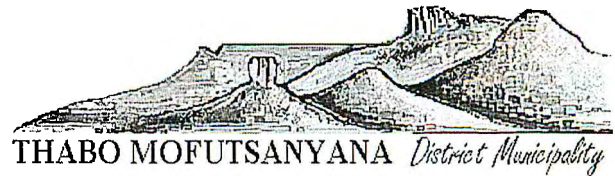


# **TMDM COUNCIL MEETING**

## **ANNEXURE "A"**

**FEBRUARY 2014**



## **REPORT OF THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL MEETING**

### **THABO MOFUTSANYANA DISTRICT MUNICIPALITY DRAFT ANNUAL REPORT FOR 2012/2013**

#### **EXECUTIVE SUMMARY**

The purpose of this item is to appraise Council about the 2012/2013 draft Annual report compiled in terms of the guidelines from National Treasury containing the following report:

- 2012/2013 Annual Financial Statement

#### **1. Business Plan**

Integrated Development Plan

#### **2. Compliance with strategic objectives**

- Delivery of sustainable service in terms of Integrated Development Plan.
- Good Governance.

### **3. DELEGATED AUTHORITY**

The delegated authority is vested in the Council .

### **4. Annexure**

MFMA Circular No. 11

2012/2013 Annual Report

### **5. Policy**

None

### **6. Legal requirements**

- Act 32 of 2000 Municipal Systems Act
- Act 56 of 2003 Municipal Finance Management Act
- Division of Revenue Act 2009
- MFMA Circular No 11

### **7. Background and discussion**

Every municipality and municipal entity must prepare an annual report for each financial year in accordance with the Municipality Finance Management Act ( MFMA) and , during the MFMA transitional period , the Division of Revenue Act and the Municipal Systems Act 2000.

The purpose of the annual report is

- To provide a record of the activities of the municipality
- To provide a report on performance in service delivery and budget implementation and
- To promote accountability to the local community.

The MFMA requires the municipality to report on all aspects of performance providing a true, honest and accurate account of the goals set by council and the success or otherwise in achieving these goals. The annual report is a key performance report to the community and other stakeholders and, once approved by the council, must be placed on the municipal website, copies sent to various authorities and made available to the wider community.

#### **8. Staff implication**

Staff output being performance based

#### **9. Financial Implication**

- Payment of performance incentives as contained in the performance agreements.

#### **10. Recommendations**

- That Council takes note and accept the draft annual report as presented
- That report be taken for Public comments.
- That the final Annual report be tabled before Council within the legislative timeframe.



.....  
Dr B.E Mzangwa

**Executive Mayor : Thabo Mofutsanyana District Municipality**

# PART ONE

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**DRAFT ANNUAL REPORT  
FOR THE PERIOD ENED 30 JUNE 2013**



## **INTRODUCTION AND OVERVIEW**

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**DRAFT ANNUAL REPORT  
FOR THE PERIOD 2012/213**



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## **1. INTRODUCTION AND OVERVIEW**

### **1.1. Vision**

To create integrated, self-reliant and sustainable communities throughout the Thabo Mofutsanyana highlands, with financially viable, participative and developmental local municipalities.

### **1.2. Mission**

Continuously improving and developing living conditions of our communities by providing efficient and effective bulk services and create a conducive environment for business opportunities and job creation.

### **1.3. Core values**

- Integrity
- Transparency
- Commitment
- Co-operation
- Openness consultation
- Responsiveness
- Effective communication
- Corporate governance
- Social responsibility
- Services delivered in line with Batho-Pele principles
- High level of professionalism, integrity and objectivity

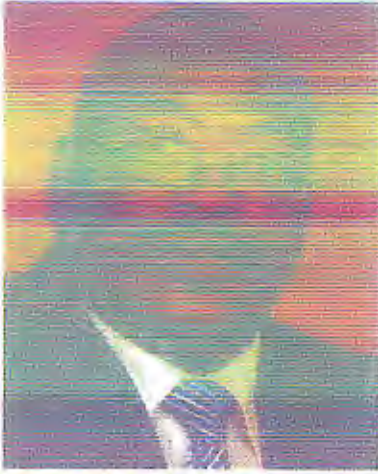
### **1.4. Municipal priorities**

*Thabo Mofutsanyana District Municipality's key priorities are as follows:*

- Sustainable infrastructures
- Local Economic Development, Job creation and Tourism
- Social and Human Development
- Good Governance
- Financial Viability



## 1.5. Political Leadership



Dr. BE Mzungwa  
Executive Mayor



Cllr. M Maduna  
Speaker



Cllr. M Motung  
MMC IDP & PWS



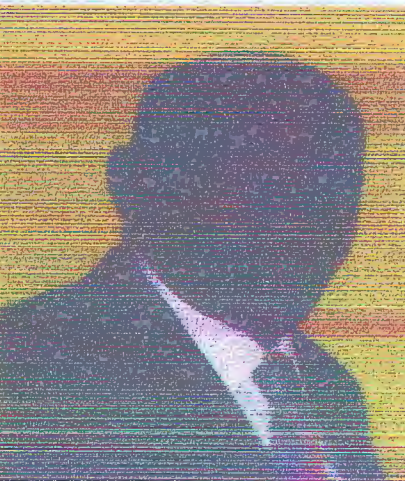
Cllr. M Mamba  
MMC Agriculture



Cllr. Mavundla  
MMC LED



Cllr. MM  
Chairperson: MPAC



Cllr. C Makhoba  
MMC Corporate

Photos of the following  
MMC were not available  
before printing.

Chief Whip

MMC Infrastructure

MMC Finance

MMC Community  
Services

MMC Gender and  
Disability

## 1.6. Management leadership

Photos of the following Managers were not available before printing:

Municipal Manager,

Chief Financial Officer,

Director Community Services,

Acting Director Corporate

## **1.7. FOREWORD by the Executive Mayor**

It gives me great pleasure to present this Annual Report 2012/2013 of Thabo Mofutsanyana District Municipality.

This report is a collaborative effort between Councillors, traditional leaders, officials, local municipalities and communities.

It presents all of our efforts and tireless work in creating, sustaining and scaling change in the lives of the ordinary citizens of Thabo Mofutsanyana District Council, which is a composition of six municipalities, Maluti-a-Phofung Local Municipality, Phumelela Local Municipality, Dihlabeng Local Municipality, Mantsopa Local Municipality, Setsoto Local Municipality and Nketoana Local Municipality.

At the beginning of 2012/2013 financial year, which was just less than two months after local government elections, when we took office as the new political administration of Thabo Mofutsanyana District Council we endeavoured to stick to the electorate mandate and build on the successes of our precursors.

Sticking to the electorate mandate required of us to adhere to the local government election manifesto, which is a political commitment to address many challenges faced by our communities. Local government and communities face major challenges, which are reducing unemployment, more access to better quality basic services, overcoming the legacy of apartheid spatial development, strengthening community participation, and building effective, accountable and clean local government.

The year 2012/2013 has been an eventful year with much activity from all the role players within Thabo Mofutsanyana District Council to ensure we meet the goals that we have set for ourselves in our political programme, which is the Integrated Development Plan.

It is with much gratification to note that, once again, Thabo Mofutsanyana District Municipality, attained an unqualified audit in the year under review. This is largely due to the unwavering commitment of our staff and Councillors to work hard towards the better of our municipality. Our goal is to ultimately attain a clean audit, of which through determination, prudence, commitment and political will we shall be destined to such a glory. Attaining this goal will give us much more joy and put our Council on the pedestal of being a well-governed municipality.

In realising our mission of continuously improving and developing living conditions of our communities through provision of bulk services, our IDP has been and will continue to be the guiding tool. It contains the following priorities: Sustainable infrastructures, Local Economic Development, Job creation and Tourism, Agriculture and Rural Development, Social Development, Sports, Arts and Culture, Good Governance and Community Participation as well as financial viability.

We have also endeavoured to align our budgets with our priorities, and ensured that we are much prudent with spending of the very limited financial resources at our disposal.

The upgrading roads and development of sewer treatment plants in various municipalities in the district, support of SMMEs, positioning of Thabo Mofutsanyana as a tourist destination, involvement in community development, financial support to the needy students and creation of internship programmes for graduates in scarce skills are some of the notable successes of this district municipality.

In ensuring that Thabo Mofutsanyana District Municipality have adequate capacity to deliver to its optimal level, our staff, most particular, senior management received necessary training, which meets the requirements for competency levels, and we have also filled in critical posts, such as that of human resources management, internal audit, communications, information technology and disaster management with competent and qualified staff.

We will further continue ensuring that all the staff, inclusive of the lower levels, also receive training relevant to their posts and support in doing their work.

The year under review was however not without its own challenges and pitfalls, but from all those we were able to learn better lessons and picked ourselves up to ensure that Thabo Mofutsanyana District Municipality rose up those demands and steers its ship forward.

Let me express the words of gratitude to the Speaker, Chief Whip, all Councillors, Members of Mayoral Committee, Municipal Manager Mr Bennett Molotsi, the management and staff of Thabo Mofutsanyana District Municipality for a job well done.



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Dr. B.E. Mzangwa  
Executive Mayor

## **1.8. EXECUTIVE review by the Municipal Manager**

In the year under review Thabo Mofutsanyana District Municipality has made inroads in addressing issues faced by municipalities.

The historical problems existing in the District are being replaced by more efficient management, and clearer political monitoring and I am pleased to report that qualifications by the Auditor

General are being addressed not only by this municipality, but all local municipalities within the region.

The grand intention is that the objectives of 'Operation Clean Audit' be met within the whole District within one year.

To this end, I am pleased to report that within the District, two municipalities achieved what we had set ourselves to attain. We hope to report an improved situation with the next report.

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We wish to thank the Office of the Premier, COGTA-Free State and other sector departments for their assistance to the municipality regarding governance and financial support. To this end the financial statements were prepared and submitted in time. The IDP and Budget were prepared and submitted on time. The will to keep the momentum is there, and better results should be visible in the year ahead.

Through the revisions of our Integrated Development Plan (IDP), as provided for in the Municipal Systems Act 32 (2000), we have persevered in achieving the targets set on five strategic objectives that drive us in our developmental efforts, as well as to ensure that we meet the implementation of

District Municipality mandates.

Our five strategic objectives are:

- Provide quality basic services and infrastructure.
- Facilitate higher and shared economic growth and development.
- Fight poverty; build clean, healthy, safe and sustainable communities.
- Foster a participatory democracy and Batho-Pele Principles through a caring, accessible and accountable service.
- Ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.

