Issues	Action	Due Date	Status	Responsibility
		<p>system</p> <ul style="list-style-type: none"> • All inactive user accounts are deactivated • Employment additional staff in the IT department to prevent conflicts in the segregation of duties 			
8	Program Change Management	Changes to the programs to be implemented once a fully completed and authorised change request form has been submitted.	31 March 2011	Outstanding	IT Manager
9	IT Service Continuity	All the back-up tapes to be stored off- site	31 March 2011	Outstanding	IT Manager
10	Facilities and Environmental Control	<ul style="list-style-type: none"> • Access control register to be completed by all persons who wish to gain access to the server room • Server room to have equipment, such as fire extinguishers and air conditioners 	31 March 2011	Outstanding	IT Manager
11	There is no fraud prevention plan in place	Development of fraud prevention plan	31 March 2011	Implemented	Internal Audit Manager and Risk officer
12	There is no approved cell phone policy in place	Development of Cell phone policy	31 March 2011	Implemented	Manager Expenditure and the CFO
13	There is no Risk Assessment Committee	Establishment of risk assessment committee	31 March 2011	Implemented	Internal Audit manager
14	There was no risk assessment done during the year	Risk assessment for 2011 to conducted.	31 March 2011	Implemented	Internal Audit Manager
15	No evaluation of the Audit	Evaluation of the audit committee for	30 June	Outstanding	Internal Audit

Ref	Issues	Action	Due Date	Status	Responsibility
	Committee by the Council.	2011 financial year to be conducted by the council.	2011		Manager
16	Assets with zero rand values	Re-assessment of the fixed assets value to be performed.	31 March 2011	Outstanding	CFO and manager SCM
17	Inventory items not adequately safeguarded.	Control measures to be developed to insure that Municipal Assets are properly safeguarded.	31 March 2011	Outstanding	CFO and manager SCM
18	No monthly reconciliation performed between the Asset register and general ledger accounts.	Reconciliation between Fixed Assets Register and the General Ledger to be performed on monthly basis.(Acquisitions, Disposal and write off's)	31 march 2011	Outstanding	CFO and Manager SCM
19	Asset management policy does not include the handling of impairment losses.	The Asset Management Policy to be reviewed and such that it's in line with GRAP17.	31 March 2011	Outstanding	CFO and manager SCM
20	Repossessed asset not accounted for appropriately	Adjustments to be made on the AFS. The finding relate to disclosure.(Journal is done)	31 March 2011	Implemented	CFO
21	Management did not revalue all the infrastructure assets as required by GRAP 17, paragraph 46	The remaining infrastructure assets to be unbundles as required by GRAP 17.(Note: Transitional provision period ends on 30 June 2011)	30 June 2011	outstanding	CFO
22	List of accredited prospective suppliers	VAT numbers, supplier banking details, address and registration number to be included in the list of suppliers.	31 March 2011	Outstanding	Manager SCM
23	Transactions recorded on an incorrect period	Controls to be implemented at year end to ensure that all transactions are recorded in the correct period.	30 June 2011	Outstanding	CFO, Revenue Manager and Expenditure Manager
24	Skills development levy understated.	Reconciliation of amount paid for SDL on monthly basis.	31 March 2011	Outstanding	Manager Expenditure
25	Consumer deposits not recorded in the general ledger	Adjustment to be made and the reconciliation between the consumer	31 March 2011	Outstanding	CFO and Manager Revenue

Ref	Issues	Action	Due Date	Status	Responsibility
		deposit register and the General ledger to be performed on monthly basis.			
26	Commitment to other state organs not met promptly	Meeting between Vhembe and Makhado Municipality should take place to resolve the water related issue.	30 June 2011	Outstanding	CFO , Technical service director and MM
27	Community not notified within 14 days of the adoption of the IDP	The public should be notified within 14 days of the adoption of the IDP.	31 March 2011	Outstanding	Manager IDP
28	Indigent application forms not received from the auditee.	Accurate filing system for indigent's application form to be established.	31 march 2011	Outstanding	Community services
29	Debtors not paying for services provided.	Write off of debtors who are not paying their services to be considered.	30 June 2011	Outstanding	CFO and Manager revenue
30	Registers for direct income were not received from the auditee.	Register of direct income to be established and reconciled every month.	30 June 2011	Outstanding	CFO and manager revenue
31	Distribution losses are not monitored on a monthly basis.	Reconciliation between the quantity bought and sold with regard to electricity and water should be maintain and areas where municipality is losing be identified.	30 June 2011	Outstanding	CFO and Director Technical Services.
32	VAT paid after the 25 of the month	VAT 201 to be submitted on or before 25 th of every month.	Monthly	Implemented	Manager Expenditure.



**MANAGEMENT REPORT
ON THE REGULARITY
AUDIT OF MAKHADO
LOCAL MUNICIPALITY
FOR THE YEAR ENDED
2010-06-30**

The Accounting Officer
Makhado Local Municipality
Private Bag X2596
Louis Trichardt
0920

17 November 2010

Reference:02264REG09-10

Dear Sir

MANAGEMENT REPORT ON THE REGULARITY AUDIT OF THE MAKHADO LOCAL MUNICIPALITY FOR THE YEAR ENDED 2010-06-30

INTRODUCTION

1. This management report is provided in connection with our audit of the financial statements and the review of the performance information for the year ended 2010-06-30.
2. The report contains the following main subsections:
 - The Auditor-General's responsibilities
 - The Accounting officer's/authority's responsibilities
 - Misstatements in the financial statements
 - Matters to be drawn to the attention of the users
 - Other legal and regulatory reporting requirements
 - Information technology systems
 - Specific focus areas
 - Details of significant deficiencies in internal control relevant to the audit of the financial statements reporting on predetermined objectives and compliance with laws and regulations
 - Remedial action taken on audit outcomes of prior years
 - Matters that may give rise to future audit findings if not addressed
 - Ratings of the audit findings
 - Summary of detailed audit findings
3. Annexures A, B, and C contain information on the detailed audit findings. The detailed findings were communicated during the course of the audit and include management's responses thereto.

THE AUDITOR-GENERAL'S RESPONSIBILITIES

4. Our responsibility is to express an opinion on the financial statements and to report on findings related to our review of the report on predetermined objectives and compliance with key laws and regulations. Our engagement letter sets out our responsibilities in detail. These include the following:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements and report on predetermined objectives are free from material misstatements, whether caused by fraud or error.
 - Performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and report on predetermined objectives. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements.
 - Considering internal controls relevant to the entity's preparation and fair presentation of the financial statements and report on predetermined objectives, and compliance with laws and regulations.
 - Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.
 - Evaluating compliance with applicable legislation relating to financial matters, financial management and other related matters.
 - Evaluating the appropriateness of systems and processes to ensure the accuracy and completeness of reporting on predetermined objectives
 - Evaluating the overall presentation of the financial statements.
 - Expressing an opinion on the financial statements based on the audit in accordance with the International Standards on Auditing (ISAs).
 - Reading other information in documents containing the audited financial statements.
5. Because of the test nature and other inherent limitations of an audit, we do not guarantee the completeness and accuracy of the financial statements or report on predetermined objectives, or compliance with all applicable legislation.
6. Having formed an opinion on the financial statements we may include additional communication in the auditor's report that does not have an effect on the auditor's opinion, the following paragraphs could be included in the auditor's report:
- An Emphasis of matter paragraph only to draw users' attention to a matter presented or disclosed in the financial statements that is of such importance that it is fundamental to their understanding of the financial statements.
 - An Additional matter paragraph to draw users' attention to any matter other than those presented or disclosed in the financial statements that is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

THE ACCOUNTING OFFICER'S RESPONSIBILITIES

7. The accounting officer's responsibilities are set out in detail in the engagement letter. These include the following:
- The preparation and fair presentation of the financial statements in accordance with the basis of accounting.
 - Designing, implementing and maintaining internal controls relevant to the preparation of the financial statements.
 - Selecting and applying appropriate accounting policies, and making accounting estimates that are appropriate in the circumstances.
 - Disclosing known instances of non-compliance or suspected non-compliance with laws

and regulations, of which the effects should be considered when preparing financial statements.

- Monitoring and reporting on performance against predetermined objectives.
- Providing access to all information that is relevant to the preparation of the financial statements and performance information, such as records, documents and other matters.
- Disclosing all matters concerning any risk, allegation or instances of fraud.
- Accounting for and disclosing related party relationships and transactions.

MISSTATEMENTS IN THE FINANCIAL STATEMENTS

Material misstatements not corrected

8. The misstatements included in the **three** categories below were identified during the audit and have not been corrected by management at the date of this report. These misstatements were not prevented or detected by the municipality's system of internal control. We urge management to address the matters reflected as the internal control deficiency for the misstatements.
9. The following material misstatements arose from a difference between the amount, classification or presentation of a reported financial statement item and the amount, classification or presentation that is required in accordance with the applicable financial reporting framework.

Material misstatements		Dr	Cr	Internal control deficiency
Financial statement line item	Reason for misstatement	R	R	
<i>Cash and bank</i>	<i>Council resolution not applied consistently.</i>	4 899 241		<i>Control activities</i>
<i>Accumulated surplus</i>			4 899 241	
<i>Consumer debtors</i>	<i>Dishonoured cheques not debited to consumer debtors accounts</i>	1 467 899		<i>Control activities</i>
<i>Cash and bank</i>			1 467 899	
<i>Cash and bank</i>	<i>Dishonoured cheques and transfer outs not reversed.</i>	177 353		<i>Control activities</i>
<i>Creditors</i>			177 353	
<i>Cash and bank</i>	<i>Receipts not in the cash book</i>	23 842 204		<i>Control activities</i>
<i>Unknown</i>			23 842 204	
<i>Unknown</i>	<i>Expenditure no in the cash book</i>	501 193		<i>Control activities</i>
<i>Cash and bank</i>			501 193	
<i>Unknown</i>	<i>Cash book balance not agreeing to financial statements</i>	134 768		<i>Control activities</i>
<i>Cash and bank</i>			134 768	
<i>Fruitless and wasteful expenditure</i>	<i>Charges for dishonoured cheques not claimed from debtors</i>	32 700		<i>Control activities</i>
<i>Bank charges</i>			32 700	

10. The following misstatements resulted from the auditor being unable to obtain sufficient appropriate audit evidence, due to the documentation or information requested not having been made available by management:

Material misstatements		Amount of misstatement	Affected assertion	Internal control deficiency
Financial statement	Reason for			

line item	misstatement			
<i>Other creditors</i>	<i>No reconciliation of suspense accounts</i>	8 218 457	<i>Completeness, valuation, existence, rights and obligation</i>	<i>Control activities</i>
<i>Property, plant and equipment</i>	<i>Asset register inappropriate</i>	173 564 004	<i>Completeness</i>	<i>Control activities</i>
<i>Property rates</i>	<i>No reconciliation between valuation roll and Munsoft</i>	16 834 057	<i>Accuracy, occurrence, cut-off and completeness</i>	<i>Control activities</i>

11. The following misstatements were identified during the prior year audit and had not been corrected by management at the date of this report.

Material misstatements		Dr	Cr	Internal control deficiency
Financial statement line item	Reason for misstatement	R	R	
<i>Cash and bank</i>	<i>Council resolution not consistently applied</i>	4 899 241		<i>Control activities</i>
<i>Accumulated surplus</i>			4 899 241	
<i>Provisions</i>	<i>Lack of sufficient and appropriate evidence</i>	400 000		<i>Control activities</i>
<i>Property, plant and equipment - Land</i>	<i>Inadequate description of land</i>	860 137		<i>Control activities</i>
<i>Retention creditors</i>	<i>No evidence that all the projects were accounted for</i>	3 275 280		<i>Control activities</i>

Material misstatements corrected

12. The misstatements included in the two categories below were identified during the audit and have been corrected by management. These misstatements were not prevented or detected by the municipality's system of internal control. We urge management to address the matters reflected as the internal control deficiency for the misstatements.
13. The following material misstatements arose from a difference between the amount, classification or presentation of a reported financial statement item and the amount, classification or presentation that is required in accordance with the applicable financial reporting framework.

Material misstatements		Dr	Cr	Internal control deficiency
Financial statement line item	Reason for misstatement	R	R	
<i>Others creditors</i>	<i>Clearing of suspense accounts.</i>	9 396 086.08		<i>All control components</i>
<i>Trade and other receivables from non-exchange transactions</i>			9 396 086.08	
<i>Audit fees Expense</i>	<i>Prior year Audit fees not accounted for</i>	5 136		<i>Control activities</i>
<i>VAT</i>		719.04		
<i>Other Creditor</i>			5 855.04	
<i>Audit fees Expense</i>	<i>Prior year Audit fees not accounted for</i>	119 417.49		<i>Control activities</i>
<i>VAT</i>		16 718.45		
<i>Other Creditor</i>			136 135.94	
<i>Operating lease</i>	<i>Operating lease</i>	1 889 804.24		<i>Control activities</i>

Material misstatements		Dr	Cr	Internal control deficiency
Financial statement line item	Reason for misstatement	R	R	
<i>Expense</i>	<i>understated</i>			
<i>Accrual: Other creditors</i>			1 889 804.24	
<i>Accumulated funds</i>	<i>Prior year cost of assets transferred to Eskom</i>	3 561 206.72		<i>All control components</i>
<i>Infrastructure Assets – Additions</i>			3 561 206.72	
<i>Project costs</i>	<i>Current year cost of assets transferred to Eskom</i>	11 650 666.92		<i>All control components</i>
<i>Infrastructure assets - Additions</i>			11 650 666.92	
<i>Accumulated depreciation</i>	<i>Reversal of depreciation for assets transferred to Eskom</i>	9 202.56		<i>All control components</i>
<i>Depreciation</i>			9 202.56	
<i>Accumulated surplus</i>	<i>Infrastructure assets transferred to Eskom</i>	8 413 767.89		<i>All control components</i>
<i>Fixed assets</i>			8 413 767.89	
<i>Accumulated depreciation</i>	<i>Infrastructure assets transferred to Eskom</i>	80 396.15		<i>All control components</i>
<i>Accumulated surplus</i>			80 396.15	
<i>Accumulated depreciation</i>	<i>Current year depreciation for assets transferred to Eskom</i>	377 484.34		<i>All control components</i>
<i>Depreciation</i>			377 484.34	
<i>Depreciation</i>	<i>Roads: Accumulated depreciation current year</i>	774 144.48		<i>Control activities</i>
<i>Accumulated depreciation</i>			774 144.48	
<i>Fixed Asset – Roads</i>	<i>Correction on Revaluation reserve</i>	1 548 288.96		<i>Control activities</i>
<i>Revaluation reserve</i>			1 548 288.96	
<i>Fixed Assets</i>	<i>Revaluation surplus on the unbundled roads infrastructure</i>	5 272 271		<i>Control activities</i>
<i>Revaluation reserve</i>			5 272 271	
<i>Fixed Assets</i>	<i>Correction on Revaluation reserve</i>	4 241		<i>Control activities</i>
<i>Revaluation reserve</i>			4 241	
<i>Accumulated surplus</i>	<i>Removal of water related assets</i>	179 101 665.77		<i>Control activities</i>
<i>Fixed Assets</i>			179 101 665.77	
<i>accumulated depreciation Infrastructure</i>	<i>Removal of water related assets</i>	57 931 555.63		<i>Control activities</i>
<i>Accumulated surplus</i>			57 931 555.63	
<i>Accumulated depreciation - infrastructure water assets</i>	<i>Removal of water related assets</i>	8 299 886.21		<i>Control activities</i>
<i>Depreciation</i>			8 299 886.21	
<i>Additions - Assets</i>	<i>Capitalisation of Infrastructure assets completed</i>	10 948 288.91		<i>Control activities</i>
<i>Work in progress</i>			10 948 288.91	

Material misstatements		Dr	Cr	Internal control deficiency
Financial statement line item	Reason for misstatement	R	R	
<i>Dr Additions</i>	<i>Capitalisation of land and buildings</i>	39 627.26		<i>Control activities</i>
<i>Cr Work in progress</i>			39 627.26	
<i>Dr Additions</i>	<i>Capitalisation of infrastructure assets completed</i>	513 401.86		<i>Control activities</i>
<i>Cr Work in progress</i>			513401.86	
<i>Dr Depreciation</i>	<i>Depreciation land and buildings : assets transferred from work in progress to additions</i>	1 320.91		<i>Control activities</i>
<i>Cr Accumulated depreciation</i>			1 320.91	
<i>Dr Depreciation</i>	<i>Depreciation infrastructure assets transferred from work in progress to additions</i>	671 108.55		<i>Control activities</i>
<i>Cr Accumulated depreciation</i>			671 108.55	
<i>Dr Accumulated surplus</i>	<i>Buildings never depreciated in the prior years</i>	1 255 247		<i>Control activities</i>
<i>Cr Accumulated depreciation</i>			1 255 247	
<i>Dr Depreciation</i>	<i>Depreciation for the buildings that were never depreciated in the prior year: current year depreciation</i>	183 257.73		<i>Control activities</i>
<i>Cr Accumulated depreciation</i>			183 257.73	
<i>Dr Accumulated surplus</i>	<i>Electricity supply and reticulation depreciation prior year</i>	196 541.47		<i>Control activities</i>
<i>Cr Accumulated depreciation infrastructure</i>			196 541.47	
<i>Dr Accumulated surplus</i>	<i>Roads accumulated depreciation</i>	778 385.76		<i>Control activities</i>
<i>Cr Accumulated depreciation Infrastructure</i>			778 385.76	
<i>Dr General Expenses</i>	<i>Difference between the stock records and physical stock count. Inventory written off: Council Approval A 73.09.09.10</i>	115 548.60		<i>Control activities</i>
<i>Cr Inventory</i>			115 548.60	
<i>Dr: Cash and cash equivalents</i>	<i>Reclassification of account balance</i>	38 879 256		<i>Control activities</i>
<i>Cr: Investments</i>			38 879 256	
<i>Dr: Overdraft</i>	<i>VAT receipt not accounted for</i>	16 044 521.48		<i>Control activities</i>
<i>Cr: VAT Claim/ Due</i>			16 044 521.48	

Material misstatements		Dr	Cr	Internal control deficiency
Financial statement line item	Reason for misstatement	R	R	
	<i>during year</i>			
<i>Dr: Employee costs I/S</i>	<i>Provision for service bonus</i>	<i>3 873 420.86</i>		<i>Control activities</i>
<i>Cr: Provision for service bonus b/s</i>			<i>3 873 420.86</i>	
<i>Dr: Provision for leave expense</i>	<i>Provision for leave</i>	<i>1 175 521.77</i>		<i>Control activities</i>
<i>Cr: Leave provision b/s</i>			<i>1 175 521.77</i>	
<i>Dr Suspense</i>	<i>Vat received not recorded in the cash book</i>	<i>16 044 521.83</i>		<i>Control activities</i>
<i>Cr VAT Claim/ due</i>			<i>16 044 521.83</i>	
<i>Dr General expenses</i>	<i>Indigent debtors</i>	<i>2 242 293</i>		<i>Control activities</i>
<i>Cr Prepaid electricity</i>			<i>2 242 293</i>	
<i>Dr repairs and maintenance</i>	<i>Correction of lease classification</i>	<i>423 403.02</i>		<i>All control component</i>
<i>Cr Operating lease</i>			<i>423 403.02</i>	

14. The following material misstatements arose from a difference between the disclosures in the financial statements and the disclosures required by the financial reporting framework.

Material misstatements		Amount R	Internal control deficiency
Financial statement line item	Reason for misstatement		
<i>Unauthorised expenditure amounting</i>	<i>Bulk water purchases against the Municipal Structures Act</i>	<i>9 880 127</i>	<i>Control activities</i>
<i>Cash flow statement</i>	<i>Incorrect computation of cash flow</i>	<i>69 787 021</i>	<i>Control activities</i>
<i>Note to the net cash flow from operating activities</i>	<i>Incorrect computation of cash flow</i>	<i>5 599 938</i>	<i>Control activities</i>
<i>General expenses</i>	<i>Material expenditure lumped in other expenditure</i>	<i>29 183 156</i>	<i>Control activities</i>

MATTERS TO BE DRAWN TO THE ATTENTION OF THE USERS

EMPHASIS OF MATTER PARAGRAPHS

15. An emphasis of matter paragraph will be included in our auditor's report to highlight the following matters to the users of the financial statements:

Basis of accounting

16. The municipality's financial statements have been prepared on accrual basis of accounting .

Significant uncertainties

17. Enquiries of management and the attorneys revealed that the municipality is a defendant in the following lawsuits:

- The claim had been lodged against the Municipality by TRICOR SIGNGS for the goods delivered which were not paid. The Cost of the goods is estimated at R120 000. The court date had not been set.
- The claim was made against the Council for the deduction of R 7852.79 for non-performance made for the ALCARI security company. The offer to pay was made by the council on 23-02-2010 and the Trial date is set for February 2011.

The outcome of these lawsuits cannot be determined at present and no provision has been made for any liability that may result.

Restatement of corresponding figures

18. As disclosed in note 31 to the financial statements, the corresponding figures for 30 June 2009 have been restated as a result of an error discovered during 30 June 2010 in the financial statements of the Makhado Local Municipality at, and for the year ended, 30 June 2009.

Unauthorised expenditure

19. As disclosed in note 34 to the financial statements, unauthorised expenditure to the amount of R 9 880 227 was incurred, as the municipality has incurred unauthorised expenditure on purchases and selling potable bulk water from Vhembe District Municipality.

ADDITIONAL MATTER PARAGRAPHS

20. An additional matter paragraph will be included in our auditor's report to highlight the following matters to the users of the financial statements:

Material inconsistencies in other information included in the annual report

21. The draft annual report was not submitted for audit by the time of compilation of the report therefore could not be able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

22. 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.

23. There are no inconsistencies noted between supplementary information and the audited financial statements.

OTHER LEGAL AND REGULATORY REPORTING REQUIREMENTS

REPORT ON PREDETERMINED OBJECTIVES

Included below are the findings resulting from the audit of the report on predetermined objectives.

Included below are the findings identified during our audit of the report on predetermined objectives.

Non-compliance with regulatory and reporting requirements

24. The municipality submitted its financial statements as per the legislative date on 31 August 2010; however, annual performance report was only submitted on 27 October 2010 and therefore could not audit the annual performance report.

Usefulness of reported performance information

25. The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

26. The following audit findings relate to the above criteria:

- Annual performance report submitted late and therefore not audited.
- There were no performance agreements for section 57 managers
- Community not notified within 14 days of the adoption of the IDP

Reliability of reported performance information

27. The following criteria were used to assess the reliability of the planned and reported performance:

- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

28. The following audit findings relate to the above criteria:

- Annual performance report submitted late and therefore not audited.

COMPLIANCE WITH LAWS AND REGULATIONS

Included below are the findings related to material non-compliance with the acts as indicated.

MFMA

Non adherence to requirements

29. There no material non-compliance with MFMA.

INTERNAL CONTROL

Internal control table

30. Included below is a table which indicates the achievement of the objectives of internal control as they relate to the three fundamentals of internal control. The reasons for this assessment are discussed below.

Fundamental of internal control	Operational	Accountability and reporting	Compliance	Safeguarding of resources
Objectives of internal control	Achieved? "Yes" / "No"	Achieved? "Yes" / "No"	Achieved? "Yes" / "No"	Achieved? "Yes" / "No"
Leadership				
• Oversight responsibility	Yes	No	No	Yes
• Tone at the top	Yes	No	No	Yes
• Action to mitigate risks	No	No	No	Yes
Financial and performance management				
• Quality reliable AFS	No	No	No	Yes
• Proper record keeping	No	No	No	No
• Adequate systems	No	No	No	No
Governance				
• Risk identification	No	No	No	No
• Fraud prevention	No	No	No	No
• Internal audit	Yes	Yes	No	Yes
• Audit committees	Yes	No	No	Yes

Achievement of internal control objectives

31. The internal control deficiencies which resulted in the above assessment and which gave rise to the basis for the disclaimer opinion on the financial statements and findings on predetermined objectives and compliance with laws and regulations are summarised below. Additional information on significant internal control deficiencies is included later on in this report.

- Leadership

Tone at the top

Performance is not measured on time

Oversight responsibility

The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.

The accounting officer does not evaluate whether management has implemented effective internal controls by gaining an understanding of how senior management has met its responsibilities.

- Financial and performance management

Quality, reliable financial statements and management information

Pertinent information is not identified and captured in a form and time frame to support financial and performance reporting.

The financial statements was subject to material amendments resulting from the audit.

The financial statements and other information to be included in the annual report are not submitted for audit.

The annual performance report was not submitted for auditing as per the legislated deadlines.

Proper record keeping and record management; the documents supporting the above are properly filed and easily retrievable

Requested information was available and supplied without any significant delay.

Adequate financial management systems

Systems are not appropriate to facilitate the preparation of the performance reports.

- Governance

Risk identification and management designed to identify changes in processes or risks and verify that the design of underlying controls remains effective

The entity does not have a formal risk assessment process.

The entity does not identify risks relating to the achievement of financial and performance reporting objectives.

The risk of material misstatement due to fraud is not considered.

Internal controls are not selected and developed to prevent / detect and correct material misstatements in financial reporting and reporting on predetermined objectives.

Fraud prevention, detection and response

A fraud prevention plan is not documented and used as per the requirements of applicable legislation.

Internal audit that inspects the adequacy and implementation of internal control
Decreased focus on matters related to financial and performance reporting.

Audit committee that promotes independent accountability and service delivery
Audit committee operates in accordance with an approved written terms of reference.

Performance reports are not reviewed prior to submission for audit.

REMEDIAL ACTION TAKEN ON AUDIT OUTCOMES OF PRIOR YEARS

Actions taken by management and those charged with governance to address matters previously reported

32. Council has written off cash and bank reconciling items as disclosed in note 39 of annual financial statements. However, in applying the resolution management selectively identified items for write in order to reflect a no impact balance. If the resolution had been applied consistently on all reconciling items up to 30 June 2009, as approved by council, the bank overdraft would have reduced by R4 899 241 and accumulated surplus be increased by the same amount.
33. The municipality has not implemented adequate controls over the recording of assets, in that the asset register does not have sufficient detail to enable the identification of assets.

Progress on undertakings given by the legislature, portfolio committees and other oversight bodies to address matters previously reported

Status of SCOPA/oversight resolutions

34. Nothing to report.

OTHER REPORTS INVESTIGATIONS

35. There were no investigations completed or in progress in the year under review.

Performance audits

36. There were no performance audits in the year under review.

Agreed upon procedures engagement

37. There were no agreed upon procedures engagement in the year under review.

Donor funding

38. There was no donor funding in the year under review.

Special audits

39. There no special audits in the year under review.

INFORMATION TECHNOLOGY SYSTEMS

40. The Makhado municipality is heavily reliant on information technology IT systems to perform its statutory financial management, reporting and administrative functions. Ineffective information systems controls may contribute to financial management weaknesses, inaccurate financial and performance information and poor performance.
41. Weaknesses relating to IT governance, security management, program change management, IT service continuity and facilities and environmental control were identified and reported in the prior year but management had not made progress implementing corrective actions therefore the risks of fraud and loss therefore remain.

Weaknesses were identified in the following areas of the management of these information systems.

IT governance

42. An information technology governance framework and controls, which provides for the

structures, policies and processes through which departments ensure that IT supports the organisation's strategies and objectives, were not adequately designed.

Security management

43. Security management controls, which should prevent unauthorised access to the application system that generates the information used to prepare the financial statements, were not adequately designed.

User access control

44. User access controls, through which the departments ensure that only valid and authorised users are allowed access to initiate and approve transactions on the system and that user access is adequately segregated when transactions are captured and approved, were not adequately designed.

Program change management

45. Change management controls that ensure that any proposed changes to the existing information system environment are coordinated, scheduled, authorised and tested to prevent unnecessary disruptions, erroneous changes and unauthorised and inappropriate access, were not adequately designed.

IT service continuity

46. IT service continuity controls, through which departments ensure the availability of financial and performance information in instances of data loss or a disaster, were not adequately designed.

Facilities and environmental control

47. Physical, environmental and data centre controls implemented to ensure the security, integrity, performance and accessibility of the systems and information, were not adequately designed.

Deficiencies in the fundamentals of internal control that gave rise to the above findings:

Leadership

48. Leadership's implementation of action plans developed to address prior year IT audit findings and recommendations.

49. Executive management oversight in terms of development and approval of IT policies and procedures as well as an IT risk control framework.

50. Inadequate security management controls to prevent unauthorised access to the operating systems that grant access to the application systems.

51. Inadequate change management controls for operating system and applications data, tables and programs that generate the financial statements.

52. Inadequate user access controls to detect and prevent unauthorised access, capturing and approval of transactions on the application systems that are used to prepare the financial statements.

53. Lack of business continuity and disaster recovery plans that would ensure the availability of financial and performance information in instances of data loss or disaster.

54. Inadequate controls implemented over physical and environmental controls to ensure the security, integrity, performance and accessibility of the systems and information.

Governance

55. Lack of an IT governance framework to direct the positioning of IT, resource requirements, risk and internal control management.

SPECIFIC FOCUS AREAS

Significant findings from the audit of Procurement and contract management

56. The audit included an assessment of procurement processes, contract management and controls of the municipality which should ensure a fair, equitable, transparent, competitive and cost-effective supply chain management (SCM) system that complies with legislation and that minimises the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

57. The list of accredited suppliers does not have sufficient information such as supplier contact details and banking details. Consequently, there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all procurement and contract management were done in line with the supply chain management (SCM).

DETAILS OF SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL RELEVANT TO THE AUDIT OF THE FINANCIAL STATEMENTS THE REPORT ON PREDETERMINED OBJECTIVES AND COMPLIANCE WITH LAWS AND REGULATIONS

LEADERSHIP

Adequacy and competence of personnel responsible for reporting

58. The chief financial officer does not have knowledge of the accounting standards applicable to the presentation of the financial statements. Consequently, the municipality had to employ consultants at a cost of R2 600 000 to prepare the financial statements submitted for audit.

FINANCIAL AND PERFORMANCE MANAGEMENT

Adequacy of systems preparation of the financial statements and the report on predetermined objectives

59. The municipality does not have reliable information systems for recording and reporting on:

- Accruals
- Retention creditors
- Direct income

The impact of this lack of systems is that we have been unable to obtain sufficient appropriate audit evidence on which to base our audit opinion on these disclosures.

Accounting discipline

Suspense accounts

60. A recurring issue in recent years is the number of suspense accounts that are not reconciled and cleared in a timely manner. The impact of these uncleared accounts is a potential misstatement of:

- accounts receivable
- revenue
- expenditure.

The balances on the uncleared suspense creditor accounts are amounting to R8 218 457.

Late submission of financial statements and report on predetermined objectives

61. The municipality only submitted its report on pre-determined objectives for auditing on 27 October 2010 and not on 31 August 2010, as required by the MFMA. The reason for the late submission was the inability of management to prepare the report on pre-determined objectives.

Related party transactions

62. Nothing to report.

GOVERNANCE

Risk identification and management

63. The municipality did not conduct a risk assessment as required by the MFMA.

Fraud prevention, detection and response

64. The municipality has not undertaken a risk assessment to assess any risks of fraud and has consequently not developed a fraud prevention plan, as required by section 115 of the MFMA.

Internal audit

65. The municipality has a functional internal audit unit, however, internal audit did not perform audit of predetermined objectives for the year ended 30 June 2010.

Audit committee

66. The audit committee did not meet prior to the submission of the report on pre-determined objectives for auditing on 27 October 2010, to review the adequacy, reliability and accuracy of the report on pre-determined objectives.

MATTERS THAT MAY POTENTIALLY IMPACT THE AUDITOR'S REPORT IN THE COMING YEAR

Accounting and compliance matters

67. Nothing to report.

Susceptibility of assets or liabilities to loss or fraud

68. The municipality does not undertake regular physical counts of capital assets and or inventory and inventory is not adequately protected from theft and damage. This could lead to material loss to the organisation in the future.

Subsequent events

69. Nothing to report

RATINGS OF DETAILED AUDIT FINDINGS

70. For the purposes of this report, the detailed audit findings included in annexures A to C have been classified as follows:

- Matters to be included in the auditor's report.
These matters should be addressed as a matter of urgency.
- Other important matters – deficiencies that could adversely affect the entity's ability to initiate record, process and report financial data consistent with the assertions of management on the financial statements and in accordance with the applicable basis of accounting. Unacceptable risk that errors and irregularities may occur that will not be prevented or detected by the internal controls in good time.
These matters should be addressed within the next 12 months.
- Administrative matters – non-material non-compliance with applicable legislation, or misstatements in the financial statements that are unlikely to affect the decisions of a user and do not affect the financial statements as a whole, or opportunities for improvement, or other matters of governance interest.

These matters should be addressed at the discretion of the entity.

71. Failure to address matters reported in a particular category may result in the matter being rated as more significant in the next financial year.

Yours sincerely

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Distribution:

CEO
CFO
Audit committee
Head of internal audit

SUMMARY OF DETAILED AUDIT FINDINGS

Page. no.	Finding	Classification					Rating			In which years was it reported		
		Financial statements	Predetermined objectives	Compliance	Internal control	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	2008/09	2007/08	2006/07
Corresponding figures												
22	Corresponding figures misstated	✓					✓			✓	✓	✓
Cash and cash equivalents												
23	Reconciling items are not cleared on time				✓		✓			✓	✓	✓
25	Cash book balance does not agree to the Financial statements	✓					✓			✓	✓	✓
25	Deposits not recorded in the cash book	✓					✓					
26	Returned cheques not debited as at year end	✓					✓			✓	✓	✓
30	Cash and bank transactions removed without council approval.	✓					✓					
Employee costs												
68	Different employees sharing same employee number.				✓				✓	✓		
68	Leave were not managed per SALBC Main Collective Agreement			✓					✓			
70	High vacant positions in the Municipality		✓						✓	✓	✓	

Page. no.	Finding	Classification					Rating			In which years was it reported		
		Financial statements	Predetermined objectives	Compliance	Internal control	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	2008/09	2007/08	2006/07
General IT controls												
72	Municipality does not have an IT Steering Committee				✓				✓	✓		
73	IT Governance				✓				✓			
74	Security Management				✓				✓			
75	User access control				✓				✓			
75	Program Change Management				✓				✓			
76	IT Service Continuity				✓				✓			
77	Facilities and Environmental Control				✓				✓			
Internal controls												
77	There is no fraud prevention plan in place				✓				✓			
78	There is no approved cell phone policy in place				✓				✓			
53	There is no Risk Assessment Committee				✓			✓				
53	There was no risk assessment done during the year				✓			✓				

Page. no.	Finding	Classification					Rating			In which years was it reported		
		Financial statements	Predetermined objectives	Compliance	Internal control	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	2008/09	2007/08	2006/07
54	No evaluation of the Audit Committee by the Council				✓			✓				
Immovable assets												
35	Value of land cannot be properly linked to the Valuation roll	✓					✓			✓		
56	Assets with zero rand values	✓						✓				
Inventory												
79	Inventory items not adequately safeguarded.				✓				✓	✓		
Movable assets												
56	No monthly reconciliation performed between the Asset register and general ledger accounts.				✓			✓		✓		
36	Asset register inappropriate.				✓		✓					
79	Asset management policy does not include the handling of impairment losses.				✓				✓	✓		
57	Repossessed asset not accounted for appropriately	✓						✓				
58	Management did not revalue all the infrastructure assets as required by GRAP 17,	✓						✓				

Page. no.	Finding	Classification					Rating			In which years was it reported		
		Financial statements	Predetermined objectives	Compliance	Internal control	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	2008/09	2007/08	2006/07
	paragraph 46											
Operating expenditure												
80	List of accredited prospective suppliers			✓					✓			
59	Transactions recorded on an incorrect period	✓						✓				
38	Fruitless and wasteful expenditure not accounted for.				✓		✓					
59	Skills development levy understated.	✓						✓				
Payable												
66	Consumer deposits not recorded in the general ledger	✓						✓				
60	Commitment to other state organs not met promptly			✓				✓		✓	✓	✓
41	Suppliers not included in the accrual listing	✓					✓					
42	Completeness of retention amount	✓					✓					
38	No clearing of Suspense Account under Creditors.				✓		✓			✓	✓	✓
Predetermined objectives												

Page. no.	Finding	Classification					Rating			In which years was it reported		
		Financial statements	Predetermined objectives	Compliance	Internal control	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	2008/09	2007/08	2006/07
33	Community not notified within 14 days of the adoption of the IDP		✓					✓				
33	Performance information report by the municipality not prepared		✓				✓					✓
31	There were no performance agreements for section 57 managers				✓		✓					
32	No performance audit by the Internal Audit		✓				✓					✓
Receivables												
61	Indigent application forms not received from the auditee.				✓			✓				
63	Debtors not paying for services provided.				✓			✓	✓	✓	✓	
45	Debtors with credit balances not disclosed as creditors.	✓					✓					
Revenue												
47	Incorrect property rates used for billing	✓					✓			✓	✓	
47	Property rates charged on incorrect market value	✓					✓					
65	Registers for direct income were not received				✓			✓	✓	✓		

Page. no.	Finding	Classification					Rating			In which years was it reported		
		Financial statements	Predetermined objectives	Compliance	Internal control	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	2008/09	2007/08	2006/07
	from the auditee.											
66	Distribution losses are not monitored on a monthly basis.				✓			✓		✓		
48	Water not accounted as per Water Services Act				✓		✓			✓	✓	✓
Taxes												
49	VAT paid after the 25 of the month			✓				✓		✓		✓
50	VAT accounted incorrectly	✓					✓					
51	VAT not disclosed correctly in annual financial statements	✓					✓					

ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT

Corresponding figures

1. Ex. 86 - Corresponding figures misstated

Audit finding

Section 62 b Municipal Finance Management Act, 2003 act no 56 of 2003 [MFMA] requires the accounting Officer of the municipality to be responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

The following misstatements which took place in the prior year have not been rectified which entails that corresponding figures are misstated.

Cash and bank

Included in the bank overdraft to the amount of R22.8 million, are reconciling items of un-presented cheques and outstanding deposits amounting to R125 million and R102 million respectively. Sufficient and appropriate evidence could not be provided for the reconciling items. Management selectively removed items on the reconciliation to reflect a no impact on the bank balance. However, if all prior items have been removed the bank balance was supposed have been reduced by R4 899 241. Since these amounts were part of the modification in the prior audit report, they will be our bases again of modification as they are not resolved.

Council has written off these amounts but no disclosure has been made in the financial statements.

Provisions

The municipality created a provision of R400 000 for the rehabilitation of landfill sites which is required in terms of GRAP 19 - Provisions, contingent liabilities and contingent assets and GRAP 17 - Property, plant and Equipment. The lack of sufficient and appropriate evidence did not permit me to determine whether the provision has been provided for correctly, consequently the impact on provision and property, plant and equipment as disclosed in the financial statements could not be determined.

Property plant and equipment

The description of land is still inadequate and therefore we could not determine the completeness of the land recorded on the financial statements amounting to R0.8 million.

Of the 2 projects reported as not capitalised in the prior year, one was capitalised in the fixed asset register. The following could still not be traced to the asset register.