The financial year under review was challenging in that the Municipality stretched its resources to discharge its statutory responsibilities despite the slowdown in the economy.

Moreover, the non-receipt of the Municipal Infrastructure Grant (MIG) adversely affected our responsibility of providing local municipalities with the much needed bulk services. We are however hopeful that this grant will be restored, based on our effort to turn the municipality around for the better.

We have responded well in delivering our mandate.

Issues raised by the section 139 intervention in the previous year have been successfully addressed, and the adapted municipal turn-around strategy played a pivotal role in this respect and laid a solid foundation for delivering the needed local government services to the wider community of the District in the coming years.

Our endeavours for a transparent and accountable administration, led by a resourceful political leadership have seen this municipality achieving an unqualified audit report for the past years and the year under review.



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Mr. B Molotsi  
Municipal Manager

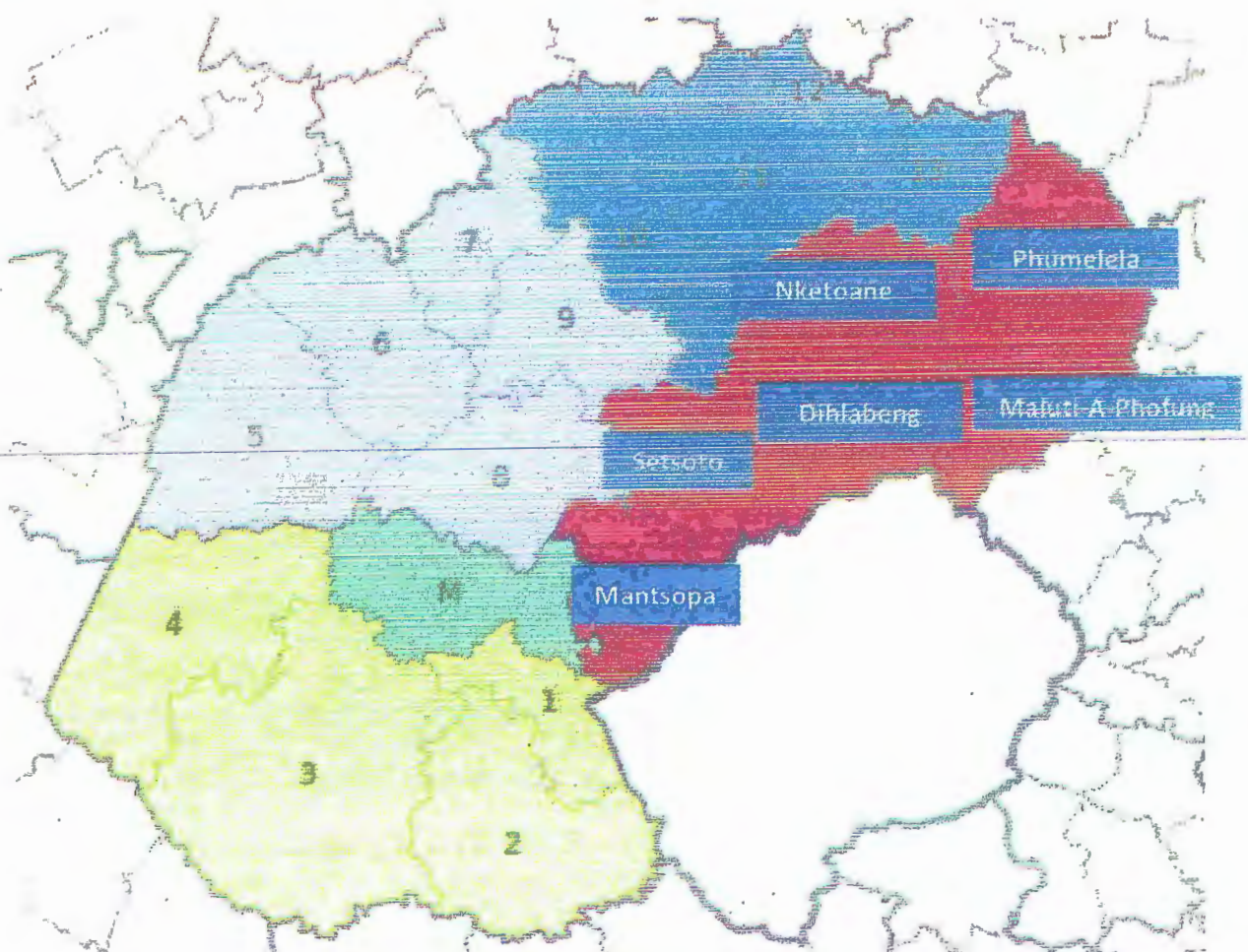
## 1.9. Overview of the Municipality

Thabo Mofutsanyana District Municipality is situated in the North eastern part of the Free State Province and borders for most of Lesotho and Kwazulu Natal. It nestles in the shades of the Maluti between the Orange River in the south and the Vaal River in the north.

Its Head Office is situated in Phuthaditjhaba about 48km south-west of Harrismith (R712) and 142km North-east of Ficksburg.

Thabo Mofutsanyane District is one of four district municipalities in the Free State. With the exception of Xhariep district municipality, it is bordered by two other district municipalities of the province namely, Lejweleputswa in the west and Fezile Dabi in the north. In the south, it is bordered by the Mangaung metro.

Other borders include Lesotho in the southeast, Kwa-zulu Natal in the East and Mpumalanga in the northeast. Thabo Mofutsanyana has been divided into six local municipal areas, with Setsoto and Mantsopa forming the south-western section, Dihlabeng the south-middle section, Nketoana the north middle section and Maluti-a-Phofung the south-eastern section and Phumelela the northeastern section of the district.



The area is primarily agricultural in nature and includes the former homelands of Qwaqwa and the municipal area is 26 035,4 km<sup>2</sup> big.

The main centres in the District are Bethlehem, Ficksburg, Harrismith, Vrede, Memel, Phuthadihaba, Senekal, Reitz, and Ladybrand. The most populated municipality is Maluti-a-Phofung which was declared as a node and has 52% of the district population and a density of about 88 people per sq km.

The table below indicates the urban centres in each local municipality.

*Urban centres located within a Local Municipality's area of jurisdiction*

Dhlabeng Municipality	Maluti-A-Phofung Municipality	Nketoana Municipality	Phumelela Municipality	Setsotho Municipality	Mantsopa Municipality
Bethlehem	Harrismith	Reitz	Vrede	Ficksburg	Ladybrand
Clarens	Kestell	Petrus Steyn	Memel	Clocolan	Hobhouse
Fouriesburg	Qwaqwa	Lindley	Warden	Marquard	Tweespruit
Paul Roux	Tshiame	Arlington		Senekal	Exelsior
Rosendal	Swinburne				Thaba Patchoa

**Demographic and service delivery statistics from Stats SA**

Municipality	Population Census		Household Census		Population Census 2011
	2011	2007	2011	2007	
Setsotho	123 194	102 826	32 746	29 828	112 588
Dhlabeng	128 929	108 449	33 027	31 836	128 704
Nketoana	61 951	62 367	14 904	16 748	60 324
Maluti-A-Phofung	360 787	385 413	90 390	97 172	335 784
Phumelela	50 906	35 090	11 934	11 531	47 772
Mantsopa					51 056
<b>Total District</b>	<b>725 939</b>	<b>694 316</b>	<b>183 049</b>	<b>187 115</b>	<b>517 362</b>

(Source: Statistics South Africa, 2011, Census 2011-Municipal Report, Free State)



## Population growth rates

Figure 1 Population Growth rates by District Municipality - 1996, 2001 and 2011

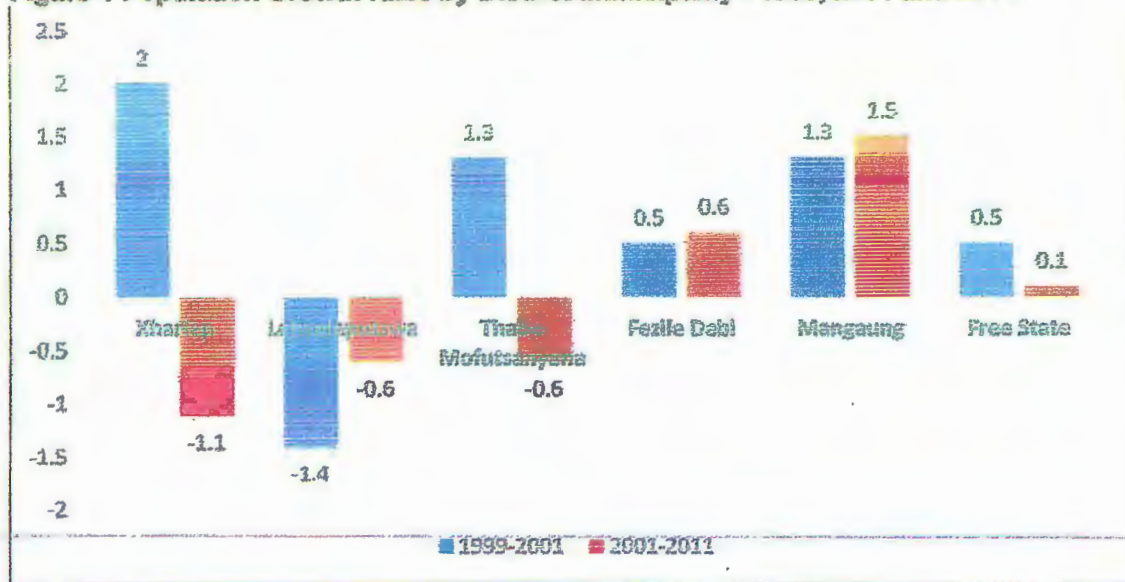
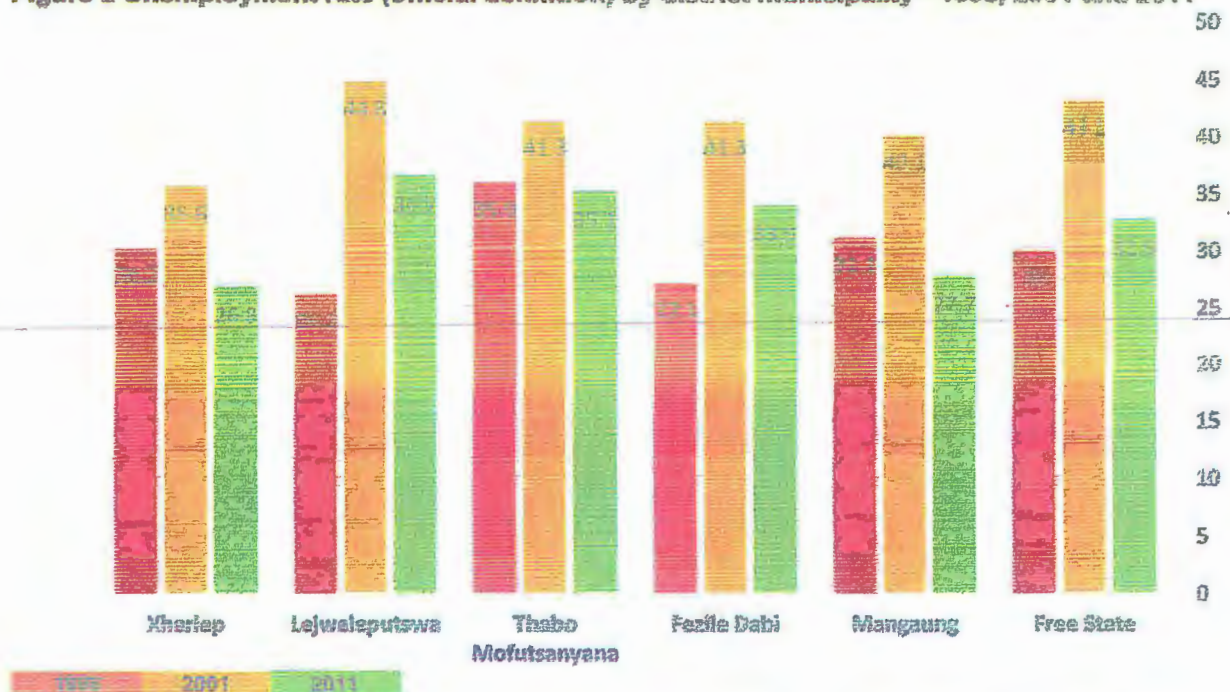