Vote no	Description	Budget	Spent As At 11 Jun 2009	Available	%	Responsibility	Progress
678 407132	Mphaila	R22 709.29	R22 709.29	R0.00	100.00%	TM/JS	Completed

1.4 Trade and payables

The completeness of retention money amounting to R3.3 million as disclosed in note 5 to the financial statements could not be determined. Sufficient evidence that all the projects were accounted for could not be obtained. Alternative procedures were considered but the municipality's records did not permit it.

Corresponding figures may be misstated.

Internal control deficiency

Management did not devote its attention to ensuring that misstatements in the corresponding figures are resolved.

Recommendation

Misstatements in the corresponding figures should be rectified timely when identified by auditors.

Management response

Awaiting management comment.

Name:

Position:

Date:

Auditor's conclusion

Awaiting management comment.

Cash and cash equivalents

2. Ex. 12 - Reconciling items are not cleared on time

Audit finding

Section 62b MFMA requires the Accounting Officer of the municipality to be responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

2.1 Expenditure not reflected in the bank

Reflected in the bank reconciliation is R18 160 762 which we have analyzed as follows.

Details	Amounts
O/S expenditure not in bank	18 160 762.27
Analysed as follows	
Cleared after August	15 031 255.89
Uncleared after August	2 952 152.97
Stale cheques & TO's	177 353.41

R15 031 255.89 was correctly indicated as reconciling items as it subsequently cleared after year end. The R2 952 152.97 has not yet cleared but is within the six month required by the bank therefore can still be honoured by the bank if presented.

The R177 353.41 at year end has already exceeded the six month cheque life therefore will no longer honoured by the bank if presented. These needs to be taken out of the bank and the liability individual creditor must be recognized.

2.2 the cash book

Expenditure not in

Details	Amounts
Expenditure not in cash book	1 969 092.31
Analysed as follows	
Returned cheques	1 467 898.91
Other long O/S no Explanation	469 915.66
Other – immaterial	31 277.74
Difference	0.00

We could only identify R1 467 898.91 as dishonoured cheques. These are cheque written by customers but could not be honoured by their respective banks for various reasons thus should be credited back to the cashbook and individual debtors accounts increased. To disclose returned cheques as expenditure not in cash book is not only misleading but result in misstatement of both bank and debtors. These together with stop order and bank charges should never be reconciling items but rather should be accounted for once identified.

Other long outstanding expenditure not in the cash book amounting to R469, 915 could not be substantiated thus we can not give an insight as to what constitute that amount. Other immaterial amounts R31 277.74 should also be investigated and adjusted accordingly.

2.3 the cash book/bank statement

Deposits not in

Details	Amounts
Outstanding deposit not in cash book	48,774,368.54
Deposit not in bank	-24,932,164.48
Variance	23,842,204.06

Management has indicated to us due to recording challenges, some amounts are recorded in the cash book with no sufficient details to identify them with banked amounts. Such an assertion would have made sense to us if the amounts in the cash book and bank are tying. If the amounts could not be individually identified then must in agree total. So the variances are as result of some transactions not being recorded in the cash book at all. This result in the of understating of bank and overstating of debtors.

All balances may be misstated

Internal control deficiency

The Chief Financial Officer did not reconcile the bank properly.

Recommendation

Recommendations to management

- These issues that are noted above should be investigated by management and a clear trail of actions be taken before written off.
- The municipality should not accept cheque payments from customers unless it's a bank certified and/or with management prior arrangements.
- The municipality should avoid the use of cheques as mode of payment. This minimizes clearing time and reduces reconciling transactions.
- The recording of returned cheques and revenue transactions should be done with sufficient details to enable identification when reconciling.
- The returned cheques, bank charges and stop orders should before reconciling be identified and adjusted in the cash book and respective accounts.

Management response

Agreed to the finding.

Corrective measures will be taken to ensure that the bank reconciliation is done on monthly basis and all the income and expenditures identified and cleared promptly.

Name : PG Mapheto

Position : Budget Manager

Date : 21/10/2010

Auditor's conclusion

Until the corrective actions are taken, no reliance could be placed on the cash book balance.

3. Ex. 13 - Cash book balance does not agree to the Financial statements

Audit finding

Section 62b of MFMA requires the Accounting Officer of the municipality to be responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

When agreeing the cash book balance that is recorded in the bank reconciliation for 30 June 2010 to the amount recorded in the financial statement as cash book balance it was noted that the balance is different;

Description	Amounts
Cash book balance as per reconciliation	35 292 354
Cash book balance as per annual financial statement	35 427 122
Variance	134 768

Misappropriation of cash and cash equivalents

Internal control deficiency

The CFO did not reconcile the bank statements properly.

Recommendation

The management should keep proper controls to mitigate the risks over cash and cash equivalents and the correct amount should reflect on the financial statements.

Management response

The journal entry to correct the difference will be processed and the necessary adjustments will be made to the AFS.

Name : PG Mapheto

Position : Budget Manager

Date : 21/10/2010

Auditor's conclusion

The variance was not adjusted in the financial statements, the matter stands.

4. Ex. 28 - Deposits not recorded in the cash book

Audit finding

Section 62b of MFMA requires the Accounting Officer of the municipality to be responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

When testing completeness of deposits it was noted that the following deposits were not recorded in the cash book.

Bank statement date	Description	Reference	Amount
01/04/2010	Mixed deposit	0032234	123 682.45
06/04/2010	Acb credit	Basl03 Lp Healt 000103956	90 955.36
02/03/2010	Mixed deposit	0032273	139 451.63
17/03/2010	Acb credit	Basd32 Nat P/W0000133163	717 100.00
06/01/2010	Mixed deposit	0033470	395 743.57
07/01/2010	Acb credit	loa Aol 11912	197 054.36
12/12/2009	Mixed deposit	0033926	30 855.20
29/12/2009	Mixed deposit	0033406	40 392.95
22/12/2009	Cheque deposit	0407540	180 000.00
03/11/2009	Mixed deposit	0030244	112 210.25
24/11/2009	Mixed deposit	0033373	79 796.60
01/10/2009	Cheque deposit	5002973	68 500.00
01/10/2009	Mixed deposit	0033120	214 182.40
15/10/2009	Mixed deposit	0029880	50 899.00

05/09/2009	Mixed deposit	0028418	145 877.25
07/09/2009	Acb credit	Basd32 Nat P/Wo0000099134	91 697.77
04/08/2009	Mixed deposit	0032903	179 960.50
18/08/2009	Mixed deposit	0031122	127 785.32
17/07/2009	Acb credit	Basl06 Lp Publi000013683	107 310.64
23/07/2009	Mixed deposit	0032805	33 371.45
31/07/2009	Cash deposit	0032894	22 000.00
30/06/2010	Acb credit	Basd32 Nat P/W0000150412	840 136.60
TOTAL			3 593 219.73

Revenue income might be understated, debtors balance might be misstated.

Internal control deficiency

The CFO did not reconcile the bank properly.

Recommendation

It is recommended that deposits be followed up on a daily basis to ensure recording thereof.

Management response

The deposits were identified and R 55 895 636.06 were found to be captured and the remainder of R 2 649 416.91 relates to the deposits that could not be matched.

Name : Maluleke RH

Position : CFO

Date : 22/10/2010

Auditor's conclusion

No revised reconciliations have been made therefore the mater has not been resolved.

5. Ex. 42 - Returned cheques not debited as at year end

Audit finding

Section 64 2 e of the MFMA requires the accounting officer to take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system which

- i. recognises revenue when it is earned;
- ii. accounts for debtors; and
- iii. accounts for receipts of revenue

When testing whether the R/D cheques are debited to the debtors account as at year end, it was noted that the whole amount of the R/D cheque has not been debited to the individuals debtors account as at 30 June 2010.

Below is the list of refer to draw cheques not debited at year end.

Date	Description	Amount
20090703	EFF: 09/07/03 R3750 00 2 FAIR CHASE OUTF	-300
20090707	EFF: 09/07/07 R360116 72 3 JW V D MERWE	-4 406
20090707	EFF: 09/07/07 R360116 72 3 M DU PREEZ	-317
20090708	EFF: 09/07/08 R763979 60 2 ej abbott	-1 614
20090708	EFF: 09/07/08 R763979 60 18 j m naude	-1 777
20090714	EFF: 09/07/14 R338875 87 13 FIORAVANTI BLUE	-7 045
20090715	EFF: 09/07/15 R48096 25 3 WATER TRADING	-107
20090715	EFF: 09/07/15 R48096 25 3 WATER TRADING A	-84
20090715	EFF: 09/07/15 R48096 25 3 WATER TRADING A	-168
20090716	EFF: 09/07/16 R101598 53 12 GOLDEN FOUNTAIN	-1 456
20090716	EFF: 09/07/16 R9504 00 20 perluto	-4 896
20090720	EFF: 09/07/20 R26473 63 2 NOMPUMELELO BUS	-375
20090804	EFF: 09/08/04 R179960 50 19 G PHADZIRI & SO	-56 916
20090812	EFF: 09/08/12 R153891 92 2 F H VILJOEN	-1 514
20090815	EFF: 09/08/15 R136214 78 2 EA MATSHILI	-950
20090815	EFF: 09/08/15 R136214 78 5 JUST JADE TRADI	-5 808
20090825	EFF: 09/08/25 R15512 20 3 water trading a	-84
20090826	EFF: 09/08/26 R1263 86 2 PFM MEDICAL SCH	-1 264
20090826	EFF: 09/08/26 R67134 70 2 MSIKHO PROPERTY	-1 000
20090829	EFF: 09/08/29 R106037 8	-9 898
20090903	EFF: 09/09/03 R12216 00	-2 673
20090903	EFF: 09/09/03 R17356 51	-2 203
20090905	EFF: 09/09/05 R71806 39	-1 546
20090908	EFF: 09/09/08 R4770 00	-282
20090908	EFF: 09/09/08 R4770 00	-189
20090909	EFF: 09/09/09 R142426 2	-3 521
20090909	EFF: 09/09/09 R622036 2	-2 760
20090909	EFF: 09/09/09 R622036 2	-2 340
20090910	EFF: 09/09/10 R146892 3	-4 310
20090912	EFF: 09/09/12 R78958 93	-1 174
20090918	EFF: 09/09/18 R47269 53	-2 928
20090930	EFF: 09/09/30 R23877	-10 014
20091001	EFF: 09/10/01 R68500	-68 500
20091002	EFF: 09/10/02 R94117	-444
20091006	EFF: 09/10/06 R68500	-68 500
20091015	EFF: 09/10/15 R22010	-3 364
20091022	EFF: 09/10/22 R11255	-824
20091029	EFF: 09/10/29 R48667 70	-37 451
20091030	EFF: 09/10/30 R40823 50	-27 973
20091105	EFF: 09/11/05 R89211 05	-1 272
20091105	EFF: 09/11/05 R89211 05	-84
20091105	EFF: 09/11/05 R89211 05	-14
20091106	EFF: 09/11/06 R1400 00	-1 400
20091111	EFF: 09/11/11 R10233 70	-7 972
20091111	EFF: 09/11/11 R322163 9	-693
20091111	EFF: 09/11/11 R322163 9	-612
20091112	EFF: 09/11/12 R239911 3	-4 486
20091117	EFF: 09/11/17 R552 00	-552
20091119	EFF: 09/11/19 R113285 2	-764
20091124	EFF: 09/11/24 R98470 10	-80 128
20091201	EFF: 09/12/01 R16971 45 2 MASTERCLASS	-548

Date	Description	Amount
20091203	EFF: 09/12/03 R25366 90 3 WATER TRADI	-14 207
20091208	EFF: 09/12/08 R10069 20 2 PAW PRODUKT	-7 286
20091208	EFF: 09/12/08 R115239 30 3 WATER TRADI	-164
20091208	EFF: 09/12/08 R367260 68 5 MAKHADO MUN	-68 041
20091218	EFF: 09/12/18 R114590 60 20 MBILA CONS	-700
20091222	EFF: 09/12/22 R49817 51 2 SADTU VHEMB	-3 789
20091229	EFF: 09/12/29 R59473 41 3 L E JOUBERT	-4 446
20100106	EFF: 10/01/06 R6700 00 2 LETSOALO AM	-300
20100107	EFF: 10/01/07 R5740 95 20 p s l invest c	-5 741
20100108	EFF: 10/01/08 R466675 93 30 THE BUSINESS	-9 070
20100112	EFF: 10/01/12 R15139 40 3 WATER TRADING A	-2 000
20100112	EFF: 10/01/12 R15139 40 3 WATER TRADING A	-1 632
20100112	EFF: 10/01/12 R15139 40 3 WATER TRADING A	-1 363
20100112	EFF: 10/01/12 R15139 40 3 WATER TRADING A	-1 200
20100112	EFF: 10/01/12 R15139 40 3 WATER TRADING A	-114
20100112	EFF: 10/01/12 R9279 30 20 LAMINDI PTY LTD	-576
20100113	EFF: 10/01/13 R64947 05 2 g phadziri /	-56 079
20100114	EFF: 10/01/14 R41798 00 2 VUWA PROPERTIES	-17 285
20100125	EFF: 10/01/25 R10379 50 3 water trading a	-252
20100129	EFF: 10/01/29 R9722 70 18 TROMPSON'S MOTO	-1 110
20100202	EFF: 10/02/02 R46553 46 2 MS SADIKI	-300
20100202	EFF: 10/02/02 R88453 87 2 KOLMM CONSTR/ P	-10 000
20100203	EFF: 10/02/03 R77559 89 2 P F CRONJE	-5 371
20100209	EFF: 10/02/09 R34767 10 3 WATER TRADING A	-23 016
20100210	EFF: 10/02/10 R149759 01 2 m r phadziri	-5 924
20100211	EFF: 10/02/11 R16359 60 3 water trading a	-162
20100212	EFF: 10/02/12 R30099 45 2 MBAVHIS INSURAN	-786
20100212	EFF: 10/02/12 R6376 50 3 WATER TRADING A	-168
20100215	EFF: 10/02/15 R102719 60 2 FULU TRADING EN	-900
20100217	EFF: 10/02/17 R63165 86 29 NKHESANI GENERA	-1 500
20100222	EFF: 10/02/22 R44173 34 1 HARDWARE CITY	-1 000
20100303	EFF: 10/03/03 R1300 00 7 sa post office	-1 300
20100303	EFF: 10/03/03 R800 00 7 south african p	-800
20100304	EFF: 10/03/04 R292685 87 2 tshisima trdg e	-3 000
20100305	EFF: 10/03/05 R272707 13 13 MR FO ESSA	-1 590
20100309	EFF: 10/03/09 R0 00 7 jana marie eien	-2 253
20100318	EFF: 10/03/18 R41031 45	-1 974
20100324	EFF: 10/03/24 R22789 80 3 WATER TRADING A	-11 838
20100325	EFF: 10/03/25 R21367 20	-1 000
20100326	EFF: 10/03/26 R58657 20 3 WATER TRADING	-37 044
20100401	EFF: 10/04/01 R12332 80 3 WATER TRADING A	-204
20100401	EFF: 10/04/01 R65726 07 2 TROPICAL EDEN T	-3 101
20100407	EFF: 10/04/07 R1600 00 13 J C BAKER	-400
20100413	EFF: 10/04/13 R79836 41 30 hammann-moosa i	-7 845
20100414	EFF: 10/04/14 R97080 03 2 N M NGHATSHE	-5 000
20100415	EFF: 10/04/15 R328890 68 6 UNITED PROPERTI	-3 000
20100416	EFF: 10/04/16 R1100 00 7 SA POST OFFICE	-1 100
20100416	EFF: 10/04/16 R2200 00 7 SA POST OFFICE	-2 200
20100421	EFF: 10/04/21 R36182 16 2 mi mokwebo	-207
20100430	EFF: 10/04/30 R82100 28 2 L WRIGHT	-5 070
20100503	EFF: 10/05/03 R102954 55 3 EXHO COOKWARE	-5 808
20100504	EFF: 10/05/04 R39639 90 2 LOFTUS VERVOER	-30 264
20100505	EFF: 10/05/05 R9118 37 23 JF DE LANGE	-1 894

Date	Description	Amount
20100506	EFF: 10/05/06 R83807 18 2 MASINGITA GEO-E	-500
20100507	EFF: 10/05/07 R150151 49 2 NDIMA COMMUNITY	-604
20100510	EFF: 10/05/10 R1000 00 2 la ndou gues	-1 000
20100510	EFF: 10/05/10 R1000 00 2 la ndou guest	-1 000
20100510	EFF: 10/05/10 R413697 00 2 mbavhis transpo	-1 622
20100510	EFF: 10/05/10 R413697 00 7 4112210027081	-3 588
20100510	EFF: 10/05/10 R413697 00 13 jh venter	-1 037
20100510	EFF: 10/05/10 R6500 00 2 l a ndou gues	-6 500
20100511	EFF: 10/05/11 R129859 34 18 CAPRICORNE GAZ	-1 800
20100511	EFF: 10/05/11 R134608 70 2 cp ravinga	-1 077
20100511	EFF: 10/05/11 R72061 44 2 sj tshikosi	-900
20100511	EFF: 10/05/11 R74978 68 20 KINGS SUPERMARK	-13 024
20100512	EFF: 10/05/12 R140287 48 2 MI MOKWEBO	-413
20100512	EFF: 10/05/12 R84026 91 12 STRUWIG FAMILIE	-1 484
20100514	EFF: 10/05/14 R196421 89 2 MUKWEVHO R	-154 000
20100514	EFF: 10/05/14 R2600 00 2 DR RL RAMUNYIWA	-2 600
20100514	EFF: 10/05/14 R38006 69 2 SILVER STARS TR	-2 192
20100518	EFF: 10/05/18 R126582 88 5 IMPERIAL CROWN	-16 031
20100518	EFF: 10/05/18 R238634 20 2 DIITELA CONSTRU	-91 000
20100518	EFF: 10/05/18 R238634 20 2 MUKWEVHO R	-77 000
20100520	EFF: 10/05/20 R148985 25 2 DITELA CONSTRUC	-89 000
20100520	EFF: 10/05/20 R65603 47 2 MR TSHIKUME PHA	-1 131
20100525	EFF: 10/05/25 R46742 60 2 NNDANDULENI TS	-2 000
20100525	EFF: 10/05/25 R57943 17 2 RUSTYROSE 11	-5 808
20100525	EFF: 10/05/25 R57943 17 2 WHITE HORSE GUE	-300
20100527	EFF: 10/05/27 R205056 97 2 LOUIS TRICHARDT	-3 578
20100527	EFF: 10/05/27 R96582 99 2 WALKU FOODS	-10 216
20100603	EFF: 10/06/03 R249646 31 3 JPC COMBRINCK	-32 402
20100604	EFF: 10/06/04 R160825 04 2 JS BADENHORST	-3 500
20100608	EFF: 10/06/08 R192721 02 2 tswenyos transp	-1 790
20100608	EFF: 10/06/08 R286823 28 20 FIRE FLY ROADHO	-33 400
20100608	EFF: 10/06/08 R386803 04 12 STRUWIG FAMILI	-6 624
20100608	EFF: 10/06/08 R41730 00 2 MR MPHOR MUDAU	-1 300
20100608	EFF: 10/06/08 R731641 14 2 texas nel	-1 000
20100609	EFF: 10/06/09 R106401 66 2 CP RAULINGA	-1 581
20100609	EFF: 10/06/09 R545060 69 1 EMMULES PARADIS	-3 000
20100609	EFF: 10/06/09 R545060 69 2 EMMULES PARADIS	-2 100
20100610	EFF: 10/06/10 R138709 13 20 DR MA RAMAVHAND	-8 605
20100614	EFF: 10/06/14 R250908 63 2 DR NNANDULENI	-6 000
20100614	EFF: 10/06/14 R250908 63 3 G C R NIEMANN	-500
20100615	EFF: 10/06/15 R69902 08 2 tts mafadza	-1 790
20100615	EFF: 10/06/15 R69902 08 3 JOMARICA CC	-27 050
20100618	EFF: 10/06/18 R34907 08 2 PITA C	-1 500
20100622	EFF: 10/06/22 R64259 79 2 ASTROTAIL	-1 457
20100622	EFF: 10/06/22 R64259 79 3 JOMARICA CC	-30 402
20100623	EFF: 10/06/23 R142657 86 2 LOIUS TRICHARDT	-3 620

On all these cases noted above the municipality was charged R60 for each cheque dishonoured and was not debited to debtor's account resulting in fruitless and wasteful expenditure.

Understatement of debtors and fruitless and wasteful expenditure.

Internal control deficiency

The Chief Financial Officer did not reconcile the bank account properly.

Recommendation

Municipality must only bank certified cheques from customers.

Management response

The appropriate entries to debit the relevant debtor will be processed and the transactions will be cleared in the subsequent bank reconciliations.

Arrangements are currently being made to only accept bank guaranteed cheques.

Name : Mr. Radzilani

Position : Manager: Revenue

Date : 28/10/2010

Auditor's conclusion

No revised reconciliations have been made therefore the mater has not been resolved.

6. Ex. 49 - Cash and bank transactions removed without council approval.

Audit finding

Section 11 1 of the Municipal System Act, 2000 Act no 32 of 2000 states that the executive and legislative authority of a municipality is exercised by the council of the municipality, and the council takes all the decisions of the municipality.

Cash transactions were removed from council books without appropriate council approval. Below is an analysis of cash transactions that have been removed from the bank reconciliations.

Details	Amount
Receipts not in cash book	126 676 090
Expenditure not in cash book	24 013 891
Outstanding cheques not in bank statement	1 854 123
Deposits in transit on system not in bank	99 617 081
Effect on cash book balance	4 899 241

The effect of such transaction on bank, revenue, receivables, payables and other could not be determined as the transactions did not have appropriate details to identify them.

Fraud may go undetected.

Internal control deficiency

Expenditure and Revenue managers are not capturing transactions with sufficient detail to facilitate proper identification.

Recommendation

Management should investigate transactions processed through the cash book and sufficient human resources to ensure that all transactions have been recorded.

After all efforts have been made to identify and allocate transactions, the matter should be taken to council for approval of write-offs. The matter should be disclosed in the annual financial statements that certain amounts have been written in the books of the municipality.

Management response

Am not in agreement with the finding. The impact of the total list of reconciling items as removed from the bank reconciliation provided to the council for approval of writing off is R NIL.

Details	Amount
Receipts not in the cashbook	122 077 116.57
Expenditure not in the cashbook	24 013 891.43
Outstanding cheques not in bank statement	1 553 856.27
Deposits in transit on system not in bank	99 617 081.41
Effect on bank balances	R NIL

The list of the above reconciling items written off from the bank reconciliation has been provided to the council for approval and the council resolution to that effect will be provided to the auditors when available.

Name : PG Mapheto

Position : Manager Financial Control

Date : 27/10/2010

Auditor's conclusion

Management selectively removed items on the reconciliation to reflect a no impact on the bank balance. However, if all prior items have been removed the bank balance was supposed have been reduced by R4 899 241. Since these amounts were part of modification in the prior audit report, they will be our bases again of modification as they are not resolved.

No disclosures were made in the adjusted financial statements to verify that the matter has been disclosed in the financial statements.

Predetermined objectives

7. Ex. 7 - There were no performance agreements for section 57 managers

Audit finding

Section 57 1 b of the Municipal System Act, 2000 Act no 32 of 2000 requires that a person to be appointed as the municipal manager of a municipality, and a person to be appointed as a manager

directly accountable to the municipal manager, may be appointed to that position only subject to a separate performance agreement concluded annually.

Section 57 2 b-c of the same Act requires the performance in the case of the municipal manager, be entered into with the municipality as represented by the Mayor and in the case of manager directly accountable to the municipal manager, be entered into with the municipal manager.

There were no performance agreement and no performance evaluation conducted for the section 57 managers in the period under review.

Non monitoring of the municipality's managers will result into poor service delivery.

Internal control deficiency

The Municipality operated without a Municipal Manager for the greater part of the year.

Recommendation

It is recommended that assessment be done annually on the directors performance.

Management response

For three quarters of the financial year under review, the Director Finance acted as Municipal Manager from July to September and the Director Corporate Support and Shared Services also acted as Municipal Manager, therefore the Mayor could not sign the performance with the AMM and in turn AMMs could not sign with their peers other directors with no review agreements, no performance was done.

Auditor's conclusion

Notwithstanding the management comment, there were no performance contracts for section 57 managers therefore no bases for measurement of performance and thus non compliance.

8. Ex. 9 - No performance audit by the Internal Audit

Audit finding

Section 165 2 b i of MFMA requires the internal audit unit of a municipality to advise the accounting office and report to the audit committee on the implementation of the internal audit plan and matter relating to performance management. The internal audit charter requires the internal audit to independently carry out a performance audit on the promotion of economy, efficiency and effective use of resources.

No performance audit was performed on the promotion of economy, efficiency and effectiveness use of resources during the year under review. Discussions with the Internal Audit Manager, Mr Mathepe E, and management were reluctant to deal with both internal and external audit on the same matter at the same time.

Uneconomic use of resources may not be identified.

Internal control deficiency

Management reluctant to allow both internal and external to co-exist.

Recommendation

The Municipal Manager is responsible for the implementation and proposed function of planning, budgeting, authorisation, control and evaluation of the use of resources. The responsibility of performance audit is to confirm independently that these measures do exist and are effective and report to the management and Audit Committee.

Management should ensure that internal audit and external audit co-exist otherwise expenditure towards Internal Audit during external audit may be deemed fruitless and wasteful.

Management response

I'm in agreement with the finding. In house Internal Audit division was established in April 2010; Performance audit for 2010/11 will be performed.

Name : Elliot Mathepe

Position : Manager Internal Manager

Date : 28/10/2010

Auditor's conclusion

Management has acknowledged the finding, therefore the finding stands.

9. Ex. 46 - Community not notified within 14 days of the adoption of the IDP

Audit finding

Section 25 of Municipal system Ac, 2000 Act no 32 of 2000 states that a municipality must within 14 days of the adoption of the Integrated Development Plan give notice to the public of the adoption of the plan and ensure that copies from the plan are available for public inspection at specified places

Contrary to the legislation requirement proof could not be provided that the community was notified within 14 days of the adoption of the IDP.

If the public is not aware of the contents of the IDP then critical areas of development may be missed.

Internal control deficiency

No prerequisite knowledge to send out the notice by the staff members.

Recommendation

The municipality should within the prescribed period send a notice to the public of the adoption of the plan.

Management response

Agreed to the finding. The only notice made was on the draft IDP and budget and we will make sure that we also invite the public to make their inputs on the final budget and IDP going forward.

Name : Patrick Sedimela

Position : Assistant Manager

Date : 29/10/2010

Auditor's conclusion

Management agrees to the finding therefore the finding stands.

10. Ex. 48 - Performance information report by the municipality not prepared

Audit finding

Section 46 of the Municipal Systems Act, 2000 Act 32 of 2000 states that a municipality must prepare for each financial year a performance report reflecting the performance of each municipality and of each external service provider during that financial year, a comparison of performance with targets set for performance in the previous year and measures taken to improve performance. An annual performance report must form part of the municipality ' s annual report.

Contrary to this legislation requirement the municipality did not

- (1) Prepare an annual performance report
- (2) Performance report from the prior year in the prior year annual report
- (3) Performance external service provider as well as a comparison of performance with targets set

We therefore could not complete an evaluation of the quality of the reported performance information since the information was not received in time. Due to this we were not able to;

- (a) Compare the development priorities and objectives from the integrated development plan with the development priorities and objectives reflected in the budget and the development priorities and objectives reflected in the annual performance report, to ensure consistency of the development priorities and objectives between the 3 documents.
- (b) Review the development priorities and objectives to determine whether they are clear and concise.
- (c) Review the development priorities and objectives to determine whether it defines the actual impact on the public or output and not the level of effort or input expended. Furthermore determine whether the impact or output is measurable.

- (d) Inspect the reported information and determine whether it is easy to follow the performance information from the development priority and objective to the general key performance indicator and target.

- (e) Inspect the reported information and determine whether the performance report
 - i. includes all the agreed indicators per objective as per the IDP
 - ii. state all the agreed targets relevant to the reporting period.

- (f) Inspect the reported actual performance information and determine whether actual achievements are reported for each of the key performance indicators planned. Reporting on actuals should reflect on whether agreed targets have been met.

- (g) Inspect the reported performance information and determine whether explanations and/or reasons for any differences between planned and actual performance are included.

- (h) Inspect the performance report and determine whether the performance information is presented in a simple and accessible format, relevant and useful to the intended reader.

Misinterpretation of section 46 of the Municipal Systems Act, 2000 Act 32 of 2000 requiring the annual performance report as the municipality was under the impression that the fourth quarterly reports would suffice.

Failure to prepare annual performance report will result in failure to implement improvement measures which will in turn adversely affect service delivery.

Internal control deficiency

Accounting Officer did not submit the Performance report on time.

Recommendation

Performance information report should be prepared on an annual basis and this report should include performance of each municipality and of each external service provider as well as a comparison of performance with targets set. This performance information report should then be included in the annual report.

Management response

Department Corporate Support and Shared Services submitted its SDBIP Performance Report 2009/10 which forms part of Chapter 2 of the Annual Report 2009/10 which is currently being compiled to Council in July 2010 – Council adopted under its Resolution B 37.15.07.10 the progress report. The full progress report plus Council Resolution was mailed to the Chief Financial Officer on 1 September 2010 and thereafter again to the Auditor General Representative on 15 September 2010 via the internet and a delivery receipt generated.

As regards the other departments, Council will consider the four respective Progress reports at its meeting scheduled for 28 October 2010 whereupon the complete reports can be made available to the Auditor General Representatives.

Name : S M Caroto

Position : Manager Corporate Support and Shared Services

Date : 27 October 2010

Auditor's conclusion

The annual performance report submitted late, 27 October 2010 when we had planned to complete the audit 30 October 2010. The annual report not audited due to late submission therefore the finding stands.

Immovable assets

11. Ex. 23 - Value of land cannot be properly linked to the Valuation roll

Audit finding

Section 62 1 ci of the MFMA states that, the accounting officer of the of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

When confirming that land that belongs to the municipality as per the valuation roll is included in the fixed asset register, it was noted that the description of land in the asset register does not corresponds to the description in the valuation roll, therefore we could not agree the land.

Asset No	Department	Asset Description	Carrying Value
A01144	Water	Land	80 000.00
A01197	Parks General	Soccer Fields Madabani	226 047.42
A01252	Fixed Assets	Side Line	30 000.00
A01485	Stores	Land	580.00
A01485	Stores	Land	51.14
A01651	Town Secretary	Purchase, Land Claims & Cons Stand 210	19 700.95
None	Municipal Buildings	Land	15 180.00
None	Municipal Buildings	Sewerage Connection - Show Grounds	11 062.14
None	Municipal Buildings	Sheep & Goat Kraal At Show Grounds	37 240.00
X0031	Infrastructure	Ext 9-60 Erven	211 433.33
X0041	Infrastructure	Agricultural	89 075.00
None	Economic Housing	Lay-Out Of Land	6 144.42
A01389	Airport	Land	80.00
A01003	Electricity Admin Local	Land	1 590.00
A01004	Electricity Admin Local	Land	70.00
A01005	Electricity Admin Local	Land	480.00
X0082	Infrastructure	Purchase, Land Claim And Cons Erf 210	19 700.95
X0113	Infrastructure	Extension 9 - New Stands	111 701.87
	Total		860 137

Alternatively a deed search was performed and using the title deed number, items found were traced to the asset register and valuation roll, but these could not be traced to the valuation roll or the fixed asset register. This was evident in the following:

Title Deed Number	Suburb	Funding	Property Type	Date
T10902/1950	Louis Trichardt Ext 2	Section 14	Town	19500615
T67121/1993	Louis Trichardt Ext 2 Unit 50	G/P	Erf	19930830
T68387/1994	Tshikota	Section 14	Town	19940831
T68387/1994	Tshikota	T/T	Erf 18	19940831
T68387/1994	Tshikota	T/T	Erf 611	19940831
T10902/1950	Louis Trichardt Ext 2	T/T	Erf 1953	19500615
T16247/2006	Zonnebloem	Donation	Farm # 105	20061204
T16247/2006	Piesangfontein	Donation	Farm # 71	20061204
T166839/2006	Styl drift	Donation	Farm # 46	20061212
T110000/1992	Louis Trichardt Ext 4	Section 14	Erf 4285	19921210
T14767/2002	Louis Trichardt Ext 2	Crt	Erf 1660	20020211
T67121/1993	Louis Trichardt Ext 2 Unit 33	G/P	Erf 1936	19930830

Not all land to which the municipality owns the legal title of ownership may be recorded in the municipality's fixed asset register resulting in understated disclosure of land in the annual financial statements.

Internal control deficiency

The Chief Financial Officer did not account for all land owned by the municipality.

Recommendation

It is recommended that:

- The municipality should ensure that all assets in the name of the municipality are accounted for in the asset register.
- Assets in the assets register should include adequate references to ensure that they are easily identifiable.
- The title deed numbers, stand numbers and location name can be used as description for land in both the asset register and valuation report so that it would be easy to trace them.

Management response

Agreed to the finding.

The land value and descriptions in the Valuation Roll and Asset Register will be reconciled during the September Valuation Roll for 2011/12 Financial Year.

Name : Maluleke RH

Position : CFO

Date : 22/10/2010

Auditor's conclusion

Management acknowledged the finding therefore the finding stands.

Movable assets

12. Ex. 16 - Asset register inappropriate.

Audit finding

Section 62 1 c i of the MFMA states that, the accounting officer of the of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The following was noted on inspection of the asset register.

Description	No of asset involved	Amount
Assets with duplicated numbers	1834	108 635 322
Assets with no asset numbers	79	37 419 017
Assets with no verified location	102	1 180 176
Assets do not have adequate descriptions	139	7 739 091
Assets with no asset description	7	18 590 398
Total		173 564 004

Due to the inadequacy of the description of motor vehicles in the asset register, we could not determine the completeness of the vehicles registered on the ENATIS system for the Makhado Local Municipality. The following was noted.

Description	Number of vehicles
Number of Motor vehicles registered on the NATIS system	257
Number of Motor vehicles recorded on the Asset register	143
Difference	114

Misstatement of assets due to duplications and omissions.

Internal control deficiency

Pertinent information is not identified, captured, and used at all levels of the municipality and distributed in a form and time frame that supports the achievement of financial reporting objectives.

Recommendation

It is recommended that :

- The municipality should ensure that all assets in the name of the municipality are accounted for in the asset register and can be traced to their location .
- Assets in the assets register should include adequate references to ensure that they are easily identifiable.
- Assets that have serial numbers or unique numbers such as computers and other equipments

should have such descriptions so that they can be easily traceable in the case that the asset number tags fall out.

- The description of motor vehicles should include the vehicle's registration number so that they can be easily traceable in the case that the asset number tags fall out.
- Management should have an Asset management system in place.

Management response

Agreed to the finding.

The fixed assets register will be reviewed to ensure that all the assets therein are having unique asset identification number.

Name : Maluleke RH

Position : CFO

Date : 21/10/2010

Auditor's conclusion

Even with adjusted asset register these amounts were still not updated.

Operating expenditure

13. Ex. 59 - Fruitless and wasteful expenditure not accounted for.

Audit finding

Paragraph 1 MFMA, the fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Returned cheques are attracting a penalty of R60 per cheque and this is not being charged to respective customers thereby resulting in fruitless and wasteful expenditure. We could not determine the amounts involved as the returned cheques have been occurring during the year and some of them not accounted for in the books of the municipality. Based on the returned cheques in the cash book R32 700.00 should have been disclosed as fruitless and wasteful expenditure.

Overstatement of bank charges from debtor expenses.

Internal control deficiency

Chief financial officer did not review payments made.

Recommendation

Bank charges as a result of refer to drawer cheques should be debited to the respective debtor accounts.

Management response

- The necessary journal entries will be processed to effect the payment of outstanding invoices to the Auditor General in 2009/2010 financial year.
- On the R/D cheques the auditors were given the sample of debtors with R/D cheques to confirm that the penalty fee is debited to the customers and we are awaiting response from the auditors.

Name : RH Maluleke

Position : CFO

Date : 05/11/2010

Auditor's conclusion

The audit fees has been resolved and the finding has been adjusted.

The return drawer cheques submitted by management were only debited after year and bank charge of R60 has not been debited to the debtors. Management are supposed to review the total population and make the necessary adjustments.

Payable

14. Ex. 40 - No clearing of Suspense Account under Creditors.

Audit finding

Section 63 2 of MFMA accounting officer must take all the reasonable step to ensure,

- (a) that the municipality has and maintains a management, accounting and information that accounts for the assets and liabilities of the municipality,
- (b) that the municipality 's assets and liabilities are valued in accordance with standards of Generally Recognised Accounting Practices.

Suspense accounts, under basic accounting principles, are used to account for transactions before they are classified to their respective accounts. On a monthly basis these accounts are supposed to be cleared and allocated to respective accounts. The Revenue department is making use of too many suspense accounts such that it is failing to reconcile them.

The following suspense accounts were not cleared as at 30 June 2010 and with no reconciliation as at year end.