Figure 4.1.2.1 shows the population growth rate from 1996 and 2001 to 2011 respectively. Results show that Free State grew by 0,5% in the period 1996-2001 and 0,1% in the period 2001-2011. Xhariep, Lejweleputswa and Thabo Mofutsanyana districts experienced a slowed growth in the period 2001-2011.

## Unemployment Rate

Figure 2 Unemployment rate (official definition) by district municipality - 1996, 2001 and 2011



Trends in the unemployment rate as shown in Figure 4.3.1.1 suggest an increase between 1996 and 2001 and thereafter a decline across the districts. Readers are requested to heed the disclaimer in the introduction to this publication.

## Access to piped water

Figure 3: Distribution of households having access to piped water by District Municipality 1996, 2001 and 2011

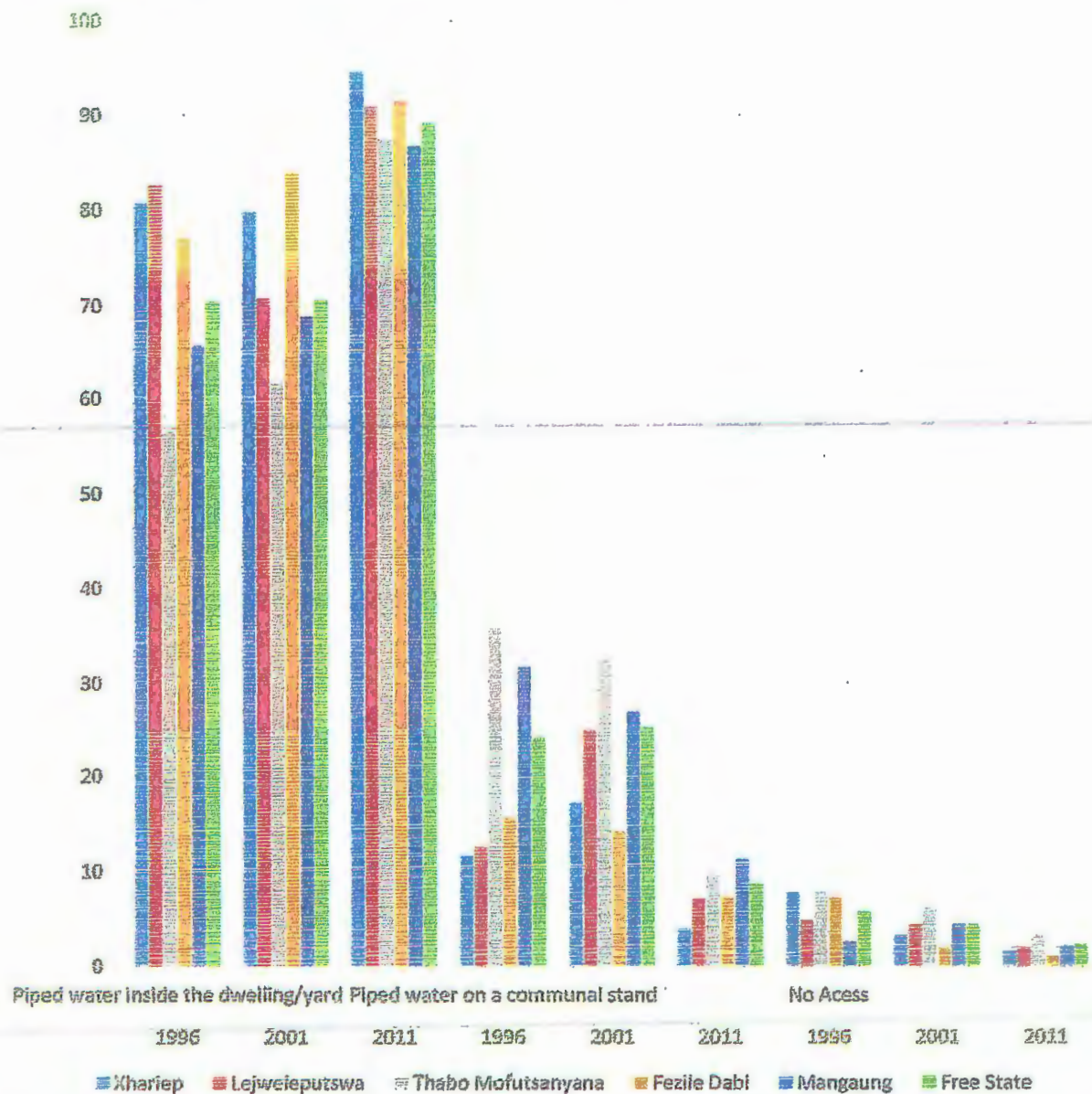


Figure 3 shows that the proportion of households with access to piped water inside the dwelling/yard has increased in all the five districts, corollary; the proportion of households with no access to piped water declined. Xhariep reported the highest proportion of households with access to piped water inside their dwellings/yard, followed by Fezile Dabi and Lejweleputswa (94,5%, 91,5% and 90,8% respectively).

## Refuse disposal

**Figure 4: Distribution of households by type of refuse removal and District Municipality 1996, 2001 and 2011**

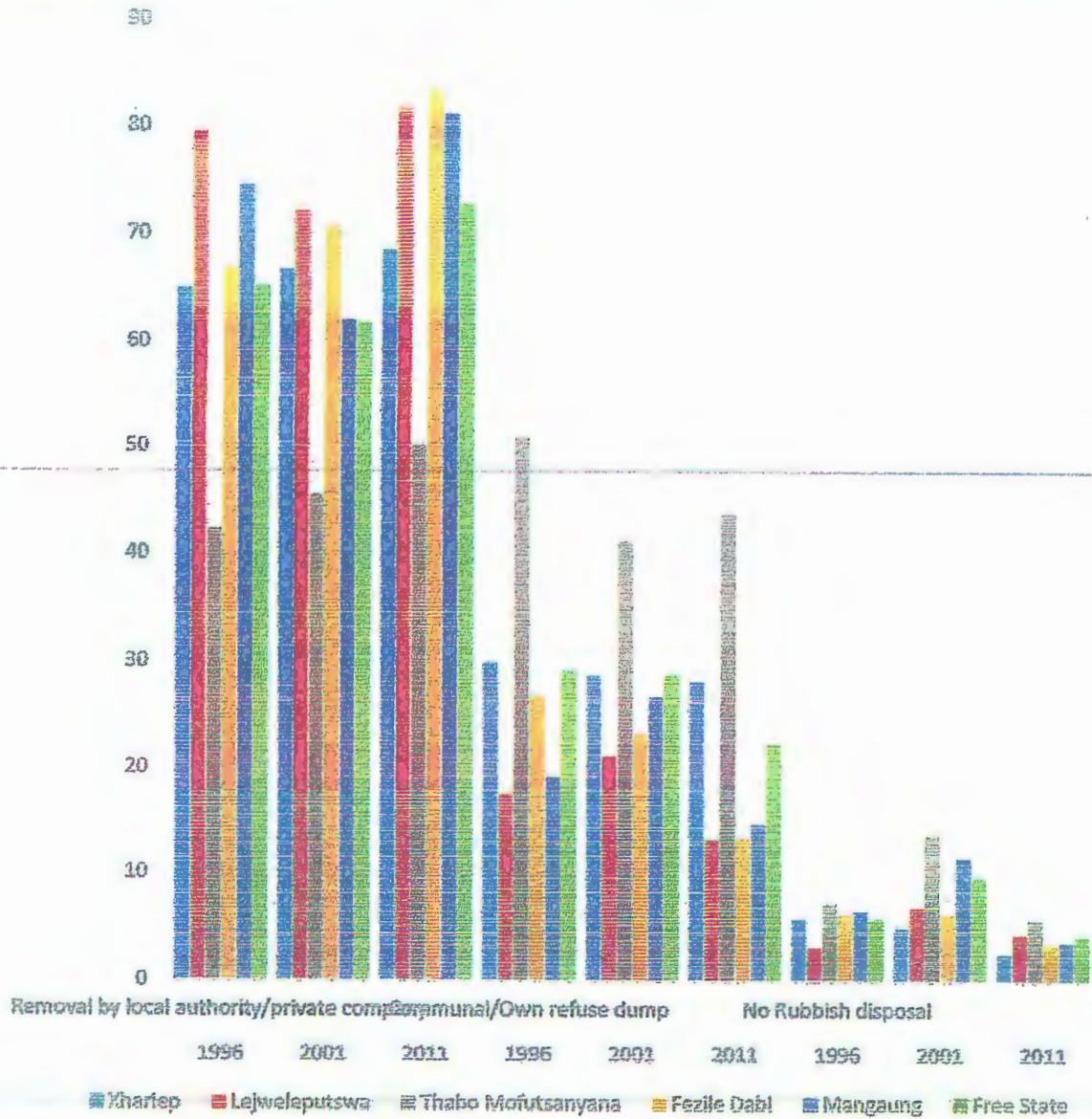


Figure 4 shows that Fezile Dabi, Lefweleputswa and Mangaung have the highest proportion of households whose refuse is removed by local authority/private company. Thabo Mofutsanyana district has the highest proportion of households reporting that they do not have refuse disposal facilities.