Account No.	Description	Initial classified under	Amount
MC-900-420029	RENT/SALES BL : THERON T E	Other creditors	59 585.28
MC-900-420032	RAIL FACILITIES : DINNERMATES	Other creditors	2 548.68
MC-900-420035	RAIL FACILITIES : GRANDEN WOOD	Other creditors	2 683.80
MC-900-420038	RENT/SALES INDIERS : GHELANI V	Other creditors	645.12
MC-900-420039	RENT/SALES INDIERS : GHELANI N	Other creditors	586.80

Account No.	Description	Initial classified under	Amount
MC-900-420040	BEHUIS IN INDIER : MAWJEE B	Other creditors	3 158.40
MC-917-700801	SALE OF ASSETS	Other creditors	1 000.00
MC-921-701200	TOWN PLANNING FUND	Other creditors	7 826.22
MC-930-421000	DIVERSE LOANS	Other creditors	392 862.96
MC-931-701400	SALE OF STANDS EXT 2	Other creditors	1 877.68
MC-931-701404	SALE OF STANDS EXT 6	Other creditors	3 556.52
MC-931-701405	SALE OF STANDS EXT 8	Other creditors	234 416.45
MC-931-701406	SALE OF STANDS EXT 9	Other creditors	209 067.62
MC-931-701407	ELTIVILLAS UITB 10	Other creditors	73 810.89
MC-931-701410	ELTIVILLAS UITB 1 UIT.13	Other creditors	19 079.32
MC-931-701411	TSHIKOTA	Other creditors	26 099.95
MC-931-701412	VLEYFONTEIN - SALE OF STANDS	Other creditors	187 182.76
MC-931-701413	SALE OF ERVEN ELTIVILLAS X 10	Other creditors	10 972.61
MC-931-701414	SALE OF ERVEN - VUWANI	Other creditors	173.28
MC-931-701416	SALE OF ERVEN - WATERVAL	Other creditors	4 115.10
MC-931-701470	SALE OF STANDS EXT 9	Other creditors	16 739.08
MC-932-421102	STANDS EXTENTION 5	Other creditors	282 600.00
MC-932-421104	STANDS EXTENTION 6	Other creditors	48 353.49
MC-932-421106	STANDS EXTENTION 9	Other creditors	1 000.00
MC-932-421108	STANDVERKOPE - UITBR 2	Other creditors	84 319.02
MC-932-421112	STANDS EXT 10 ELTIVILLAS	Other creditors	140 000.00
MC-940-423001	ACCUMULATED INTEREST	Other creditors	605.20
MC-940-423003	AYOB J H : STAND 2030	Other creditors	352.42
MC-940-423005	GHELANI B M : STAND 2387	Other creditors	238.30
MC-943-426001	LOST LIBRARY BOOKS	Other creditors	3 674.13
MC-945-704003	TENDER	Other creditors	53 050.00
MC-948-707002	HUIS PAYMENTE VLEYFONTEIN	Other creditors	138 752.67
MC-948-707003	HOUSE RENT - VLEYFONTEIN	Other creditors	23 724.48
MC-948-707005	APPLICATION INSTRUCTOR	Other creditors	3 964.00
MC-948-707037	SUNDRY DEBTORS	Other creditors	552 274.46
MC-948-707043	CONSUMERS CONTRA ITEMS	Other creditors	459 569.91
MC-948-707044	CAP REDEMP HOUSE SALES TOT 093	Other creditors	457 567.99
MC-948-707051	SUNDRY DEBT REIMBURSEMENT	Other creditors	5 143.92
MC-948-707052	CONSUMERS PAY-BACK	Other creditors	5 527.65
MC-948-707053	REFER TO DRAWER CHEQUES	Other creditors	628 201.49
MC-948-707058	GENERAL SUSPENSE	Other creditors	10 666 158.17
MC-949-708016	SUN DEB-SEWERAGE	Other creditors	72 937.87
MC-949-708017	SUN DEB-ELECTRICITY	Other creditors	807 569.77
MC-949-708018	SUN DEB-WATER	Other creditors	148 678.46
MC-980-724000	SUNDRY LOANS	Other creditors	604 102.92
MC-982-432000	STANDS EXTENTION 2	Other creditors	124 067.95
MC-982-432004	SUNDRY DEBTORS TDF EXT 6	Other creditors	55 901.84

Account No.	Description	Initial classified under	Amount
MC-982-432005	SALE OF ERVEN - EXT 8	Other creditors	554 909.32
MC-982-432006	STANDS EXTENTION 9	Other creditors	244 918.24
MC-982-432010	STANDS - TSHIKOTA	Other creditors	414 719.90
MC-982-432011	MARTIN PS STAND 1653	Other creditors	28 327.65
MC-982-432012	OOSTHUIZEN PI STAND 1658	Other creditors	426.02
MC-982-432015	VAN DER LINDE AF STAND 1938	Other creditors	206.66
MC-982-432016	STAND: PMT: SMIT C W STAND 275	Other creditors	198.29
MC-982-432017	A MOHAMED D702945	Other creditors	127 716.71
MC-986-433005	KLUSMAN A STAND 472	Other creditors	176.93
MC-986-433006	VAN NIEKERK AJC STAND 806	Other creditors	204.44
MC-986-433007	PIRZL J STAND 812	Other creditors	283.02
MC-992-436009	BURSARY LOANS DEBTORS	Other creditors	91 330.00
MC-931-701402	SALE OF STANDS EXT 5	Other creditors	25 115.66
MC-986-433008	DUVENHAGE JCN STAND 942	Other creditors	475.44
MC-948-707010	Other debtors	Other debtors	385 517.26
MC-942-424017	SUSPENSIE : BANKED WITHOUT REC	Other debtors	70 393.97
MC-942-424487	INTEREST RECEIVED	Other debtors	44 878.18
MC-942-424491	DEBTS ARRANGEMENTS	Other debtors	250 639.97
MC-948-707045	CONSUMERS CONTRA ACC	Other debtors	226 824.21
MC-948-707054	CONSUMER DEPOSIT REFUND	Other debtors	81 169.74
MC-948-708046	SUNDRY DEBTORS CONTRA ACC	Other debtors	11 364.61
MC-949-708014	SUN DEB-TAX	Other debtors	8 296 116.86
MC-982-432003	STANDS EXTENTION 7	Other debtors	27 965.88
MC-982-432009	STANDS ELTIVILLAS EXTENTION 1	Other debtors	472 645.14
MC-982-432013	JJ VAN DER BERGH STAND 2089	Other debtors	229.65
MC-986-433004	B MAWJEE STAND 2479	Other debtors	17 839.59
MC-988-434004	THERON TE STAND 658	Other debtors	5 696.69
MC-990-435005	VB GHELANI STAND 2346	Other debtors	2 441.76
MC-990-435006	BM GHELANI STAND 2387	Other debtors	3 151.98
Total			8 218 457.42

Due to this limitation we could not satisfy ourselves as to the completeness, existence, valuation, rights and obligations of the above amount.

Debtors are materially misstated

Internal control deficiency

The Manager of Revenue must exercises the oversight responsibility over the financial reporting and internal control.

Recommendation

The revenue manager should reallocate the amounts from the suspense accounts to the relevant trade debtor accounts.

Management response

The General suspense account clears automatically when instalments are raised.

Other Creditor:

Reconciliation is required with the possible closure of all sundry accounts. All the sundry accounts will be collapsed to consumer's accounts.

Name : Mr. Radzilani

Position : Manager: Revenue

Date : 28/10/2010

Auditor's conclusion

At end of the month these amounts are supposed to be allocated to respective debtors accounts. To classify them as other debtors when they are for services result in misstatements of disclosure note and the fact that other debtors are not aged and considered for write off this will result in recognition of debtor which may not be recoverable.

These suspense transactions should be reallocated particularly at year.

15. Ex. 89 - Suppliers not included in the accrual listing

Audit finding

Section 62b of the MFMA states that the accounting Officer of the municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Suppliers accrual listing is incomplete due to the omission of suppliers owing at year end. The following serve as examples:

Name of supplier	Date of invoice	Amount	Document no	Transaction date
Telkom – 3200339046	6/17/2010	81 047.18	137146	8/7/2010
Lion of Africa	6/14/2010	3 408.00	137160	14/07/2010
Sowetan	6/15/2010	4 883.76	137170	14/07/2010
R Phadziri & brothers bus service Pty Ltd	6/29/2010	27 500.00	137275	19/07/2010
South African local government association	4/1/2010	908 930.00	137276	19/07/2010
Morakgosi trading and project	6/28/2010	10 900.00	137291	20/07/2010
Nashua	6/29/2010	12 794.35	137305	21/07/2010
Director of finance	6/30/2010	76	137322	23/07/2010
Lion of Africa	6/29/2010	5 000.00	137160	14/07/2010
Gabara S G ID 6912050877083	10-Jun	920	137203	16/07/2010
Baloyi L R ID 7204040574080	10-Jun	920	137204	16/07/2010
Sigagamba N P ID 8712155713086	May/June 2010	1 080.00	137205	16/07/2010

Name of supplier	Date of invoice	Amount	Document no	Transaction date
Muedi N R ID 6406066027080	10-Jun	840	137278	19/07/2010
Barlows equipment co	6/17/2010	5 234.52	137294	20/07/2010
Infraburo Pty Ltd	6/21/2010	608 603.00	137129	7/7/2010
Mita	6/30/2010	630.03	137632	12/8/2010
Nashua	6/29/2010	2 456.85	137633	12/8/2010
Steiner hygiene	6/1/2010	8 490.17	137634	12/8/2010
Juta & Company Ltd	6/29/2010	1 347.10	137722	19/08/2010
Konica minolta sa	5/12/2010	3 186.78	137723	19/08/2010
Protea coin group Pty Ltd	5/1/2010	1 008.90	137735	24/08/2010
F D T electrical contractors cc	6/30/2010	972 709.21	137840	26/08/2010
Nambiti technologies	6/30/2010	27 553.76	EF000276	19/08/2010
Sowetan/Newspapers	5/10/2010	13 442.88	EF000276	19/08/2010
Speedy exhaust & tyre	2/23/2010	1 055.00	EF000277	30/08/2010
Total		2 704 017.49		

Trade payables from exchange transactions may be understated.

Internal control deficiency

The Chief Financial Officer did not account for all invoice due at year end.

Recommendation

All invoices for goods and services received but not paid at year end should be accrued for.

Management response

Awaiting management comments

Name:

Position:

Date:

Auditor's conclusion

Awaiting management comments

16. Ex. 90 - Completeness of retention amount

Audit finding

Section 62 1 b of MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

The municipality withholds 10% as retention for major projects, at completion the 5% is withheld for 12 months. From the asset register, we selected projects that were selected were in progress and applied 10% on them and those that have been completed before July 2009 to year end should have been retained at 5%.

DISCRIPTION	TOTAL WORK IN PROGRESS	CLASSIFICATION	Retention 10%	Completion date
BAUFORD SUB UPGRADE	4 775 769.16	ROADS	477 576.92	In progress
ABLUTION BLOCK	41 909.30	BUILDING	4 190.93	In progress
WATERVAL STR RESURFACING	5 863 478.84	ROADS	586 347.88	In progress
LOUIS TRICHARDT STR REHABILITA	16 808 293.99	ROADS	1 680 829.40	In progress
TSHAKHUMA RING ROAD	5 076 968.15	ROADS	507 696.82	In progress
MURUNWA HA-MUTSWANA LOW LEVEL BRIDGE	471 509.41	ROADS	47 150.94	In progress
TSHITAVHA STREET REPAIRS AND RESEAL	919 306.58	ROADS	91 930.66	In progress
LOW LEVEL BRIDGE MATSA PHAPHANI	836 870.70	ROADS	83 687.07	In progress
UPGRADING SURFACING OF STREETS WATERVAL	520 620.35	ROADS	52 062.04	In progress
VUWANI INTERNAL STREETS PHASE 2	2 788 707.59	ROADS	278 870.76	In progress
MATANDA ,RABALI STORM WATER BRIDGE	667 513.02	ROADS	66 751.30	In progress
DZANANI TESTING STATION	1 634 156.08	ROADS	163 415.61	In progress
MAKHADO STORM WATER ELTIVILLAS EXT	1 656 255.16	STORM WATER-DRAINS	165 625.52	In progress
TSHIKOTA HIGH MAST LIGHTS	836 357.33	ELECTRICITY	83 635.73	In progress
APOLLO LIGHTS VUWANI /DZANANI	153 529.24	ELECTRICITY	15 352.92	In progress
UPGRADE TSHIPISE LINE	146 716.39	ELECTRICITY	14 671.64	In progress
S/B GENERATOR FOR BUILDING	42 500.00	ELECTRICITY	4 250.00	In progress
CONSUMER CONNECTION RURAL	316 616.05	ELECTRICITY	31 661.61	In progress
UPGRADE APPELFOINTEIN LINE TO LEVUBU EAST	39 904.61	ELECTRICITY	3 990.46	In progress
INCREASED NMD MAKHADO MAIN SUB	609 058.48	ELECTRICITY	60 905.85	In progress
UPGRADE APPELFOINTEIN LINE/ABASINI LINE	431 137.61	ELECTRICITY	43 113.76	In progress
RAVELE	256 370.70	ELECTRICITY	25 637.07	In progress
MAEBANE	285 372.72	ELECTRICITY	28 537.27	In progress
TSHIKUWI	627 801.81	ELECTRICITY	62 780.18	In progress
TRANSFORMERS 3X2 MVA	501 298.00	ELECTRICITY	50 129.80	In progress
ABLUTION BLOCK	33 782.87	BUILDING	3 378.29	In progress
CONSTRUCTION OF OFFICE BLOCK FOR LTT ANIMAL POUND	26 537.50	BUILDING	2 653.75	In progress
INSTALLATION OF PROPER DOOR & COUNCIL PROOF WALLS FOR	8 570.40	BUILDING	857.04	In progress
RECONSTRUCTION OF THE LAPA	121 031.60	BUILDING	12 103.16	In progress
REFURBISHMENT OF AIRFIELD OFFICE BLOCK	56 182.11	BUILDING	5 618.21	In progress
FENCING OF THE FIELD LTT RUGBY FIELD	161 337.72	BUILDING	16 133.77	In progress
RENOVATION OF OLD AGE HOME	90 835.72	BUILDING	9 083.57	In progress
CONSTRUCTION OF PUBLIC TOILETSS	65 133.53	BUILDING	6 513.35	In progress

DISCRIPTION	TOTAL WORK IN PROGRESS	CLASSIFICATION	Retention 10%	Completion date
TOILETS BLOCK UNISA ,OK & EDGERS	155 079.96	BUILDING	15 508.00	In progress
MPCC	4 593 072.76	BUILDING	459 307.28	In progress
OFFICE BLOCK CIVIC CENTRE	1 138 854.35	BUILDING	113 885.44	In progress
EXTENSION 9 SERVICE, SURFACING	191 472.37	ROADS	19 147.24	In progress
TSIANDA TO VUWANI ACCESS	3 589 171.47	ROADS	358 917.15	In progress
VUWANI STR SURFACING	3 350 576.61	ROADS	335 057.66	In progress
DZANANI TOWN SIDE WALK	2 928 340.23	ROADS	292 834.02	In progress
MALONGA HANANI LOW LEVEL BRIDGE	363 424.35	ROADS	36 342.44	In progress
UPGRADING OF RABALI STADIUM	167 062.50	ROADS	16 706.25	In progress
CULVERT BRIDGES -TSHIVHUYUNI	1 058 327.42	ROADS	105 832.74	In progress
PAVING DZANANI	22 250.00	Roads and Other	2 225.00	In progress
SOUTH OF PRETORIOUS STR BULK	79 634.00	ROADS	7 963.40	In progress
EXT OF GRIDS	26 438.08	ELECTRICITY	2 643.81	In progress
MIN-SUB	358 000.00	ELECTRICITY	17 900.00	2010/06/30
UPGRADE MARA LINE 16 KM	297 461.22	ELECTRICITY	14873.061	2010/06/30
H/T CABLE 70MM-URBAN NETWORK	215 940.35	ELECTRICITY	10797.0175	2010/06/30
REROUTE PIESANGHOEK LINE	199 943.28	ELECTRICITY	9997.164	2010/06/30
UPGRADE BANDELIERK LINE	647 360.46	ELECTRICITY	32368.023	2010/06/30
RECLOSER FXA CONTROL X 5	130 200.00	ELECTRICITY	6510	2010/06/30
TRANSFORMERS 3 X 2 MVA	677 468.61	ELECTRICITY	33873.4305	2010/06/30
TRANSFORMERS 3 X 2 MVA	1 752 657.00	ELECTRICITY	87632.85	2010/06/30
RING SUPPLY FROM ABSA TO PENNELS CBD	164 182.41	ELECTRICITY	8209.1205	2010/06/30
CT VT UNITS 11 KV & 22 KV	260 000.00	ELECTRICITY	13000	2010/06/30
PALASADE FENCING LEVUBU SUB	91 430.21	ELECTRICITY	4571.5105	2010/06/30
POST CONNECTIONS	904 995.40	ELECTRICITY	45249.77	2010/06/30
EXTENTION 8	131 400.00	ELECTRICITY	6570	2010/06/30
VADZUNGA CULTURAL VILLAGE ELECTRICITY SUPPLY	441 105.33	ELECTRICITY	22055.2665	2010/06/30
INSTALLATION OF CARPORT	114 637.55	BUILDING	5731.8775	2010/06/30
PUBLIC TOILETS DZANANI	19 963.74	BUILDING	998.187	2010/06/30
PAVING-LIBRARY	258 500.00	Roads and Other	12925	2010/06/30
MADODONGA STREETS RESEAL & REP	162 264.33	ROADS	8113.2165	2009/07/09
CATTLE POUND	39 627.26	BUILDING	1981.363	2009/07/01
Reroute piesanghoek line	160 831.13	ELECTRICITY	8041.5565	2009/07/01
Reclosers FXA controls x 5	90 520.00	ELECTRICITY	4526	2009/07/01
Upgrade Appelfontein line	448 134.16	ELECTRICITY	22406.708	2009/07/01
Sub Station battery Charger x2 & batteries	54 300.00	ELECTRICITY	2715	2009/07/01
BUSHPARK VILLAGE VDM	1 865 622.50	ELECTRICITY	93281.125	2009/07/01
RAHAMANTSHA EXT	243 469.81	ELECTRICITY	12173.4905	2009/07/01
BUSH VALLEY	511 402.08	ELECTRICITY	25570.104	2009/07/01
MOODY BLUE	188 859.65	ELECTRICITY	9442.9825	2009/07/01
NEW CONNECTION POINT ANMD 15MV	104 829.96	ELECTRICITY	5241.498	2009/07/01
ADMD @ RIBOLWO 15MVA	412 865.79	ELECTRICITY	20643.2895	2009/07/01
TSIANDA TO VUWANI EXCESS ROAD	3 196 443.32	ROADS	159822.166	2009/07/01

DISCRIPTION	TOTAL WORK IN PROGRESS	CLASSIFICATION	Retention 10%	Completion date
VUWANI INTERNAL STR UPGRADING	1 384 445.46	ROADS	69222.273	2009/07/01
INDUSTRIAL STREETS	1 420 807.94	ROADS	71040.397	2009/07/01
VISUAL PRIVATE NETWORK	45 662.00	ELECTRICITY	2283.1	2009/07/01
Completion Of Electronic Document	515 788.29	ELECTRICITY	25789.4145	2009/07/01
WATER SUPPLY & CONNECTION/VUWANI	151 599.24	STORM WATER-DRAINS	7579.962	2009/07/01
DZATA RUINS DEVELOPMENT DSD	91 978.04	STORM WATER-DRAINS	4598.902	2009/07/01
WATER & SANIT-DWAF GRANT	269 824.58	STORM WATER-DRAINS	13491.229	2009/07/01
Total			7 354 739.74	

Only R2,243,961 has been provided for retention creditors.

Internal control deficiency

The chief financial officer did not ensure that the conditions of the contracts entered into pertaining to retention are adhered to and the financial implications followed.

Recommendation

Management should ensure that the retention is processed for each payment certificate claimed from the contractor and that funds are reserved for the withheld retention as at year end

Management response

Awaiting management comments

Name:
Position:
Date:

Auditor's conclusion

Awaiting management comments

Receivables

17. Ex. 87 - Debtors with credit balances not disclosed as creditors.

Audit finding

Section 62 1 b MFMA state that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

At year end, the following consumer's accounts had credit balances which were not disclosed under creditors on the annual financial statements:

No.	Debtor	Account No.	Amount
1	EDCON PROPRIE	5776	56 848.77

No.	Debtor	Account No.	Amount
2	LOG-VIER-EN-SE	13023	31 193.12
3	KLAFF FAMILY P	20695	20 313.21
4	TELKOM SA BPK	20864	902 303.26
5	CAMPHER I M	25639	77 319.62
6	T PA*D	28751	28 576.19
7	DEPT OPENBARE	33260	192 588.19
8	LENSONS CC	33984	34 502.18
9	NORTHERN PROV	65192	37 975.87
10	NATIONAL PUBLI	88465	25 001.85
11	CHEIRON BUS	98306	18 553.69
12	RAMULONDI FAMI	99588	19 724.63
13	ROUSSEAU M.T&C	200025	46 961.69
14	ALLMUSS PROP P	248978	68 812.27
15	MOSA MARIA TOM	503157	26 118.80
16	TELECOMMUNICAT	2526861	65 967.66
17	NDUVHENI R A	2700352	44 444.79
18	TSHAVHUNGWA T	2701813	50 202.34
19	RAMBUWANI M M	2705335	34 103.96
20	TSHISHIVHIRI N	2706307	19 108.92
21	PHUNGO L H	2708104	20 298.01
22	MAK MUN	2722437	22 794.66
23	MUSHANGWE T J	2808439	24 812.31
24	TELKOM S A	3003196	33 092.36
25	WEARNE QUARRIE	5501503	55 089.45
26	COMBRINK J P	5506525	21 174.53
27	TELKOM SABEPER	6000241	190 900.04
28	VHEMBE DISTRIC	6003594	18 666.66
29	MASENGANA D A	9003230	132 434.58
30	8 MILE INV 94	90013617	15 356.06
	TOTAL		2 335 239.67

Understatement of debtors and creditors

Internal control deficiency

The CFO did not account for debtors with credit balances

Recommendation

Debtors with credit balances should be transferred to creditors as we owe consumers that paid in advance.

Management response

Awaiting management comments

Name:

Position:

Date:

Auditor's conclusion

Awaiting management comments

Revenue

18. Ex. 30 - Incorrect property rates used for billing

Audit finding

Section 64 1 and 2.e of MFMA, states that the accounting officer of a municipality is responsible for the management of the revenue of the municipality by taking all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system which-

- i recognises revenue when it is earned;
- ii Accounts for debtors; and
- iii Accounts for receipts of revenue.

Property indicated as "Residential" on the valuation roll was being charged "Business" property rates.

Owner	Erf No.	Account No.	Market value
Du Plessis JH	1306	41262	380 000.00

This misstatements was identified on the sample selected and the projected error on the population is estimated at R73 195.

The municipality is incorrectly charging property rates for some consumers.

Internal control deficiency

The Revenue did not review the valuation as per valuation roll against the munsoft amounts used to calculate property rates.

Recommendation

Ongoing monitoring and supervision should be undertaken to enable management to determine whether internal control over financial reporting is present and functioning. The municipality should regularly make sure that the charges being billed for properties are the correct ones as per the approved tariff policy.

Management response

The matter had been investigated and the property is business. The correction will be done on the Manual Valuation roll.

Name : Radzilani NR

Position : Manager Revenue

Date : 21/10/2010

Auditor's conclusion

Management has taken action on the reported item without taking into account the whole population. A comparison between the valuation roll and the Munsoft should be performed and documented for audit purposes.

19. Ex. 31 - Property rates charged on incorrect market value

Audit finding

Section 64 1 and 2.e of MFMA states that the accounting officer of a municipality is responsible for the management of the revenue of the municipality by taking all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system which-

- i recognises revenue when it is earned;
- ii Accounts for debtors; and
- iii Accounts for receipts of revenue.

The market value of the property on the consumer's statement does not agree to the valuation roll.

Owner	Erf No.	Account No.	Market Value per Valuation Roll	Market Value per Statement
Van Nieker JJ	979	16401	950 000	950

Property rates were being charged on the wrong market value, as a result revenue was incorrectly calculated. This misstatement was identified on the tested sample and the projected error on the population is estimated at R 324,150.79.

The municipality is incorrectly charging revenue for some of its consumers.

Internal control deficiency

The manager revenue did not reconcile valuation roll against munsoft.

Recommendation

Ongoing monitoring and supervision should be undertaken to enable management to determine whether internal control over financial reporting is

present and functioning. The municipality should regularly make sure that the charges being billed for properties are the correct ones as per the approved tariff policy.

Management response

Agreed to the finding.

The corrections have been made on the Munsoft Financial System.

Name : Radzilani NR

Position : Manager Revenue

Date : 21/10/2010

Auditor's conclusion

Management has taken action on the reported item without taking into account the whole population. A comparison between the valuation roll and the Munsoft should be performed and documented for audit purposes.

20. Ex. 37 - Water not accounted as per Water Services Act

Audit finding

Section 841 of the Municipal Structures Act, 1998 Act 117 of 1998 states that district municipalities are assigned the powers and functions to provide, amongst others, potable water supply systems within their district.

The assignment of powers and functions to district municipality means that the district municipality is the Water Service Authority WSA and legally own the water service assets, including any water related risks, responsibilities and liabilities. From an accounting perspective, this means that the district municipality should reflect all water related transactions in their books.

In exercising their assigned powers and functions, the district municipality appointed their respective local municipalities within the Vhembe district to provide water services on the district's behalf in terms of Section 76b of the Municipal Systems Act Act 32 of 2000. This means that the local municipalities are the Water Service Providers WSP.

The Service Level Agreements SLAs were accordingly entered into, and the responsibilities were assigned by the WSA to the WSPs in terms of Section 81 of the Municipal Systems Act, particularly Section 812av of the Municipal Systems Act.

In terms of the MFMA, irregular expenditure is defined as, "*... expenditure incurred by a municipality that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that act.*"

Based on the above, your municipality has incurred irregular expenditure on purchasing and selling potable bulk water on behalf of the District municipality and accounting for the income.

Furthermore, the municipality is non compliant with Section 841 of the Municipal Structures Act by performing the functions of the district municipality without obtaining the required approval from the minister as stated in section 843 of the act.

Overstatement of revenue, overstatement of debtors, overstatement of inventory and misstatements of the provision for doubtful debts.

Internal control deficiency

Lack of understanding of the stipulations of the acts by the CFO.

Lack of oversight by the accounting officer in the implementation of the acts and standards.

Recommendation

Management should disclose as irregular expenditure, the expenses incurred in purchasing bulk water from the district.

Management response

The net of income and expenditure in relation to water had been disclosed in the adjusted AFS as unauthorized expenditure.

Name : Mr. R.H Maluleke

Position : CFO

Date : 11/11/2010

Auditor's conclusion

This is not unauthorised rather it is irregular expenditure as it is payments against an Act.

Taxes

21. Ex. 50 - VAT paid after the 25 of the month

Audit finding

Section 28 of the VAT Act, 1991 Act no 86 of 1991 states that every vendor shall within the period ending on the twenty-fifth day of the first month commencing after the end of a tax period relating to such vendor or, where such tax period ends on or after the first day and before the twenty-fifth day of a month, within the period ending on such twenty-fifth day:

- (a) furnish the Commissioner with a return reflecting such information as may be required for the calculation of tax
- (b) calculate the amounts of such tax in accordance with the said section and pay the tax payable to the Commissioner or calculate the amount of any refund due to the vendor

When testing the payments of VAT payable it was noted that VAT payable to SARS for the month of July was paid after the 25th of August 2009.

Tax period	Amount payable	Bank statement date	Cheque number
2009/07/01	1 606 194.35	27/08/2009	2217

Non compliance with the VAT Act, which might lead to fruitless and wasteful expenditure.

Internal control deficiency

Expenditure manager did not make sure that VAT is paid on the 25th of the month to avoid penalties.

Recommendation

It is recommended that VAT be paid to SARS on the 25th of the month to avoid penalties.

Management response

We are in agreement of the finding.

Name : Victor Mandobe

Position : Manager Expenditure

Date : 05/11/2010

Auditor's conclusion

Management acknowledged the finding therefore stands.

22. Ex. 55 - VAT accounted incorrectly

Audit finding

Section 62 1 b of MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

During the audit of Expenditure, we have identified that the VAT on the following entries on the general ledger was not posted correctly.

VAT amounting to R4 593.61 has been misallocated to the expenditure vote. Based on the sample tested, it is projected that such error on the population is R47 199.40 of VAT being included in expenditure.

22.1 VAT from an invoice from Geoland Survey has been calculated twice and resulted in the expenditure being understated by VAT calculated on the amount excluding VAT. The error on the invoice is R3 855.27 being VAT calculated twice, and it is projected that expenditure is understated R39 612.95.

For easy identification of above mention error we have tab references for transactions involved.

Item Number	Item Description	Transaction Date	Document No.	Supplier	Amount
MC236260142	Stock - Book Purchases	20090821	133028	Marumo Publishing***	4 593.61
MC201260074	Land-Use Management	20100618	136819	Geoland Surveys / Opmetin	27 537.66
Total					32 131.27

VAT amounting to R115, 528 has been missallocated to expenditure vote.

Item	Item Name	Tran Date	Doc No	Supplier	Amount
MC494245002	ELECTRICITY-MUDIMELI	20091104	134047	ESKOM***	9 129.01
MC494245002	ELECTRICITY-MUDIMELI	20091204	134306	ESKOM***	6 281.16
MC494245002	ELECTRICITY-MUDIMELI	20100106	134626	ESKOM***	5 820.37
MC494245002	ELECTRICITY-MUDIMELI	20100203	135151	ESKOM***	6 559.25
MC494245002	ELECTRICITY-MUDIMELI	20100308	135481	ESKOM***	5 819.92
MC494245002	ELECTRICITY-MUDIMELI	20100408	135918	ESKOM***	5 470.81
MC494245002	ELECTRICITY-MUDIMELI	20100517	136346	ESKOM***	7 062.02
MC494245002	ELECTRICITY-MUDIMELI	20100606	136639	ESKOM***	4 936.92
MC495245002	ELECTRICITY-TSHIENDEULU	20091104	134041	ESKOM***	1 679.56
MC495245002	ELECTRICITY-TSHIENDEULU	20091104	134042	ESKOM***	6 118.94

MC495245002	ELECTRICITY-TSHIENDEULU	20091204	134308	ESKOM***	1 702.34
MC495245002	ELECTRICITY-TSHIENDEULU	20091204	134309	ESKOM***	6 311.70
MC495245002	ELECTRICITY-TSHIENDEULU	20100106	134621	ESKOM***	1 668.42
MC495245002	ELECTRICITY-TSHIENDEULU	20100106	134627	ESKOM***	5 944.62
MC495245002	ELECTRICITY-TSHIENDEULU	20100203	135153	ESKOM***	1 760.92
MC495245002	ELECTRICITY-TSHIENDEULU	20100203	135157	ESKOM***	6 966.02
MC495245002	ELECTRICITY-TSHIENDEULU	20100305	135474	ESKOM***	6 417.83
MC495245002	ELECTRICITY-TSHIENDEULU	20100308	135482	ESKOM***	1 711.15
MC495245002	ELECTRICITY-TSHIENDEULU	20100408	135919	ESKOM***	5 744.35
MC495245002	ELECTRICITY-TSHIENDEULU	20100409	135948	ESKOM***	1 649.82
MC495245002	ELECTRICITY-TSHIENDEULU	20100517	136347	ESKOM***	8 008.10
MC495245002	ELECTRICITY-TSHIENDEULU	20100517	136348	ESKOM***	2 191.78
MC495245002	ELECTRICITY-TSHIENDEULU	20100606	136632	ESKOM***	1 398.84
MC495245002	ELECTRICITY-TSHIENDEULU	20100611	136734	ESKOM***	5 174.19
					115 528.04

Misstatements of VAT and expenses on the financial statements

Internal control deficiency

Insufficient reviews by manager expenditure and chief financial officer

Recommendation

Periodic reviews should be undertaken in order to make sure that the correct information is recorded onto the system.

Management response

- Item number MC271260091 Training Skill Development on the sample were clarified with the auditors and resolved.
- We are in agreement with the other two transactions on the sample.

Name : Victor Mandobe

Position : Manager Expenditure

Date : 05/11/2010

Auditor's conclusion

Management acknowledged the remaining example, the matter has not been addressed by management.

23. Ex. 66 - VAT not disclosed correctly in annual financial statements

Audit finding

Paragraph 20b of GRAP 01 states that: In virtually all circumstances, a fair presentation is achieved by compliance in all material respects with applicable Standards of GRAP. A fair presentation also requires an entity to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information;

Contrary to the above GRAP requirements, the municipality disclosed VAT receivable and VAT payable separately in the annual financial statements as shown below. The template used instructing users to delete one not applicable.

Description	Amount
VAT payable	13 851 244
VAT receivable	20 539 476
Net	6 688 232

Misstatements of VAT payable and receivables.

Internal control deficiency

The chief financial officer did not understand the disclosure requirements.

Recommendation

VAT should be disclosed on a net basis and the one, between receivable and payable which should be deleted and used to reduce the other should be deleted. In this case only R6 688 232 should be disclosed as a receivable

Management response

I am not in agreement with the finding. The Municipality had registered for VAT on Payment basis meaning that the municipality declares VAT only when the Payment is received or when the payment is made.

Name : R H Maluleke

Position : CFO

Date : 05/11/2010

Auditor's conclusion

This issue will be included in the audit report.

ANNEXURE B: OTHER IMPORTANT MATTERS

Internal control

1. Ex. 4 - There is no Risk Assessment Committee

Audit finding

Section 62 c of MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The municipality does not have a risk assessment committee.

Financial loss from unanticipated risk.

Internal control deficiency

The Accounting Officer did not establish the risk assessment committee

Recommendation

Management should establish the risk assessment committee to monitor the risk assessment process.

Management response

I'm in agreement with the finding, but it should however be noted that the Risk Assessment Committee of the municipality has since been established on the 31 August 2010.

Name : Elliot Mathepe

Position : Manager Internal Audit

Date : 22/10/2010

Auditor's conclusion

During the year under review the municipality did not have a risk assessment committee, therefore the finding stands.

2. Ex. 6 - There was no risk assessment done during the year

Audit finding

MFMA 62 c, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

There was no risk assessment conducted during the 2009/10 year end.

Insufficient action is taken to mitigate potential risks.

Internal control deficiency

Management did not identify risk in the year under review.

Recommendation

The risk assessment should be conducted annually.

The risk management process requires an inclusive team based approach which is effective across the municipality. A committee comprising of senior management, who are accountable to the Council, are best placed to evaluate risk in the municipality and report to council.

The internal audit function should be used to provide independent assurance in relation to the council's assertion surrounding the effectiveness of risk management and internal control.

A risk Assessment committee should be established to conduct the assessment.

The risk assessment should be an ongoing process and the committee should identify and evaluate actual and potential areas of risk as they pertain to the municipality, followed by a procedure of termination, transfer, acceptance tolerance or mitigation of each risk.

Management response

I'm in agreement with the finding.

But it should be noted that the municipality has since done a risk assessment exercise for the 2010/11 financial year.

Name : Elliot Mathepe

Position : Manager Internal Audit

Date : 22/10/2010

Auditor's conclusion

Management has acknowledged the finding.

3. Ex. 8 - No evaluation of the Audit Committee by the Council

Audit finding

According to King III report on corporate governance, the council is ultimately responsible for the affairs of the Municipality and the delegation of authority to any committee does not discharge the responsibility of the council in respect of the actions and decisions of a committee.

The King III report requires council to evaluate the Audit Committee to determine effectiveness of the committee.

There is no evaluation of the Audit Committee by the Council to determine the effectiveness of the committee.

Inefficiency of the audit committee may not be detected and corrected rendering the Audit Committee ineffective.

Internal control deficiency

The council did not exercise oversight responsibility over financial reporting and internal control.

Recommendation

The Council should evaluate the effectiveness of the Audit Committee for 2009/10 performance to ensure that delegated functions are performed to the satisfaction of the Council.

Management response

I'm not in agreement with the finding for the following reason.

The council needed to evaluate the Audit Committee for the full financial year ending 30 June. The National Treasury has through the Office of the Accountant General issued guidelines for the evaluation of the Audit Committee.

The guidelines were adapted to suit the requirements of Makhado Local Municipality and all the proposed changes were effected at the Audit Committee meeting held on the 20 August 2010. A Consolidated Assessment report for 2009/10 will be submitted to the Audit Committee meeting on the 29 October 2010.

A report will then be prepared for submission to council for input and final decision making at the next council meeting.

Name : Elliot Mathepe

Position : Manager Internal Audit

Date : 22/10/2010

Auditor's conclusion

As at 30 October 2010, no such evaluation was made therefore the finding stands.

Immovable assets

4. EX. 67- Assets with zero or one rand values

Audit finding

GRAP 17 - Property Plant and Equipment paragraph 71 states that the depreciation method applied to an asset shall be reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Several assets were identified as having R0 or R1 values, which are still in use, yet there was no re-assessment of their useful lives.

Examples of items with zero or one rand value

ASSET NO	VERIFIED LOCATION NUMBER	VERIFIED LOCATION DESCRIPTION	ASSET CONDITION	ASSET DESCRIPTION	CARRYING VALUE 2010
00114	R0486	OTTO,SHOOGTE FARM HOUSE	Functional	FRIDGE	1.00
00118	R0030	STORE ROOM	Functional	MACHINE VACUUM CLEANER	1.00
00161	R0405	RERANI N	Functional	PRINTER HP DESKJET	1.00
00728	R0046	CASHIERS LICENSING	Functional	COMPUTER MONITOR	-
00743	R0046	CASHIERS LICENSING	Functional	COMPUTER MONITOR	-
02783	R0423	MAMOROBELA T	Functional	PRINTER HP DESKJET	-
00692	R0075	COUNSIL CHAMBERS	Functional	MICROPHONE PHILIPS DM 501	-
03291	R0195	WORKSHOP	Functional	BATTERY CHARGER FOR MOBILE RADIO	-
07631	R0405	RERANI N	Functional	COMPUTER MONITOR	-
08107	R0401	RERANI N	Functional	PRINTER DOT MATRIX	-
01629	R0130	MR. R DE TROCH	Functional	SHELVE	0.03
01630	R0130	MR. R DE TROCH	Functional	SHELVE	0.03
01631	R0130	MR. R DE TROCH	Functional	SHELVE	0.03
00931	R0113	MUKOSI	Functional	TRACTOR FORD	-
07215	R0088	MUDAU M	Functional	COMPACTOR AIR	-
03171	R0195	WORKSOP	Functional	MOTOR VEHICLE FORD RANGER 2 2	0.40
03171	R0195	WORKSOP	Functional	MOTOR VEHICLE FORD RANGER 2 2	0.40
03171	R0195	WORKSOP	Functional	MOTOR VEHICLE FORD RANGER 2 2	0.40
08212	R0169	STORE ROOM	Functional	MACHINE DICING	-
08213	R0169	STORE ROOM	Functional	MACHINE DICING	-

- The book value of the assets in the financial statements may be misstated.
- Non compliance with the accounting standard.

Internal control deficiency

There was no revaluation and re-assessment of useful life by the chief financial officer.

Recommendation

Re-assessment of the Fixed assets values should be performed and assets with R1 or R0 values should be revalued.

Management response

The asset will be reviewed and the recommendations as per audit finding will be implemented.

Name : RH Maluleke

Position : CFO

Date : 05/11/2010

Auditor's conclusion

This matter will not be an audit report item as the municipality is exempt on measurement under directive 4. However the matter will be reported in the management report.

Movable assets

5. Ex. 15 - No monthly reconciliation performed between the Asset register and general ledger accounts.

Audit finding

Section 621 b of MFMA state that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept.

For the purpose of promoting sound financial management systems the finance division should perform monthly reconciliations of the fixed asset register and the general ledger values after capturing depreciation or any movements on assets. The Financial Officer should then forward the fixed assets reconciliation to the CFO, who should sign it as evidence of review and approval.

The following were noted:

- No monthly fixed asset reconciliations were performed during the year under review.
- No monthly depreciation charges for assets were recorded in the General Ledger.

The municipality did not have an asset manager who dealt with asset management during the year under review and the chief financial officer delegated this aspect of assets to consultants, however, there was no review performed on the work performed by consultants.

PPE amount disclosed in the financial statements might not agree with the physical asset values resulting in material misstatements in the financial statements.

Internal control deficiency

The municipality did not have an asset manager who dealt with asset management during the year under review and the chief financial officer delegated this aspect of assets to consultants, however, there was no review performed on the work performed by consultants.

Recommendation

It is recommended that:

- Monthly reconciliations between the asset register and general ledger should be prepared and reviewed by the CFO.
- Differences between the asset register and the general ledger should be followed up immediately and necessary adjustments performed.

Management response

The asset management unit was recently established and approved in the organogram with the key asset management officials to perform the necessary reconciliations between the GL and FAR.

Name : Maluleke RH

Position : CFO

Date : 21/10/2010

Auditor's conclusion

Management acknowledges and have taken measure in the current year however the matter is applicable for the year under review.

6. Ex. 71 - Repossessed asset not accounted for appropriately

Audit finding

GRAP 17 - Property Plant and Equipment paragraph 70 states that the depreciation method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity.

A motor vehicle which was repossessed from Ndwammbi MT and registered in the name of the municipality on the 29th October 2009 was written off appropriately in the 2009/10 financial year. The municipality recognised the asset and immediately depreciate the full amount, this is not correct as the depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Misstatements of assets.

Internal control deficiency

The Chief Financial Officer did not account for the transaction substance over form.

Recommendation

1. Using the date of transfer, the municipality was supposed to have written off the long term debt in the current year. The amount to be written off may be reduced by the value of the asset at the date of transfer.
2. The repossessed vehicle should then be recognised as an asset and be depreciated from that date. The asset may not be accounted at the same amount as the amount written but rather at fair value at date of transfer.

Management response

The vehicle was repossessed on 30 June 2007 and that was the recognition date of the asset. The remaining useful life of the vehicle as at the recognition date was 1.5 years and the Municipality depreciated the vehicle on that basis.

As the matter was corrected in the year under review we acknowledge the fact that the AFS should be adjusted retrospectively.

Name : RH Maluleke

Position : Chief Financial Officer

Date : 05/11/2010

Auditor's conclusion

Having noted the management comment, adjustment should be done retrospectively by reducing the prior long term debtors 2008/09 and accumulated surplus of opening balance 2008/09.

7. Ex. 74 - Management did not revalue all the infrastructure assets as required by GRAP 17, paragraph 46

Audit finding

GRAP 17, paragraph 46 requires that an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.

Management has not revalued all the infrastructure assets as required by GRAP 17, paragraph 46. Only the road infrastructure assets were revalued and not the whole infrastructure assets.

The chief financial officer has not complied with GRAP 17.

Non compliance with the accounting standard.

Internal control deficiency

The chief financial officer has not complied with GRAP 17.

Recommendation

Management should make sure that when revaluing assets, the entire class of those assets are revalued.

Management response

In terms of directive 4 transitional provision, the Municipalities are given 5 year period after conversion to GRAP to unbundle the infrastructure assets. The Municipality is still within 5 year period.

Name : Mr.R.H Maluleke

Position : CFO

Date : 11/11/2010

Auditor's conclusion

Notwithstanding management comment this a GRAP 17 requirement. No qualification will be made due to Directive 4.

Operating expenditure

8. Ex. 56 - Transactions recorded on an incorrect period

Audit finding

GRAP 1 - Presentation of Financial Statements paragraph 32 requires when the accrual basis of accounting is used, items to recognised as assets, liabilities, net assets, revenue and expenses the elements of financial statements when they satisfy the definitions and recognition criteria for those elements in the Framework.

During the audit of Expenditure, we have identified transactions that should have been recorded in the 2009/10 financial year has been recorded in the 2010/11 financial year.

Below is the list of the items identified.

Item description	Trans date	Document No.	Supplier/Remarks	Amount	Invoice No.	Invoice Date.	Amount Excl. VAT
Transportation	05/07/2010	52857	ISS 052857	520.70	ISS 052857	29/06/2010	520.70

Understatement of expenses in the period under review.

Internal control deficiency

Expenditure manager did not record transactions on time.

Recommendation

Transactions should be timely recorded on the system in order to satisfy the accrual concept.

Management response

The query for supplier Lebea & Associates Attorney was resolved with the auditors. We acknowledge that only the following was not accounted for in the correct accounting period as raised by the auditors.

Item description	Trans date	Document No.	Supplier/Remarks	Amount	Invoice No.	Invoice Date.	Amount Excl. VAT
Transportation	05/07/2010	52857	ISS 052857	520.70	ISS 052857	29/06/2010	520.70

Name : Victor Mandobe

Position : Manager Expenditure

Date : 05/11/2010

Auditor's conclusion

The finding adjusted to reflect only items that have not been resolved and management has acknowledged the them therefore findings stands.

24. Ex. 76 - Skills development levy understated.

Audit finding

Section 3 1 b Skills Development Levies Act, 1999, Act no 9 of 1999 requires every employer to pay a skills development levy from 1 April 2001, at a rate of one per cent of the leviable amount.

After performance of a reasonability test, we noted that skills development levy is completely recorded. After having calculated 1% of total remuneration and compared it against the development levy disclosed we noted a variance of R203,056. No reconciliation has been performed between total remuneration and the skills development levy.

Description	Amount
Total Employee Related Costs	146 701 798
Adjusted for employee benefits provisions	
Performance and other bonuses	6 961 531
Increase in provision for leave	1 034 768
Total remuneration before provisions	138 705 500
Skills development levies @ 1%	1 387 055
Skills development levies	1 183 999
Variance	203 056

Misstatement of skills development levy.

Internal control deficiency

Skills development levy not completely accounted for.

Recommendation

1% of total remuneration should be remitted monthly to SETA as required the Skills Development Levy Act. A reconciliation between employee related costs and amounts paid to SETA should be made and necessary adjustments be made.

Management response

No management comment submitted

Name:

Position:

Date:

Auditor's conclusion

Awaiting management comment.

Payable

9. Ex. 88 - Commitment to other state organs not met promptly

Audit finding

Section 37 1 c of MFMA states that municipalities must promptly meet all their financial commitments towards other municipalities or national and provincial organs of state.

Contrary to this legislation requirement the municipality did not meet their financial obligation of R10,046,026.76 to the Vhembe district municipality. The amount owed is analysed as follows with no payment having been made in the current year.

Description	Opening balance	Movement	Closing balance
Amount owed to Vhembe district	8 677 996.72	1 368 030.04	10 046 026.76

The municipality is concentrating on other creditors as no interest is charged by other state organs.

The liability will continue to increase and the municipality might be liable to pay huge amounts in future.

Internal control deficiency

The municipality is concentrating on other creditors as no interest is charged by other state organs.

Recommendation

In compliance with MFMA Sec 371c the municipality must honour their financial commitments to other state organs promptly.

Management response

Awaiting management comments

Name:

Position:

Date:

Auditor's conclusion

Awaiting management comments

Receivables

10. Ex. 20 - Indigent application forms not received from the auditee.

Audit finding

Section 74 of the MFMA states that the accounting officer of a municipality must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.

The following indigent application forms were requested from the auditee on 05 October 2010 and they were not received timely by Auditor General:

Account No.	Account Holder	Start date	Expiry date
2906598	Tlou TS	15/06/2008	01/07/2010
2995243	Thomo A	15/06/2009	01/07/2010
2903205	Munyai DF	20/04/2009	01/07/2010
2903759	Mavhunga MA	14/06/2008	01/07/2010
7001742	Mukondi Emily	21/01/2010	21/01/2011
7807191	Molea MP	01/07/2008	01/07/2010
2902805	Lekgwatha IE	14/06/2008	01/07/2010
7507671	Makamu KS	16/07/2010	16/07/2011
7100149	Silika R.F & T	15/06/2008	01/07/2010
7102442	Nema Vhide P	01/07/2008	01/07/2010
7105034	Ramunenyiwa MT	01/07/2008	01/07/2010
7601179	Rasikhanya NJ	01/07/2008	01/07/2010
7602720	Sadiki KP	19/05/2009	01/07/2010
7604131	Ramabulana MA	01/07/2008	01/07/2010
7701924	Matlowa F	01/07/2008	01/07/2010
7703198	Raliphada MS	01/07/2008	01/07/2010
7704579	Sakia MM	01/07/2008	01/07/2010
7706167	Mudwiri MA	01/07/2008	01/07/2010
7707644	Ramovha MS	21/05/2009	01/07/2010
2904865	Sthekge LT	14/06/2008	01/07/2010
1500804	Kwinika ME	14/07/2010	14/07/2011
1502992	Mashau MP	01/07/2008	01/07/2010
1700156	Matomba NE	24/06/2008	01/07/2010
1703290	Ramukhuba VM	25/06/2008	01/07/2010
1800524	Mafaduvha ME	11/05/2009	01/07/2010
1802546	Lukheli MM	18/05/2009	01/07/2010
1806719	Munyai TA	14/05/2009	01/07/2010
2001725	Majuta HM	25/06/2008	01/07/2010
7501920	Ramphabana MM	01/07/2008	01/07/2010
7507030	Sibanda MA	01/07/2008	01/07/2010
7508549	Tshikhudo ML	22/06/2008	01/07/2010
8105921	Dzumba MS	22/06/2008	01/07/2010
8200214	Ratombo TS	14/06/2008	01/07/2010
8202067	Thavhiwa MF	15/06/2008	01/07/2010
8204835	Mundalamo A	15/06/2008	01/07/2010
8701101	Mukolitwa NM	22/06/2008	01/07/2010
8702803	Mulaudzi TJ	01/07/2008	01/07/2010
8704550	Ralufhe TS	01/07/2008	01/07/2010
8800811	Sinugo MP	29/05/2009	01/07/2010
8802286	Manhefha A	01/06/2009	01/07/2010
8803787	Banda AJ	31/07/2008	01/07/2010
8901673	Mufeba MA	21/06/2008	01/07/2010
7505410	Mulaudzi AA	21/06/2008	01/07/2010
2990678	Takalani Rosina	01/07/2009	01/07/2010
1604202	Manyeleneyele T	31/07/2008	01/07/2010
7504423	Tshivhenga MN	16/07/2010	14/07/2011
8104235	Mulaudzi MA	14/06/2008	01/07/2010

Account No.	Account Holder	Start date	Expiry date
7111751	Takalani Doris	27/08/2009	21/08/2010
2900861	Ndou RW	15/06/2008	01/07/2010
8114845	Tshikala Elias	10/11/2009	10/11/2011
2908934	Kuyabi TM	28/07/2010	21/07/2011
2804901	Mudau A	01/03/2010	01/07/2011
8107677	Samson Sekobela	27/10/2009	21/10/2010
7112040	Thovha J	30/03/2010	30/03/2010
7512602	Mofokeng TS	08/03/2010	08/03/2011
2320880	Raedani NJ	25/06/2008	01/07/2010
2230642	Muravha NG	21/06/2008	01/07/2010
2300025	Masithulela Moufhe N	20/03/2009	01/07/2010
2330181	Tshitauzi MJ	22/06/2008	01/07/2010
2200719	Luvhengo TE	14/05/2009	01/07/2010
2320897	Kwanda HZ	25/06/2008	01/07/2010
2200814	Dzhambeni LL	21/06/2008	01/07/2010
2201038	Tharaga MS	14/05/2009	01/07/2010

Lack of information supplied by the municipality results in a limitation of scope on the Auditor General's work.

Internal control deficiency

Pertinent information is not identified, captured, used at all levels of the company and distributed in a form and time frame that supports the achievement of financial reporting objectives.

Recommendation

Information should be identified and captured in a form and time frame that supports the achievement of financial reporting objectives.

Management response

An applicant submits the applications only once and the application forms for each financial year will relate to new applicants in that particular year.

Name : Mr. Mugari

Position : Director Community

Date : 28/10/2010

Auditor's conclusion

Included in the examples noted some are current year and the information should be kept as it affects the current year of audit. The finding stands.

11. Ex. 84 - Debtors not paying for services provided.

Audit finding

Credit Control and Debt Collection Policy requires that the Municipal Council must ensure that all

money that is due and payable to the Municipality is collected, subject to the provisions of the MSA. For this purpose the Municipal Council must adopt, maintain and implement a credit control and debt collection policy consistent with its rates and tariff policies and complying with the provisions of the MSA.

The municipality is being owed R131 532 061 by consumers, R78 302 939 of which is over 90 days. During follow up for subsequent payments, some debtors did not pay anything to the municipality as at 30 October 2010. A provision of R27 million is not sufficient given that debtors are not paying.

Debtors who did not pay subsequently after year end to 31 October 2010.

Debtor	Account number	Stand number	Balance
BALOYI H	2504391	1026	2 374.46
CHUMA N	2502081	452	10 264.71
DE LIMA M E	75472	256	1 294.82
DUMASI K	90063991	3542	36.35
FISCHER CW&JCA	48244	5051	-
GOMBA S N	1807350	735	123.48
KHANTSHI P	8603862	386	1.39
KHWARANA J	8404372	437	1.39
LIDZHADE S	90117154	1416	18.33
MABUDU E	8500872	87	0.26
MADIMA D T	7300383	38	0.12
MAGORO E	90097360	469	0.20
MAKEKEMBA J	90029398	26	127.12
MAKHUBA R	8601954	195	1.39
MALADA SCRAPYA	7808275	827	2 403.43
MALIVHOHO F	90037670	616	72.66
MAMBURU M	90078622	580	0.20
MANENA M I	2703391	2123	17 565.53
MANYAMA M	90087059	639	54.35
MASESANE W	8102736	273	618.04
MASHELE D	90047941	120	32.60
MASITHA A	90102724	910	18.33
MATHATHE N S	1700692	69	123.48
MATIDZA A	8108506	850	123.48
MATSHOKO M T	7509302	930	1 974.22
MBEVHANA S	90073387	224	0.20
MISHASHA G	8303475	347	1.39
MOKGAWA A	8301119	111	1.39
MPOSI A E	7407160	716	0.16
MUDAY N F	90005228	276	258.35
MUGADA K	7501895	189	123.48
MUKHARI V A	2505429	1383	12 821.13
MUKWEVHO S P	7309426	942	0.12
MULEYA M C	2100292	29	157.72
MUNYADZURA N F	8611181	1118	0.26
MURIVHAMI P	8504210	421	1.39
MUSIAMO M S	7321288	2130	0.14

Debtor	Account number	Stand number	Balance
MUTHEU B	90064564	4115	108.79
MYREMI E	1807008	700	5 059.43
NDOU N P	2002165	216	3 063.15
NEMBIDZANE	8000595	59	0.19
NETANGULA M S	1902679	267	3 231.92
NKANYANI H R	90012939	1312	184.63
NTIMANI M	90044432	440	145.22
PHASWANA Z	90061436	987	90.78
RAKHAVHA E	8404069	406	1.39
RAMADWA K M	65387	3874	123.48
RAMANYIMI A	90060407	192	54.35
RAMAVHUNGA S R	7600360	213	117.96
RAMUTSHIDE LA A	90093690	0	108.79
RASENDEDZA	9006242	1593	18.33
RATSHITAKA M	90065645	140	18.33
SERAKALALA M T	7703706	370	4 312.98
SHITLHAVANI B	2523267	588	12 765.28
SIKHWIYHILU J	7312117	1211	0.12
STAM E M & DAW	90015922	800	354.20
THANGAVHUELELO NS	2707131	1934	14 016.45
THOVHAKALE T L	7603096	309	3 790.68
TSHAUTSHAU T	90027896	203	54.35
TSHIKOTA P T	2992443	234	94.50
TSHURUNDU M	90064343	3498	108.79
ZYLO TRADING T	88963	67	30 592.02

The municipality did not handover any debtors to debt collectors.

We could not satisfy ourselves to the recoverability of the debtor amounts.

Overstatement of debtors

Internal control deficiency

Debtors are not paying the amounts owed by them.

Recommendation

Management should ensure that all money that is due and payable to the municipality is collected through implementing debt collection methods such as handing over long outstanding debts to debt collectors.

Using the provision of its Policy and Principles on the writing off of irrecoverable debt, management should consider writing off debts.

Management response

Awaiting management comment.

Name:
Position:
Date:

Auditor's conclusion

Awaiting management comment.

Revenue

12. Ex. 32 - Registers for direct income were not received from the auditee.

Audit finding

Section 74 of the MFMA requires that the accounting officer of a municipality must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.

Registers for direct income for each facilities owned by the municipality were requested from the auditee on 08 Sept 2010 and they were not submitted for audit. This limited our scope on auditing of rental of facilities and equipment.

The Revenue Manager did not prepare direct income register for facilities owned by the municipality.

Lack of information supplied by the municipality results in a limitation of scope on the Auditor General of South Africa's work.

Internal control deficiency

The Revenue Manager did not prepare direct income register for facilities owned by the municipality.

Recommendation

Information should be identified and captured in a form and time frame that supports the achievement of financial reporting objectives.

Management response

Agreed to the finding.

The register of direct income will be kept to record all the activities that attracts direct income for the municipality.

Name : Radzilani NR

Position : Manager Revenue

Date : 21/10/2010

Auditor's conclusion

Management has acknowledged the finding therefore stands.

13. Ex. 36 - Distribution losses are not monitored on a monthly basis.

Audit finding

Section 125 2d i of the MFMA states "that the notes to the annual financial statements of a municipality must disclose the particulars of any material losses...."

In the year under review distribution losses were not calculated or monitored on a monthly basis.

The Municipality is not taking measures to ensure that this loss is monitored and reduced to an acceptable minimum.

Financial loss and non compliance with legislation.

Internal control deficiency

The Municipality is not taking measures to ensure that this loss is monitored and reduced to an acceptable minimum.

Recommendation

Distribution losses should be limited to an acceptable norm and followed up on a monthly basis. This issue was raised in the previous year, therefore, prior year's findings should be followed up and resolved.

Management response

The current system requires manpower to collect data for the preparation of distribution loss.

Finance, technical services and corporate services are working on a tender for both the software and hardware which will be compatible to our financial system and also be able to collect data from the main office.

Name : Mr. Radzilani

Position : Manager: Revenue

Date : 28/10/2010

Auditor's conclusion

Management acknowledged the finding therefore finding stands.

25. Ex. 64 - Consumer deposits not recorded in the general ledger

Audit finding

Section 62b MFMA requires the Accounting Officer of the municipality to be responsible for managing the financial administration of the municipality and must for this purpose take all

reasonable steps to ensure that full and proper records of financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

Consumer deposit register balance and the general ledger balance for consumer deposits do not agree.

Consumer Deposits	Amount
Balance as per general ledger	7 945 522.91
Balance as per deposit register	7 831 146.67
Variance	114 376.24

An amount of R114 376.24 was not recorded in the general ledger for consumer deposits.

The consumer deposit account might be overstated.

Internal control deficiency

The revenue manager did not reconcile the general ledger and the consumer deposit register on a monthly basis.

Recommendation

Reconciliation between the consumer deposits register and the general ledger should be prepared on a monthly basis and reconciling items should be cleared timely.

Management response

We acknowledge the finding. The difference is as a result of the opening balance, which will be reconciled in the 2010/2011 financial year

Name : R Radzilani

Position : Manager Revenue

Date : 05/11/2010

Auditor's conclusion

Management acknowledged the finding and will not adjust therefore will remain an adjusted difference.

ANNEXURE C: ADMINISTRATIVE MATTERS

Employee costs

1. Ex. 38 - Different employees sharing same employee number.

Audit finding

Section 62 1 c i of MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Different employees are sharing same employees numbers in the VIP Payroll systems.

The following employees are sharing the employee numbers.

Employee	Employee numbers	Employee contract	VIP company
Mr P.J Kotsinkwa	S009422	Permanent	Company 1
Mr N.J Mudau		Temporary	Company 3
Mr P.L Tshamano	S009415	Permanent	Company 1
Mr N.A Mufamadi		Temporary	Company 3

Payments may be made to wrong employees.

Internal control deficiency

The expenditure manager is not reviewing posting of new payments.

Recommendation

New employee should be allocated unique numbers. The Human Resources should review the VIP system for these duplicates.

Management response

Agreed to the finding. The VIP system compromised the error as the employees are on the different companies on the VIP system.

The error will be corrected and the temporary employees as on the sample will be assigned a unique employee number.

Name : Victor Mandobe

Position : Manager Expenditure

Date : 28/10/2010

Auditor's conclusion

Management acknowledged the finding therefore stands.

2. Ex. 80 - Leave were not managed per SALBC Main Collective Agreement

Audit finding

Section 3.1.2.1 of SALBC Main Collective Agreement requires a five- 5 day worker to take a minimum of sixteen 16 days leave;

Section 3.1.4 of SALBC Main Collective Agreement requires leave accumulated subsequent to 1 January 2004 to be accumulated to a maximum of forty-eight 48 days inclusive of those days referred to in clause 3.1.3.

2.1 Employees did not take 16 days required by SALBC Main Collective Agreement as minimum days for 5 day worker.

EMP CODE	NAME	Annual days taken
L100021	MR TA MAFALULUMI	12
L100038	MR MP THOVHAKALE	6
L100141	MR MW BILANKULU	6
L100172	MR MD MAULUMA	14
L100214	MR AA TSHIRUFHO	15
L100511	MR PJ MASEBE	14
L100574	MR T MAHANI	13
L100616	MS NA MUSWOBI	11
L100712	MS NM MAKHUBA	8
L100790	MS NG NEMBAMBULA	4
L100824	MS ET RAMALIGELA	4
L100870	MS NC NENZHELELE	14
L101088	MR KJ MAROLE	5
L101095	MR AS GALEDZANI	8
L101129	MR T MADAVHU	4
L101175	MRS M MPHAPHULI	5
L101224	MR MJ MASIANUGA	13
L101263	MS TM RAMALIGELA	14
L101306	MR VS MAIMELA	15

Employees who accrued more than 48 days of leave.

Em: Number	Employee Name	Leave Days Available
S007847	MR MS Siweya	51.5
L103623	MR MA MANGANYI	97
L103648	MR MP MADZUWANE	77

Em: Number	Employee Name	Leave Days Available
L102981	MR MJ DAVHANA	74
S002415	MR AC Seegers	65.25
L104057	MR NJ TSHILAMULELA	62
L103574	MR J BALOYI	51
S002327	MR TS Ramadwa	60
L107339	MR NC NEDOMBELONI	52
S004468	MR SH Mundalamo	71
S003955	MR M Ugrin	60
S005818	MR MG Muedi	68
S007268	MR D T TSHIVHULA	66
L101129	MR T MADAVHU	55
L101418	MR ME NEBULU	50.75
L102966	MR AD TSHOTHELI	92
L103092	MR MF MANGATA	60
L105727	MS L RABORA	60
S005737	MS T Khuba	49.17
S004228	MR T Manebaneba	66

2.2 An employee MR L Mhangwani employee code S010993 took unpaid leave of 15 days consecutive. In such a case, the accrued for the employee is supposed to be reduced by 1 day, this was not done.

No compliance with SALBC Main Collective Agreement.

Internal control deficiency

Human resources did not manage leave properly.

Recommendation

Employees should take minimum leave days as required by the SALBC Main Collective Agreement. The VIP system should be configured to accrue leave days to maximum of 48 days by 30 June of each year.

This clause should be used for those that refuses or neglects to take the remaining days.

Section 3.1.5 of SALBC Main Collective Agreement Any leave in excess of forty-eight 48 days may be encashed should the employee be unable to take such leave as a result of operational requirements. If, despite, being afforded an opportunity to take leave, an employee fails, refuses or neglects to take the remaining leave due to him during this period, such remaining leave shall fall away.

Management response

I am not in agreement with the finding. In terms of the SALGBC Part J5 annual leave cycle means the period of 12 months employment with the same employer immediately following an employee's commencement of employment or following the completion of that employee's existing leave cycle. Employees audited, some have been on the process of completing their leave cycle in order to have completed the 16 days as required by SALGBC. Notice were distributed to departments on a quarterly basis in order to remind employees who have excess of more than 48 annual leave days to go on leave hence there was no need to configure the system.

The proposed configuration of the system will be for financial year cycle while the leave credits relate to employee year cycles which is each one different from the other one

Name : T.K Mphaphudi

Position : Ass Manager.HR

Date : 11/11/2010

Auditor's conclusion

2.1 Management should bring evidence that the employees concerned have taken leave.

2.2 The 48 days is taking into account that employees the 18 months cycle as employees accrue 16 days for a 5 day worker. It translate that the employees to accrue 48 days, one would have not taken leave for the past three leave cycles.

2.3 The days are accrued proportionate to days worked thus if one workers lesser days the number of days to be accrued should be adjusted as well.

3. Ex. 45 - High vacant positions in the Municipality

Audit finding

Section 68 Municipal System Act, 2000 Act no 32 of 2000 states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way.

Contrary to this the municipality has a high vacancy rate in most of its departments which may result in failure to implement the IDP.

Post	Dept
Secretary to the Mayor	Office of the Mayor
Secretary to the MM	Office of the MM
Chauffeur	Office of the Mayor
Regional Administrator: Makhado	Office of the MM
Regional Administrator: Waterval	Office of the MM
Regional Administrator: Vuwani	Office of the MM
Regional Administrator: Dzanani	Office of the MM
Manager Human Resource Management	Corporate Support and Shared Services
Labour Relations Officer	Human Resource
HR Officer Personnel Administration	Human Resource
Caretaker Hall and Offices	Auxiliary Services
Clerical Assistant	Auxiliary Services

Assistant Manager: Legal & Legislation	Legal Services
Manager: PMU	Development and Planning
Surveyor	Development and Planning
Special Workman	Development and Planning
Artisan Assistant	Development and Planning
Assistant Manager: IDP	Development and Planning
Management Representative	Protection Services
Clerical Assistant x3	Protection Services
Traffic Wardens	Protection Services
Assistant Manager: Supply Chain Management	Budget and Treasury Office
Senior Clerk: Debt Collections	Revenue
Credit: Credit Control	Revenue
Accountant: Debtors	Revenue
Assistant Manager: Revenue	Revenue
Senior Clerk: Cashiers	Revenue
Accountant: Salaries	Expenditure
Accountant: Creditors	Expenditure
Clerk: Costing	Expenditure
Senior Storeman/Buyer	Supply Chain Management
Sub Accountant: Bank Reconciliations and Cash Flow	Financial Control Division
Secretary Technical Services	Technical Services
Superintendent Electrification	Municipal Manager
Meter Reader Auditor	Municipal Manager

Service delivery may be poorly affected by failure to implement the IDP

Internal control deficiency

The budget constraints and no measures to retain staff.

Recommendation

A human resource capacity level should be attained in order to enable efficient/timely implementation of the IDP.

Management response

The organogram used by the auditor relates to the 2010/2011 financial year. In the 2009/2010 organogram that was approved under council resolution number A.37.29.05.09 the positions were reflected as proposed and not vacant.

Name : Kenneth Mphaphuli

Position : Assistant Manager: HR

Date : 28/10/2010

Auditor's conclusion

Inspected the 09/10 approved under council resolution A.37.29.05.09, the position listed above were vacant and not filled.

General IT controls

4. Ex. 5 - Municipality does not have an IT Steering Committee

Audit finding

Section 621 b MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept.

The municipality does not have an IT steering committee responsible for supervision of IT related matters. This matter was also reported in the prior year.

The challenges in the IT department might not be identified and corrected timely.

Internal control deficiency

The Chief financial officer has not taken any steps to establish IT steering committee.

Recommendation

We recommend that the municipality establish the IT steering committee to oversee the IT related matters.

Management response

Members have been identified, and they will resume duties on the 1st November 2010.

The Director to receive the names on the 28th October 2010 for appointment and duty delegation to members

Name : P S Muvhango
Position: ICT Assistant. Manager
Date : 22 October 2010

Name : Elliot Mathepe
Position : Manager Internal Audit
Date : 22/10/2010

Auditor's conclusion

Management acknowledges the finding therefore stands.

5. IT Governance

Audit finding

IT governance is the responsibility of executive management. It is an integral part of organisational governance and consists of the leadership, organisational structures and processes that ensure that the organisation's IT resources would sustain its strategies and objectives. IT governance allows the organisation to manage IT risks and derive value from IT investments and it supports the achievement of business objectives that are dependent on IT systems.

Key audit findings that were identified:

- A formal IT governance framework has not been implemented
- Lack of IT risk and control assessment
- Lack of formally documented and approved IT security policy, baseline policy and firewall policy, back-up procedures, physical access policy, policy that covers eating and drinking in the server room, emergency evacuation procedures, user account management procedures and change control procedures, disaster recovery plans and backup procedures
- Service level agreements not adequate

Internal control deficiency

- Executive management oversight in terms of development and approval of IT policies and procedures as well as an IT risk control framework.
- Executive management oversight in terms of ensuring that all the service level agreements are revised and services rendered by the service providers are monitored.
- Adequacy and competence of personnel responsible for implementing key program change management controls.
- Risk identification and management regarding assessing the IT risks.

Recommendation

- The Executive management should formally document, approve and adopt an IT risk and control framework by 31 March 2011.
- The ICT Manager should formally document and approve the IT security policy, baseline policy, firewall policy, back-up procedures, physical access policy, policy that covers eating and drinking in the server room, emergency evacuation procedures, user account management procedures and change control procedures, disaster recovery plans and backup procedures by 31 March 2011.
- The ICT assistant manager should regularly renewed/revised the SLAs and include aspects such as availability, change procedures for any portion of the agreement, continuity planning, security requirements, content and frequency of performance reporting on the SLAs by 31 January 2011
- The ICT assistant manager should monitored and measure the performance of the service providers by 31 January 2011.

Management response

Management is in agreement with the finding and internal control deficiency.

Responsible person: Executive management

Action plan: Policies, procedures and framework will be put in place as well as a performance monitoring tool.

Implementation date: 30 June 2011

Auditor's conclusion

Management comments are noted, however an assessment of the corrective actions agreed upon by management will be performed after 3 months or as per due date.

6. Security Management

Audit finding

Security measures to prevent unauthorised access to the departmental network and operating systems that grant access to the application systems were not in place. The network security configuration that detects and prevents unauthorised access to systems was not adequately designed.

Key audit findings that were identified:

- Operating system security parameters not adequately set to provide optimal security
- Access and logon violation reports not reviewed
- Job descriptions has been compiled but not yet approved

Internal control deficiency

- Implementation of appropriate key network, operating and applications security controls.
- Executive management oversight in terms of approving the job descriptions.
- Adequacy and competence of personnel responsible for information technology.

Recommendation

- The ICT assistant manager should ensure that the invalid logon attempt lockout threshold is activated to 3 times and that the system only allows the system administrator to reset the password; and that the minimum password length is 7 or greater, maximum password age is 30 days and password complexity is enabled by 30 November 2010.
- The ICT assistant manager should regularly review the logon and access violations to identify users who are trying to breach the security settings on the system by 31 January 2011.
- The ICT assistant manager should regularly monitor the activities of the IT personnel, e.g. on a monthly basis, to ensure that employees only perform the responsibilities stated in their job descriptions and this should be done by 31 January 2011.

If the above-mentioned recommendation are not implemented, unauthorised users may gain access to the system and fraudulent activities and errors performed on the system might not be detected.

Management response

Management is in agreement with the finding and internal control deficiency.

Responsible person: Phumudzo Muvhango

Action plan: IT security policy, Baseline policy, password settings, compliance to job descriptions and firewall policy will be addressed.

Implementation date: 30 June 2011

Auditor's conclusion

Management comments are noted, however an assessment of the corrective actions agreed upon by management will be performed after 3 months or as per due date.

7. User Access Control

Audit finding

User access control is the systematic process of managing the access of users to the application. The process includes the creation, review, disabling and removal of user accounts.

Key audit findings that were commonly identified:

- Access request forms not completed
- Users' access not reviewed to ensure that it remained commensurate with their job responsibilities
- Activities of the system administrators or controllers not monitored
- Inactive or unused user identifications not timeously removed from the system or not deactivated
- Excessive access rights assigned to the network administrator

Internal control deficiency

Adequacy and competence of personnel responsible for implementing key user account management controls.

Recommendation

- The ICT assistant manager should develop user access request forms creation, termination and change of user's access on the system that should be properly completed and authorised by 31 March 2011.
- The ICT assistant manager should establish a formal process to ensure that the activities of the system controllers as well as the users' functions on the system are regularly reviewed by an independent person to ensure adherence to their job responsibilities and this should be done quarterly.
- The ICT assistant manager should ensure that all inactive user accounts are deactivated on the system by 30 November 2010.
- The ICT assistant manager should consider employing additional staff in the IT department to prevent conflicts in the segregation of duties by 31 March 2011.

If the above-mentioned recommendations are not implemented, unauthorised/inappropriate access/activities might be performed by the user on the system.

Management response

Management is in agreement with the finding and internal control deficiency.

Responsible person: Phumudzo Muvhango

Action plan: User account management procedures will be addressed, however due to only 2 staff member responsible for IT segregation of duties will remain a challenge.

Implementation date: 30 June 2011

Auditor's conclusion

Management comments are noted, however an assessment of the corrective actions agreed upon by management will be performed after 3 months or as per due date.

8. Program Change Management

Audit finding

Change management controls to ensure that only authorised and valid changes would be effected to data, tables and programs that generate the financial statements were inadequate.

Key audit finding that was identified is that no formal process was in place in respect of change request, approval of change, testing, closure of change, configuration management, definition of environment patch management, application upgrade.

Internal control deficiency

Adequacy and competence of personnel responsible for implementing key program change management controls.

Recommendation

The CIO should ensure that changes are only implemented once a fully completed and authorised change request form has been submitted by 31 January 2011. If the above-mentioned recommendation is not implemented, unauthorised changes may be effected on the system.

Management response

Management is in agreement with the finding and internal control deficiency.

Responsible person: Phumudzo Muvhango

Action plan: Changes that need management approval and testing will be documented after the implementation.

Implementation date: 30 June 2011

Auditor's conclusion

Management comments are noted, however an assessment of the corrective actions agreed upon by management will be performed after 3 months or as per due date.

9. It Service Continuity

Audit finding

IT service continuity is the process of managing the availability of hardware, system software, application software and data to enable an organisation to recover/re-establish information systems services in the event of a disaster. The process includes business continuity planning, disaster

recovery plans and backups.

Key audit finding that was identified is that backups were not kept off site.

Internal control deficiency

Executive management oversight with regard to identifying a facility that will be used as an off-site storage of backups.

Recommendation

The ICT assistant manager should ensure that all the back-up tapes are stored off- site by 31 March 2011. If the above-mentioned recommendation are not implemented, the municipality may not be able to restore the financial data when the need arises.

Management response

Management is in agreement with the finding and internal control deficiency.

Responsible person: Phumudzo Muvhango

Action plan: An external service provider was appointed to assist with developing a DRP. The project is currently under development and backup procedures will be formalized.

Implementation date: 30 June 2011

Auditor's conclusion

Management comments are noted, however an assessment of the corrective actions agreed upon by management will be performed after 3 months or as per due date.

10. Facilities And Environmental Control

Audit finding

Physical, environmental and data centre controls implemented to ensure the security, integrity, performance and accessibility of the systems and information.

Key audit findings that were identified:

- Environmental controls such as the fire extinguisher, air-conditioning system and fire suppression system not maintained
- Lack of access control register in the server room

Internal control deficiency

Adequacy and competence of personnel responsible for implementing key facilities and data systems control.

Recommendation

- The ICT assistant manager should ensure that access control register is completed by all persons who wish to gain access to the server room, which would include IT personnel/contractors and visitors by 30 November 2010.
- The ICT assistant manager should ensure that the server room equipment, such as fire extinguishers, air conditioners, etc. are serviced/maintained to ensure that such equipments are kept in good working condition by 31 December 2010.

Lack of adequate key environmental controls regarding the server room, may result in the server room security being compromised. Also unavailability of servers may arise due to servers not functioning properly due to lack of maintenance.

Management response

Management is in agreement with the finding and internal control deficiency.

Internal controls

11. Ex. 2 - There is no fraud prevention plan in place

Audit finding

The accounting officer is required by section 115 of the MFMA to take all reasonable steps to ensure that proper mechanism and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair irregular responsibility.

The Municipality does not have an approved fraud prevention plan in place.

Financial loss resulting from insufficient and incorrect response to fraud.

Internal control deficiency

The accounting officer did not establish a fraud prevention plan.

Recommendation

The accounting officer must establish controls to respond to fraud, such controls may be covered in the fraud prevention policy.

Management response

I am in agreement with the finding.

But it should however be noted that the Fraud Prevention Plan for 2010/11 for the municipality has since been developed and approved by the Audit Committee and council on the 03 August 2010 and 09 September 2010 respectively.

Name : Elliot Mathepe

Position : Manager Internal Audit

Date : 22/10/2010

Auditor's conclusion

During the year under review the municipality operated without a fraud prevention plan in place. The findings will stand.

12. Ex. 3 - There is no approved cell phone policy in place

Audit finding

In terms of the MFMA, the accounting officer is required to ensure that an effective and efficient system of internal control is in place. This would require that policies and procedures are put in place to achieve this.

The municipality entity must determine the upper limits of the salary, allowances and other benefits of the accounting officer and senior managers of the entity and, monitor and ensure that the municipal entity reports to the council on all expenditure incurred by that municipal entity on directors and staff remuneration matters, and in a manner that discloses such expenditure per type of expenditure.

The municipality does not have an approved cell phone policy.

Possible irregular expenditure may have been incurred.

Internal control deficiency

The accounting officer did not establish a cell phone policy.

Recommendation

Policies and procedures should be developed and approved.

Management response

The cell phone policy was still in a draft phase as at 30 June 2010. The policy was approved subsequent to financial year end. The council resolution for the approval of the cell phone policy is available for inspection.

Name : Mandobe MV

Position : Manager Expenditure

Date : 21/10/2010

Auditor's conclusion

During the year under review, no approved cell phone policy therefore the matter stands.

Inventory

13. Ex. 26 - Inventory items not adequately safeguarded.

Audit finding

Section 62b of MFMA states that the accounting Officer of the municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

There is no signing in or out of vehicles and people entering the store premises.

Understatement of inventory.

Inventory items may be lost and not traceable.

Internal control deficiency

The Accounting Officer did not account take reasonable steps to safeguard inventory.

Recommendation

- Management should develop internal controls that are adequate to address the security issues against the municipality's assets.
- There should be a security guard at the gates of the stores premises including at the workshop to sign in the vehicles and people entering and exiting the stores premises.

Management response

The matter will be investigated and the necessary access controls will be introduced to control access to the stores premises.

Name : Mathivha NA

Position : Manager SCM

Date : 21/10/2010

Auditor's conclusion

The control is not implemented therefore the finding stands

Movable assets

14. Ex. 19 - Asset management policy does not include the handling of impairment losses.

Audit finding

Section 632b of MFMA states that the Accounting Officer of the municipality is responsible for the management of the asset of the municipality ,including the safeguarding and maintenance of those assets and that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice.

The asset management policy does not include the policy on handling of impairment losses.

The accounting officer did not align the policy to the GRAP reporting requirements.

Assets which are fully impaired may remain in the asset register resulting in overstatement of assets.

Internal control deficiency

The accounting officer did not align the policy to the GRAP reporting requirements.

Recommendation

Management should design procedures to ensure that the asset management policy covers all important aspects such as impairment and disposal of assets.

Internal audit should assist to ensure that policies and procedures are drafted and approved.

Management response

The asset management policy is still the draft document and will be reviewed to comply with GRAP 17.

Name : Maluleke RH

Position : CFO

Date : 21/10/2010

Auditor's conclusion

Management acknowledges the finding therefore stands.

Operating expenditure

15. Ex. 52 - List of accredited prospective suppliers

Audit finding

According to paragraph 14 of the Supply Chain Management policy:

15.1 The accounting officer must;

- (a) Keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations, and
- (b) At least once a year through news papers commonly circulating locally, the website and other appropriate ways, invite prospective providers of goods and services to apply for evaluation and listing as accredited prospective providers;
- (c) Specify the listing criteria for accredited prospective providers; and
- (d) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

15.2 The list must be updated at least quarterly to include any additional prospective suppliers

and any new commodities or types of services. Prospective suppliers must be allowed to submit applications for listing at any time.