## Toilet facilities

**Figure 5: Distribution of households by type of toilet facility and District Municipality 1996, 2001 and 2011**

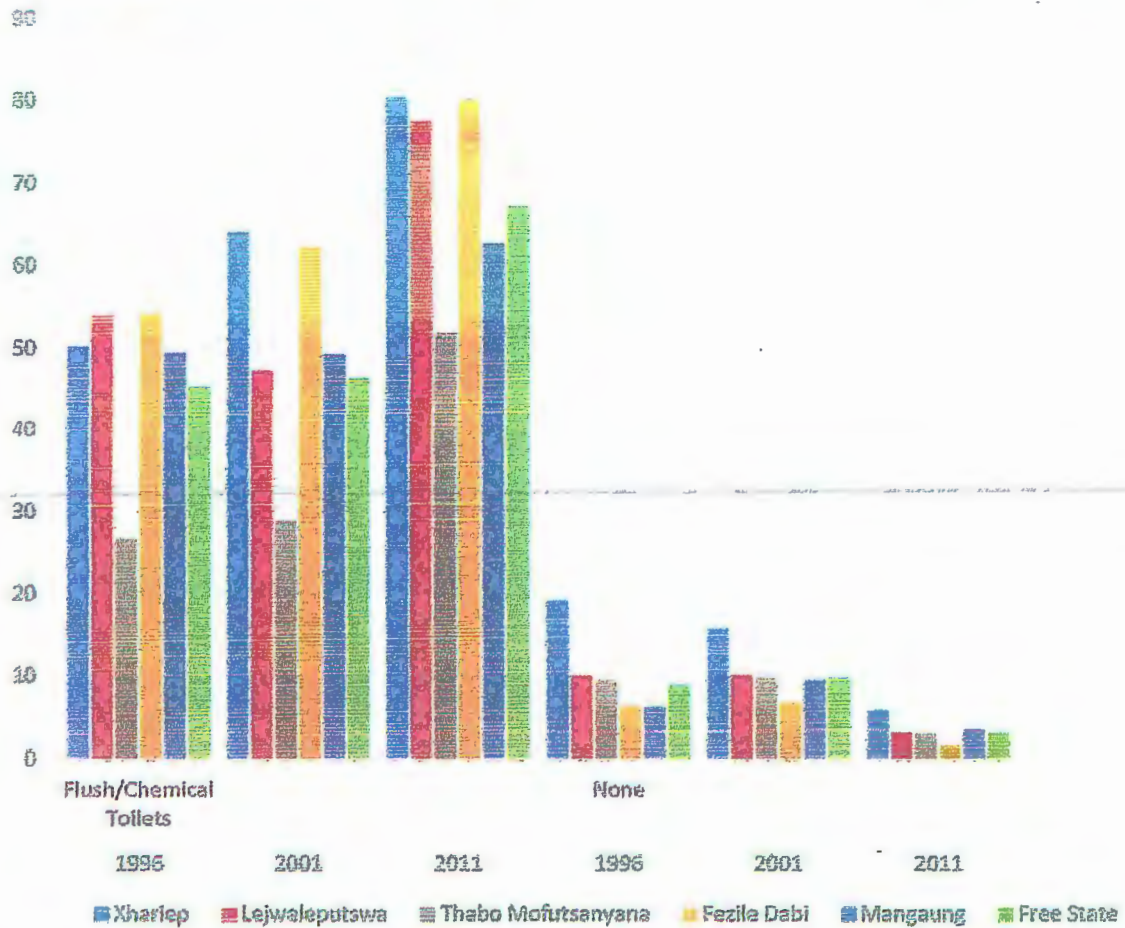


Figure 5 shows that the proportion of households with access to flush/chemical toilet increased in all districts; with Xhariep consistently having the highest proportion. The proportions of households with no access to toilet facilities decreased over time across the districts, Fezile Dabi has the lowest proportion of households with no access to toilet facilities.

## Average Household Income

Figure 6: Distribution of average household income by District Municipality 2001 and 2011

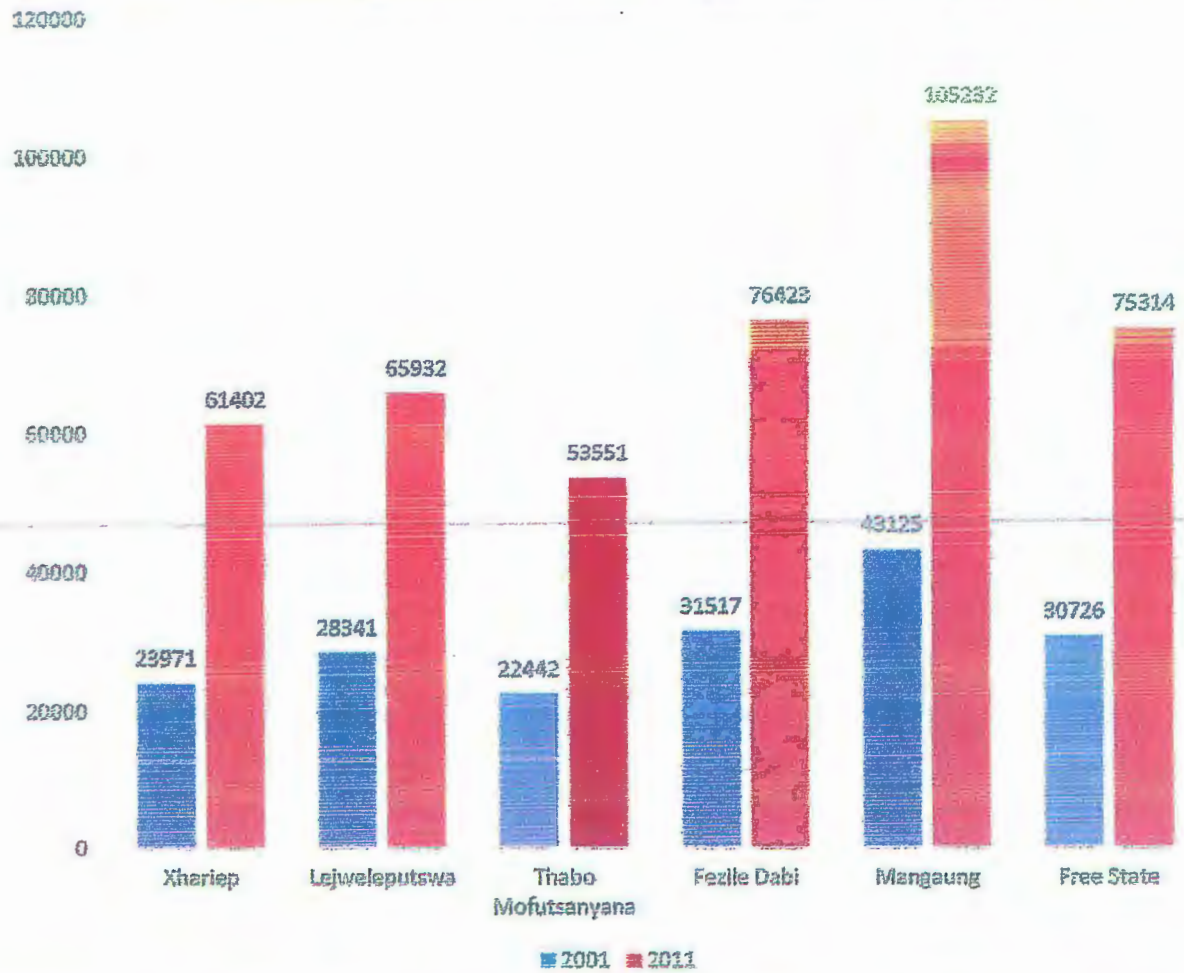


Figure 6 shows an increase in the average household income across districts. The average household income for Mangaung Metropolitan Municipality and Fezile Dabi District is higher than the provincial average.

## Female headed households

**Figure 7: Distribution of female headed households by District Municipality 1996, 2001 and 2011**

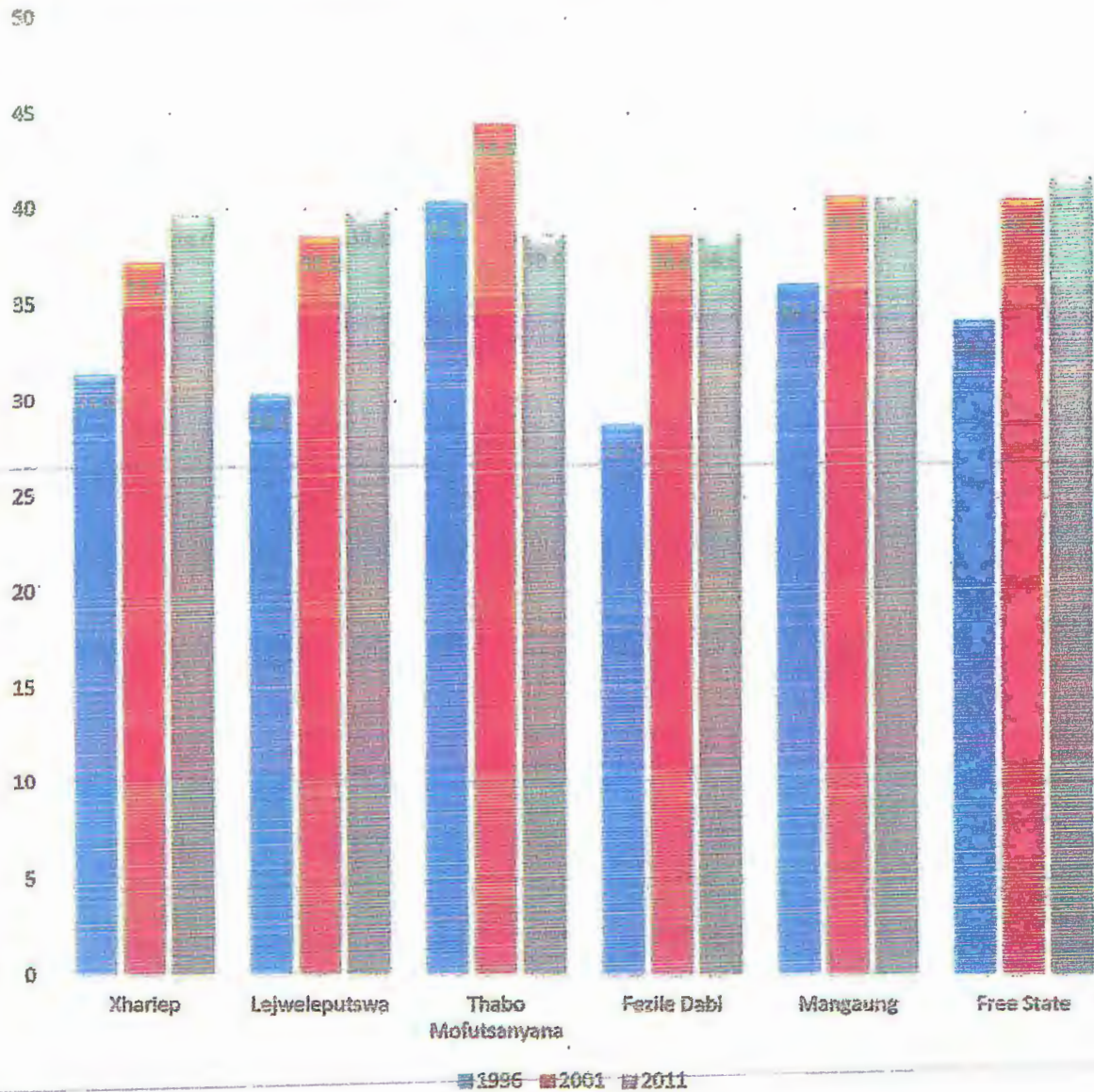


Figure 7 indicates an increase in the proportion of households headed by females. Mangaung and Thabo Mofutsanyana have the highest proportion of female headed households in the province.

## Child headed households

**Figure 8: Distribution of female headed households by District Municipality 1996, 2001 and 2011**

2.5

2

1.5

1

0.5

0

Xhariep      Lajweleputswa      Thabo Mofutsanyana      Fezile Dabi      Mangaung      Free State

■ 1996   ■ 2001   ■ 2011

Figure 4.4.11.1 shows that the proportion of households headed by children has declined over the three epochs and across districts. As expected; the proportion of child headed households is consistently low. Xhariep and Thabo Mofutsanyana Districts consistently have the highest proportion of child headed households.

DC-19 Thabe Moturanyans	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No Schooling	32 112	46 596	78 708	36 539	56 915	91 454	14 252	23 755	38 007
Some Primary	34 399	46 647	81 046	39 366	52 177	91 543	30 703	44 316	75 018
Completed Primary	12 544	16 971	29 516	12 900	17 005	29 906	9 464	12 640	22 105
Some Secondary	50 420	63 087	113 508	52 653	66 500	119 152	64 131	78 757	143 888
Grade 12	21 397	22 803	44 200	31 923	35 390	67 313	47 542	55 951	103 492
Higher	8 804	9 793	18 598	10 482	12 570	23 051	14 995	18 781	33 776
<b>TOTAL</b>	<b>159 677</b>	<b>205 899</b>	<b>365 576</b>	<b>183 863</b>	<b>238 557</b>	<b>422 420</b>	<b>182 086</b>	<b>234 200</b>	<b>416 286</b>

FS-101 Samsod	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No Schooling	4 753	6 350	11 103	5 491	7 832	13 323	2 142	3 435	5 578
Some Primary	6 339	8 552	14 891	6 856	9 634	16 490	4 594	6 912	11 507
Completed Primary	2 641	3 471	6 112	2 657	3 721	6 378	1 878	2 739	4 617
Some Secondary	7 688	9 428	17 115	8 465	10 630	19 095	10 500	12 811	23 311
Grade 12	2 787	2 602	5 389	4 623	4 793	9 416	6 944	7 530	14 473
Higher	1 443	1 391	2 834	1 464	1 670	3 134	2 089	2 346	4 435
<b>TOTAL</b>	<b>25 651</b>	<b>31 793</b>	<b>57 444</b>	<b>29 556</b>	<b>38 281</b>	<b>67 837</b>	<b>28 147</b>	<b>35 774</b>	<b>63 921</b>

FS-102 Diblabeng	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No Schooling	4 532	6 565	11 097	5 576	8 132	13 708	2 596	4 227	6 795
Some Primary	4 924	6 414	11 338	6 852	8 934	15 786	4 978	6 777	11 755
Completed Primary	1 959	2 493	4 453	2 401	3 202	5 603	1 690	2 088	3 777
Some Secondary	8 667	9 589	18 256	9 626	11 922	21 548	11 957	13 855	25 812
Grade 12	4 376	3 914	8 290	6 841	6 696	13 537	10 058	10 130	20 188
Higher	1 916	2 026	3 942	2 083	2 388	4 471	3 627	4 470	8 097
<b>TOTAL</b>	<b>26 374</b>	<b>31 271</b>	<b>57 645</b>	<b>33 378</b>	<b>41 274</b>	<b>74 652</b>	<b>34 878</b>	<b>41 547</b>	<b>76 425</b>



FS: 193 Mholomo	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No Schooling	3 758	5 319	9 077	4 050	5 721	9 772	1 659	2 731	4 390
Some Primary	3 446	4 179	7 624	3 348	4 210	7 558	3 032	3 856	6 888
Completed Primary	1 102	1 232	2 334	992	1 161	2 153	854	1 007	1 861
Some Secondary	3 402	3 938	7 340	3 572	4 266	7 838	5 652	6 283	11 935
Grade 12	1 466	1 488	2 954	1 994	2 128	4 123	3 436	3 602	7 038
Higher	700	765	1 465	724	756	1 480	1 087	1 208	2 295
<b>TOTAL</b>	<b>13 875</b>	<b>16 920</b>	<b>30 795</b>	<b>14 681</b>	<b>18 242</b>	<b>32 924</b>	<b>15 721</b>	<b>18 686</b>	<b>34 407</b>

FS: 194 Matuli-A-Phofung	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No Schooling	14 265	22 764	37 030	16 349	26 799	43 148	5 706	10 755	16 462
Some Primary	13 748	19 839	33 587	15 088	20 648	35 736	12 709	19 920	32 628
Completed Primary	4 952	7 237	12 189	4 654	6 126	10 780	3 381	4 664	8 044
Some Secondary	24 706	32 827	57 534	23 930	31 204	55 134	27 995	35 434	63 429
Grade 12	10 448	12 520	22 968	14 610	17 770	32 380	21 106	28 660	49 766
Higher	3 783	4 542	8 325	4 845	6 166	11 011	6 180	8 461	14 641
<b>TOTAL</b>	<b>71 902</b>	<b>99 729</b>	<b>171 631</b>	<b>79 477</b>	<b>108 713</b>	<b>188 190</b>	<b>77 076</b>	<b>107 894</b>	<b>184 970</b>

FS: 195 Phumstala	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No Schooling	3 007	3 445	6 453	2 994	3 870	6 864	1 373	1 740	3 113
Some Primary	3 132	3 783	6 915	3 721	4 071	7 792	3 086	3 543	6 629
Completed Primary	735	887	1 662	891	1 024	1 915	787	854	1 641
Some Secondary	2 294	2 785	5 079	2 898	3 381	6 279	4 305	4 633	8 938
Grade 12	917	1 034	1 951	1 633	1 878	3 510	2 569	2 765	5 335
Higher	358	429	787	586	742	1 328	817	979	1 796
<b>TOTAL</b>	<b>10 444</b>	<b>12 363</b>	<b>22 806</b>	<b>12 722</b>	<b>14 966</b>	<b>27 688</b>	<b>12 938</b>	<b>14 514</b>	<b>27 452</b>

FS: 190 Mantsepe	1991			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No Schooling	1 796	2 153	3 949	2 078	2 561	4 639	802	867	1 669
Some Primary	2 811	3 881	6 691	3 501	4 680	8 181	2 303	3 309	5 612
Completed Primary	1 155	1 652	2 807	1 305	1 771	3 076	875	1 289	2 167
Some Secondary	3 663	4 251	7 914	4 161	5 096	9 258	4 721	5 741	10 462
Grade 12	1 406	1 246	2 649	2 223	2 125	4 348	3 429	3 263	6 692
Higher	604	641	1 245	780	847	1 627	1 195	1 318	2 512
<b>TOTAL</b>	<b>11 432</b>	<b>13 823</b>	<b>25 255</b>	<b>14 049</b>	<b>17 080</b>	<b>13 325</b>	<b>13 325</b>	<b>15 756</b>	<b>29 111</b>

**Figure 9 Distribution of average household income by municipality 2001 and 2011**

<b>MUNICIPALITY</b>	<b>2001</b>	<b>2011</b>
<b>DC16: Xhariep</b>	<b>23 971</b>	<b>61 402</b>
- FS 161: Letsemeng	26 853	60 360
- FS 162: Kopanong	26 633	66 507
- FS 163: Mhokare	19 793	58 258
- FS 164: Naledi	23 850	56 839
<b>DC 18: Lejweleputswa</b>	<b>28 341</b>	<b>65 932</b>
- FS 181: Mafikeng	20 171	51 271
- FS 181: Tokologo	41 140	52 234
- FS 182: Tswelopele	21 273	60 088
- FS 183: Matjhabeng	31 111	71 331
- FS 184: Naia	19 870	55 944
<b>DC 19: Thabo Mofutsanyana</b>	<b>22 442</b>	<b>53 551</b>
- FS 191: Setsoto	19 101	50 225
- FS 192: Dikgatlong	31 320	79 650
- FS 193: Nketoana	21 164	57 743
- FS 194: Maluti-A-Phofung	20 107	42 643
- FS 195: Phumelela	20 107	58 839
- FS 196: Mantsopa	28 206	62 287
<b>DC: 20 Fezile Dabi</b>	<b>31 517</b>	<b>76 423</b>
- FS 201: Mopani	31 535	71 627
- FS 203: Ngwathe	22 179	56 316
- FS 204: Metsimaholo	45 577	105 581
- FS 205: Mafube	20 866	53 586
<b>MAN: Mangaung</b>	<b>43 125</b>	<b>105 235</b>
<b>Free State</b>	<b>30 726</b>	<b>75 314</b>

# PART TWO

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DRAFT ANNUAL REPORT  
FOR THE PERIOD ENED 30 JUNE 2013



## PERFORMANCE HIGHLIGHTS

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## **PERFORMANCE HIGHLIGHTS**

The municipality set itself the following key results areas:

- Key Result Area 1:** Create credible staff establishment and speeding up appointment of key personnel.
- Key Result Area 2:** Coordinate and ensure alignment of credible Integrated Development Plans.
- Key Result Area 3:** Enhance and promote appropriate financial management.
- Key Result Area 4:** Create cohesive sustainable Local Economic Strategy.
- Key Result Area 5:** Strengthen the skills and human resource base.
- Key Result Area 6:** Advancement and enhancement of intergovernmental relations, stakeholder mobilization and cooperation.