15.3 The list must be compiled per commodity and per type of service.

The list of existing and prospective suppliers provided to us does not contain the necessary and sufficient information for us to perform this procedure, so as a result we were unable to perform our audit in this regard.

Upon discussion with the Supply Chain Manager, Mr A Mathivha, there is no database currently kept for existing and prospective suppliers. It was further mentioned by Mr Mathivha that the post for the keeping of the suppliers' database has been advertised and will be up and running in the near future.

Fictitious suppliers will not be easily identified.

Goods and services can be acquired at unreasonable prices if no proper list of suppliers with their respective price list is kept by the entity.

There is a great risk of conflict of interest if there is no database of prospective suppliers that is kept, updated and reviewed periodically.

Internal control deficiency

The procurement department did not compile a list of accredited suppliers of goods and services as required by the Supply Chain Management Policy.

Recommendation

A list of accredited prospective suppliers of goods and services to the municipality **must** be compiled in order to be used for procurement requirements purposes; as required by the SCM Policy. Such information as the supplier VAT numbers, supplier banking details, address and registration number should be included on the data base.

Management response

Agreed with the auditor to revise the finding. From the list provided the auditor should liaise with expenditure section for the identification of suppliers to whom payments were made and the addresses and banking details will be provided for comparison with CIPRO report.

Name : Abram Mathivha

Position : Manager: Supply Chain

Date : 05/11/2010

Auditor's conclusion

The supplier database does not have sufficient information for us to review compliance with regards to conflict of interest.

CHAPTER 5

Functional Area Service Delivery Reporting

CHAPTER 5 - FUNCTIONAL SERVICE DELIVERY REPORTING**TABLE OF CONTENTS**

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We are pleased to record some of our significant achievements for the period under review (2009/10 financial year)

NARRATIVE OF FIVE RESPECTIVE MUNICIPAL DEPARTMENTS

The following five departments were in existence during the year 2009/2010:

(i) **DEPARTMENT COMMUNITY SERVICES**

Department Community Services consist of -

- *Protection Services (Traffic and Licensing)
- *Disaster Management Services
- *Special Programs and Culture Services
- *Support service to the Office of the Mayor and Municipal Councillors
- *Environmental Health Services (although this service is busy being transferred to the Vhembe District, the staff and function is still with MLM)
- *Communication and Publicity Services
- *Public Library Services

4. TRAFFIC SERVICES

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

5. LICENSING SERVICES

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

6. SOCIAL SUPPORT / FACILITATION SERVICES

Office of the Mayor
Office of the Speaker (including municipal councillor support activities)
Disaster Management
Gender desk
Youth desk
Aged desk
Disability desk
Arts and Culture including Libraries

(ii) **DEPARTMENT CORPORATE SUPPORT & SHARED SERVICES**

1. DIVISION: HUMAN RESOURCES

Section: Personnel Administration & PMS

- *Personnel Administration
- *All aspects of Human Resource Management and Administration

- *Recruitment and Placement of staff
- *Performance Management administration for individual officials

Section: OD & Skills Development

- *Employment Equity
- *Skills gaps analyses and skills development programs
- *Labour Related Policies
- *Organizational Development

2. DIVISION: ADMINISTRATION AND AUXILIARY SERVICES

Section: Administration and Council Support

- *Committee Services
- *Council Administration
- *Ward Committees
- *Support services to all municipal departments

Section: Auxiliary Services

- *Records and Archives
- *Caretaker Services

Section: Legal and Property Services

- *Legal Services
- *Municipal property administration

3. DIVISION: INFORMATION & COMMUNICATION TECHNOLOGY

Section: Computer Services

- * Information Technology – hardware, software and user assistance
- * System Administration
- * Network Administration
- * User technical support
- * Website Maintenance and Expansion

Section: Telephone Systems & Others

- * Communication Technology – hardware, software and user assistance
- * System and Users Technical Support and Administration

(iii) DEPARTMENT DEVELOPMENT PLANNING

The department is divided into 3 divisions, i.e.

Integrated Development Planning And Organizational Performance Management System
Local Economic Development
Spatial Planning And Land Use Management

1. INTEGRATED DEVELOPMENT PLANNING AND ORGANIZATIONAL PERFORMANCE MANAGEMENT SYSTEM

The Division has 2 Sections, i.e.

Section: Integrated Development Planning Section

- Review and drafting of the IDP
- Coordinate the IDP review process

Section: Organizational Performance Management System Section

- Alignment between IDP, Budget and the SDBIP
- Monitor organizational performance through SDBIP
- Coordination of Organizational annual reports, quarterly reports and monthly reports.
- Development and review of the performance management framework

2. LED DIVISION

- Investment attraction and business retention and expansion drive
- Conducting open market days
- Creating and enabling environment for SMMEs, Agriculture, Tourism and Co operatives.
- 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

3. SPATIAL PLANNING AND LAND USE MANAGEMENT DIVISION

The Division has 5 Sections, i.e.

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. Vleivontein, 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 ervens
- 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 councillors
- Assist contractors, councillors 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 councillors
- 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.

(iv) DEPARTMENT OF FINANCES

ALL ASPECTS RELATED TO FINANCE THAT INCLUDE

Financial Accounting and Financial Statements

Budget Office

Expenditure costing and Income section procurement

Asset management

Supply Chain Management

Systems, mainframe and network

Financial reporting

Consisting of four respective sections – Revenue, Expenditure, Budgeting and Supply Chain Management

(v) **DEPARTMENT TECHNICAL SERVICES**

- Water and sanitation services
- Mechanical workshop for maintenance of fleet
- Electricity network, distribution and maintenance
- Roads and storm water
- Parks and recreation, including swimming pools, cemeteries and crematorium
- Side walks and open spaces
- Waste Management (domestic and industrial)

The five (5) departments were supported by three (3) Regional Administration units due to the vastness of the municipal area, approximately 16 000km² in extent with unofficially an estimated 750 000 residents. Three Regional service centers are operational where all levels of services are delivered and coordinated at regional level. These regional centers are the following:

Dzanani Region (north eastern part of municipal jurisdiction), **Vuwani Region** (Eastern part of municipal jurisdiction) and **Waterval Region** (southern part of municipal jurisdiction) – the central to western part of the municipal area, previously known as Makhado Region is serviced from the Civic Center as main service center.

These centers are headed by Regional Administrators that co-ordinate service delivery and all other municipal services such as enquiries, account payments etc at regional level in a quest to take services as close as possible to the community; additional remote pay points totaling 9 are operating at ward/village level to cater for pre-paid electricity customers – these paypoints are located at Zamenkomste, Madodonga, Tshiozwi, Khunda, Mudimeli, Musekwa, Khomele, Tshiendeulu & Mashau.

Two of the three regional offices operate with the services of an acting administrator for a number of years now. The filling of the vacant posts did not materialize during the 2009/10 financial year due to various reasons.

* * * *

GENERAL INFORMATION

Reporting Level	Detail		
Overview:	<p>OVERVIEW – General Information</p> <p>Makhado Local Municipality (LP344), located in the most northern region of Limpopo Province and one of four participating local municipalities in the Vhembe District Council (DC 34) region, has a vision indicative of its physical location and true to its ambition as institution which reads</p> <p><i>The Municipality of Makhado, being the gateway to other African states, strives to improve the quality of life of all its people by rendering basic, efficient, affordable and sustainable services through transparent, participatory governance and a dedicated, efficient and accountable institution focused on developing the area as a growth point.</i></p> <p>Demography</p> <p>The geographical area consists of 279 villages and 28 formal towns with a vast number of privately owned and state farms in between. Altogether 129 665 households represents the population of an estimated number of 583 500</p> <p>The Municipality in January 2001 set itself up to operate in four (4) respective administrative regions, i.e.</p> <ol style="list-style-type: none"> 1. Dzanani Region as the northern part of its jurisdiction 2. Vuwani Region as the eastern part 3. Waterval Region as the southern part 4. Makhado Region as the western part <p>During the year under review the 4th region was abolished in order to save on costs and duplication of services as it is effectively run from the Civic Center as main service point. The 4th region's offices has since its establishment never been populated separate from the Civic Center, hence referring to it as a 4th region was corrected.</p> <p>Each region operates offices to be able to serve the community close to it. The Civic Center as main core for municipal business operations is located in Makhado Township which is one of the four urban nodes in the geographical area. Each region has active business centers located in the formal town of the region.</p>	Nil	Nil
Information:			
1	<p>Geography:</p> <p>Geographical area in square kilometers</p> <p>Source of information</p>	16 000 square kms Demarcation Board	
2	<p>Demography:</p> <p>Total population</p> <p>Source of information</p>	495 261 See IDP document page EC 2011/821	IDP/2010-2011
3	<p>Indigent Population</p> <p>Source of information</p> <p>Basis of indigent policy including definition of indigent</p>	460 447 Demarcation Board 2001 Statistics Earning less than R800 per month	
4	Total number of voters	214 458	
5	<p>Aged breakdown:</p> <p>- 65 years and over</p> <p>- between 35 and 64 years</p>	32 751 96 856	6,6% 19,4%

	- between 15 and 34 years - 14 years and under Source of information	172 247 195 235 <i>Demarcation Board 2001 Statistics</i>	34,6% 39,4% 2006
6	Household income: - above R6,401 per month - between R2,500 and R6,400 per month - between R1,601 and R3,200 per month - under R1,600 per month Source of information	0,9% 1,7% 2,0% 95,4% <i>Urban Econ Consultants/Stats SA 2001</i>	2006

Function: **Executive and Council**
 Sub **N/A**
 Function:

Reporting Level	Detail		Total
Overview:		Councillor activities Mayoral activities Committee activities Related costs of each	Nil
Description of the Activity:	<p>The function of executive and council within the municipality is administered as follows and includes:</p> <p><i>MLM functions according to a collective executive committee system under leadership of the Mayor and Speaker of Council. The Mayor and Speaker and Chief Whip hold full-time capacity posts, together with another three (3) executive committee members who also hold full-time posts. This is in line with MEC Local Government and Housing, Limpopo approval.</i></p> <p><i>Executive Committee representatives / the Mayor meet with interest groups within communities as the need may require; Council meets in session on quarterly basis but also has special meetings as needed; Executive Committee meets thrice per month but can meet more often for special reasons; Portfolio Committees (section 79/80 committees of Council) meet bi-weekly to make recommendations to Council via Executive Committee; an extensive system of delegations are applicable and Executive Committee can conclude matters with exclusion of the limits set in the Constitution of RSA Act, 1996, the LG Systems Act, 2000 and MFMA, 2003; 37 ward committees also serve Council with comments through ward councillors that are chairpersons of ward committees; a sound consultative process as fixed principle is in practice to ensure community inputs into municipal processes.</i></p>		Operational expenditure
Analysis of the Function			
1	Councillors detail: Total number of Councillors	73 + 14 <i>ex officio</i> members (traditional leaders)	Refer to note no. 24 of p 129 of annual financial statements
2	Number of Councillors on Executive Committee Ward detail: Total number of Wards Number of Ward Meetings	10 37 140. meetings 4 meetings per ward in all 37 wards	Refer to note no. 24 of p 129 of annual financial statements
3	Number and type of Council and Committee meetings: Council meetings Executive Committee meetings Portfolio Committee meetings (11 respective committees) Ward Committee meetings Tender Adjudication meetings	8 19 72 140 14	Operational
Key Issues		CURRENT	TARGET
	1. Develop strategy for stakeholder meetings	Require improved attendance at	100% attendance of

	2. Promote attendance of meetings by councillors by means of streamlined committee systems	Portfolio Committee meetings	Portfolio Committee meetings
	3. Promote regular ward committee meetings and full participation at such meetings		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<u>Legal & legislation support</u>	<p>1. <u>Finalize review of by laws</u> : Complete Phase 1 and commence with Phase 2 Only two respective by-laws were promulgated Rules and Orders, August 2007 Municipal Property Rates, 2008 R100 000 was budgeted for the project but not spent Project not completed – to be continued with in 2009/2010 as Phase 2 On 30 June 2010 a set of 24 By-laws have been reviewed and redrafted and are ready for community participation.</p> <p>2. <u>Consolidate Codex of Delegated Powers</u> Task was completed in part. Resolutions dating back to 2000 grouped per year. Task not completed in full Project incomplete – to be continued with in 2010/2011 for assistance by service provider Budget : Operational</p> <p>3. <u>Consolidate Policy Codex</u> Task was not completed Project incomplete – to be continued with in 2010/2011 Budget : Operational <i>(Policies dating back to pre 1994 of predecessor bodies of Makhado Municipality have to be reviewed. All policies adopted by Makhado Municipality since December 2000 have to be bundled; a user friendly consolidated Codex that can be used by all management must be developed.)</i></p> <p>4. <u>Appoint External Legal Representatives for the Municipality</u> Legal representatives were appointed as Council Panel of Attorneys under Tender No 38 of 2010 and Tender No 39 of 2010; tenders were awarded by Accounting Officer through the Bid Committee process on 26 January 2010. Attorneys thus far are rendering a satisfactory service</p> <p>5. <u>Develop a Codex of By-laws</u> Project still underway. This is a multi-year project.</p>	<p>54 Existing by-laws plus 5 sets of former government notices that arrange municipal rules and regulations- have to be reviewed and/or repealed to align with local government legislation</p> <p>Delegated Powers to various functionaries that covers the period dating back to December 2000 in fragmented form and not in one Codex</p> <p>Fragmented format of policy documents and information – not user friendly and not readily available to all management</p> <p>Project completed</p> <p>Existing by-laws not available to all in user friendly format By-laws not available on municipal website</p>	<p>Complete reviewed and updated lawful by-laws that meet practical needs of local government and its residents legislation</p> <p>Updated, consolidated and approved Codex of Delegated Powers</p> <p>Consolidate into user friendly format – hard copy and electronic</p> <p>Expenditure Operational</p> <p>User friendly Codex of By-laws; complete set of by-laws on municipal website</p>
<u>Property Administration</u>	<p>1. <u>Implement contracts register</u> for lease of municipal land Budget : Operational This project dates back to 2007/8 financial year and was rolled</p>	Project incomplete	Shelved for 2010/2011

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p>over each financial year, however to date not yet completed; Information of leases on respective registry files; lease data not available at one central point. The target is to have all lease contracts core information available in one register for ease of reference and verification</p> <p>2. <u>Implement register of immovable municipal owned land</u> Budget : Operational This project dates back to 2007/8. The only reference source presently is the 2008/2012 Municipal Valuation Roll although it is also not absolute correct and errors are corrected as detected. The other source of reference is on-line Deeds Office searches as and when required.</p> <p>3. <u>Instruct attorneys to do ownership transfer: Tshikota extension 1 erven from MLM to RDP beneficiary</u> Budget : Operational plus R300 000 for legal fees – not spent This project dates back to 2007/8 financial year.</p> <p>4. <u>Complete audit of Municipal land</u> Project is underway and will be concluded as part of the Asset Management activities</p> <p>5. <u>Transfer of land in R293 towns to Municipality</u> Phase I of project is completed which involved surveyed area of R293 towns</p> <p>6. <u>Sale of all vacant residential erven in R293 towns</u> This is a continuous process and selling happens per Council Resolution for each case</p> <p>7. <u>Sale of the remaining residential erven in Eltivillas Extension 1</u> A total of thirty nine (39) residential erven were sold to private individuals. The purchase price of erven is an average of R180 000 based on bids fetched at a public auction held in April 2008. Available erven stay in stock for selling on first come first serve basis. Not all purchases are successful up to transfer of ownership stage as a result of financing challenges that purchasers experience</p> <p>8. <u>Land tenure and enhancement of economic development in Tshitale area</u> A land dispute issue jeopardized the project</p>	<p>Project incomplete</p> <p>Project incomplete</p> <p>Incomplete</p> <p>Partially Completed</p> <p>Continuous project</p> <p>Ongoing project until all formalities of successful buying and transfer of ownership is concluded</p> <p>Concluded</p>	<p>Shelved for 2010/2011</p> <p>Shelved for 2010/2011</p> <p>2010/2011</p> <p>Continue 2010/11</p> <p>Continue</p> <p>Continuing project until stock is depleted</p> <p>Concluded</p>
<p><u>General Administration and procedures</u></p>	<p>1. <u>Incentive system for maintenance and cleanliness</u> of halls and offices at Civic Center and amenities Budget: Operational</p> <p>2. <u>Optimize use of collaborator</u> by all departments Budget: Operational</p>	<p>Project completed</p> <p>Continuous project</p>	<p>Continuous mechanisms</p> <p>Continuing project</p>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p>3. <u>Electronic Council Resolution Register for use by all management</u> Budget: R250 000 – not spent and offered for other project Project was shelved for 2009/2010 and then not implemented as the funds were allocated for another priority during the budget adjustment</p> <p>4. <u>Convert By-laws into electronic format</u> Budget: Operational</p> <p>5. <u>Convert policy codex into electronic format</u> Budget: Operational</p> <p>6. <u>Information management</u> to ensure data for updates on valuation roll 2008-2012 and supplementary rolls – this is a multi departments project with CFO as coordinator and custodian of the roll Budget : R1 684 866 + R267 500 + Operational - spent</p> <p>7. <u>Campaign greater awareness of Batho Pele principles/service standards of the department</u> Budget: Operational</p> <p>8. <u>Enhance revenue collection</u> in context of powers and functions of the department Budget: Operational</p> <p>9. <u>Ensure compliance</u> with requirements about reporting in terms of Local Government legislation Budget: Operational</p> <p>10. <u>Develop Risk Management Policy Plan and system for Corporate Services department</u> Budget: Operational Internal Audit unit will be populated during 2010/2011 which will include a Risk Management Officer to implement Risk Management as subject for all municipal departments</p>	<p>Project incomplete</p> <p>Project incomplete</p> <p>Project incomplete</p> <p>Continuous activity through internal procedure</p> <p>Continuous activity</p> <p>Continuous activity and supervision and control</p> <p>Continuous activity</p> <p>Project incomplete</p>	<p>Shelf for 2010/11</p> <p>Shelf for 2010/11</p> <p>Shelf for 2010/11</p> <p>Continuous activity</p> <p>Well equipped and motivated staff to serve at all times</p> <p>Revenue due to municipality is collected</p> <p>Submission of reports – annually, quarterly, monthly</p> <p>Shelf for 2010/11</p>
<p>Secretariat & Committee services & General Administration</p>	<p>1. <u>Bind official council agendas and minutes 2002-2007</u> Budget: R10 000 plus operational – not spent This project dates back to 2007/8 financial year Task concluded and prepared for binding – funds in 2010/2011 operational budget to bind official minutes Must mention that not all documents could be found as it dated back to 2002 and runs up to 2007 and was not well kept – not all documents are signed either but at least it is a form of official records</p> <p>2. <u>Update Codex of Delegated Powers and convert into user</u></p>	<p>Phase 1 of project completed</p>	<p>Shelf for 2010/11; for binding</p> <p>Approved Budget: Operational, internal resources</p>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p><u>friendly electronic format</u> This project dates back to 2007/8 financial year Collected data is available in electronic and hard copy format and is maintained on electronic data base. Legal expertise must be appointed to consolidate, refine and legally scrutinize the complete content for lawfulness and accuracy.</p> <p>3. <u>Update Policy Register and convert into user friendly electronic format</u> This project dates back to 2007/8 financial year Electronic data on policies are available in chronological order Must be consolidated into subjects, dates, users, and bound in user friendly hard copy format, and made available to all management members</p> <p>4. <u>Develop Council Resolution Electronic System</u> Funds were redirected for another priority during the budget adjustment and project shelved for 2010/2011</p> <p>5. <u>Implement Committee Electronic System</u> Funds were redirected for another priority during the budget adjustment and project shelved for 2010/2011</p> <p>6. <u>Update Statutes and By-laws – electronic and hard copy formats in the law library</u> Annual subscription to SABINET on line – legal and legislative services</p> <p>7. <u>Purchase furniture and equipment.</u> Specifications for furniture required was submitted to SCM Unit during February 2010 and delivery of furniture was concluded in June /July 2010</p> <p>8. <u>Implement action plan for cleaner office environment</u> The project was implemented as per action plan.</p> <p>9. <u>Optimize collaborator electronic system of registry</u> Phase I was completed and Phase II rolled over to 2010/11 financial year</p> <p>10. <u>Supplementary 2009/2010 valuation roll</u> Updates on the Valuation Roll as received from the Municipal Valuer was processed to CFO who implements according to the legislative procedures (Updates relate to improvement of previously vacant land where values were influenced so that billing can be done according to new values on a continuous basis) Supplementary Valuation Roll for further processing in respect of 2009/2010 was received and values implemented accordingly by CFO</p> <p>11. <u>Reply to internal audit queries</u> Internal Audit is assisted continuously to find information and also answer internal audit queries when they are received</p>	<p>Phase 1 of project completed</p> <p>Phase 1 of project completed</p> <p>Project incomplete</p> <p>Project incomplete</p> <p>Project complete</p> <p>Project complete</p> <p>Project complete</p> <p>Project partially completed</p> <p>Project complete</p> <p>Project is continuous</p>	<p>Shelf for 2010/2011 for completion</p> <p>Shelf for 2010/2011 for completion</p> <p>Shelf for 2010/2011</p> <p>Shelf for 2010/2011 for completion</p> <p>Concluded</p> <p>Concluded</p> <p>Phase II rolled over to 2010/11</p> <p>Concluded</p> <p>Concluded on continuous basis</p>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p>12. <u>Revenue enhancement – fiduciary duties of senior managers</u> Omissions or mistakes from the Valuation Roll was reported and correction thereof contributed to improved revenue liability by landowners No orders for payment or services were signed if the documents did not show that correct SCM procedure was followed accurately Large expenditure was incurred with overtime work because other departments fail to plan their work – for eg the agenda of special council 28 May 2010 the committee clerk and registry units together with their managers worked from Friday until Sunday 11h00 pm to produce an agenda – the overtime ran into very large amounts – this works against revenue enhancement strategies</p> <p>13. <u>Batho Pele Charter Campaign & Promote</u> We endeavored to create continuous awareness of Batho Pele standards and we continuously seek ways to improve our service to members of public in the context of administration and other possible soft services.</p>	<p>Project is continuous as part of senior management generic duties</p> <p>Project is continuous as part of senior management generic duties</p>	<p>Continuous project</p> <p>Continuous project</p>
<p><u>Information and Communication Technology</u></p>	<p>1. Complete <u>wireless connection</u> project – Dzanani Regional offices Project was rolled over to 2009/10 for completion as it was only partially completed. Telkom lines were being awaited to be able to complete it</p> <p>2. Maintain <u>municipal website</u> for benefit of public; popularize use of website as information reference source Budget: Operational</p> <p>3. <u>Integrate finance system</u> – vending and cash payment (additional user for specific user files) Budget: Operational – not spent Project rolled over from 2008/9 to 2009/10</p> <p>4. <u>Develop Disaster Recovery Plan</u> Budget : R800 000 – not spent Project rolled over from 2008/9 to 2009/10 – it was delayed due to District participation that did not materialize as anticipated</p> <p>5. <u>Develop I T Policies to address gaps identified in Gijima Report</u> Project rolled over from 2008/9 to 2009/10</p> <p>6. Implement <u>Virtual Private Network</u></p> <p>7. <u>Investigate VOIP communication system</u></p> <p>8. <u>Train all end users</u></p>	<p>Dzanani is now connected via Telkom data line</p> <p>Operational – mechanisms must be improved to optimize purpose of the site</p> <p>Research on this project is still going on and we hope to complete it by the end of 2010/11</p> <p>The project was completed</p> <p>Training in progress with all</p>	<p>Continuous activity through monitor, review and control</p> <p>Continuous</p>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	9. <u>Implement wireless network for Waterval, Vuwani, Stores and Control</u> 10. <u>Purchase and commission UPS in server room</u> 11. <u>Purchase and install MS Office 2007</u>	systems that we use Continuous project This project was done This project was not done as a newer version MS Office 2010 became available	training of staff

Key challenges faced during 2009/2010

CHALLENGES FACED IN 2009/10 FINANCIAL YEAR

Staff related issues

1. Filling of vacant posts in all sections
2. Redesigned recruitment processes which required some time to learn and implement and which also added time as factor of processing
3. Amended processes to normalize labour relations and to keep it stable – on political and administrative level
4. Faced with problems of insufficient office space for all new appointees – extending the building to accommodate all officials have been on the agenda since 2004/5 but no implementing – overcrowding of offices, scattered grouping of same department staff,

Interventions implemented during 2009/2010

The following interventions were implemented in the 2009/2010 financial year to address the challenges:

In the third quarter of 2009/10 financial year the turnaround strategy was developed as a directive from the Department Co-operative Governance and traditional affairs.

Finance and Administration
Human Resources

Reporting Level	Detail	Current	Total
	<p><i>The function of human resource management within the municipality is administered as follows and includes:</i></p> <p><u>Human Resource Administration and Labour Relations</u> <u>Administration:</u> <i>Electronic leave records and effective control systems applicable; contributions and systems for membership of retirement and medical aid funds; official recruitment and appointment procedures and policies applicable, including transfer, promotion and placement policies and procedures</i></p> <p><u>Labour relations:</u> <i>To secure stable Labour Relations, Collective Conditions of Employment for all staff, including those absorbed from sector departments;</i> <i>Employment Equity Plan; Codex of Human Resource Policies;</i> <i>Local Labour Forum activities on regular basis, including official local union management representatives;</i> <i>Fair and Just procedure Codex for Disciplinary Measures and related matters.</i></p> <p style="text-align: center;"><i>The strategic objectives of this function are to:</i> <i>Render a quality support and advice service to Council, the Municipal Manager and all Department on all human resource related matters</i></p> <p style="text-align: right;"><i>The key issues for 2009/10 are:</i></p> <p>1. <u>LABOUR RELATIONS</u> 1.1 <i>Development of Labour related policies</i> 1.2 <i>Local Labour Forum meetings</i></p> <p>2. <u>TRAINING & DEVELOPMENT</u> 2.1 <i>Arrange training interventions that will address the skills gaps that exist in the relevant Departments</i></p> <p>3. <u>ORGANISATIONAL DEVELOPMENT</u> 3.1 <i>Review of the Organizational Structure</i> 3.2 <i>Updating/compilation of Job Descriptions of all employees</i> 3.3 <i>Employment Equity Report</i> 3.4 <i>Implementation of a Performance Management System for post levels 1 to 3</i> 3.5 <i>Implementation of Employee Assistance Program</i></p>	<p>Administrative systems must be computerized fully for improved processes</p> <p>Staff capacity not adequate to meet the needs</p>	<p>Operational</p> <p>Operational</p>

Statistic information on Employment Equity and Overall Costs

Statistical information					Total No.	R (000s)
Number and cost to employer of all municipal staff employed:	Race		Gender			
		African	White	Male	Female	
- Professional (Managerial/Specialist)	146	19	120	45	165	R43 204 826
- Field (Supervisory/Foremen/ Clerical/Administrative)	314	3	247	70	317	R55 647 960
- Non –Professional	319	0	237	82	319	R51 797 955
- Temporary Staff	4	0	3	1	4	R1 100 000
Total					805	R151 750 741

Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package

Key performance area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Personnel administration To have accurate personnel administration of employee details & history	1. Implement Employment Equity according to Employment Equity Plan 2007/2012 – comply with EE Plan as policy document of council Budget: Operational	Continuous activity through natural process of resignation death etc	Operational and in house
	2. Update general information and personnel history on VIP system to have accurate information readily at hand in electronic format Budget: Operational	Project not implemented	Shelf for 2009/10 Shelf for 2009/10
	3. Implement computerized vacancy control system to have accurate vacancy statistics for reliable recruitment and management information Budget: Operational	Project not implemented	Appointment of Snr HR Officer
	4. Update general information and personnel history on the VIP Premier Payroll System	Project not complete	To be implemented in 2010/2011 financial year
	5. Implement Computerised Vacancy Control System	Not yet implemented	To be implemented in 2010/2011 financial year
	6. Implement Time, Attendance and Access Control System	Not yet implemented	To be implemented in 2010/2011 financial year
	7. Implement computerised overtime register system	Not yet implemented	To fill all vacant positions
	8. Fill vacant posts	Implemented	
Development and training To ensure well trained and equipped staff component at all times to function optimum	1. Address skills gap as per work place skills audit and Work Place Skills Plan – arrange formal training accordingly Budget: Operational	Formal and less formal training was provided to staff – see Chapter 3 for details	Continuous activity annually
	2. Implement Employee Assistance Program that will target priority areas of need; identify mechanisms to assist targeted areas; monitor, control and review mechanisms; contract external expertise or refer to	In house counseling service in HR Division – referral where needed	2010/2011 contract external expertise

<p>Organizational development To have PMS for PL1-3 incumbents & measure their performance</p>	<p>professionals where needed Budget: Operational</p> <p>3. Address Skills Gap as per WSP</p> <p>4. Promote revenue enhancement and Batho Pele principles</p> <p>5. Formal and Informal Trainings (Council Employees) Formal and Informal Trainings on Council Employees were conducted, Annual Training Report (ATR) for 2009/10 together with the Workplace Skills Plan (WSP) for 2010/11 were submitted to the LGSETA on the 28th June 2010 as required by the Skills Development Act.</p> <p>6. In-Service Training - Students Seventeen (17) Students were assisted by Council for an In-Service Training as a requirement by the Institutions</p> <p>7. Skills gaps identified and training interventions conducted</p> <p>N.B See Chapter 3 for detailed information</p> <p>1. Develop PMS for organization – no dedicated champion or department was designated for this task; it was also conveyed to DLGH that Municipality required assistance with this project; Council reviewed organogram and created Department Development and Planning which will champion the process in the 2009/2010 and 2010/2011 financial years</p> <p>2. Develop PMS for PL0, 00, PL1 to PL3 incumbents</p> <p>3. Each Section 57 manager and PL1 – PL3 must compile own SDBIP</p> <p>4. Section 57 managers must sign Performance Agreement Budget: Operational</p> <p>5. Placement of Employees on the approved organogram (A27.29.05.09)</p> <p>6. Develop job profiles for all new posts created, level 1 to level 15</p> <p>7. Implement Employee Assistance Programme (same as no 14)</p> <p>8. Align SALGA developed HR policies with the existing approved HR related policies</p> <p>9. Implement Employment Equity Plan 2007-2012</p> <p>10. Review of the Organisational Structure The Organisational Structure was reviewed and adopted by Council as per CR.A.36.28.05.10</p> <p>11. Updating/compilation of Job Descriptions of all employees A challenge is still faced by Municipality as the submitted Job Descriptions are not yet released by the Moderation Committee.</p> <p>12. Employment Equity Report N.B See Chapter 3 for detailed information</p> <p>13. Implementation of Performance Management System Two positions were created and budgeted for, i.e PMS Coordinator at PL 5, and Assistant Administrative Officer PMS at PL6. The two positions will be advertised during the 1st quarter of 2010/11 financial year.</p> <p>14. Implementation of Employee Wellness Programme The employee Wellness Programme was launched on the 9th June 2010. Programme of Action was also drawn for 2010/11 financial year. Oath of Secrecy form was also amended to include the following clause:-</p>	<p>Implemented</p> <p>All approved applications for in-service training were implemented</p> <p>Implemented</p> <p>No organizational PMS</p> <p>Completed Completed Not signed by all parties</p> <p>Waiting outcome of moderation committee Implemented</p> <p>Not yet implemented</p> <p>Availability of 2010/11 organisational structure</p> <p>Waiting outcome of moderation committee</p> <p>Submitted report to Dept Labour before 1/10/10 PMS is only for S57</p> <p>EAP was launched on 9/06/2010</p>	<p>To address scarce skills</p> <p>To give chance students in-service training</p> <p>To close the gaps</p> <p>Shelf 2009/10 and 2010/2011</p> <p>Completed Completed Need to close gaps</p> <p>Placement of all employees Ongoing</p> <p>Complete by 2010/11</p> <p>Review of 2010/11 organizational structure Placement of employees</p> <p>Submission of report before due date PMS for all employees</p> <p>Launching of programme</p>
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<p>Labour Relations</p> <p>To have a grading of municipality that conforms to its operations and extent</p>	<p><i>"I indemnify the Municipality for any criminal or civil action that may be instituted against me because I have revealed information that I received by virtue of being a member of the Employee Assistance Programme".</i> Members of the committee signed the above-mentioned form.</p> <p>(a) DEVELOPMENT OF LABOUR RELATED POLICIES</p> <p><i>Eighteen (18) Human Resource policies from SALGA were circulated to all our departments, inputs to those policies are in progress, they will be submitted to Council for adoption during the 3rd quarter of 2010/2011 final year.</i></p> <p><i>The policies are as follows:</i></p> <ul style="list-style-type: none"> -Attendants and Punctuality -Employment Equity -Employment Practice -HIV/AIDS -Incapacity due to ill health/injury -Incapacity due to poor performance -Internal bursary -Employee under the influence of intoxicating substance -Legal Aid -Occupational Health and Safety -Private work and declaration of interests -Relocation -Sexual harassment -Smoking -Succession Planning -Training and Development -Transport allowance and -Whistle blowing <p>(b) LOCAL LABOUR FORUM MEETINGS</p> <p>Local Labour Forum Meetings were scheduled as follows:-</p> <p>9 July 2009 21 September 2009 26 October 2009 01 December 2009 15 January 2010 27 January 2010 17 March 2010 21 April 2010 26 April 2010 18 May 2010 24 May 2010 28 June 2010</p> <p>Investigate on high level the re-grading of the Municipality which is just and fair in terms of its size and operations; presently Municipality officials are remunerated in terms of the old regime grade 7 municipality which was based on the apartheid municipal system; staff retention and succession planning is directly affected negatively as a result hereof; in view of urgency of the matter and the serious impact of the human resource component, council approved with effect of December 2008 that salaries be revised according to a process of benchmarking with Vhembe District Municipality and implemented revised salaries effective end December 2008 based on Gr 4 of new grading – this is an interim measure until the moratorium is lifted Budget: Operational</p>	<p>Completed</p> <p>Availability of all eighteen draft policies were developed</p> <p>Meetings were attended as scheduled only if quorum is not met, postponement takes place</p> <p>Moratorium placed on re-grading of municipalities by higher authorities Implemented interim measure through benchmarking</p>	<p>Expenditure Operational Policies to Council for adoption</p> <p>To attend all meetings as scheduled</p> <p>Formalize re-grading to justified level 2010/2011</p>
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CHALLENGES FACED IN 2009/10 FINANCIAL YEAR

1. Lack of the accredited Service Providers
2. Difficulties in coordinating some of the trainings, reason being that they are submitted late to Human Resources, e.g an approved document is received today and the employee must be attending a workshop the following day
3. Difficult to evaluate return on investment from trainings attended.
4. Unplanned training intervention
5. Lack of synergy by other stakeholders, (that they duplicate their training activities)
6. Late approval of Declaration of Intent (DOI) of Learners programmes by LGSETA
7. Late receipts of training communiqué from other stakeholders from outside (e.g LGSETA, SALGA and DLG & H)
8. Shortage of staff

Interventions implemented during 2009/2010

Function:	Finance and Administration
Sub Function:	Finance

Reporting Level	Detail	Total	
Overview:	<p>Includes all activities relating to the finance function of the municipality.</p> <ul style="list-style-type: none"> • <i>Asset and liability management</i> • <i>Revenue and expenditure management</i> • <i>Budget preparation and implementation</i> <p><i>Preparation and submission of reports as prescribed by the Municipal Finance Management Act No.56 of 2003</i></p>		
Description of the Activity:	<p>The function of finance within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> • <i>Revenue Management</i> • <i>Expenditure Management</i> • <i>Budgeting and Financial Control</i> • <i>Supply Chain Management</i> • <i>Asset Management</i> <p>The strategic objectives of this function are to: <i>To achieve sound financial management that will lead to the municipality achieving clean audit report from the Office of the Auditor General.</i></p> <p>The key issues for 2009/10 are:</p> <ul style="list-style-type: none"> • The municipality was operating without the internal audit unit to assist in strengthening internal controls; however the unit was established earlier during the year. • Critical Finance positions such as Manager Financial Control were vacant and filled mid-year. <p>Revenue Section is not well capacitated by sufficient staff to effect proper revenue management.</p>		
Analysis of the Function:			
1	<p>Debtor billings: number and value of monthly billings: Refer to debtors billings and collections annexure on page 345-346</p> <p>Number and amount billed each month across debtors by function (eg: water, electricity etc) Refer to debtors billings and collections annexure on page 345-346</p> <p>Note: create a suitable table to reflect monthly billed and received (against billed) across debtors by function (eg: water, electricity etc)</p>		<p>R (000s)</p> <p>0</p> <p>0</p>
2	<p>Debtor collections: value of amount received and interest: Refer to debtors billings and collections annexure on page 345-346</p> <p>Function - <list function here eg: water, electricity etc></p> <p>- Value received from monthly billings each month and interest from the previous month across debtors by function (eg: water, electricity etc)</p>	<p>0</p> <p>0</p>	<p>R (000s)</p> <p>0</p> <p>0</p>

	Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function		
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days: Refer to debtors age analysis annexure on page 347 Function - <list function here eg: water, electricity etc> - Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (eg: water, electricity etc) Note: create a suitable table to reflect debts outstanding over 30, 60, 90 and 120 plus days across debtors by function	0	
4	Write off of debts: number and value of debts written off: - Total debts written off each month across debtors by function (eg: water, electricity etc) Note: create a suitable table to reflect write offs each month across debtors by function No bad debts were written off during the year on page 348		R (000s)
5	Property rates (Residential):		R (000s)
	- Number and value of properties rated	119802	4,409,086.00
	- Number and value of properties not rated	NIL	NIL
	- Number and value of rate exemptions	NIL	NIL
	- Rates collectible for the current year		
Reporting Level	Detail	Total	
6	Property rates (Commercial):		R (000s)
	- Number and value of properties rated	1340	1,131,823.00
	- Number and value of properties not rated	NIL	NIL
	- Number and value of rate exemptions	NIL	NIL
	- Rates collectible for the current year		
7	Regional Service Council (RSC) levies:		R (000s)
	- Number and value of returns	NIL	NIL
	- Total Establishment levy	NIL	NIL
	- Total Services levy	NIL	NIL
	- Levies collected for the current year		
8	Property valuation:		
	- Year of last valuation	July 2007	
	- Regularity of valuation	4 years	
9	Indigent Policy:		R (000s)
	- Quantity (number of households affected)	8299	6,748
	- Quantum (total value across municipality)		
10	Creditor Payments: Refer to creditors age analysis annexure on page 349 Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days	R (000s)	
11	Credit Rating: <List credit rating details here>	R (000s) 0	
	List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated	None	
12	External Loans: Refer to external loan annexure on page 349		R (000s)
	- Total loans received and paid during the year	0	0