The next section in this chapter provides an overview of the functions, activities and strategic objectives of the main functional areas in the municipality and further highlights the key performance issues and challenges for the year under review in respect of the above key result areas.

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# Office of the Municipal Manager

## Overview

The Office of the Municipal Manager is required to lead and direct the administration aspects of the Municipality and account to the Municipal Council so that economic growth and development is facilitated, poverty is alleviated, an efficient and effective service is delivered to stakeholders and the long term sustainability of the Municipality is ensured within the requirements of the relevant legislation.

## Description of the activity

Ensure the provision of efficient and effective service delivery to the community so that the requirements in the IDP are met in relation to public safety, health, water, waste and electricity, roads, community services and local economic development, communications and planning.

The strategic objectives of the office of the Municipal Manager are to:

- Manage the interface with the Mayor and Council so that the administration is aligned with the political priorities of Council;
- Oversee the strategic planning for the Municipality that will ensure alleviation of poverty and the facilitation of sustainable economic growth and development so that it is in alignment with political priorities; the needs of the community, budgetary constraints and human resources capacity.

The key performance issues, highlights and challenges for 2012/13 were:

- ⬇ turning the Municipality around was a mammoth task, but achievable with willing and able colleagues;
- ⬇ the fruit of hard labour was an unqualified audit opinion for this year and the previous three years;
- ⬇ the IDP was adopted by Council within the specified time frame;
- ⬇ the Performance Management Framework has been adopted by Council;
- ⬇ the SDBIP has been submitted to, and approved by the Executive Mayor;
- ⬇ all local municipalities have been assisted with IDP conceptualization, Performance Management System (PMS), Spatial Development Framework (SDF), and Municipal Turnaround Strategy (MTAS) reporting;
- ⬇ In regard to intergovernmental relations for the year under review, the District has established and attended the following for a:
  - Mayors Forum-Chaired by District Executive Mayor;
  - Speakers Forum- Chaired by District Speaker;
  - Municipal Managers Forum-Chaired by the Municipal Manager;
  - Premier Co-coordinating Forum-Reporting on behalf of the District.

# Budget and Treasury Office

## Overview

The Budget and Treasury Office is responsible for the overall administration and management of the municipality's financial resources to ensure that the key principles of effectiveness, efficiency and economy are observed.

## Description of the activity

To manage and control all financial functions of the Municipality so that the current and future effectiveness of Council services, programmes and operations is ensured in a sustainable way.

These functions include accounting; budgetary control; cash receipts and disbursements; payroll; credit control and collections; financing; banking; investment; risk management and taxes.

## The strategic objectives of the finance department are to:

- ✚ monitor and control the Finance Department budget so that expenditure is in line with Council's requirements;
- ✚ take overall responsibility for the management of the Department so that all Council policies and procedures are adhered to. This includes policies relating to procurement, finance, treasury, regulations;
- ✚ develop a medium term financial framework within which Council can operate.

## The key performance issues, highlights and challenges for 2011/12 were:

- Submission of Annual Financial Statements on time, and in the correct GRAP format;
- Obtaining an unqualified audit opinion from the Auditor-General for the current year 2012/13, 2011/12, 2010/11 and 2009/10 financial years;
- Control around the banking arrangement of using Cash Focus was improved as a priority activity to reduce the risk of fraudulent or unsupported cash transactions to take place;
- the review of the financial system was conducted by an information systems specialist from external auditors commissioned by COGTA;
- the turnaround included the documenting and mapping of roles and responsibilities, this process identified any changes that may be required to the organogram.
- bank reconciliations were being performed on investment accounts;
- monthly fixed assets reconciliation performed between financial system General Ledger (GL) and fixed assets register (BAUD system);
- a grant register has been implemented in the Municipality and consequently grant reconciliations are being performed;
- the DoRA returns as required by National Treasury are being submitted;
- the leave register was reconciled with payroll;

- a total of three systems was used by the Municipality. The systems are as follows:
    - VIP for payroll management;
    - Cash Focus to facilitates the payments;
    - BAUD system for fixed assets;
  - procurement requisitions are numbered sequentially. This increases the effectiveness of the controls around procurement;
  - Reviewed the indirect taxes environment focused on VAT, PAYE, SDL and UIF.
-



# Corporate Support Services Directorate

## Departmental Overview:

The primary objective of The Corporate Services Department is to provide a complete and innovative Support Service that building economical, effective, efficient and accountable administration through:

- Developing an organizational structure that is aligned to IDP,
- Equipping Personnel by means of Skills Development, Employee Wellness Programme,
- Promoting sound employee relations, labour stability by reviewing HR Policies that are in place,
- Smooth running of both executive and council meetings,

## Strategic Objective:

The objective of the department of Corporate Support Services is to support the following strategic focus areas of the municipality:

### Human Resources

Coordination of sound Labour Relations, Recruitment, Staff Benefits, Employee Wellness, Organisational Development and Occupational Health and Safety.

### Corporate Support

Coordination of secretariat support to Council and its Committees, Fleet Management, Record Management, telephone services, cleaning services.

### Legal Services - Fully outsourced

### Local Labour Forum

Local Labour Forum (LLF) comprised of management and recognized labor. The committee was partially functional. Sub committees such as Bereavement Committee, Training and Employment Equity Committee and Occupational Health Committee will be functioning on ad-hoc basis to ensure harmony in the work place.

## CORPORATE SUPPORT SERVICES

### Secretariat Services

To provide administrative support services to Council committees.

The Council has both the legislative and executive powers and ensures accountability and oversight of the Municipality. A year plan was developed which clearly provides dates for all Council, MAYCO and Section 80 Meetings together with closing dates for submission of items. TMDM Council has forty three (43) Councillors.

- Councillors consisting of thirty Three (33) Councillors from the African National Congress (ANC),
- Four (5) Councillors from the Democratic Alliance (DA)
- Three (3) Councillors Dikwankwetla Party of South Africa and
- One (1) Councillor from the Congress of the People (COPE).
- One (1) Councillor from ACDP

### **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

In its council sitting TMDM Council appointed the following Councillors to serve in the MPAC for a term which corresponds to the term of Council:

- |     |                   |                       |
|-----|-------------------|-----------------------|
| 1.  | Cllr M Vilakazi   | : Chairperson of MPAC |
| 2.  | Cllr S Nkopane    | : Member of MPAC      |
| 3.  | Cllr M Lebesa     | : Member of MPAC      |
| 4.  | Cllr Y Jacobs     | : Member of MPAC      |
| 5.  | Cllr P Masiteng   | : Member of MPAC      |
| 6.  | Cllr T. Mkhwanazi | : Member of MPAC      |
| 7.  | Cllr T Tseki      | : Member of MPAC      |
| 8.  | Cllr T Mosikidi   | : Member of MPAC      |
| 9.  | Cllr N Taylor     | : Member of MPAC      |
| 10. | Cllr R. Mota      | : Member of MPAC      |

### **Council Meetings**

Six (7) ordinary Council meetings and ONE (1) special Council meetings under the stewardship of the Speaker, Cllr M Maduna were convened.

### COUNCILLORS ATTENDANCE TO COUNCIL MEETINGS JULY 2012-MAY 2013

Name of Councillors	26/07	28/08	10/10	09/11 Special Council	13/12	31/01	28/03	31/05	No of meetings	No Present	No Absent	No of (Apology)
1. Cllr M. Mkhama (Speaker)	✓	✓	✓	☑	✓	✓	✓	✓	8	7	0	1
2. Cllr (DR) M.E Mzangwa (Executive Mayor)	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
3. Cllr M. Radaba (Chief Whip)	REPLACED CILLR S MOLELEKI			✓	✓	✓	✓	✓	8	5	0	0
3.Cllr S. Munkoti (Chief Whip)	✓	✓	✓	RESIGNED					8	3	0	0
4. Cllr C.J Makhoba	☑	✓	✓	✓	✓	✓	✓	✓	8	7	0	1
4.Cllr M. Mjara	☑	✓	✓	RESIGNED					8	2	0	1
5.Cllr M.B Mkhama	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
6. Cllr S. Mofung	✓	✓	☑	✓	✓	✓	✓	✓	8	7	0	1
7. Cllr P Mavundla	✓	A	✓		✓	✓	A	✓	8	6	2	0
8. Cllr M Vilakazi MPAC CHAIRPERSON	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
9.Cllr S. Vhaglo	REPLACED CILLR M MILJARA			✓	✓	✓	☑	✓	8	4	0	1
10. Cllr J.M Kamako	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
11. Cllr T. Mwanazi	A	✓	☑	✓	✓	☑	A	☑	8	3	2	3

12. Cllr M. Mofoung	✓	✓	✓	✓	✓	☑	✓	✓	8	7	0	1
13. Cllr G.H. Villadenhorst	✓	✓	✓	☑	✓	☑	✓	✓	8	6	0	2
14. Cllr N. Jhota	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
15. Cllr NR Naidoo	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
16. Cllr S. Nkopane	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
17. Cllr A.M. Nkomo	✓	✓	✓	✓	☑	✓	✓	✓	8	7	0	1
18. Cllr Mofunzi	✓	✓	✓	✓	☑	✓	✓	✓	8	7	0	1
19. Cllr R.E. Mosenadi	✓	✓	✓	✓	✓	✓	✓	A	8	7	1	9
20. Cllr M.H. Tolof	✓	✓	✓	✓	✓	✓	A	✓	8	7	1	9
21. Cllr T. Thobe	✓	✓	✓	✓	☑	✓	☑	✓	8	6	0	2
22. Cllr M.J. Labasa	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
23. Cllr M. Labesana	✓	A	✓	✓	✓	✓	✓	✓	8	7	1	9
24. Cllr T. Moshidi	✓	✓	✓	✓	✓	✓	✓	A	8	7	1	9
25. Cllr L.M. Kgoyhane	✓	✓	✓	☑	✓	✓	✓	☑	8	6	0	2
26. Cllr Z.A. Tsabalala	✓	✓	☑	✓	✓	✓	✓	✓	8	7	0	1
27. Cllr K.J. Tshepe	✓	✓	✓	A	☑	✓	A	✓	8	5	2	1
28. Cllr H.A. Taylor	✓	✓	✓	✓	✓	✓	✓	✓	8	8	0	0
29. Cllr A.C. Mofhi	A	✓	✓	✓	A	✓	✓	A	8	5	3	0
30. Cllr W.R. Ndlebe	✓	✓	✓	☑	✓	✓	✓	✓	8	7	0	1



## **SYMBOLS MEANING**

MEETING ATTENDED : ✓  
LEAVE OF ABSENCE : ☑  
ABSENTEEISM : A

**2012/2013/ FINANCIAL YEAR: NO (0) COUNCILLORS PASSED ON**

**TWO (2) COUNCILLORS RESIGNED**

**TWO (2) COUNCILLORS ELECTED AS  
REPLACEMENT OF RESIGNED**

### **Mayoral Committee**

The Mayoral Committee consists of eight (8) members, these are Councillors appointed by the Executive Mayor to perform functions for which the Mayor is responsible. The division was able to ensure that these meetings materialize to the extent that a total of 13 Mayoral committee meetings were convened during the year under review under the leadership of Dr. BE Mzangwa.

### **Section 80 Committees**

Councillors serving on Section 80 Committees are from political parties represented in the Council. The number of Councillors in Section 80 Committees varies from five (5) to four (4) Councillors. Each Section 80 Committee is chaired by a Member of the Mayoral Committee MMC. There are eight (8) Section 80 Committees namely;

- Finance
- Corporate Services
- Community Services
- Women, Children and People with Disabilities
- Infrastructure and Transport
- Local Economic Development and Tourism
- Agriculture and Rural Development
- IDP and PMS

# Local Economic Development

## Overview

The key performance areas and main activities of the department of Local Economic Development are:

- Local Economic Development;
- Tourism development.

## Strategic objectives

To create conducive working environment and capacitating entrepreneurs with the required skills

Promote tourism and adhere to by- laws governing the tourism sector

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## HIGHLIGHTS / ACHIEVEMENTS FOR 2012/13 FINANCIAL YEAR

### Local Economic Development / SMME Development

- Establishment of cooperatives for different sectors
- Training of SMME's on costing and pricing workshops (all local municipalities)
- Training of 80 cooperatives mainly in the Greater Harrismith
- Workshop for Tax and Compliance was held with the assistance of SARS
- Skill Audit was conducted in local municipalities in partnership with SSETA
- With the assistant of DTI industrial machines and material were purchased for four (4) cooperatives
- 2 Projects (Lerata Bonono) and Agrimark project were profiled and televised on SABC 2 (Growing Africa)

### Tourism Development and Marketing

- Printed marketing material (brochures) with Explore SA to be distributed world wide
- Attended the world Tourism Indaba and show case local products
- Advertise the District in the local, provincial, national and International magazines with the aim of increasing number of tourists entering the district.
- Took part in cherry festival and introduce district crafters to the market

### Challenges

- o The department is operating on a shoe string budget
- o Capacity in the unit to be given priority
- o SMME's not meeting the required industrial standards

# Community Services

## Overview

The overall mission of the department is to provide innovative services and programmes that will enhance the quality of life for Thabo Mofutsanyana Communities by promoting safety, health and well-being of these communities.

The key performance areas and main activities of the Department relate to:

- o Sport and recreation
- o Education
- o Safety and security
- o Disaster management
- o Environmental management and care
- o Health services

---

## Description of the activity

The strategic objectives of the Department are to:

- o To ensure that proper sport and recreational facilities are available to all communities;
- o To improve the level of education and skills of communities;
- o To ensure that Thabo Mofutsanyana is a crime-free area;
- o To ensure that proper contingency plans for disasters at local municipal and district level are in place;
- o To ensure that Thabo Mofutsanyana District area has a clean, green and healthy environment;
- o To develop, coordinate and implement a coordinated and coherent HIV/AIDS programme in line with National and Provincial Imperatives;
- o To promote healthy and safe circumcision of initiates;
- o To ensure that a properly coordinated public transport exist in the district.

The key performance issues, highlights and challenges for 2012/13 were:

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## MUNICIPAL HEALTH SERVICES

### Municipal Health By-law promulgated

A need existed for the Environmental Health Practitioners (EHP's) to have a By-law to enforce environmental health standards throughout the district and the Thabo Mofutsanyana District municipality was subsequently promulgated in the Free State Provincial Government Gazette Nr. 28 of 28 June 2013.



### Thabo Mofutsanyana District Municipality Food and Water Management Policies revised

Thabo Mofutsanyana District municipality adopted Food and Water management policies in 2007 and a need existed to update the said policies. The revised Thabo Mofutsanyana District municipality Food and Water management policies were adopted in June 2013 and it serves as a guideline for Environmental Health Practitioners (EHP's) in terms of ensuring the safety of such commodities through a sampling programme.

### Environmental Health Practitioners appointed

Several local municipal areas in the Thabo Mofutsanyana District were underserved in terms of environmental health services with no EHP's for Phumelela and Nketoana. Two EHP's in Mantsopa was still in the employ of the local municipality and subsidised by Thabo Mofutsanyana District municipality. One EHP however resigned in October 2012 which resulted in the service being negatively affected as only one EHP was left and struggled to cope with the workload.

To address this four new EHP's were appointed in June 2013 and deployed in Vrede, Reitz, Ladybrand and Phuthaditjhaba respectively. Mantsopa local municipality was also informed that the EHP in their service will be absorbed into the personnel structure of Thabo Mofutsanyana District municipality as from 01 July 2013 and the subsidy for the rendering of the service withdrawn simultaneously.

It is envisaged that these steps will greatly improve the rendering of the service within the district and it will be followed up with the appointment of another four EHP's that has been provided for in the 2013/14 financial year.

### Celebration Days

The World Environment Day, World Environmental Health Day, National Arbour Day as well as the World Hand-Washing Day was celebrated with events throughout the Thabo Mofutsanyana District

### SDBIP targets

All targets set in the 2012/13 SDBIP of the Municipal Health division was met.

## **DISASTER AND FIRE SERVICES**

Thabo Mofutsanyana District Municipality consists of six local municipalities. In terms of the Disaster Management Act, the district is required to have a Disaster Management Centre which coordinate all these six local municipalities, whilst all these six local municipalities are required to have a Disaster Management Plans which is developed in line with the District Disaster Management Framework and ensure that is forming part of the Municipal Integrated Development Plan. Lastly ensure that a designated disaster officer is tasked with the disaster management responsibilities to ensure that the disaster management plan is implemented and accounted to.

Secondly in terms of Municipal Structures Act, Section 84(j) the district municipality is required to have Fire Services which is providing the services to the entire district municipality. Should it happened that the district municipality does not have the capacity, the MEC within the government notice assigned the fire services responsibilities to the local municipality provided it has the capacity. These capacity referred to is assessed on yearly basis and are supposed to be enacted by the Council resolutions once are announced in the government gazette. The municipality assigned the responsibilities of fire services are required to appoint the chief fire officer to enforce the law and be in charge of the service, appoint the members of service, and maintained the services in accordance with South African National Standard (SANS: 10090)-Community Protection Against Fire.

The district municipality is required by these two pieces of legislations to provide both Disaster Management and Fire Services. Where provision of these two services are not possible, any accepted means, namely private partnership or in partnership with the local municipalities based on their capacities can be sourced and implemented. For the financial year 2012-2013, here under are the achievement and challenges faced by the municipality:

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## **DISASTER MANAGEMENT**

### **INTEGRATED INSTITUTIONAL CAPACITY**

#### **Objectives**

The main objective of this field is to establish Integrated institutional capacity within the municipal sphere to enable the effective implementation of the disaster management risk policy and legislation. The following are the achievement and challenges:

#### **Achievement:**

- The Head of Municipal Disaster Management Centre is appointed
- The mechanisms for processing disaster management policy is established and applied (Normal Council Procedures)
- The job key performance indicators for the disaster manager position is developed and put into place
- The Municipal Disaster Management Advisory Forum is launched and functioning.
- The principle of cooperative governance has been implemented; our disaster management centre has been identified by the National and Provincial SALGA for assistance.
- The centre is participating in all structures for inputs and advices e.g. Provincial Disaster Advisory Forum, Section 4 meetings, IRG, etc.

#### **Challenges:**

- Disaster Management Centre facilities are not yet in place. The engagement is done with Maluti-a-Phofung to run their Disaster Management Centre in partnership. Maluti-a-Phofung share the same town with our district, hence it

would be cost effective to operate their center in partnership with us so that we share the operating cost, but they seems reluctant to enter in to partnership with us in that regards. Currently there is no facility for operating the Disaster Management Centre

- Nodal points (sector department) and local municipalities have been requested to assign the disaster responsibilities to designated people. But till to date there is still a challenge with that regards. Some are still utilizing the Chief Traffic Officers whilst some the Chief Fire Officers whom prioritized their primary functions when coming to disaster management issues.

## **DISASTER RISK ASSESSMENT**

### **Objectives:**

The main objective of this field is to develop the risk profile in which all the disaster mitigations plan will be emanated from. The compilation of the disaster risk profile is still a challenge as it needs dedicated facilities and GIS specialists for operations and maintenance.