13	<p>Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan, together with the date of repayment should be also disclosed in the table.</p> <p>Delayed and Default Payments: <List delayed and default payments here> List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature</p> <p>Note: This information need not be reported here if reported as notes to the accounts.</p>	<p>0</p> <p>None</p>	<p>0</p>
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Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
1. Revenue Enhancement	<p>The plan was to capacitate the staff in the revenue division by equipping them with MFMA, Accounting and Leadership skills in the municipal context.</p> <p>The service provider (Kuvutlu) assist in water cost recovery, the service provider is not covering other services such as electricity and other basic services which is why the impact of the cost recovery is not significant.</p>	<p>Three students completed the certificates and the other two were re-examined.</p>	<p>All the managers and supervisors in the revenue section should complete the course. To implement the cost recovery mechanism for all the municipal services. Timely preparation and submission of budget.</p>
2. Improved, Sound, Municipal budgeting and budget controls.	<p>Prepare draft annual budget for the next financial year in accordance with the MFMA provisions and submit to the council before the start of the financial year.</p>	<p>The budget were prepared and implemented before the start of the financial year</p>	<p>Obtaining at least a qualified audit opinion in the next financial year.</p>
3. Implementation of sound financial control and maintenance of accurate financial records.	<p>Preparation of proper financial statements and receiving unqualified audit report from the Auditor General. The GRAP compliant financial statements were prepared and submitted to the Auditor General by the 31 August. The municipality received a disclaimer of opinion report on its financial statements. Refer to the action plan for planned improvements.</p>	<p>The department is in the process of addressing the issues in the action plan.</p>	<p>To pay 100% of the invoices received by the municipality within 30 days of the invoice date.</p>
4. Improved Image And Good Relationship between Municipality and suppliers	<p>99% of invoices received in the third quarter were paid within 30 days of the invoice date. 1% relates to those invoices that were submitted late to the finance department for payment by other departments within the municipality.</p>	<p>All the invoices received in time are paid within 30 days of the invoice date.</p>	<p>To pay 100% of the invoices received by the municipality within 30 days of the invoice date.</p>

DEBTORS MONTHLY BILLINGS AND COLLECTIONS FOR THE PERIOD 1 JULY 2009 TO THE 31 DECEMBER 2009

Number of billings	Type of service	July		August		September		October		November		December	
		Billing	Payment	Billing	Payment	Billing	Payment	Billing	Payment	Billing	Payment	Billing	Payment
	Vat	1,330	(12)	1,937	(1)	1,935	(1,560)	1,695	(1,777)	2,191	(1,443)	1,772	(1,588)
	Interest	815	(815)	829	(12)	858	(66)	910	(57)	964	(55)	1,003	(67)
	Sundries	426	(329)	507	(3)	536	(428)	562	(487)	482	(2,158)	472	(443)
8,200	Electricity - Kwh	2,651	(2,544)	6,840	(45)	7,212	(6,007)	5,698	(6,823)	7,256	(5,334)	6,864	(6,215)
839	KVA	2,679	(2,361)	2,534	(22)	2,488	(2,371)	2,495	(2,804)	2,622	(2,611)	2,679	(2,419)
7,135	Water	970	(952)	1,187	(6)	1,013	(787)	748	(764)	2,483	(2,255)	(161)	(807)
	Refuse	835	(523)	506	(2)	475	(348)	483	(355)	519	(349)	528	(341)
	Sewerage	228	(225)	226	(1)	215	(167)	210	(122)	225	(165)	223	(181)
141,730	Rates	3,409	(3,364)	3,343	(11)	3,418	(1,470)	3,385	(1,348)	3,454	(1,226)	3,457	(1,325)
	Basic Electricity	2	(1,974)	1,967	(7)	1,956	(1,015)	1,995	(1,037)	2,009	(1,002)	2,023	(991)
	Basic Sewerage	217	(171)	213	(1)	189	(141)	192	(122)	212	(120)	210	(111)
	Basic Water	174	(172)	172	(1)	155	(131)	154	(113)	170	(104)	173	(104)
		13,736	(13,442)	20,261	(113)	20,450	(14,491)	18,527	(15,809)	22,587	(16,822)	19,243	(14,592)

DEBTORS MONTHLY BILLINGS AND COLLECTIONS FOR THE PERIOD 1 JANUARY 2010 TO THE 30 JUNE 2010

Number of billings	Type of service	January		February		March		April		May		June	
		Billing	Payment	Billing	Payment	Billing	Payment	Billing	Payment	Billing	Payment	Billing	Payment
	Vat	1,703	(1,439)	2,053	(1,533)	1,739	(1,609)	1,784	(1,674)	2,028	(936)	3,778	(1,545)
	Interest	1,033	(64)	1,053	(85)	838	(839)	1,075	(1,075)	334	(3)	1,511	(511)
	Sundries	2,111	(356)	438	(492)	455	(324)	164	(68)	648	(122)	370	(262)
8,200	Electricity - Kwh	5,402	(5,605)	6,601	(5,620)	5,538	(5,482)	6,078	(5,922)	6,545	(3,938)	8,881	(5,230)
839	KVA	2,424	(2,176)	2,448	(2,566)	2,967	(2,461)	2,642	(2,548)	2,717	(1,742)	2,537	(2,404)
7,135	Water	1,040	(661)	2,279	(750)	702	(684)	982	(523)	1,874	(618)	884	(385)
	Refuse	529	(325)	518	(361)	518	(500)	517	(497)	531	(196)	550	(529)
	Sewerage	224	(161)	217	(142)	224	(215)	224	(219)	238	(84)	204	(234)
141,730	Rates	3,360	(1,233)	3,426	(1,191)	(1,582)	(1,537)	1,510	(1,423)	(12,242)	(659)	1,904	(1,751)
	Basic Electricity	2,013	(957)	1,892	(1,025)	1,917	(1,887)	1,924	(1,879)	1,911	(564)	1,919	(1,883)
	Basic Sewerage	218	(109)	206	(122)	221	(216)	219	(213)	245	(51)	268	(263)
	Basic Water	176	(102)	167	(106)	176	(172)	175	(172)	178	(44)	192	(190)
		20,233	(13,188)	21,298	(13,993)	13,713	(15,926)	17,294	(16,213)	5,007	(8,957)	22,998	(15,187)

DEBTORS AGE ANALYSIS

TYPE OF SERVICE	TOTAL	CURRENT	30 Days	60 Days	90 Days	120 Days	150+ Days
		2010/07	2010/06	2010/05	2010/04	2010/03	2010/02 +
Basic electricity	15,852,571.06	389.92	1,440,468.08	767,411.19	681,744.63	640,536.79	12,322,800.29
Basic sewerage	7,205,472.50	-	247,012.97	165,581.17	133,733.72	129,046.92	6,530,097.72
Basic waste	5,484,278.67	-	178,378.03	113,616.79	103,210.45	98,586.94	4,990,486.46
Credit ref	9,403.67	2,795.04	-	700.00	284.44	-	5,624.19
Deposits el	43,074.87	-	-	-	-	-	43,074.87
Deposits re	7,294.99	-	-	-	-	-	7,294.99
Deposit wa	4,561.41	-	-	-	-	-	4,561.41
Electricity	11,052,281.58	5,337.95	5,044,436.05	1,384,821.22	794,722.82	363,708.66	3,459,254.88
Estate	134,433.90	-	-	-	-	-	134,433.90
Grazing pa	15,150.55	-	-	-	-	-	15,150.55
Hostel fees	115,495.18	-	3,729.44	3,729.44	3,729.44	3,729.44	100,577.42
Indigent subs	591,093.93	165.10	2,918.96	352,793.11	172,958.60	40,692.73	21,895.63
Interest	20,911,012.77	-	997,011.46	949,788.37	876,546.39	847,819.34	17,239,847.21
Kva demand	4,522,956.43	2,513.79	2,416,125.66	507,619.68	181,908.85	163,929.26	1,250,859.19

Prepaid	328,645.50	-	21,783.39	20,925.95	22,820.14	21,844.70	241,271.32
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TYPE OF SERVICE	TOTAL	CURRENT	30 Days	60 Days	90 Days	120 Days	150+ Days
		2010/07	2010/06	2010/05	2010/04	2010/03	2010/02 +
Rates	24,471,641.14	114,852.52	1,815,427.04	1,144,622.54	990,445.07	992,165.04	19,414,128.93
Rd cheques	507,463.44	458,726.21	-	3,742.63	-	-	44,994.60
Receipts	4,628,880.52	918,290.14	127,217.48	212,278.83	317,705.51	91,548.87	6,295,921.35
Refuse	11,681,563.42	59.80	491,083.01	246,365.17	215,346.71	214,454.81	10,514,373.52
Sewerage	3,845,621.54	-	222,500.89	125,174.14	85,675.64	75,323.94	3,336,946.93
Sundries	4,428,142.32	157,223.73	257,557.23	333,481.15	150,781.58	137,117.29	3,391,981.34
Vat	10,667,754.72	556,135.75	1,527,000.00	587,457.93	390,159.58	337,878.86	8,381,394.10
Water	6,205,455.11	17,307.31	852,301.78	755,369.68	313,520.14	189,988.18	4,076,968.02
TOTAL	131,532,061.36	715,953.96	15,384,678.59	6,545,335.11	4,453,965.49	4,083,888.57	101,780,147.56

CREDITORS AGE ANALYSIS AS AT 30 JUNE 2010

CREDITOR	NUMBER OF DAYS OUTSTANDING			
	30	60	90	120
Polokwane PS	123,120.00	-	-	-
Bridge Auto Fleet Management	1,142,157.49	-	-	-
Arb Electrical wholesaler	-	-	-	-
Cooper Eagle Trading	-	-	-	-
Zouitnet	61,009.38			
	1,326,286.87	-	-	-

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010							
EXTERNAL LOANS	Loan Amount	Balance at 30 June 2009	Received during the period	Redeemed / written off during the period	Balance at 30 June 2010	Current portion	Long term portion
ANNUITY LOAN							
INCA Loan @ 11.47%	12,656,600	8,183,181		1,293,560	6,889,621	1,446,186	5,443,436
DBSA Loan @ 9.86% 1	7,000,000	6,609,297		493,401	6,115,896		6,115,896
DBSA Loan @ 5% 2	2,110,000	1,445,000		132,076	1,312,924		1,312,924
TOTAL EXTERNAL LOANS	21,766,600	16,237,478		1,919,037	14,318,441	1,446,186	12,872,256

Function:	Finance and Administration		
Sub Function:	Other Administration (Procurement)		
Reporting Level	Detail	Total	
Overview:	Rendering of Procurement Services		
Description of the Activity:	The function of procurement within the municipality is administered as follows and includes:		
	<i>Demand Management</i> <i>Acquisition Management</i> <i>Logistics Management</i> <i>Disposal Management</i> <i>Asset Management</i> <i>Transport Management</i>		
	The strategic objectives of this function are to:		
	The procurement of goods and services by the municipality are fair and transparent and complies with the Supply Chain Management Act.		
	The key issues for 200X/OY are:		
	<i>The compilation of the GRAP compliant asset register</i>	R 1,835,000.00	R 1,471,463.00
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Details of tender / procurement activities:		
	- Total number of times that tender committee met during year	25	
	- Total number of tenders considered	45	
	- Total number of tenders approved	30	
	- Average time taken from tender advertisement to award of tender	3 months	
	Note: Figures should be aggregated over year across all municipal functions		
2	Details of tender committee:		
	- Details of tender committee membership		
	List details of each member of the tender committee		
	Specification Committee Members 1.T.P Mudzili(Chairperson –SCM 2. P Sidimela (Member- Assistant Manager-LED 3. F Maboko (Member-Assistant Manager-Technical) 4. C Kharidza (Member-Assistant Manager Legal)		
	Evaluation Committee Members 1. Mathivha NA (Chairperson- Manager Supply Chain) 2. MJ Kanwendo(Member-Manager Protection Services) 3. L N Ragimana(Member-Assistant Manager-Roads 4. P Muvhango(Member-Assistant Manager-IT) 5. J E Joubert(Member-Manager Electrical)		
	Adjudication Committee 1. N R Radzilani (Delegated Chairperson) 2. E Mugari (Member-Director Community Services) 3. SM Caroto (Member-Acting Director Corporate Services)		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<p><i><List at least five key performance areas relative to the above function as articulated in the budget here></i></p>	<p><i>< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</i></p>		

Function: Special programmes

Sub Function: Youth, Sports and Culture activities

Reporting Level	Detail	Total	Cost
YOUTH	OPERATIONAL BUDGET	R27500	
Overview: YOUTH	<ul style="list-style-type: none"> To provide youth with necessary skills Coordination of youth activities To laise with all youth structures. To provide youth with relevant information 		
Description of the Activity: 1	Back to school campaign. Youth Council and the unit identified 22 schools where they want to visits, this were informed by the results of the school and also sought to encourage student to work hard for their future. A special report prepared for Exco and implementation by the Department of Education. The schools visited are: Malovhana, Lumuka, Tshinavhe, Ramauba, Davhana, Muthurwana, Swobani, Luvhivhini, Hanyani, Vhudzani, Sinugana, Maluta, Shinguwa, Marimani, Ravhuhali, Matyede, Tshipakoni, Lwenzhe, Frank Ravele, Khomanani, Watini, Ntshuxini Secondary Schools.		None. A municipal vehicle was used to transport youth council members.
2	Conducted an Environment Awareness Workshop in partnership with LEDET involving 22 youth from various structures in Makhado Municipality.		None . Transport was provided by LEDET .
3	Launched 14 ward based youth councils in the Municipality The launched Ward Youth Councils include Ward 30, 33, 34, 37, 29, 27, 09, 16, 22, 24, 20, 18,35,08.		None. Municipal pool vehicle was used to transport official and youth council members.
4	Hosted the ABA Week Campaign (Greening Limpopo) to promote awareness on the significance of plants and trees in communities involving 100 young people in partnership with Department of Public Work. Makhado Comprehensive School was also involved in the program.		R4800.00
5	HIV/AIDS Workshop was conducted for 2 days involving 06 youth leaders and community activists from various youth formations in Limpopo held at Dalmada- Polokwane.		None. Transport provided by the Municipality.
6	Hosted 2 x Youth Council Quarterly meeting to plan and assess the implementation of youth council program of action. 40 members of the Council attended.		None. Members transported themselves.
7	Youth NGO/CBO Workshop conducted involving 07 youth leaders and entrepreneurs in partnership with LIBSA. Catering was provided by LIBSA.		None
8	Attended the National Youth Development Agency Provincial and District Planning meeting to discuss and finalize the youth development policy. Hosted the local Youth Policy Consultation Summit. 05 (five members attended the Provincial Summit.		R20 000.00
9	Attended the Coaching workshop for Sports and Youth Officers, GroundBreakers and community facilitators held in North West and funded by loveLife. The Youth Officer x 1 attended the workshop.		None. Transport provided by loveLife.
10	Hosted the launch of the Vhembe District Youth Council at La Ndou Guest House, which was attended by more than 150 youth leaders from different (4) local municipality in the District and funded by the Vhembe District Municipality. 4 X follow up Regional meetings were convened in Makhado, Dzanani, Waterval and Vuwani		R8000.00 (Transported youth leaders from 4 x Regions)

11	15 Young women in Makhado attended the District Young Woman in Dialogue Summit.		R1500.00 (Transport provided by Municipality)
12	New intake of 100 unemployed youth on a Business Skills and ICT skills Learnership Training by a company called RIMS in partnership with the Makhado Youth Council.		None. Cost to RIMS as the implementing agent of the project.
13	64 youth leaders attended the District Youth Council launch at La Ndou (Transport by Taxi arranged per Region).		R2500.00 R 1650.00
14	Strategic planning meeting between the Mayor, Youth Council and Women Forum held at Makhado Council Chambers involving 40 delegates		None. The women vote was used.
15	Launch of Makhado Youth Council involving 80 youth leaders/delegates from 4 Regions in Makhado held at the Makhado Council Chamber. Costs include transport for 4 x Regions and catering.		R7000.00 R16500.00
16	Youth Day Celebration at Seshego Stadium, 2 X buses to transport youth to participate in the event. (16 JUNE) . 350 youth from Makhado attended. Extra buses provided by the District Municipality.		R4500.00 R5000.00
	SUB TOTAL	R71450.00	
	DEFICIT	R43950.00	
	The strategic objectives of this function are to: <i>To empower and capacitate our youth.</i> <i>To promote the advancement of youth with a focus on their socio economic position, education, health and job creation.</i>		
	The key issues for 2009/10 are: the integration of the Limpopo Youth Commission and the Umsobomvu Youth Fund in the Province to form the National Youth Development Agency is a welcome milestone with limitations that youth development programmes, provincially, in the District and locally have been negatively affected by the delay in the repeal of legislation and finalization of processes of due diligence. <i>The establishment of Provincial and District Youth Council has served to reinforce youth development programmes in the Municipality.</i>		
Analysis of the Function 1	Number of schools visited during the campaign to be increased and also to pilot a career information and advice service program to the youth should be implemented. Estimated number of learners		
Overview : SPORTS	To develop various sports code		COST
	OPERATIONAL BUDGET	R27500	
Description of the activity	Convened 4x Sports Council Meetings to plan and assess the implementation of sports programmes in the Municipality.		R5 000,00
	Sports Heroes Walk Against HIV/AIDS. Hosted a successful HIV/AIDS Campaign with the support of the Local AIDS Council involving 200 people. Provided catering for delegates and also procured traditional performers.		R15 000.00
	Hosted the welcoming home celebration of Mbulaheni Mulaudzi from the World Olympics in Berlin involving more than 500 members of the public. Purchased trophies, hired taxis and tracksuits as gifts for Mbulaheni Mulaudzi.		R2902.44 R6500.00 R2912.70
	HUB Competition for Makhado and Musina Teams was successfully held involving 120 athletes.		None Transport funded by DSAC.
	Indigenous Games Tournament was not successfully held as planned due to poor involvement and lack of commitment by Indigenous Federation Committee		R3000.00

	Football Friday and Mass Mobilization Campaign for the 2010 World Cup Games involving 700 people held in partnership with various sports stakeholders, govt departments and the Department of Sports , Arts and Culture. This included the hosting of World Cup Public Viewing Areas (Big Screens) for the 1 st and final world cup game involving more than 2000 people.		R52 000.00 Public participation vote was used.
	Hosted the 2010 Legacy Project celebrations with inmates at the Kutama Sinthumule Maximum Prison in partnership with Department of Sports Arts and Culture		R9000.00
	World Cup Trophy Viewing was held at the Makhado Information Centre with more than 450 members of the public afforded the opportunity to view the prestigious World Cup Trophy.		R1450.00 R2280.00
	Participated in the National Squash Tournaments held in Vhembe District with the involvement of the Soutpansberg Squash Team and bought the team T-Shirts.		R3602.40
	Contributed amount to Clubs		
	Land of Legends		R7 900-00
	Hanglip 54 Golf Tournament		R16 000.00
	Bosveld- Three in one Race		R7 900-00
	Kremetart Cycle		R9700. 00
	O.R Tambo games <ul style="list-style-type: none"> ▪ Cricket ▪ Athletic ▪ Tennis ▪ Table Tennis. 		R1250.00 - -
	Makhado Local Football Association		R18500.00
	Mountain Race		R7900.00
	Soccer Development in ward level <ul style="list-style-type: none"> ▪ Number of participant ▪ Establishment of Makhado team under 17 		R3 000-00 R5 000-00
Analysis of the function	<ul style="list-style-type: none"> ▪ To create atmosphere of sports in the municipality ▪ To develop young people in sports 		
Overview : Culture	To maintain culture of ethnic groups within municipality		
	OPERATIONAL BUDGET		R31798.00
Description of the function	Makhado cultural activities Malende , Kuchachula, Visa la Nanga, Tshifasi, Magagase, Kuthawuza, Muchongolo, Matangwa a Mulomo, Kivha La Nanga, Visa La Mulomo, Kivha La Mulomo, Matangwa a Nanga, Khivha, Kusaka, Manthega Vuvuzela, Legube, Xitende, Xipendani, Makhwaya Xgubu, Tshikhaba, Xilala, Tshikona, Poetry Xitsonga Poetry English, Speech Xitsonga, Speech English, Drama Tshivenda, Multi Drama, Solo Gospel, Duet Gospel, Double Quartet, Sestet, Mail voice Gospel, Mixed Choir Gospel, Cha-Cha-Cha, Tango Dance, Rhumba Dance, Jive, Kwasa-Kwasa, Choral, Drawings		

	Hosted the Cultural Festival at Bungeni Stadium involving 700 people from different Regions in the Municipality. Procured T- Shirts and catering for participants were procured.		<i>R15850.00</i>
	SUB-TOTAL Surplus		<i>R15850.00 R15948.00</i>
Strategic Objectives	The strategic objective of the function is to promote social coherence in communities and enhance cultural diversity.		
Key Issues	The Arts and Culture Committee was dysfunctional and efforts to convene quarterly meetings were not successful.		
Analysis of the function	<ul style="list-style-type: none"> ▪ To maintain culture of ethnic groups within municipality ▪ To promote culture within communities ▪ To create a good relationship of different groups in the municipality. 		

Function: Special programmes
Sub Function: HIV/AIDS and Bursary award activities

Reporting Level	Detail	Total	Cost
Bursary	Capital budget		
	Operational budget		
Overview: Bursary	To assist financial vulnerable and needy pupils to further their studies.		
Description of the Activity:	To assist and have more people educated in engineering and Real Estate, commerce and Information Technology.		
Strategic objectives	The strategic objectives of this function are to: <i>To provide financial assistant to needy student in relation to scarce skills profession such as IT, Engineering field, Real Estate and Town planning fields</i>		
Key Issues	The key issues for 2009/2010 are: <i>To recruit applicants and evaluate for the awarding of bursaries to needy students to pursue scarce skills professions</i>		
Analysis of the Function:	Makhado Bursary Award Allocated 17 learners bursaries each at R15 000.00 <ul style="list-style-type: none"> ▪ Number of student awarded ▪ Number of recipients doing learnership ▪ Number of student doing practical ▪ Number of student continuing on their own ▪ Permanently employed 	17 2 0 15 10	
	TOTAL	R255 000	R255 000
	Hosted the Bursary Awards Ceremony addressed by the Mayor involving parents, media, recipients, bursary committee and other community stakeholders	100	Public participation vote was used.
HIV /AIDS		Total	Cost
	Capital budget		
	Operational budget	R160 000	
Overview: HIV and AIDS	To create awareness to people about HIV and AIDS and other related diseases, reduction of HIV/AIDS infections and promote HCT in schools and communities.		
Description of the activity	To embark on Integrated and comprehensive privation and control strategy for the HIV and AIDS epidemic.		
Strategic objectives	The strategic objectives of this function are to: To encourage participation of community based structures in the fight against HIV and AIDS. To coordinate all organs of state, sector departments, NGO's and private sector in the fight against the spread of the disease.		

	To reduce the spread of HIV And AIDS and to support those that is infected and affected. And encourage voluntary counseling and testing.		
Key Issues	The key issues for 2008/09 are: Integrated Awareness Campaign: Education and awareness programmes. Promote voluntary Testing and Counseling. Care and support for orphans. Effective Local Aids council.		
Analysis of the function	HIV/AIDS Campaign TB AND HIV Campaign at Muwaweni Clinic . The Municipality support the event which was organized by Elim Home Based Care where Cllr Lowane L..B was the Guest Speaker were it was well . We supported by two tents and 1000 chairs	700	R3500-00
	Women and HIV and Aids at Dzanani Multi Purpose Centre Well attended by women from all four regions at Dzanani Multi Purpose Centre on the 13 / 08 09 ❖ Catering ❖ Transport ❖ Sound System R600	600	R19700-00
	No. of the people tested EAP launch at Makhado Show ground Attended Tested 24 HCT District Launch at Dzanani Multipurpose .The event was graced by the Mayor , Cllr Lerule M.M Attended 1200 No of people tested	1200 94	None
	Makhado HCT Launch at Muthuhadini School. The event was well attended by people from all four regions by 660 people .The Mayor Cllr Lerule M.M was the guest Speaker . The event was on the 24 June 2010 Catering Video Transport ,four buses with 65 each Sound No of people tested 72	660 72	R20500-00 R2800-00 R22800-00
	Candle light at Makhado Show ground. The event was organized by Water Affairs , the municipality supported the event by accommodation at show ground , on the May 2010 Attended 100	100	
	No of people Tested 35	35	
	STI Campaign at Thothololo . The event was well attendance by the people from all four regions . The Department like Home Affairs was also there to give their services,venue Thothololo Community Creche aon the 28 / 02/ 10. Cllr Lowane L.B was the Guest speaker Attended 800 ❖ Catering ❖ Transport	800	R R21600-00 R19400-00

	<ul style="list-style-type: none"> ❖ Sound System ❖ Video <p>No tested 27</p> <p>Condoms distribution to the Regions , NGO'S and to individuals and inside our building include stores, 20 boxes each having 6000 condoms</p> <ul style="list-style-type: none"> ▪ Quarterly meetings of the Local AIDS Council 2 X meeting held at Council Chamber on the 02.02 2010 council chamber by the Local aids Members <p>2 x meetings held at Muthuhadini for preparation of HCT 2 x meeting held at Thothololo for STI campaign</p> <p>Workshop for members of LAC on the 17.09.09 at Show ground were all the members attended and also councillors for Community Services</p> <ul style="list-style-type: none"> ❖ Catering ❖ Promotional materials for 60 Golf Shirts and 60 bags 	27	
		120 000	
		15	R2000-00
			R4200-00 R10602.91
Children		TOTAL	R127102.91
OVERVIEW: Children		Total	Cost
Description of the activity	Capital budget	R222 000	
Strategic objection	Operational budget		
Key Issues	To engage children in the participation of government programmes and assist vulnerable children		
Analysis of the function	The strategic objectives of this functions are : - To encourage participation of children and inform them about their rights and responsibilities The key issues for 2009/2010 are: <ul style="list-style-type: none"> ▪ Child /Advisory Forum Workshop at Makhado Show ground on the 06 . 02 2010. Councillor , child care forum , NGO;S and children attended the meeting . ▪ Transport for Eearly Childhood children to attended Cultural Day at mutale on the 18 08 09 ▪ Mayoral Christmas Party held at Nngwekhulu Drop In Centre held on the 16 12 09 was well attended by 600 children from all four regions , soul buddys, children from Dzanani, Kurhuleni and Vuwani attended the event. The Mayor Cllr Lerule M.M was the Guest Speaker <p>Catering Transport x 4 x15 seater Combi Sound System</p>	15	R2350.00
		60	R6500-00
		600	R12000-00 R9300-00 R3000-00

	Tents x 2 Decoration		<i>R3000-00</i> <i>R6800-00</i>
Disability		Total	<i>R39950-00</i>
	Capital budget Operational budget		
Overview: Disability	To co-ordinate issues pertaining to people with disability	R149 500	
Description of the activity	To assist in awareness of people with disability		
Strategic objection	The strategic objectives of this functions are : <ul style="list-style-type: none"> ▪ To encourage participation of people with disability in government programs ▪ To organize awareness campaigns and workshops for people with disabilities. 		
Key Issues	The key issues for 2009/2010 are: <ul style="list-style-type: none"> ▪ Disability forum workshop Makhado Show ground on the 01,07 09 . Well attended by members of the forum and councillors ▪ Eye Care Awareness Campaign in partnership with Rivoni Society for the Blind , the campaign was attended by 400 people on the 01. 03. 2010 ▪ Hosted 3 disabled athletes from Makhado who returned from participating in Olympics in the USA at Berg Water Hotel, the Mayor was the guest speaker. ▪ Provincial Disability Day Giyani Municipality on 3rd December 2009 where the we provided one bus to ferry our people ▪ To identify people with disability for learnership Polokwane We submitted 50 applications and the Department of Local Government and Housing 	35 400 10 45 50	<i>R5500.00</i> <i>R10000.00</i> <i>R2394.00</i> <i>R6500-00</i> <i>None</i>
	Disability Forum Meeting at Makhado Council Chamber, Well attended include portfolio committee members	15	<i>R1920-00</i>
	<ul style="list-style-type: none"> ▪ Attended District Disability Forum meeting Vhembe District ▪ Fifteen of our people attended the workshop at Lalaphanzi Hotel on the 20. 05 10 ▪ Supported the Vuthlari Hospice March at Waterval were we hired four taxis for people with disabilities to attend the march were one disabilities child was a victim of rape .The march was done at Waterval Magistrate on the 	15	<i>R800.00</i>
	<ul style="list-style-type: none"> ▪ Transport x four(4) taxis 	60	<i>R5950-00</i>
	Hosted District Quarterly meeting at Makhado Council Chamber at Makhado Council Chamber on the 28 June 2010 were 12 members from the District	15	<i>R740-00</i>
Analysis of the function		TOTAL	<i>R33804-00</i>

Function:

Special programmes

Sub Function:

GENDER PROGRAMMES

Reporting Level	Detail	Total	Cost
Overview: GENDER	OPERATIONAL BUDGET	R444000.00 (R222000.00)	
Description of activity			
1	Launch of the Women's Month, including the cleaning campaign which involved 100 people which also included the Religious Cleansing Ceremony of the N1 Highway addressed by the Mayor and was held on the 1 st August 2009 at the Information Centre and the subsequently the Council Chamber.		R7200.00 used for catering.
2	Hosted the Launch of the 16 Days of Activism on No Violence against Women and Children held on the 05 December 2009 at the Caravan Park involving more than 700 women and community structures including government departments like SASSA, Office of the Premier, Dept of Health and Social Decvelopment.		R5545.00 R9000.00 R8800.00 R9000.00 R1800.00 R12300.00 R1100.00 R2500.00
			R50045.00
3	Attended and provided support to bereaved families of Women Forum members, on the 28 April 2009 at the Livhoga family and February at Tshiozwi. Taxis were arranged to ferry members of the Women Forum and Portfolio members.		R700.00 R600.00
4	Strategic planning meeting between the Mayor, Youth Council and Women Forum held at Makhado Council Chambers involving 40 delegates on the 16 May 2009.		R2200.00.
5	Attended the Rural Women Empowerment Workshop involving 16 women from various women structures and entrepreneurs in Makhado Municipality held at Lebowakgomo from the 3 rd to 4 th June 2009. Transport was hired to ferry delegates.		R3200.00
6	Hosted the Female Farmer of the Year Awards in partnership with the Department of Agriculture held at Vleifontein Community Hall on the 09 th July 2009 which involved 300 women and entrepreneurs. Garden Tools were given to winners of the competition and catering was provided. The event was addressed by the Acting Mayor, Cllr J. Matumba.		R1532.15 R9000.00
7	Hosted a Women, Skills Development Consultative workshop with SAASI involving youth, women and disabled and older persons.		No expenditure incurred.
8	Convened 4 x Quarterly meetings of the Women's Forum which were held on the 5 th March and August 2009, January and May 2010.		R7138.00
9	Establishment of Women Ward Forums in the Makhado Regions, wherein x 4 ward forums were launched, Catering was arranged for the delegates.		R2055.00
10	Hosted the Women's Sports Day- Tournament on the 14 th August 2009 at the Showgrounds, Makhado wherein 300 women participated and provided transport (4 X buses) for all the 4 x Regions of Makhado Municipality, including the catering for participants for 300 people and soccer, netball and playing balls. The program was officiated by Cllr Matumba.		R45590.00
11.	Established Women Ward Forums in Ward 27, 28 AND 02 on the 13 and 14 February 2010.		No costs incurred.
12.	Hosted the Women in Leadership Workshop held on the 18 and 19 June 2010 at Ingwe Motel attended by 100 women from ward		R69835.90

	women's forums addressed by the Mayor. Accommodation was booked for delegates and conference facilities. T- Shirts for delegates were procured and transport was arranged (1 x 65 seater)		
13.	Hosted the Makhado Women's Summit at Bungeni Community Hall on the 29 th August 2009 attended by 300 people from 4 x Regions of Makhado Municipality. 4 x Buses were procured, catering for 300 people, bags for delegates x 300.		R94081.70
14.	Launched Ward Women's Forums in Ward 08,11,14,20,16,17 on the 26 and 27 September 2009		No costs incurred.
15.	Launched Ward Women's Forums in Ward 37, 30 and 31 in October 2009.		No costs incurred.
16.	Launch of Ward Women's Forum in Ward 04,29,09,08 held on the 23 rd and 24 th January 2010		No costs incurred.
17.	Three buses were allocated to Makhado Municipality to ferry women to attend the National Womens Day at Sekhukhune Showground on the 9 th August 2009.		
	SUB TOTAL	R293177.75	
	DEFICIT	R71177.75	
Overview: Traditional Leaders Affairs	OPERATIONAL BUDGET	NONE	
	Co-ordinate Traditional Affairs desk Services		
Description of the Activity:	To Encourage traditional leadership participation in government programs, and also to familiarize them with government legislation. Attend to preparations of the funeral of Hosi T.J Mukhari		Public participation vote was used
	Invited traditional leaders to all Municipal events, like Budget speech, Senior Citizens Celebrations, Women's Summit and Children's Day and their attendance was encouraging.		No budget
Strategic Objectives	The strategic objectives of this function are to: Encourage the participation of traditional leadership in government programs and also familiarize them with relevant government legislation		
Key Issues	The key issues for 2009/2010 are: There was no allocated budget for the program		
Analysis of the Function:	No budget was allocated for the program. There is a need to allocate budget in the next financial year.		
Overview: Batho Pele	OPERATIONAL BUDGET	None	None
	Promotion of Batho Pele Principles		
Description of the activity;	To encourage the adherence of Batho-Pele principles		
	1. Know your Rights Campaign was planned at Tshitale but was postponed to 30 March 2010.		None

Strategic objectives:	Monitor service delivery to the committee		
Key Issues:	Monitor service delivery at service points Monitor the wearing of name tags Monitor the suggestion boxes should be an ongoing process in the Municipality, due to an inactive Batho Pele Committee.		
Analysis of the function:	There is a need to establishment Batho pele monitoring committee And to ensure adherence to Batho pele service standards		
Overview: Older Person's Desk	OPERATIONAL BUDGET	R149500.00	
	Provide Elderly Desk Services		
Description of the activity;	To encourage the participation of older person's in government programs		
	Convene 4 x older person's forum meetings during September 2009 and March 2010 to plan, assess the plan of action of the elderly		R1500.00 R1400.00
	Launch of the Older Persons Forum at Mashamba Village on the 26 th February 2010.		No costs incurred
	Hosted the Makhado Paypoint Campaign at Rabali, in partnership with Vhembe District Municipality.		Costs incurred by VDM.
	District Older Persons meeting was held at Thohoyandou involving members of the local forum held on the 15 th October 2010.		Delegates transported by municipal vehicle.
	Attended the International Women's Day celebration wherein 65 older women from Makhado attended in Polokwane on the 07 March 2010, older women played soccer at the event.		Bus was provided by Dept of Sports Arts and Culture
	Hosted a Cleaning Campaign for Older Person and the launch of Older person's month held at Makhado, and the campaign was held at the taxi Rank. Hired taxis per Region and provided catering for participants.		R3800.00 R3045.00
	Attended the District Older Persons Forum meeting held at Thohoyandou on the 10 February 2010.		Delegates transported by municipal vehicle
	Supported the Older Person's Sports Tournament at Waterval township involving 200 older persons and provided catering, tents and chairs and toilets.		R1250.00 R900.00 R11400.00
	Hosted the Older Persons Centenary Celebration on the 31 October 2009 at the Caravan Park involving 1500 older persons from different regions within Makhado attended. Catering, tents, T-shirts for older persons and a banner.		R4500.00 R2850.00 R6750.00 R484.00 R2000.00
	Hosted a training workshop for the Older Persons involving 100 people in partnership with Dept of Labour and Health.		R4500.00
	Attended the Mapungubwe Tour coordinated by the District on the 31 st March 2010. A taxi was provided.		R700.00

	SUB TOTAL	R44595.00	
	SURPLUS	R104905.00	
Strategic objectives:	To encourage the participation of older person's in government programs		
Key Issues:			
Analysis of the function:			
Moral Regeneration Program	Operational Budget	None	None
Description of activities	Attended the National Launch of the Moral Regeneration-Positive Values Charter held in Pretoria on the 11 July 2009 involving 13 members of the Committee, 1 x official and 1 x Councilor.		Transport was provided by the VDM.
	Attended the District MRM meeting to launch the District Committee and all 13 members attended held in 24 September 2009.		R1200.00
	Hosted the Moral Regeneration Movement meeting on the 14 th of May 2010 at Makhado Library involving 30 members. Catering was provided		R1170.00 (Public participation vote was used)
	Attended the Provincial MRM meeting to launch the Provincial Committee and all 13 members attended held on the 13 th November 2009 held in Polokwane. A Taxi was arranged by Makhado Municipality.		R2950.00
	SUB TOTAL		R5320.00

Function:

LIBRARY

Sub Function:

LIBRARY ACTIVITIES

Reporting Level	Detail	Total	Cost
Library	Capital budget	R251 000	
	Operational budget		
Overview	To provide library and information services to the public, and computerisation of the library.		
Description of the Activity	<ul style="list-style-type: none"> ❖ Holiday Programme (Soul Buddyz) <ul style="list-style-type: none"> • To promote the culture of reading • To empower learners on matters affecting their lives <p>- Number of holiday program</p>	5	
	<ul style="list-style-type: none"> ❖ Establishment of satellite library <ul style="list-style-type: none"> • Extension of library services to the previously disadvantaged areas. • To bridge the gap between the readers and the non- readers ▪ Total number of satellite library established ▪ Satellite library established at Hanyani Nkuzani secondary school and Wayeni- Mahatlani respectively. ▪ Total Numbers of Books donated to Satellite Libraries 	2 263	
	<p>Readathon program</p> <ul style="list-style-type: none"> • Launched by the Mayor at Showground on the 04th of September 2010, and attended by 450 people. • 2 schools received books and mobile library shelves donated by Marumo publishers. Namely tshifhire primary school at Dzanani region and Nandoni primary school at Vuwani region 	-	R25 000
	<ul style="list-style-type: none"> ❖ World book day program <ul style="list-style-type: none"> • Celebrated at Makhado public Library • Attended by 200 people • Total Number of Display (exhibition conducted) 	1	R15 000
	<ul style="list-style-type: none"> ❖ Library week program <ul style="list-style-type: none"> • Launched by the Mayor at Hanyani –Nkuzana Secondary School on the 15th of March 2010 <ul style="list-style-type: none"> ▪ Total Number of Books Donated ▪ Number of Netball Kit Donated ▪ Number of Soccer Kit Donated 	138 1 1	R20 000
	<ul style="list-style-type: none"> ❖ Outreach program <ul style="list-style-type: none"> • Encourage learners and teachers through school visits. • Support learning at schools • Promote and sustain the use of library services <p>-Number of schools visited</p>	25	
	<ul style="list-style-type: none"> ❖ Back to School Campaign program <ul style="list-style-type: none"> • Number of schools visited by the teams led by the Mayor, Speaker and Chief whip 	28	
	<ul style="list-style-type: none"> ❖ Visit to satellite libraries program 		

	<ul style="list-style-type: none"> • Extension of Library Services to the Pensioners and Disabled 		
	Number of Visits to old age home	52	
	<ul style="list-style-type: none"> ❖ Computerizing of the Library System • To improve the Standard of Service and Access of information • To Minimize Theft and Loses 		R149 000
	- Number of Books Captured in the System	3807	
	<ul style="list-style-type: none"> ❖ Library Committee meetings • To Engage Members of the Public on the daily running of the Library and information sharing. 		
	- Number of meetings attended.	4	
Strategic Objectives	<ul style="list-style-type: none"> • To provide and promote culture of reading and improve access to information. • To improve access of library services to previously disadvantaged communities. 		
Key Issues	<ul style="list-style-type: none"> • Support formal education • Promote the use of library services • Bridge the gap between readers and non- readers 		
Analysis of the function	Number of personnel associated with library activities <ul style="list-style-type: none"> • Librarian • Senior assistant librarian • Assistant librarian • Library assistant 	1 1 1 3	
	Library materials <ul style="list-style-type: none"> • Total number of books issued • Total number of books purchased by the library • Books received from department of sports, arts and culture • Books received from donations • Books donated from the library to satellite libraries 	74 220 141 50 475 263	R 92 385.91
	<ul style="list-style-type: none"> • Income generated by the library 	R60500	

Function: SPEAKER' OFFICE**Sub Function:**

Reporting Level	Detail	Total	Cost
Speaker's office	Capital budget	R20 000	
	Operational budget	R1.314 000	
Overview:	<ul style="list-style-type: none"> ▪ The office has to ensure that: all wards are functional and activities of public participation are enforced as per the prescribed legislation as well as ensuring the implementation of all council resolutions. ▪ Training and Development 	R700 000	R53019.200
Description of the Activity:	<ul style="list-style-type: none"> ▪ Promotion of public participation ▪ Ward Pilot Project: There are five wards which are participating in this project which is aimed in encouraging communities to drive their own development in their own wards. The said wards are: 01,17,20,29 and 37. The importance of this project was realized after the winning of an impumelelo award in Cape Town. Currently the project focus of the project is to get mechanisms of expanding it to other wards ▪ Launching of all Wards committees and replacement of all ward committee vacancies; all ward committees are on good standing and vacancies are being filled as and when they occurs. This activity was concluded within the prescribed period after there was a council resolution of launching them until the 07 June 2009. ▪ Provision of support services to councillors, Ward committees and community development Workers (CDW'S) 	R1.4M (public participation vote) 37	R1.4m
	<ul style="list-style-type: none"> ▪ Report writing: all ward are now functional, minutes are being submitted consistently. 		
	<ul style="list-style-type: none"> ▪ <i>Training and development: Both councillors and Ward Committees were trained.</i> ▪ <i>Indigent programs: 11375 households benefitted</i> 	3 R9.9 Million	R9.5million Sponsored by IDASA
	<ul style="list-style-type: none"> ▪ The office has to ensure that: wards are functional and activities of public participation are enforced as per the prescribed legislation as well as ensuring the implementation of all council resolutions. 	R900 000 (2010/2011)	R244 000
Strategic objectives	<p><i>The strategic objectives of this functions are to:</i></p> <ul style="list-style-type: none"> ▪ <i>Capacitate all the Wards in such a way that, they may assist the Municipality in rendering services to its clients</i> ▪ <i>Facilitation and promotion of transparent Government.</i> 		
Key Issues	<p>The key issues for 2009/10</p> <ul style="list-style-type: none"> ▪ <i>The key issues on the speaker's office are to ensure that, Ward committees become functional and assist the Municipality on all issues of service delivery.</i> ▪ <i>Ensuring that communities are accessing government services such as indigent service</i> ▪ <i>Promotion of Public Participation</i> ▪ <i>Co ordinate political activities for the speaker's Office.</i> 		

	<ul style="list-style-type: none"> ▪ <i>Monitor the implementation of Council Policies and resolution.</i> 		
Analysis of the Function	<ul style="list-style-type: none"> ▪ The functionality of the Ward Committee has been negatively impacted by the shortage of staff. ▪ With regard to public participation, a shortfall which was identified was the engagement from other stakeholders and timing of our meetings which mostly takes place during the week whilst other people are on duty. 		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the budget here>	<ul style="list-style-type: none"> ▪ Co ordination of Ward committee meetings 	86	111
	<ul style="list-style-type: none"> ▪ Launching of all Wards committees and replacement of all ward committee vacancies; all ward committees are on good standing and vacancies are being filled as and when they occurs. This activity was concluded within the prescribed period after there was a council resolution of launching them until the 07 June 2009. 	37	37
	<ul style="list-style-type: none"> ▪ Launching of all Wards committees and replacement of all ward committee vacancies; all ward committees are on good standing and vacancies are being filled as and when they occurs. This activity was concluded within the prescribed period after there was a council resolution of launching them until the 07 June 2009. 	37	37

	<p>impumelelo award in Cape Town. Currently the project focus of the project is to get mechanisms of expanding it to other wards.</p> <p>Training and development: Both councillors and Ward Committees have to been trained.</p>	3	
Strategic objectives	<ul style="list-style-type: none"> ▪ The promotion of communication in order to update the community on government activity which has positive bearing on stable environment. 		
Key Issues	<p>The key issues for 2009/10</p> <ul style="list-style-type: none"> ▪ Facilitation of public meetings ▪ Facilitation of press conferences. ▪ Issuing of media statements ▪ Conducting media interviews ▪ Displaying of promotional materials. 		
Analysis of the Function 1	<ul style="list-style-type: none"> ▪ Ensuring that relevant stake holders attend government events and activities. ▪ Promotion of Batho Pele Principles 		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the budget here>			

Function: Sub Function:		Health Municipal Health Services	
Reporting Level	Detail	Total	Cost
Health	Capital budget	R120 000	
	Operational budget		
Overview:	<ul style="list-style-type: none"> To ensure an environment not detrimental to human health To prevent and abate environmental health nuisances and health hazards To secure the basic human right to health of all citizens and visitors Environmental health comprises aspects of human health, including the quality of life, determined by physical, chemical biological, social and psycho-social factors in the environment. 		
Description of the Activity:	<p>The function of provision of an environmental health service within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> Monitoring water quality and availability Ensuring water safety in respect of quality Ensuring protection of water sources and resources through law-enforcement Water sampling Food safety in respect of standards and quality Food inspection at production, distribution and consumption area. Food quality monitoring and H A C C P program Promotes the safe transportation, handling, storage and preparation of food stuffs Promotes safe handling of meat, meat products, milk and dairy products. Environmental health impact assessment including housing projects and indoor air quality monitoring. Surveillance and prevention of communicable diseases, vector control, control of hazardous substances 		
	<p><i>These services intend to include whole municipal jurisdiction, but do not take account of provincial health service areas within the jurisdiction of local government. The municipality has a mandate to:</i></p> <ul style="list-style-type: none"> Render health environmental services under its power and functions which in meantime has been transferred to Vhembe District Municipality. The Transfer processes for our municipal staff has not yet been finalized, and this results in the service being provided by the municipality without a dedicated budget as the function has been devolved to the District Municipality. 		
Strategic Objectives	<p><i>The strategic objectives of this function are to:</i></p> <ul style="list-style-type: none"> Promote health of the community and prevents the occurrence of health hazards and nuisances, and inspects business and residential premises in order to provide a healthy environment for all. 		
Key Issues	<p>The key issues for 2009/10 are:</p> <ul style="list-style-type: none"> Water quality monitoring Food Control Waste Management Health Surveillance of Premises Surveillance and Prevention of Communicable Diseases 		

	<ul style="list-style-type: none"> • Vector Control • Environmental Pollution Control • Disposal of the Dead • Chemical Safety • Noise Control • Control of Hazardous Substances • Sanitation • Health Promotion and Education • Occupational Health and Safety inspections 		
1	<p>Analysis of the Function:</p> <p>Number and cost to employer of all environmental health service personnel:</p> <ul style="list-style-type: none"> - Professional (Doctors/Specialists) - Professional (Nurses/Aides) - Environmental health practitioner (qualified) - Non-professional (administrative) - Temporary - Contract <p>Total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>9350443.00</p> <p>None</p> <p>None</p> <p>3</p> <p>None</p> <p>0</p> <p>0</p>	
2	Number and total operating cost of environmental health services servicing population:		
5	Type and number of grants and subsidies received:		
6	Total operating cost of health (environmental) function	9897761.00	
1	Number and cost to employer of all environmental health service personnel:	9350443.00	
	- Professional (Doctors/Specialists)	None	

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Five key performance areas relative to the above function as articulated in the budget here</i>	1. Complaints Investigation	241	-
	2. Building plans scrutinized	431	-
	3. (a) Certificate of Acceptability	74	-
	(b) Application for CA	130	-
	(c) Other Licensing Inspections	30	-
	4. Inspection of Business Premises	282	720
	5. Number of reports compiled	31	-
	6. Notices issued	11	-
	7. Unsound foodstuffs condemned:		
	Kg	126110	-
	Litres	19372	-
Units	23103	-	
8. Cholera Test / Moorepads	-	3	
31. Water Sampling: Biological	47	48	
Chemical	-		
Chlorine Test	48	48	
10. Number of meetings attended	84	48	
11. Medical/Health Care Waste Monitoring	17	12	

Function:	Protection SERVICES	Capital	Operational
Sub Function:	Police (Traffic)		
Reporting Level			
	CAPITAL BUDGET	R1169409.00	
	OPERATIONAL BUDGET	R15241018.00	
Overview	Provide traffic control services.		
Description of the Activity	<p>The Traffic and Licensing Services function of the municipality are administered as follows and include:</p> <p>These services extend to include the whole municipal jurisdiction but do not take account of the law enforcement on provincial roads. The municipality has a mandate enforce and ensure compliance to the provisions of the National Road Traffic Act as well as the municipal by-laws</p> <ul style="list-style-type: none"> • Joint operations with SAPS • Scholar Patrol • Law Enforcement • Licensing and Registration • Security • Hawkers 		
Strategic Objectives	<p>The strategic objectives of this function are:</p> <ul style="list-style-type: none"> • To make an awareness about traffic signs and regulations. • To ensure the safety of members of the public • To enforce Council by-laws and traffic regulations • To reduce road accidents • To secure municipal property and assets. • Collection of Revenue due to Council 		
Key Issues	<p>The Key issues for 2009/2010 are:</p> <ul style="list-style-type: none"> • Security for Municipal property and assets • Accident response • Road Awareness Programmes • Escorts to VIP and high profile people • Law Enforcement • Point Duty • Parking meters 		
		Total	Cost
<ul style="list-style-type: none"> • Law Enforcement • Road Markings • Promotion of Safety and Security • Roads Awareness • Point Duty 	<p>Number and cost to employer of all personnel associated with traffic control.</p> <p>SUMMONSES ISSUED.</p> <ul style="list-style-type: none"> • Reckless/inconsiderate Driving • Drive under the influence • Drivers Licence Offences • Fail to produce Drivers Licence • Registration and Licensing fines • No Clearance Certificate • U –Turns • Public Driving Permit 	<p>10(COURT)</p> <p>28</p> <p>553</p> <p>53</p> <p>93</p> <p>6</p> <p>181</p> <p>151</p> <p>-</p>	

	<ul style="list-style-type: none"> • Certificate of Fitness • Overload • Parking Offences • Red Robot/ Stop Sign • Vehicle defects • Disregards road signs/ road markings • Safety belts • Speed • Barrier lines disregard • Moving offences • Parking Meter Offences • Un-roadworthy motor vehicle • Obstruction / endanger • Disobey Peace Officer • Hawkers • Cell phone offences • Other offences • Tested L/L • Tested D/L • Duplicate L/L • Motor Vehicle Penalties • Motor Vehicles areas • Illegal Public transport 	<p>208</p> <p>239</p> <p>364</p> <p>445</p> <p>551</p> <p>672</p> <p>8738</p> <p>235</p> <p>26</p> <p>2</p> <p>5</p> <p>252</p> <p>15</p> <p>24</p> <p>68</p> <p>887</p> <p>7140</p> <p>13170</p> <p>234</p> <p>4652</p> <p>3543</p> <p>88</p> <p>419</p>	
	TOTAL	35 912	

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<ul style="list-style-type: none"> • Law Enforcement • Road Markings • Promotion of Safety and Security • Roads Awareness • Point Duty 	<p>- SCHOLAR PATROL</p> <ul style="list-style-type: none"> • DZANANI <ul style="list-style-type: none"> - Rabali - Tshikuwi - Ramavhoya - Maelula - Matanda - Tshitavha - Phadzima - Matidza • MAKHADO TOWN <ul style="list-style-type: none"> - Soutpansberg Primary school - Magovhani - Madodonga - Mberegen - Munzhedzi ▪ VUWANI <ul style="list-style-type: none"> - Masungulo - Mashau - Nkuzana - Muthuhadini <p>Conducted point duty at Elim crossing, Makhado park.</p> <p>Organised and attended four quarterly Local Transport Forum Meetings.</p>		17

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p>- CRIME PREVENTION</p> <ul style="list-style-type: none"> • Attended twelve joint meetings with all SAPS branches within the municipality • Participate in the justice cluster meeting • Attended 12 Justice cluster meetings <p>- ROAD MARKINGS AND TRAFFIC SIGNS</p> <p>Repainted</p> <ul style="list-style-type: none"> • Waterval stop sign. • Vleifontein stops, speedhumps • Elim (Spar Crossing) • Vuwani test (routes for Drivers Licences) • Dzanani Taxi Rank • Town • Makhado: Rissik street, Krogh street, Jeppe street and Devenish street. • Stubbs street, songozwi, joubert street, berger street, vorster street, vlei street, malhebe street, industrial and unika, Anderson street, joubert street • Test routes for Drivers Licences. <p>Replaced Signs Sinthumule and kutama</p> <ul style="list-style-type: none"> • Elim – No stopping • Waterval – stop signs. • Dzanani – stop signs <ul style="list-style-type: none"> - No entry - Keep left <p>Street names</p> <ul style="list-style-type: none"> • Eltivillas: 1st, 2nd, 3rd str. • 1st Evenue street • Tarentaal and Kingfisher <p>Ranking Facilities</p> <ul style="list-style-type: none"> • Collection of Ranking fees for the public vehicles from 2007 to 2010. An amount of R 74, 682. 00 was collected from eight Taxi Associations <p>Repaired and replace poles</p> <ul style="list-style-type: none"> • Anderson street • Breda street • Jeppe street • Kleynhans • Jeppe and kock street • Celliers and jeppe • Scholar patrol joubert street • Kruger and Erasmus <p>BUDGET R49472.00 EXPENDITURE R36848.80</p>	<p>12</p> <p>12</p> <p>12</p> <p>As and when reported or identified</p> <p>As and when reported or identified</p> <p>As and when reported or identified</p> <p>As and when reported or identified</p> <p>As and when reported or identified</p>	<p>12</p> <p>12</p> <p>12</p> <p>Once per quarter</p> <p>Once per quarter</p> <p>Once per quarter</p> <p>Once per quarter</p> <p>Once per quarter</p> <p>As and when reported or identified</p>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p>Management of Hawkers</p> <ul style="list-style-type: none"> • Received and processed 47 hawkers` applications and 12 business applications • Renewal of stands 213 • New application 102 • New stands allocated 34 <p>TOATAL Revenue collected R28433.76</p> <p>TRANSPORT FORUM Organised and attended four quarterly Local Transport Forum Meetings.</p>	As and when reported or identified	As and when reported or identified
OBJECTIVES FOR 2009/10	<p>Maximization of law enforcements</p> <ul style="list-style-type: none"> • Proper functionality and viability of the parking meters • Increase the collection of revenue • Reduction of the accidents on the roads 		

Function:**Public Safety****Sub Function:****Road Safety**

Reporting Level	Detail	Total	
Overview	It is the responsibility of the public safety division of the Community Services Department of the municipality to ensure road safety by way of clearing stray animals from the public road.		
Description of the Activity	These services extend to the other two (2) regional areas of the municipality i.e. Vuwani and Dzanani Regions. The municipality has got the mandate to impound stray animals and levy fees for that purpose.		
Strategic Objectives	The strategic objectives of this function are: <ul style="list-style-type: none"> To ensure the free flow of traffic and accident free public roads. 		
Key Issues			
Analysis of the function	Number and cost to employer of all personnel associated with impoundment of stray animals: <ul style="list-style-type: none"> The SAPS supply transport in mean time 12 field workers 2 Traffic officers post level 08 13 Traffic officers post level 10 	R958716.00 R322439.52 R1492096.32	

Function: Registering Authority
Sub Function: Registering and Licensing of motor vehicles

Reporting Level	Detail	Total	Cost
Overview:	Registering Authority appointed in the area of jurisdiction by the Minister of Transport		
Description of the Activity: Registering and Licensing of motor vehicles	The Registering Authority responsibilities of the municipality are administered as follows and include: To collect monies for temporary advertisement, business license applications, fishing licenses, flammable liquids, public vehicles, parking fees, hawkers fees <i>Register of motor vehicles, licensing of motor vehicles, Law Administration (NATIS) National Traffic information system. Application of temporarily, special permits.</i>		
	The municipality has a mandate to: Act as a Registering Authority in terms of the National Traffic Act, no. 93 of 1996		
The strategic objectives of this function are to:	<i>To deliver a complete service to the community, to register and license all vehicles in our area of jurisdiction. To collect all arrear license fees as agent for the Department of Transport per agreement. To disclose information and to assist with completion on forms and the verifying and approval thereof.</i>		
The key issues for 2009/10 are:	<i>Service delivery. To bring basic services to people on grass root level. To make sure that services rendered are done efficiently and in a friendly, helpful atmosphere. Those complaints are attended to immediately and followed up without fail. To manage resources to allow maximum productivity. To formally train all personnel in their field of work. To identify and budget for necessary equipment and personnel. To make sure that services at Dzanani and Vuwani continue and even be improved as seconded staff indicated they are going back to the Department of Transport. Offices for eye tests and issuing of card type driving licenses moved to previous clinic to make it more accessible to public, specially disabled and elderly. To see that all busses and taxis operating in our area of jurisdiction are registered and pay for permits on ranking fees as prescribed by our buy-laws.</i>		
Analysis of the Function: 1	<p><i>Number and cost to employer of all personnel associated with registration and licensing.</i></p> <ul style="list-style-type: none"> - manager protection services - Assistant Manager Licensing - Chief Licensing officer - Senior Licensing Officer - Senior Clerical Assistant - Managements Representatives - Examiner of Motor Vehicles - Examiner of Driving Licenses - Pit Assistant <p>TOTAL</p>	<p>01</p> <p>01</p> <p>01</p> <p>03</p> <p>17</p> <p>3</p> <p>02</p> <p>09</p> <p>2</p> <p>39</p>	<p>R356069-28</p> <p>R314601.48</p> <p>R228113-16</p> <p>R619772.04</p> <p>R2740735.92</p> <p>R619781.04</p> <p>R402858.24</p> <p>R1726146.72</p> <p>R1812862.08</p> <p>R8'820 939.96</p>

Reporting level	Department of Transport, National and Provincial helpdesks and their inspectorate. Inspectorate of driving licenses SABS inspectorate for testing of motor vehicles Manager protection services Assistant Manager Licensing Senior Licensing Officer Management Rep		
3	Agreement with Department of Transport Payment on the 80% basis payable every 15 th of the month to DOT. Prodiba fees RTMC	80%	R1113219231.26 R583923.00 R955675.35
	Total revenue collected on registration and Licenses: Dzanani Traffic Station		
	Council's Income 20% of the above-mentioned		R338185.35
	Drivers license applications	3427	R669508.00
	Drivers license issued	2859	R608794.00
	Learner license application	2517	R363980.00
	Learner license issued	1484	R91324.00
	Road worthy certificates applications	0	0
	Road worthy certificates issued	0	0
	PRDP applied	784	R77714.00
	M/V Registrations	32	R1653.40
	M/V Licensed	2877	R1063547.50
	M/V Deregistered	0	0
	Duplicate Reg. certificates	28	R15624.00
	Application for temporary permits	29	R2307.00
	Issued temporary D/L	741	R60817.00.00
	TOTAL	14778	R2627686.90
	Total revenue collected on registration and Licenses: Makhado Traffic Station.		

	Council's Income 20% of the above-mentioned		R2921170.22
	Drivers license applications	3990	R770394.00
	Drivers license issued	6786	R1132700.00
	Learner license application	5715	R867660.00
	Learner license issued	2743	R141610.00
	Road worthy certificates applications	128	R17790.00
	Road worthy certificates issued	95	R6968.00
	PRDP applied	2755	R248937.00
	M/V Registrations		R3169021.34
	M/V Licensed		R5847214.87
	M/V Deregistered		R3513079.01
	Duplicate Reg. certificates		R109818.00
	Application for temporary permits		R262545.00
	Issued temporary D/L	2354	R198675.00
	TOTAL	24566	R16286412.22
	Total revenue collected on registration and Licenses:Vuwani Traffic Station.		
	Council's Income 20%		R397915.26
	Drivers license applications	3483	R682116.00
	Drivers license issued	1050	R205440.00
	Learner license application	4682	R669471.00
	Learner license issued	2946	R163386.00
	Road worthy certificates applications	05	R636.00
	Road worthy certificates issued	02	R152.00
	PRDP applied	693	R62622.00

	M/V Registrations	694	R75293.90
	M/V Licensed	4093	R1614646.00
	M/V Deregistered	0	
	Duplicate Reg. certificates	124	R54514.00
	Application for temporary permits	77	R6220.00
	Issued temporary D/L	748	R61563.00
	TOTAL	18597.00	R3596059.00

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Building of new Admin block at Dzanani.</i>	<i>Capital item. The project is completed</i>		R3.1000.000.00
<i>Formal Training</i>	<i>Several members of existing personnel have been nominated for formal training in new financial year. Budget for 2009/10</i>		
<i>Driving Schools</i>	<i>We as management had several meetings with the local and driving schools operating in our area of jurisdiction. Specific guidelines were given to them based on the National Road Traffic Act, 93 of 1996. They will not be allowed to interfere with our functions, applicants must act for themselves. Signs will be put up around testing centres.</i>		
Shortcomings Municipality: Pounds:	<i>No transport for impoundment pounded stray Animals</i>		
<i>Security around Licensing Office</i>	<i>Security will be upgraded in new financial year. Temporary measures were put in place. The office is to be relocated</i>	Not yet upgraded	
<i>Filing space</i>	<i>Still a problem – we budgeted for scanner for new financial year.</i>	Not yet purchased	
<i>Business Licenses</i>	<i>The Department has provided one official, which is stationed within the municipality to deal with business applications</i>	-	
<i>2009/10 Objectives</i>	<i>Three Examiners and a senior Licensing officer were appointed Three Management Reps have been trained to meet the necessary grade which is grade A, including the acting management rep of Makhado</i>		

Function: VTC / DLTC

Sub Function: Vehicle Testing Centre / Drivers License Testing Centre

Reporting Level	Detail	Total	Cost
Overview:	Vehicle Testing Centre for roadworthiness and Drivers license testing centre for driver fitness.	3	
Description of the Activity: VTC / DLTC	The responsibilities of the municipality are administered as follows and include: <i>Testing of motor vehicles for roadworthiness, certification of fitness(public vehicles), testing of applicants for learners licenses, drivers licenses and professional driving permit as well as driver competency for council drivers</i>		
	These services extended to include the Dzanani and Vuwani area. The municipality has a mandate to: <i>Do testing for the above mentioned stations</i>		
The key issues for 2009/10 are:	<i>Upgrading of testing facilities - all testing centre. Formal training of existing staff. To see that all testing equipment and materials are regularly calibrated and serviced. To advertise and fill all vacancies, especially shortage of examiners.</i>		
Reporting Level	Detail	Total	Cost
4	Reporting structure Department of Transport, SABS, Inspectorate, Internal		
	Manager protection services, Auditing, Asst. Manager Licensing, Management Rep.		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Dzanani town, Vuwani town, Makhado town and all areas within the jurisdiction of Makhado Municipality</i>	<i>Vuwani testing centre has been registered and is operational. The biggest challenge is to make provision in the budget estimates for the year 2009/2010 for the appointment of skilled personnel at the centers to deliver proper and adequate services and to replace seconded staff that is going back to the Department of Roads and Transport. A new photocopy machine was budgeted for Vuwani station. It was bought and installed. Burglars proof were installed at the License office windows and door of Vuwani office. A counter was also installed with temporary steel burglar proof. We will budget for security glass in 20011/12 budget. Two security guards were placed at Vuwani to upgrade security and access to buildings.</i>	1x superintendent 1x Management 3x EDL 1x EO Borehole. Water tank. Eye Test machine. Generator 1 Bugler door	
<i>Plans to improve performance</i>	<i>Water line at Dzanani as they are not having running water for drinking and toilets. Boreholes to be considered for the Vuwani and Dzanani stations respectively. Extra toilets are needed to serve learners and driving license applicants.</i>		

<i>Objectives 2009/10</i>	<i>To advertise and appoint examiners internally and externally.</i> <i>To budget for new testing station at Waterfall.</i> <i>To upgrade/erect new station at Dzanani</i>		
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Function: Road sign / Road marking

Sub Function: Paint / Maintenance road traffic signs

Reporting Level	Detail	Total	Cost
Overview:	Erection and maintenance of road signs and road markings within the municipality's jurisdiction		
Description of the Activity:	The maintenance and erection of these signs and the road markings are the responsibilities of the municipality are administered as follows and include: <i>Erection of Regulatory signs, Warning signs and Guidance or Information signs. The maintenance of these signs or the replacement there of. The painting of road markings consisting of regulatory markings, warning markings and guidance markings. Placement of street names.</i>		
	These services extend to include all township areas, but do not take account of provincial and national roads which resides within the jurisdiction of the local government. (N1 ,etc) The municipality has a mandate to: <i>Erection and maintaining of road signs and markings according to the Road Traffic Act</i>		
	The strategic objectives of this function are to: <i>Erect and maintain all road signs and markings in all area of jurisdiction to ensure a safe and organized traffic flow in all townships and other areas. To promote road safety and to minimize accidents</i>		
	The key issues for 2009/10 are: <i>Erect street names in all townships. Replacement of all old and outdated signs according to RTA.</i>		

(See also page 374 for detailed information on operations.)

Function:**SECURITY****Sub Function:****Provision of security services in the municipal premises**

Reporting Level	Detail	Total	Cost
Overview:	Provide protection of municipal assets and Revenue.	R6384245.00	
Description of the Activity:	Patrol municipal buildings, Record and Escort Visitors within the municipal premises, Control Parking area. Report any suspicious objects within the Municipal premises and transport municipal revenue from regions..		
	Cost to employer of all personnel associated with security: _Contract		
	Total number,Locations and Plants yards,Shifts and Grades Airport, Tshikota Logde, Caravan Park,, Electricc Store, General Store, Muduluni Hall, Dumping Site, Civic Centre,Show Ground, Dzanani Plant yard, Ravele Plant yard, Ottoshoogte, Tshitale Plant Farm, Vuwani Plant Farm, Watervaal Plant Yard, Dzanani Traffic Station, Vuwani Traffic Station, Makhado Testing Ground, Vuwani Regional Office.		
	Cash IN Transit for banking purposes once per week. Muduluni, Zamekomste, Mashau Thondoni, Tshiendeulu, Mudimeli, Dzanani, Vuwani, Watervaal, Vleifontein, Fire Station, Magau, Tshioswi, Civic Centre.		
	Service Providers:For Municipal Properties Zip Security, Vhuthi Security and Cleaning Services and Makgo Security.		
	Services Provider: Cash in Transit Makgo Security.		
SECURITY CHALLENGES.	CANCELLETION OF TENDER DURING 2009/2010		
RANKING FEE CHALLENGES.	Non Registration of vehicles with the Number of vehicles operating within and utilizing Municipal facilities.		
BY-LAWS CHALLENGES	Non availability of / outdated By-Laws relating to the penalties for failure to pay the prescribed fees by the Public vehicles Operators.		

Function:	Disaster		
Sub Function:	Disaster & Emergency Management Services		
Reporting Level	Detail	Total	Cost
	Capital Budget	R70-000	R57,897.30
	Operational Budget	R 324-000	
Overview:	To provide a safe and secure environment to all citizen of Makhado		
Description of the Activity:		1	None
	Coordinate activities of Municipal Disaster Management Advisory Forum		
	Facilitate activities of Ward Disaster Management Committees	37	None
	100 members attended two workshops for both Municipal and Ward Disaster Committees conducted by Vhembe District Municipality.	2	Ri500-000
	2x No fire season campaigns were conducted at Vuwani Community Hall and the other one at Solomon Maelula Secondary School under Dzanani regional area.	2	None
	Attended Disaster related incidents which has affected 434 households in 22 different villages under Makhado Municipal area	434	
	Drafting of Festive Season Action plan and Establishment of 2009/10 Festive Seasons Joint Operational Centre as well as 2009/10 Easter Holidays Joint Operational Centre	2	None
	53 Structural Fires have been attended. Victims were assisted with food parcels, blankets and temporary accommodation in a form of tents	53	None
	198 Motor vehicle accidents were recorded and given to the relevant authorities like Traffic, SAPS, Fire Brigade as well as Emergency Medical Services	198	None
	Manage and attend to 24hours call centre		
Strategic Objectives	To build and strengthen capacity and accountability of all role-players to implement the Disaster Management Policy To promote an integrated and coordinated system of disaster management, with special emphasis on prevention and mitigation by all role players		
Key Issues	Coordinate activities of Ward Disaster Committees Coordinate activities of Municipal Disaster Management Advisory Forum Review of our Disaster Management Plan Implementation of Disaster Risk Reduction Plan Organize training workshops for Ward Disaster Committee Members Responding to disaster incidents within 72 hours		None
Analysis of the function			

The following are villages which were affected by Natural Disaster

Name of the area	No of families affected	Tents Needed	Tents provided	Food parcels provided
Bokisi	59	08	08	59
Chavani	32	10	10	32

Sereni	66	06	05	66
Sundani	01	None	Nil	01
Vleifontein	07	01	01	07
Bungeni	23	05	05	05
Munzhedzi	18	02	02	02
Tshivhuyuni	12	None	Nil	12
Mukondeni	28	02	02	28
Mashamba	96	08	08	96
Majosi	12	04	04	12
Mahatlani	10	None	Nil	10
Ribungwani	10	None	Nil	10
Buysdorp	07	02	02	07
Donkerhoek	24	04	03	24
Thembesa	22	04	04	22
Thothololo	11	03	03	03
Mampagi	02	None	Nil	02
Muumoni	02	None	Nil	02
Muila	01	None	Nil	01
Murunwa	01	None	Nil	01
Dzanani	53	11	07	53
TOTAL	344	59	41	344

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Five key performance areas relative to the above function as articulated in the budget</i>	Review of disaster municipal disaster management advisory forum	1	
	Review of 37 ward disaster management advisory forum	37	
	Review of disaster management plan which forms part of our IDP document	1	
	Purchase one additional disaster vehicle	1	
	Development of Disaster Risk Reduction Plan which was approved and adopted by Council	1	
	Respond to 456 natural disaster which has struck many villages in our municipal area	456	
	Workshop and training organized for both municipal and ward disaster advisory forum members	2	
	Two No Fire Season Campaigns were conducted under Vuwani and Dzanani Regional Areas.	2	

Function: **Development and Planning**

Reporting Level	Detail	Total
Function:	Planning and Development	
Sub Function:	Economic Development	

Reporting Level	Detail	Total
Overview:	Includes all activities associated with economic development initiatives	
Description of the Activity:	<p>The function of economic planning / development within the municipality is administered as follows and includes:</p> <p><i>The General Function of Development and Planning Department within Makhado municipality is offered directed by different pieces of legislations and policies. Each function has specific policies and legislations which guides and give obligations in terms of how services should be rendered to the communities of Makhado Municipality.</i></p> <p><u><i>There are legislations and Policies which cut across all the functions within the Department, this include among others:</i></u></p> <ul style="list-style-type: none"> • Constitution of South Africa Act 108 of (1996) • National Spatial development Perspective • White Paper on Spatial Planning And Land Use Management (2002) • Limpopo Provincial Spatial Rationale of (2007) • Development Facilitation Act No. 67 of (1995) • Local Government Municipal Systems Act No. 32 of (2000) • Local Government Municipal Systems Regulations (2001) • Local Government Transition Act, 1993 (Act No. 209 of 1993) • Local Government Ordinance No. 17 of (1939) • Local Government Municipal Finance Management Act No. 56 of (2003) <p>LOCAL ECONOMIC DEVELOPMENT DIVISION</p> <ul style="list-style-type: none"> • Promotion of trust and co-operation with stakeholders • Investment attraction, business retention and expansion drive • Overcoming SMME and entrepreneurial barriers • Conducting open market days • Creating and enabling environment for SMMEs, Agriculture, Tourism and co-operatives • Implementation of the resolution on the LED summit • Review the LED Strategy and ensuring implementation of the strategy <p><u><i>The Process and Administering Local Economic Development within Makhado Local Municipality is offered and guided by the legislations and policies which include inter alia:</i></u></p> <ul style="list-style-type: none"> • Broad Based Black Economic Empowerment Act No. 53 of (2003) • Limpopo Economic Growth and Development Programme • National Small Business Act, 1996 (Act 102 of 1996) • Preferential Procurement Regulations, 2001 • Reconstruction and Development Programme <p>SPATIAL PLANNING AND LAND USE MANAGEMENT DIVISION</p> <p>Town Planning Section</p> <ul style="list-style-type: none"> • Town Planning scheme (It is used to control different land uses within the municipality's jurisdiction. 	

- Zoning certificates (It is issued upon request by clients) it is issued to confirm the zoning of that particular area as per the town planning scheme and conditions of establishment of that particular area.
- Attend to land use enquiries
- Issuing of consent use applications
- Attend to home business enquiries
- Layout plans of Louis Trichardt and R293 towns e.g. Vleifontein, Waterval, Dzanani and Vuwani
- Information on the rural villages and the township areas
- Development proposals
- Township establishment
- Subdivision of land
- Consolidations of farm areas and erven
- Site development plans

The Process and Administering Town Planning within Makhado Local Municipality is offered and guided by the legislations and policies which include inter alia:

- Makhado Municipality Town Planning Scheme (2009)
- Densification Policy (2007) Which Will Be Reviewed In 2010/2011 Financial Year
- Makhado Municipality Spatial Development Framework (2007)
- Guidelines on Human Settlement Planning And Design (Red Book) (2000)
- Town Planning and Townships Ordinance No. 15 of (1986)
- Advertising on Roads and Ribbon Development Act 21 of (1940)
- Subdivision of Agricultural Land Act No.70 of (1970)
- National Environmental Management Act No. 107 (1998)
- National Environmental Impact Assessment Regulations June (2010)
- Public Resorts Ordinance No. 18 of (1969)
- Atmospheric Pollution Prevention Act No.45 of (1965)
- Physical Planning Act No. 125 of (1991)
- The Conservation of Agriculture Resources Act No. 43 of (1983)
- Minerals and petroleum Resources Development Act 28 of (2002)
- Upgrading of Land Tenure Rights Act No. 47 of (1937)
- Trespass Act No. 6 of (1959)
- National Monument Act No. 28 of (1969)
- National Parks Act No.57 of (1967)
- Physical Planning Act no. 8 of (1967)
- Less Formal Township Establishment Act No. 113 of (1991)
- Prevention of Illegal Evection and Unlawful Occupation of Land Act No. 19 of (1998)
- Agricultural Holdings (Transvaal) registration Act No. 22 of (1919)
- Administration and Control of Townships Regulation R293 of (1962)
- Venda Land Affairs Proclamation 45 of (1990)
- Sectional Title Act No. 95 of (1986)
- Upgrading of Land Tenure Rights act No 47 of (1937)
- Township Board Ordinance No. 15 of (1968)
- Removal of Restrictions Act No. 84 of (1967)
- The Distribution and Transfer of Certain State Land Act No.19 of (1993)
- The communal Property Association Act No. 28 of (1996)
- Extension of Security of Tenure Act No. 62 of (1997)
- Communal Land Rights Act No.11 of (2004)
- Interim Protection of Informal Land Lights Act No.31 of (1996)
- National Water Act No.36 of (1998)
- Restitution of Land Rights Act No. 22 of (1994)
- National Heritage Resources Act No. 25 of (1999)
- Environmental Conservation Act No. 73 of (1989)
- National Environmental Management: Biodiversity Act No. 10 of (2004)

Building Control Section

- Provide copies of building plans and town maps
- Submission and approval of building plans
- Responsible for controlling outdoor advertising
- Building inspections for buildings under construction
- Building restrictions in line with building standards and building regulation, town planning scheme and conditions of establishment.
- Enquiries regarding building works
- Issuing of certificate of occupancy

The Process and Administering Building control within Makhado Local Municipality is offered and guided by the legislations and policies which include inter alia:

- National Building Regulations and Building Standards Act No. 113 of 1977.
- Town Planning Scheme (2009)
- Advertising on Roads and Ribbon Development Act No. 21 of (1940)

Geographical Information Systems (GIS) Section

- Updating of maps
- Analysis of zoning on the building plans
- Plotting of the maps
- Development of GIS maps
- Attending GIS forum
- Control GIS stationery

The Process and Administering Geographical Information Systems within Makhado Local Municipality is offered and guided by the legislations and policies which include inter alia:

- Promotion of Access to information Act No. 2 of (2000)

Housing Section (Housing Information will be provided separately)

Survey Section

- Iron peg identification for demarcated and surveyed sites
- Sites demarcation (Business, residential, cemeteries, etc)
- Enquiries regarding general plans of the whole municipality
- Assist clients to identify their sites
- Site inspection for residential, business etc.
- Land Survey information on the rural villages and the township areas

The Process and Administering Land Surveying within Makhado Local Municipality is offered and guided by the legislations and policies which include inter alia:

- Professional and Technical Surveyors Act No. 40 of (1984)
- Land Survey Act No. 8 of (1997)

INTEGRATED DEVELOPMENT PLANNING AND ORGANISATIONAL PERFORMANCE MANAGENET SYSTEM DIVISION

- Review of the IDP
- Alignment between IDP, Budget and the SDBIP
- Monitor organizational performance through SDBIP
- Coordinate IDP Rep forums
- Coordinate IDP steering committee meetings

Integrated Development Planning Section

- Review and drafting of the IDP
- Coordinate the IDP process
- Ensure alignment of the IDP to the Municipal Turn Around Strategy, SDBIP and the budget

Organizational Performance Management System Section

- *Alignment between IDP, MTAs , Budget and the SDBIP*
- *Monitor organizational performance through SDBIP*

These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:

- Provide democratic and accountable government for local communities
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote safe and healthy environment
- Encourage the involvement of communities and community organisations in the matters of local government.
- Establish a performance management system that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan (IDP).
- Prepare a performance report reflecting the municipality's performance of that financial year.
- Administer by-laws for the effective administration of the matters which it has the right to administer.

The strategic objectives of this function are to:

- Creation of long term sustainable and integrates economic growth and development in order to improve the quality of life for all.
- Achieve 3% Economic growth by 2014
- Reduce unemployment by 50% by 2014
- Develop and implement tourism promotion and marketing strategy.
- To comply with tourism growth strategy proposals that the tourism sector should double the present contribution making towards economy of the province over a five year period by 2012
- To incorporate the tourism development strategy into the reviewed LED strategy during 2010/2011 financial year
- Production of particular agricultural commodities such as subtropical fruits and nuts.
- Coordinate and provide shelters.
- Increase job creation by the SMMEs.
- To establish business linkages through SMME forum
- To implement training programmes for scarce and technical skills.
- Establishment and support of community based projects.
- To correct the unplanned spatial planning projects.
- To attain better structure on envisaged role that Makhado Municipality will continue to serve a regional function to the surrounding areas e.g. trades, services, banking, manufacturing, storage, transport, etc.
- To establish GIS unit during 2009/10 financial year

The key issues for 2009/2010 are:

- Growing the local economy

Total

Total budget spent

	<ul style="list-style-type: none"> • Creation of jobs • Poverty alleviation • Agriculture/Agro – processing and manufacturing • Promotion of tourism • Promotion of mining • Supporting SMMEs • Coordinate Vatsonga cultural village project • Coordinate Makhado annual show • Revival of the LED forum • Review the LED strategy 	Budget:R170,000.00	
	<ul style="list-style-type: none"> • Continue with Louis Trichardt Extension 13 Township Establishment • Formalization of Vuwani extension 2 • Promulgation of the new Land Use Management Scheme • Compilation of Scheme maps for villages and farms • Procure GIS software and hardware inclusive of the GPS 	Total Budget: R1,538.783.00	1Million have been spent
	<ul style="list-style-type: none"> • Review Integrated Development plan 	Total Budget:R320 000.00	R320 000 spent
Analysis of the Function:			
1	<p>Number and cost to employer of all economic development personnel:</p> <ul style="list-style-type: none"> - Professional (Directors / Managers) - Non-professional (Clerical / Administrative) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>1 2 None 1</p>	
2	<p>Detail and cost of incentives for business investment:</p> <p>Note: list incentives by project, with total actual cost to municipality for year</p>	None	
3	<p>Detail and cost of other urban renewal strategies:</p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>	None	
4	<p>Detail and cost of other rural development strategies:</p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>	None	
5	<p>Number of people employed through job creation schemes:</p> <ul style="list-style-type: none"> - Short-term employment - Long-term employment <p>Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives</p>	None	
6	<p>Number and cost to employer of all Building Inspectors employed:</p> <ul style="list-style-type: none"> - Number of Building Inspectors - Temporary - Contract 	<p>Building Control Officer=1 B.Insp, =2 Vacant B.Insp=2 None None</p>	

6	<p>Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package</p> <p>Details of building plans: - Number of building plans approved</p> <p>- Value of building plans approved</p>	<p>R989 640.00</p> <p><i>Business =27 Telemaster =16 Dwelling=327 Total=370 R111 056-04</i></p>	
7	<p>Note: Figures should be aggregated over year to include building plan approvals only</p> <p>Type and number of grants and subsidies received:</p> <p>Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.</p>	<p><i>None None 350 000 (DBSA Conditional Loan for Township Establishment)</i></p>	

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<p><i>Functions as articulated in the 2009/2010 budget Year</i></p> <p>Local Economic Development</p> <p>Local Economic Regeneration projects</p> <p>Tourism and Marketing</p> <p>Integrated Development Planning</p> <p>Spatial Planning and Land Use Management</p>	<p><u>Actual Performance Achieved</u></p> <ul style="list-style-type: none"> • Annual show has been successfully prepared • Vatsonga cultural village has been well supported, Construction has been completed. • Layout For Extension 13 has been submitted to the Surveyor General • Makhado Land Use Management Scheme has been promulgated • PC and Printer for the GIS Officer has been delivered. • The council has adopted the first draft of the IDP 2010/2011 on the 31st March 2010 • The Integrated Development Plan has been approved by council within prescribed time frame as per the Local Government Municipal Finance Management Act and the Local Government Municipal Systems Act 32 of 2010 in terms of council resolution: A 30.31.03.10. <p><u>Variance between performance planned and actual performance</u></p> <ul style="list-style-type: none"> • The LED strategy was not reviewed. • Compilation for scheme maps for villages and farms was not done • Vuwani extension 2 was not formalized <p><u>Explanation of the variance.</u></p> <p>Budget was not enough for the actual execution of the projects.</p> <p><u>Improvements planned for next year</u></p> <ul style="list-style-type: none"> • Provision of enough funding for the projects 		

Function:	Spatial Planning and Land Use Management Division
Sub Function:	Housing

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with Housing		
Description of the Activity:	<p>Housing as a function within Makhado Municipality is within Development Planning Department. It is a section which falls under Spatial Planning and Land Use Management Division.</p> <p>The function of housing within the municipality is administered as follows and includes:</p> <p>Housing as a function within Makhado Municipality is within Development Planning Department. It is a section which falls under Spatial Planning and Land Use Management Division.</p> <p>Housing Section</p> <ul style="list-style-type: none"> • Conducting housing needs surveys in consultation with stake holders, eg Ward Councillors, Ward Committees, CDW's, Traditional Leaders, Civic and other community based structures • Consultation with the above structures in order to identify development areas • Organising meetings with stake holders to discuss crucial matters and serious challenges. <p>Administration of RDP houses</p> <ul style="list-style-type: none"> • Administration of PHP houses • Research on vulnerable groups • Identification of SMMEs to assist in building PHPs with the assistance of ward councillors • Assist contractors, councillors and traditional authorities in developing the housing beneficiary list • Drafting of contracts for EPWPs • 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 councillors • 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 signed with contractors for PHP projects • Handling of housing complaints • Attending to daily correspondences related to housing 	Total Budget: Local Government and Housing	

	<p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <ul style="list-style-type: none"> • Provide democratic and accountable government for local communities • Ensure the provision of services to communities in a sustainable manner • Promote social and economic development • Promote safe and healthy environment • Encourage the involvement of communities and community organisations in the matters of local government. <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • <i>Coordinate and provide the high quality housing to address the current backlog of 21 020</i> • <i>Develop an indigent data to curb duplication on housing allocation.</i> • <i>Inclusion of the housing chapter in the IDP</i> <p>The key issues for 2009/2010 are:</p> <ul style="list-style-type: none"> • <i>Beneficiary identification</i> • <i>Dealing with backlog</i> • <i>Conducting consumer education</i> • <i>Purchasing of materials for PHP</i> • <i>PHP maintenance</i> • <i>Construction of PHP houses</i> 		
<p>Analysis of the Function:</p>	<p><i>Statistical information</i></p> <p>1 Number and cost to employer of all economic development personnel: - Professional (Directors / Managers) 1 - Non-professional (Clerical / Administrative) 10 - Temporary None - Contract None</p> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p> <p>2 Detail and cost of incentives for business investment: Note: list incentives by project, with total actual cost to municipality for year</p> <p>3 Detail and cost of other urban renewal strategies: Note: list strategies by project, with total actual cost to municipality for year</p> <p>4 Detail and cost of other rural development strategies: > Note: list strategies by project, with total actual cost to municipality for year</p> <p>5 Number of people employed through job creation schemes:</p>	<p>1</p> <p>10</p> <p>None</p> <p>None</p>	<p>R (000s) 283 592.64</p> <p>1072173.32</p> <p>R1355765.96</p> <hr/> <hr/> <hr/> <hr/>

		- Short-term employment	<i>Builders employed during 2009/2010, 15 Waterval, 7 Vuwani, 7 Dzanani, 15 Tshikota.</i>	
		- Long-term employment		
		Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives		
6		Number and cost to employer of all Building Inspectors employed:		
		- Number of Building Inspectors	4	
		- Temporary		
		- Contract		
		Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package		R989640.00
6		Details of building plans:		
		- Number of building plans approved		
		- Value of building plans approved		
		Note: Figures should be aggregated over year to include building plan approvals only		
7		Type and number of grants and subsidies received:		
		Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<p><i>Key performance areas relative to the above function as articulated in the 2009/2010 budget</i></p> <p><i>To reduce housing backlog by 15%. To address issue of blocked projects.</i></p> <p><i>To identify destitute families in dire need of houses. Monitor projects regularly.</i></p>	<u>Actual Performance Achieved</u>		
	Training has been conducted and will continue to be offered to new beneficiaries.		
	<u>Variance between performance planned and actual performance</u>		
	Of the 340 planned 218 were completed and the remainder of 122 are still outstanding		
	<u>Explanation of the variance.</u>		
	The delay was caused by rains and termination of contracts and appointment of replacement developers		
	<u>Improvements planned for next year</u>		
	<i>Contracts should be signed on time to avoid delays.</i>		

A. SOLID WASTE MANAGEMENT

Function:	Waste Management
Sub Function:	Solid Waste

Reporting Level	Detail	Total	
Overview:	<p>The refuse collection functions of the municipality are administered as follows and include: Fully fledged domestic and business refuse removal with own staff in 5 formal towns including R 293 Towns (Louis Trichardt, Vuwani R293 , Dzanani R 293, Waterval R293 & Vleifontein R293) which is done once per week at 12405 collection points.</p> <p>Refuse collection and cleaning up of community open spaces in rural areas 5 100 000 sq meter area. Management, control and operation of one refuse dumping site of 120000 cubic meters in size. Management, control and operation of refuse and Recycling of waste at official refuse dumping site per contract. Sweep tarred streets in formal towns at least once per year. Clean main routes in villages by removing branches and other objects from the surface of roads. Clean streets and main routes from carcasses of animals and undue rubble that are dumped illegally – as and when reported or discovered upon road inspections. Assessing overgrown stands and refer them to the contractor for cutting in Louis Trichardt Town</p>	12405 x 12	R 5,985,314.00
Description of the Activity:	<p>1. Supply 3 refuse plastic bags and the collection of households refuse. 2. Collection of refuse from the business premises twice per week. 3. Collection of refuse from N1 daily. 4. Collection of refuse from all R293 towns.</p> <p>5. Management of landfills which includes compaction of refuse and covering it with a layer of soil.</p> <p>6. Development of landfills.</p> <p>7. Management of recycling projects</p> <p>The municipality has a mandate to: <i>To promote a safe and healthy environment and to encourage the involvement of communities and community organisations in the matter of local government. To ensure the provision of services to communities in a sustainable manner.</i></p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> · To obtain permits for waste disposal sites in the rural areas. · Extension of the waste services to the rural areas · Development of the new dumping sites · Application for the new landfill sites · Community Awareness <p>The key issues for 2010 are:</p>	12406 x 12	R 5,985,314.00

	<p><i>Continuing with Refuse Collection for Vuwani R293: employed 5 Contractual workers to complement staff for collection refuse into trucks and picking up scattered waste at public areas. Collection is done in-house.</i></p> <p><i>§ Continuing Refuse Collection for Waterval R293: In-house Service Provision. Employed 4 contractual workers for collecting refuse into refuse removal trucks. Continuing Refuse Collection for Vleifontein: employment of 7 contractual workers for picking refuse and collecting refuse into refuse removal trucks.</i></p> <p><i>Continuing Refuse removal for Dzanani: In-house. Continuing Refuse removal for Braambos: In-house. Continuing Refuse Removal for Louis Trichardt: In-house</i></p>		
Analysis of the Function:			
1	<p>Continuing Tshikota Location: In-house</p> <p>§ obtaining the permit for the new landfill site and start the development as per permit requirements .</p> <p>§ Purchasing of 1 new refuse truck: of 12m³</p> <p>§ Obtained permits for Vuwani and Dzanani refuse transfer stations</p> <p>§ Purchasing 20 refuse mass containers</p> <p>§ Purchasing of 1 refuse tractor trailer.</p> <p>conducting waste management education and campaigns at least one per quarter.</p> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>149</p> <p>1</p> <p>5</p> <p>0</p> <p>70</p> <p>57</p> <p>16</p> <p>149</p>	<p>R 5,058,164.00</p> <p>R 314,166.00</p> <p>R 698,750.00</p> <p>R 0.00</p> <p>R 3,568,530.00</p> <p>R 175,000.00</p> <p>R 301,718.00</p> <p>R 5,058,164.00</p>
2	<p>Number of households receiving regular refuse removal services, and frequency and cost of service:</p> <p>- Removed by municipality at least once a week</p> <p>- Removed by municipality less often</p> <p>- Communal refuse dump used</p> <p>- Own refuse dump</p> <p>- No rubbish disposal</p> <p>Note: if other intervals of services are available, please provide details</p>	<p>11731</p> <p>10147</p> <p>0</p> <p>1</p> <p>0</p>	<p>R 616,959.00</p> <p>R 330,814.00</p> <p>R 286,145.00</p> <p>R 0.00</p>
3	<p>Total and projected tonnage of all refuse disposed:</p> <p>- Domestic/Commercial</p> <p>- Garden</p> <p>Note: provide total tonnage for current and future years activity</p>	<p>69357</p> <p>41614</p> <p>27442</p> <p>73518</p>	<p>R 44,110.00</p> <p>R 29,408.00</p>
4	<p>Total number, capacity and life expectancy of refuse disposal sites:</p> <p>- Domestic/Commercial (number)</p> <p>- Garden (number)</p> <p>Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period</p>	<p>full</p> <p>0</p> <p>0</p> <p>0</p>	<p>R 0.00</p> <p>R 0.00</p>
Reporting Level	Detail		Total
5	<p>Anticipated expansion of refuse removal service:</p> <p>- Domestic/Commercial</p> <p>- Garden</p> <p>Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality</p>	<p>6%</p> <p>6%</p> <p>703</p>	<p>R 4,512,721.00</p> <p>R 2,536,341.00</p> <p>R 1,690,894.00</p> <p>R 285,486.00</p>

6	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	0 0 0	
7	Total operating cost of solid waste management function		R 11,043,478.00

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Solid Waste Management	<p>Supply 3 refuse plastic bags and the collection of households refuse</p> <p><1. Supply 3 refuse plastic bags and the collection of households refuse 2. Collection of refuse from the business premises twice per week 3. Collection of refuse from N1 and Town CBD-daily 4. Collection of refuse from all R293 towns 5. Management of lan</p>	6 trainings and 11 campaigns	4 per annum

B. PARKS, SWIMMING POOLS AND GRAVE YARDS

Function: PARKS, SWIMMING POOLS, AND GRAVEYARDS			
Sub Function: Parks and recreation			
Reporting Level	Detail	Total	
Overview:	Development and maintenance of pools, parks and graveyards within the municipality's jurisdiction		
Description of the Activity:	<p>The maintenance parks, swimming pools and grave yards and construction responsibilities of the municipality are administered as follows and include</p> <p>The municipality has a mandate to:</p> <p>Municipal Department Technical Services is responsible for this power and function:</p> <p>Maintenance and control waste management by De-bushing trees of along the N1 roads; Maintenance of parks; Maintenance of Makhado Town Grave Yards; Coordinate and control the activities of racing and shows (annually); Control of caravan parks; Maintenance of Swimming pools</p> <p>These services extend to include maintenance and control of waste management for all the R293 Towns, Makhado CBD, along N1 road, Tshikota Township, Kutama Sinthumule.</p>		
	<ul style="list-style-type: none"> ▪ De-bushing and cutting trees along the N1 roads and Provincial Roads ▪ Maintenance of Recreational Facilities (Rabali Stadium) ▪ Maintenance of Township Entrances (R293) 	28km	
	<ul style="list-style-type: none"> ▫ Maintenance of parks (cut grass, bedding, watering and cleaning): Mimoso, Safari, Kameel, Leeu, Extension 2, Ext.9, Piet Moller, Civic Centre, Boom Park, Bird Park, Total Park, De Beer, Palm Park, E59 Park, Eltililas Park, Voor-Trekker Park, Rose Park, Alwyn Park, Rivier Street Park, 2 X Tshikota, Vorster Park, Douthwait, Air Port Park, Show Ground, Sports Ground, Polo Cross Park, Picnic Park, Industrial Park. ▫ Maintenance of Makhado Town Grave Yards ▫ Coordinate and control the activities of racing and shows (annually) ▫ Control of caravan parks ▫ Maintenance of Park Swimming pools: Eltililas & Town Swimming Pool ▫ Poisoning weeds ▫ Collection and disposal of Garden refuse ▫ Pruning of trees ▫ Planting of trees ▫ Maintenance of a nursery ▫ Cutting of grass 	48sqkm	R 167,669.00
		3sqkm	

	The key issues for 2010 are: <i>Development of three new parks and maintenance of existing parks, swimming pools and cemetery</i>		
Analysis of the Function:	<p><i>Statistical Information</i></p> <p><i>number and cost to employer of personnel associated with parks, swimming pools and graveyards and cost of service:</i></p> <p>Professional (Engineers/Consultants) 102 R 4,787,595.00</p> <p>Field (Supervisors/Foremen) 1 R 251,333.00</p> <p>Office (Clerical/ Administration) 1 R 178,750.00</p> <p>Non-professional (Blue Coller, outside workforce) 0 R 0.00</p> <p>75 R 4,357,512.00</p> <p>Temporary 0 R 0.00</p> <p>Contract 0 R 0.00</p> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package 102 R 4,787,595.00</p>		
Reporting Level	Detail	Total	
5	<p>Note: total number should appear in IDP, and cost in future budgeted for swimming pools, parks and graveyards programme</p> <p>Type and number of grants and subsidies received:</p> <p><i>There were no grants received for this function</i></p> <p>Note: total value of specific grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.</p>	0.00	R 0.00
		0.06	R 0.00
		0.00	R 0.00

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p><i>the main key of the section is to render solid waste management and the following have been performed:</i></p> <p><i>cutting of grass in parks and open spaces, poisoning of weeds, maintenance of swimming pools and grave yards</i></p> <p><i>De-bushing and development of parks</i></p>	0:00	R 0.00
	<i>upgrading of water fountains features</i>	2	2.00
	<i>purchasing of lawn mowers</i>	20	18.00
	<i>purchasing of brush cutter</i>	20	13.00
	<i>purchasing pruners</i>	3	3.00

C. WASTE WATER MANAGEMENT

Function:	Waste Water Management
Sub Function:	Sewerage etc

Reporting Level	Detail	Total	Cost
Overview:	Vhembe District Municipality as a Water Services Authority commissioned a project for upgrading and Refurbishment of Louis Trichardt waste Water Treatment Plant to a value of R11.5 million. The main objective for the project was is to improve the efficient of the plant. Again the District Municipality invested R51.84 million for the provision of basic sanitation to 8640 households.	Not Applicable	Not Applicable
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><i>Makhado Municipality is only responsible for the retail, whilst the District Municipality is for the bulk services.</i></p> <p>The municipality has a mandate to:</p> <p><i>The municipality as appointed by Vhembe District Municipality has a mandate to ensure the sustainability of the sewer reticulation network.</i></p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> · Address the current backlog of 38 204 by 2012. · To provide basic sanitation to address the current backlog of 8 251 to meet National target by 2010. · Provision of water and sanitation to all clinics 		
Analysis of the Function:	<p>The key issues for 2009/10 are:</p> <p>Vhembe District Municipality as a Water Services Authority commissioned a project for upgrading and Refurbishment of Louis Trichardt waste Water Treatment Plant to a value of R11.5 million. The main objective for the project was is to improve the efficient of the plant. Again the District Municipality invested R51.84 million for the provision of basic sanitation to 8640 households.</p> <p><i>Statistical information</i></p>		
1	<p>Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>1</p> <p>3</p> <p>2</p> <p>39</p> <p>10</p> <p>0</p>	<p>R 4,878,645.00</p> <p>R 0.00</p> <p>R 858,000.00</p> <p>R 480,000.00</p> <p>R 3,518,645.00</p> <p>R 22,000.00</p> <p>R 0.00</p>

2	Number of households with sewerage services, and type and cost of service: - Flush toilet (connected to sewerage system) - Flush toilet (with septic tank) - Chemical toilet - Pit latrine with ventilation - Pit latrine without ventilation - Bucket latrine - No toilet provision Note: if other types of services are available, please provide details	10740 1742 0 8640 67309 0 41234	R 777,990,000.00 R 64,440,000.00 R 10,452,000.00 R 0.00 R 51,840,000.00 R 403,854,000.00 R 0.00 R 247,404,000.00
3	Anticipated expansion of sewerage: - Flush/chemical toilet - Pit latrine - Bucket latrine - No toilet provision Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	577 15048 0 25609	R 247,404,000.00 R 3,463,656.00 R 90,288,000.00 R 0.00 R 153,652,344.00
4	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household)	22129 6,000.00	
Reporting Level	Detail	Total	Cost
	22 129 households have access to Free Basic Sanitation, which is a ventilated pit latrine.		
5	Total operating cost of sewerage function		R 0.00

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>Though this function is a district municipality function, 8640 households have been provided with sanitation facilities during the year under review</i>	41,234	15,048.00

D. ROADS AND STORM WATER DRAINAGE

Function:	Road Transport
Sub Function:	Roads

Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include: <i>Municipal Department technical services is responsible for maintenance and control of tarred roads in Town, R293 townships. Potholes repairs, rehabilitation of street, side walks repairs, grading of main routes and streets within the community, management of projects for road construction and storm water.</i></p> <p>These services extend to include maintenance and control of tarred roads developed within the municipality, but do not take account of maintenance and development of District and National roads (numbered roads) which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to: <i>Development of new infrastructure roads, maintenance and control of roads infrastructure.</i></p> <p>The strategic objectives of this function are to:</p> <p>Improve the bad conditions of the internal streets in the rural areas and provide the storm water drainage system. Reducing the (4400km) access roads backlog.</p> <p>The key issues for 2009/10 Year are: <i>Upgrading of roads and storm water infrastructure, Road pavement, rehabilitation of bridges, construction of low level bridges, construction of offices and maintenance of streets. Grading of internal streets and access roads in the community.</i></p>		
Analysis of the Function:	<p><i>Statistical information:</i></p> <p>1 Number and cost to employer of all personnel associated with road maintenance and construction:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) 2 - Field (Supervisors/Foremen) 1 - Office (Clerical/Administration) 3 - Non-professional (blue collar, outside workforce) 44 - Temporary 0 - Contract 0 <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>		<p>R 1,602,272,854.00</p> <p>R 584,832.00</p> <p>R 286,000.00</p> <p>R 720,000.00</p> <p>R 1,600,682,022.00</p> <p>R 0.00</p> <p>R 0.00</p>

2	Total number, kilometres and total value of road projects planned and current: - New bitumenised (number) - Existing re-tarred (number) - New gravel (number) - Existing re-sheeted (number) Note: if other types of road projects, please provide details	9 0 2 2	R 39,617,535.44 R 31,000,000.00 0 R 1,100,000.00 R 4,350,000.00
3	Total kilometres and maintenance cost associated with existing roads provided - Tar - Gravel Note: if other types of road provided, please provide details	15km 5km	R 3,500,000.00 R 3,000,000.00 R 500,000.00
4	Average frequency and cost of re-tarring, re-sheeting roads - Tar - Gravel Note: based on maintenance records	0 0	0 0 0
5	Estimated backlog in number of roads, showing kilometres and capital cost - Tar - Gravel	4370km 1180km	R 9,507,000,000.00 R 8,740,000,000.00 R 767,000,000.00
Reporting Level	Detail	Total	Cost
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received: <i>MIG (Municipal Infrastructure Grant</i>	1	R 43,117,535.44 R 39,617,535.44
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of road construction and maintenance function		R 3,500,000.00

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	Construction of infrastructure civil projects		
	<i>Tshivhuyuni, Mbokota, Muwaweni madadzhi culverts</i>	completed	culverts bridges
	<i>Matsa phaphani low level bridge</i>	completed	low level bridge
	<i>Dzanani town sidewalks</i>	completed	side walks
	<i>Murunwa Hamutswana low level bridge</i>	completed	low level bridge
	<i>Murunwa low level bridge</i>	completed	low level bridge
	<i>Vuwani internal streets surfacing phase 2</i>	Construction	road
	<i>Dzanani traffic testing station</i>	Construction	Building

E. WATER

Function: Water Sub Function: Water Distribution			
Reporting Level	Detail	Total	Cost
Overview:	<p><i>MLM is at present the agent of Vhembe District Municipality who is appointed as WSA. The district municipality has since appointed Makhado Municipality as a water services provider on the retail side.</i></p>		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <p><i>Municipal Department Technical Services is responsible for retail and Vhembe District Municipality is responsible for the bulk services.</i></p> <p><i>Vhembe District Municipality is responsible for the bulk water supply. The bulk system start from Albasini dam and water is purified at the purification works next to the dam. Purified water is carried along a 16km main rise to Makhado town to fill four respective reservoirs in Makhado town from where distribution to Elti Villas, Tshikota and Makhado township. The storage in four respective reservoirs is supplemented by municipal well fields consisting of 22 boreholes and linked to main lines to reach the storage facilities. Makhado Municipality is responsible for the operation and maintenance of the reticulation network.</i></p> <p><i>Again Vhembe District Municipality as a water services authority is responsible for water service to four formal R293 towns and to 279 villages in the rural area. MLM assists extensively to in these areas in the interest of rendering a basic service to its inhabitants. MLM purchased water trucks to deliver water to areas that have no water through. MLM so delivers to</i></p> <p><i>Revenue collection for water services is being implemented in the formal towns of Makhado, Elti Villas, Tshikota, Dzanani, Vuwani, Waterval and Vleyfontein, consumers pay for water consumed. In rural areas in the four administrative regions, all water use is for free.</i></p> <p><i>MLM is at present the agent of Vhembe District Municipality who is appointed as WSA. MLM performs full operations and maintenance of the function in the total delivery area and carries the losses where no income is generated.</i></p> <p>Strategic Objectives of this function are to:</p> <ul style="list-style-type: none"> · Provide water within 200m from each household · Provide 20- 25 litre per day · Access to water source at least 98% of the time · Address the current backlog of 38 204 by 2012. · Provision of water to all clinics <p>The key issues for 2009/10 are:</p>		

	<i>It has been a frustrating year in terms of water supply for the town. The level of supply has deteriorated to such an extent that a part of town is getting water at specific times in order to ensure that every household has some water at given time.</i>		
	<i>Statistical information:</i>		
1	Number and cost to employer of all personnel associated with the water distribution function: - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.	1 4 2 19 0 4	R 1,602,792,742.00 R 0.00 R 1,144,000.00 R 480,000.00 R 1,600,682,022.00 R 0.00 R 486,720.00
2	Percentage of total water usage per month <i>Monthly water usage :</i> Vhembe District Municipality as a water services authority is responsible for water usage. Due to the complexity of this function, water bulk system poses a challenge in quantifying the usage.	<i>Not known</i>	<i>Not Known</i>
3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer - Category 1 (Albasini System) - Category 2 (Mutshedzi Water Scheme)	<volume> <volume>	R (000s) <cost> <cost>
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer: <i>Analysis of water Consumption per category is not being done</i>	<i>Not known</i>	R (000s) <i>Not Known</i>
5	Total year-to-date water losses in kilolitres and rand <i>Water Conservation and demand management being implemented at a very low scale. Hence it is impossible to quantify water losses.</i>	<i>Not known</i>	R (000s) <i>Not Known</i>
Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank	 10740 51187 31910 30000 1 0 0	R 980,847,040.00 R 85,060,800.00 R 405,401,040.00 R 252,727,200.00 R 237,600,000.00 R 58,000.00 R 0.00 R 0.00
7	Number and cost of new connections: <i>Unit cost to provide a connection is R7, 920 as per DWA standard</i>	<i>0</i>	R (000s) R 0.00

8	Number and cost of disconnections and reconnections:	0	R (000s) R 0.00
9	Number and total value of water projects planned and current: - Current (financial year after year reported on) - Planned (future years)	0 8	R (000s) R 0.00 R 40,000,500.00
10	Anticipated expansion of water service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	33828 0 0 0 1 0 0	R (000s) R 267,917,760.00 R 0.00 R 0.00 R 0.00 R 58,000.00 R 0.00 R 0.00
11	Estimated backlog in number (and cost to provide) water connection: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Information contained in the WSA IDP.	0 33828 0 0 1 0 0	R 267,975,760.00 R 0.00 R 267,917,760.00 R 0.00 R 0.00 R 58,000.00 R 0.00 R 0.00
12	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Provision 25l per capita per day at a walking distance of 200m. 71 293 households as reflected on Department of Water Affairs website on Free Basic Water.	71293 15168 .72	
13	Type and number of grants and subsidies received: <i>Equitable share</i> No grant received	71293	R (000s) R 0.00
14	Total operating cost of water distribution function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>The municipality has a serious challenge with regard to water supply. Water supplied to Town is being rationalized.</i>		

2009-2010

Function: Electrical Engineering Services			
Sub Function: Electricity Distribution			
Reporting Level	Detail	Total	Cost
Overview:	<p>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 overall reticulation of electricity.</p> <p>VISION :- To deliver an effective, safe and reliable electricity supply to all consumers within the Makhado Municipality.</p> <p>MISSION :- The Electrical Engineering Services will strive to improve the quality of life to our people by rendering a safe, effective, affordable and reliable electrical service in support of growth and development in terms with Council policy and Government Law.</p>		
Description of the Activity:	<p>The electricity purchase and distribution functions of the municipality are administered as follows and include:</p> <ol style="list-style-type: none"> 1. Buying bulk electricity from Eskom 2. Electrification of rural villages inclusive of projects and m&o. 3. Urban & Rural HT, MV & LV reticulation inclusive of construction, maintenance & operations. 4. Metering & Protection inclusive of loss control and consumer analysis. 5. OHS Act compliance. <p>These services are rendered in the Makhado Licensed area, but do not take account of the Eskom licensed area which resides within the jurisdiction of Eskom under its own license conditions.</p> <p>The municipality has a mandate to:</p> <p><i>Distribute electricity in terms with its electricity supply distribution license issued by the NERSA, the Electricity Act, the OHS Act, Council Policies, Practices, Procedures and Electricity By Laws.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Proceed with rural electrification projects & post connections electrification. To construct new and maintain all electrical systems. To implement energy losses controls. To maintain a stable administrative management for strategic planning maintenance and the execution of all electrical business. To prepare for RED's with directives given by DME through EDI Holdings. To Maintain Council Safety System in terms with the OSH Act. To fill all vacancies. To extend fleet management system. To upgrade main feeder lines and transmission lines.</i></p> <p>The key issues for 2009/10 were:</p>		

	Supply and maintain effective electrical service to all customers in Makhado Municipality. Drafting and execute the capex, opex, personnel and vehicle estimates. Reducing Electricity house hold backlog. Complete Electrification in Makhado licensed area, Upgrading of rural feeder lines. Upgrade CBD reticulation. Upgrading 66kV substations, Procure tools, equipment & vehicles, Do consumer connections. Fill vacancy backlog and place staff and maintain Safety System.		
Analysis of the Function:	Statistical Information		
1	<p>Number and cost to employer of all personnel associated with the electricity distribution function (incl vacancies):</p> <ul style="list-style-type: none"> - Director 1 R 630,476.60 - Professional (Engineers/Consultants) 0 - Non Professional (Management) 1 R 475,878.00 - Field (Supervisors/Foremen/Assistant Eng & Tech) 10 R 1,850,756.70 - Office (Clerical/Administration) 2 R 223,251.60 - Non-professional (blue collar, outside workforce, artisans) 30 R 4,380,963.60 - Temporary 0 R 0.00 - Contract 94 R 36,660.00 - Service Workers (vacancies incl) 93 R 5,318,466.40 <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p> <p>231 R 12,916,452.90</p>		
2	<p>Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer (given in KWH)</p> <p>1. Maximum demand in kVA</p> <p>Makhado(Louis Trichardt) 46688</p> <p>Tshipise(Leeudraai) 4256</p> <p>Sinthumule 2529</p> <p>Kutama 907</p> <p>Tshithuni Tsha Fasi 383</p> <p>Tshiendeulu 48</p> <p>Mudimeli 379</p> <p>Total Max Demand 55190</p> <p>2. Total incident quantity and cost of electricity networks due to deliberate theft and vandalism.</p> <p>Villages</p> <p>ABC Bundle conductor & other Low Voltage cables 12 R 59,370.00</p> <p>Urban</p> <p>Transformers, m/b's vandalised, 11kV/22kV MV cable, LV cable 1 R 6,000.00</p>	236,075,931	R 92,283,073.42

	Rural Transformers, LV Cables ABC, MV network & meter boxes	3	R 34,303.50
	Metering & Protection		
	None	0	R 0.00
	Total		R 99,673.50
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer: given in MWH)	196318	R 82,897,943.00
	- Household	294477	R 30,672,238.00
	- Commercial	19631	R 16,579,588.00
	- Industrial	3926	R 22,382,444.00
	- Mining	0	
	- Agriculture	47116	R 9,118,773.00
	- Other	3926	R 331,591.00

4	Total year - to -date electricity losses in kilowatt hours and rand (Total kWh sold not available from Finance - technical losses only @ 10% of total purchases)	0	R 9,228,307.34
5	Number of households with electricity access, and type of service(?): Conventional customers (9300meters) Prepaid customers (10700 meters) - Electrified areas - Municipal - Eskom (avg cost @ R8000.00/Connection) - Alternate energy source - Gas (not available) - Paraffin (not available) - Solar - Wood (not available) - Non electrified <i>Note: if other types of services are available, please provide details</i>	83000 9300 10700 15000 68000 0 0 6450 0 31000	 R 0.00 R 0.00 R 255,780.00 R 0.00 R 310,000,000.00
6	Number and cost of new connections done: Urban(Pre paid & conventional) Rural (Agriculture Farming) Prepaid Council & DME (Incl of post connections) Prepaid Eskom Prepaid PEIG Prepaid Vhembe School Connections	1621 65 8 372 1176 0 0 0	R 13,002,837.50 R 561,823.50 R 646,300.00 R 1,210,714.00 R 10,584,000.00 R 0.00 R 0.00 R 0.00
7	Number and cost of disconnections and reconnections (Finance and Electrical Engineering) Disconnections - Urban (1368@R94.62) - Rural (921@R165)	4719 1368 921	R 577,851.21 R 129,440.16 R 151,965.00

	Reconnections: - Urban 1335@R94.63 - Rural 135@R165 Disconnections reconnection and special reading Electrical Dept @ R154(avg)	1335 135 960	R 126,331.05 R 22,275.00 R 147,840.00
8	Number and total value of electrification projects planned and current: - Current (financial year, after year reported on (2010/11) inclusive of the Eskom area of supply in this Municipality with INEP & Council funding) - Planned (future years 2011/12) (Council and Eskom) <i>Note: Provided total project and project value as per initial or revised budget</i>	10317 13000	R 108,328,500.00 R 156,000,000.00
9	Anticipated expansion of electricity service: (Capital projects (works) completed for 2009/10 reticulation MV & LV) Maintenance costs to network:- labour, material & transport <i>Note: provided total number of households anticipated to benefit and total additional anticipated operating cost per year to the municipality: (Total Customers benefiting from above also include Eskom Customers in the Municipal area)</i>	80 12000	R 41,021,311.51 R 10,284,206.80 R 17,000,000.00
10	Estimated backlog in number (and cost to provide) electrical connections: Backlog follows the IDP and Priority list on electrification <i>Note: total number appears in IDP, and cost in future budgeted capital housing programmes</i>	31000	R 294,500,000.00
11	Free Basic Service Provision: FBE is done through the indigent register process. Council customers, Eskom customers as well as Solar. 50kWH is given to all registered indigents. - Quantity (number of households receiving) Council @59.7c/KWH - Quantity (number of households receiving) Eskom @59.7c/kWH - Quantity (number of households affected) Solar - Quantum (value to each household) - 50KWH to all indigent customers as per the indigent register @ R36.41/HH/M <i>Note: Details provided of how many households receive the FBS provision, and the average value it means per household. Detail description on the level of Free Basic Services provided.</i>	14598 5865 8198 535 50	R 5,289,036.60 R 2,100,843.00 R 2,936,523.60 R 251,670.00 R 36.41
12	Type and number of grants and subsidies received: <i>INEP For electrification of Villages</i>		R 1,000,000.00
13	<i>Note: total value of specific electricity grants actually received during year recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.</i>		
	Total operating cost of electricity distribution function: (includes total staff, capital, operational & vehicle fleet estimates)		R 354,124,069.82

Dept Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Ringfencing - Preparing for RED's</i>	<i>Project placed on hold by EDIH</i>	0%	<i>50% of assets identified and determined, 78 process to be reviewed. LV assets to be estimated. To be reviewed and updated in 10/11 fin year.</i>
<i>Nandoni water transportation Upgrading 66kV network</i>	<i>No progress. Have waited for Eskom's quote. Eskom demands upfront payment of R24mil. Engineers and contractors appointed for the upgrading of Beaufordt sub. Engineers appointed for the switching station. 2 x 10MVA transformers refurbished. Beaufordt substation upgrading completed. Only relocation of 2 10MVA transformers due. Still awaits approval of loan.</i>	50%	<i>New target will have be set for Dec 2010 & 2011.</i>
<i>Upgrading of rural feeder lines</i>	<i>Completed Mara, Bandelierkop and Albasini lines</i>	95%	<i>To upgrade three rural lines, Mara, Bandelierkop & Albasini</i>
<i>Tools & equipment</i>	<i>To purchase tools and equipment as provided for in estimates.</i>	100%	<i>All tools purchased</i>
<i>Personnel</i>	<i>Completed only Mid Man and some senior Posts as well as 16 service workers and 4 level 10 personnel. (labour issues - Long delay in recruitment process - referred to Human resources)</i>	60%	<i>To fill all vacancies.</i>

Function: Electricity			
Sub Function: Street Lighting			
Reporting Level	Detail	Total	Cost
Overview:	Includes all activities associated with the provision of street lighting to the community		
Description of the Activity:	<p>Street lighting responsibilities of the municipality are administered as follows and include:</p> <p><i>Installation M & O of all street light and high masts in the Makhado Louis Trichardt Town, Vuwani, Waterval Vleyfontein and Dzanani</i></p> <p>These services extend to include the Eskom area of distribution, but do not take account of the whole distribution area which resides within the jurisdiction of Eskom but only the town listed above. The municipality has a mandate to:</p> <p><i>Supply and maintain the street light and high masts in the Municipality</i></p> <p>The strategic objectives of this function are to:</p> <p><i>All street light and high masts to be lighting during night times</i></p> <p><i>Install new street lamps and high masts</i></p> <p><i>Do repairs and lamp replacements</i></p> <p>The key issues for 2009/10 were:</p> <p><i>Effective Maintenance of the all street light</i></p> <p><i>Complete the Installation of an additional mast in Tshikota & to obtain Engineering services for Vuwani and Dzanani high masts</i></p> <p><i>Replace lamps, repair control circuits and do bush clearing of street light lines.</i></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and total operating cost of streetlights servicing population: <i>3626 x 125W = 445.375kW (Calculated on avg)</i> Note: total streetlights should be available from municipal inventory	3626	R281,219.70
2	Total bulk kilowatt hours consumed for street lighting: Louis Trichardt Town and all regions	1,926,409	R 1,090,826.25
3	Streetlights consumption (kWH) and costs in Waterval, Vleyfontein, Vuwani, Dzanani only:(taken from the Eskom accounts)	327935	R247,988.65
4	New street lights installed	63	R70,000.00
5	New high masts installed	1	R40,000.00
6	Total lamp replacements (Costs reflected in total operational costs)	505	

	<i>Note: total number of kilowatt hours consumed by all street lighting for year 2009/10</i>		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Effective maintenance	85% Performance is due to constraints such as staff, vehicles as well as bad weather conditions - 15% bush clearing done on urban circuits	85%	90% of all streetlights should have been attended to and only 20% of bush clearing have been done
Installed 1x additional high mast in Tshikota	Completed 100%	100%	To complete one
Engineering services for the installation of high masts in Dzanani & Vuwani	Engineer appointed and designs approved. Construction to be commenced with in 2010/11	100%	To have procured engineering service providers, consultants, for the installation of the high masts

THE END