## **DISASTER RISK REDUCTION**

### **Objectives:**

The main objective of this field is to integrate disaster management plans and risk reduction programmes by all disaster management stakeholders developed in accordance with approved framework:

### **Achievement:**

- The Municipal Disaster Risk Management Framework is developed and is being implemented
- All the disaster stakeholders have been guided to develop their disaster management plans in accordance with the authorized Disaster Management Framework of the district
- Known disaster risk have been identified and disaster contingency plans developed and implemented for them ( Soccer events, Snow Incidents, etc)

### **Challenges**

- Local municipalities are reluctant to establish a fully independent disaster management unit to carry on the responsibilities of disaster management. This results in the disaster management at local level not been accounted for, since managed on ad-hoc basis.
- Local municipalities confused the fire services responsibilities with the disaster management responsibilities, as a result they do not distinguishes disaster plans from fire services plans as there is a fine line to separating the two services to them.
- Lack of skills and capacity from the local municipalities to carrying on the disaster management activities

## **DISASTER RESPONSE AND RECOVERY**

### **Objectives:**

The aim of this field is to ensure effective and appropriate preparedness, response, recovery and rehabilitation through:

- Implementing a uniform approach to establishment of effective early warning strategies
- Avert or reduce the potential impact in respect of health impact, personal injuries, loss of life, property, infrastructure, environments and government services
- Immediate, integrated and appropriate response and relief actions when significant events or disasters occur or are threatening to occur
- All rehabilitation and reconstruction strategies conducted following a disaster are implemented in an integrated and developmental manner

### **Achievement:**

- Tornado disaster took place in Maluti-a-Phofung Municipality, Kestell and Harrismith have been attended to, the relief provided, the sector department responsible for primary responsibility of providing victim with housing reconstruction identified and given the task, the damaged community houses were reconstructed namely Human Settlement and Rural Development. See also attached report.
- Tornado Disaster took place in Dihlabeng, Bethlehem and Fouriesburg area have been attended to, the relief provided. See also the attached report
- Snow incidents took place along the N3 and N5 were attended to and the disaster relief provided to the affected motorists. See also attached report

### **Challenges:**

- None existence of the disaster management facilities since all the response activation, early warning system, incident tracking and monitoring system need to happen in the Disaster Management Centre using dedicated facilities
- Shortage of resources in terms of communications systems, specialized vehicles, and specialized disaster officers makes the respond to disaster incident difficult, particularly if two incidents are occurring at the same time.
- None existence of dedicated people at local level is a challenge as at some stage, task that need to be performed at local level end up been performed at the district level.

## **INFORMATION MANAGEMENT AND COMMUNICATION**

### **Objectives:**

The aim of this field is to develop a comprehensive disaster risk management information system and establish integrated communication links with all disaster risk management role players. The following are the achievement and challenges. Lack of facilities is a major challenge as communication systems need dedicated facilities

## **EDUCATION, TRAINING, PUBLIC AWARENESS AND RESEARCH**

### **Objectives:**

The aim of this field is to promote culture of avoidance amongst stakeholders by capacitating all role-players through integrated education, training and public awareness supported by scientific research. The following are the achievement and

### **Achievements:**

- Several workshops on disaster management were held for the District and Local Municipalities Councilors, and Government officials. See also the attached report

### **Challenges**

- Shortage of staff makes is a major challenge as not all planned awareness programs are achieved

## **FUNDING ARRANGEMENT FOR DISASTER MANAGEMENT**

### **Objectives:**

- The district municipality has budgeted R2m for the disaster management activities
- Sector departments having the disaster responsibilities have been identified and assigned with primary responsibilities to ensure that they budget for the disaster relief and reconstruction namely (Human Settlement, Social Development, SAPS, Public Works and Roads, and Rural development

### **Recommendations:**

- That Maluti-a-Phofung Local Municipality be pursued to enter into a partnership with the district municipality to operate their disaster management centre situated at Fire Station in Industrial Area No.III. This centre is situated Phuthaditjhaba of which the district main offices are also situated at Phuthaditjhaba. It would be impossible to have two disaster management centres in one town since they are performing the same functions and it would not be cost effective hence undermine the principle of intergovernmental relations.
- The disaster unit needs to be resourced with specialized disaster officers and specialized vehicles. This would enable the centre to perform effectively and efficiently.
- The disaster centres also need to be regionalized to be able to respond in time. This would work effectively if the district can be divided into three regions in order to bring services closer to the on risk community.

## **FIRE SERVICES**

### **APPOINTMENT OF THE CHIEF FIRE OFFICER**

All six local municipalities within the district are assigned with the fire services duties except Phumelela Local Municipality in terms of the Municipal Structures Act. To ensure that they comply with the Act, they need to pass a council resolution where they agree that they would establish and maintain a fire services within their administration in terms of prescribed standards i.e. *South African National Standards: SANS: 10090- Community protection against fire and legislation, Fire Brigade Service Act*. Below are the achievement and challenges:

#### **Achievement:**

- The district has appointed the chief fire officer and is also serving as a chief fire officer for Phumelela Local Municipality

#### **Challenge**

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- All these five local municipalities assigned with fire services does not have chief fire officers
- Other local municipalities utilized Traffic Chief Fire Officers as Fire Chief Officers, namely Nketoana, Setsoto and Mantsopa.

### **ESTABLISHMENT OF SERVICES**

#### **Achievement:**

- Maluti-a-Phofung has a service that is operating 24hours
- Dihlabeng has a service that is operating 24 hours
- Phumelela has appointed the fire fighters although not in operation
- All these other three municipalities have volunteer fire services

#### **Challenges**

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- Phumelela Fire Station is not yet in operation. The services are done by volunteers
- Nketoana, Setsoto, Mantsopa are still using volunteers fire fighters whom are not available 24hours.

### **MAINTENANCE OF FIRE SERVICES**

#### **Achievement**

- District Chief Fire Officer's Forum is established. This forum is coordinating all the fire related issues e.g. quarterly reports, parliamentary questions, etc, within

the district and is attended by all fire role players having managerial functions within their institutions.

- 22 Working on Fire (WoF) teams are established and maintained within the district and are placed within the Fire Protections Associations (FPA) to assist farmers with the veld fires
- District Fire Protection Association (FPA) with cellular FPAs situated at local municipalities are established. This is very important since it has reduced high number of FPAs that were operating within the district and not manageable.
- Funding for 1 fire truck and three portable fire pumps to operate Warden Fire Station is secured for the financial year 2013-2014.
- Dihlabeng and Maluti-a-Phofung fire services are well maintained to achieve the basic services with the former procured two fire engines and one water tanker.
- Maluti a Phofung fire services is operating 24 hour with four shift system which is in compliance with the legislations, Basic Conditions of Employment Act.
- Dihlabeng fire services is operating 24 hours with two shift system which is in compliance with the legislations
- Setsoto is operating 8 hours supplemented by standby for coordinating fire services
- Nketoana is operating 8 hours supplemented by standby for responding to fire incidents
- Mantsopa is operating on request as they operate a volunteers fire station

#### **Challenges:**

- Deteriorated equipment due to aging. All the fire fighters equipment within the local municipality have been bought long time ago hence are not able to sustained high working volume as need to be referred for repair now and then.
- Broken fire vehicles due to aging. All fire engines in Maluti-a-Phofung, Warden and Setsoto are too old hence spend long time at the workshops for repairs as their spares are hardly to be found.
- Lack of proper succession mechanisms as mostly have personnel of the same age group who would be retiring at the same period
- Non compliance with the legislations. Some other municipalities like Setsoto, Nketoana and Mantsopa do not have fire stations, proper members of services, and specialist fire vehicles and equipment
- No enforceable fire by-laws
- Where there is enforceable by-law namely Maluti a Phofung there is no tariffs applicable/authorized by the magistrate courts

#### **Recommendations:**

- The provisions of fire fighting services by the local municipalities be revoked and all the fire fighting services be centralized at the district municipality in order to ensure equitable distribution of resources within the district and avoid the current trends of litigations.
- The disaster management unit be empowered in terms of fire fighters to be able to coordinate fire services within the district municipality.

# Infrastructure Services

## Overview

This department includes the following key performances areas and main functions:

- Roads, Streets and Storm water management
- Sanitation provision
- Electricity provision
- Bulk Water Provision.
- Transport Services
- Expanded Public Work Programme
- Establishment of District Water Sector & Energy Forums

## Description of the activities

The strategic objectives of the department are to:

- To ensure that adequate water is available in order that all rural and urban communities have access to potable water, which is provided on at least RDP standard at affordable rates
- To provide an acceptable and affordable sanitation system for the entire region(VIP or waterborne)
- To ensure the overall planning and provision of streets and storm water systems for all municipalities in phases over the next 5 years.
- To provide bulk electricity and distribution networks for the entire region.
- To ensure that a properly coordinated public transport exist in the district.

## Projects labour employment generated in 2012/13 financial on Capital Projects.

The total number of 152 local labourers benefited from this projects and the table below indicate the labour statics:

Description	Total Number of Labourers
Total No.of disabled on projects	0
Total No. of male adult employed on project	45
Total No. of male youth employed on projects	56
Total No of Female youth employed on Projects	36
Total No of Female adult employed on Projects	15
Total number of labourers	152

## Community benefit from the projects

The projects were executed through labour intensive methods, as it has created jobs and other developmental opportunities. Through these projects the following basic needs of the communities has improved in both two local municipalities:



- i. Better transport facilities as a result of better access roads
- ii. Safety of road users, pedestrians and the general public
- iii. Improvement in the standard of living through job creation for the local people
- iv. Maximization of local resources e.g. labour and material usage
- v. Economic empowerment through training of local people

### **Roads Projects**

- Hasethunya Road Paving Phase 2
- Ficksburg Road Paving
- Ladybrand Road Paving
- Bolata Road Paving
- Reitz Road Paving

### **Sanitation Project**

Thaba Patchoa Oxidation Ponds has enabled to provide the community with affordable sanitation systems for the area. The provision of the new anaerobic ponds (AP) also ~~diminishes the need for the lining all the ponds on the downstream.~~ The existing oxidation ponds were dysfunctional and were contaminating the underground water resources in the area. The new maturation pond has enable the Mantsopa Local Municipality to comply with environmental laws and regulations, the final effluent will complies with the minimum standards requirements set out by the Department of Water Affairs.

### **Electricity Projects**

The installation of 300 solar street lights in Mantsopa and Phumelela local municipalities, Thaba Patchoa (50), Hob house (50), Tweespruit (50) and Vrede Ext 4 (60) and Warden (90) respectively.

### **Water Infrastructure Needs**

#### **Background**

Various current and future projects have been identified as problematic to implement, covering but not limited to the following interventions:

- o Water and wastewater treatment plants
- o Water Conservation and Water Demand Management ( WCWDM)
- o Raw Water Supply
- o Bulk Water Supply
- o Water distribution/reticulation
- o Sanitation networks
- o Operations and maintenance in various municipalities

Challenges that hinder completing projects successfully have been identified as follows:

- Lack capital budget in outer years.
- Unable to adhere to specified budgets timelines.

## **Dihlabeng LM**

Dihlabeng LM has not compiled a business plan on WCWDM with an estimated cost of R43 million in the next two financial years. Funding of the project is not currently available and must still be urgently secured.

Raw water supply intervention will include a construction of Rosendal Dam with an estimated cost of R30 million in the next financial year. The project is at design stage and will be funded by RBIG programme.

Bulk water supply intervention will include a construction of WTW, reservoirs and pipeline. These bulk water supply projects are under construction and will cost R96 million. RBIG programme is providing funding for these projects. Refurbishment of Clarens WTW will cost approximately R6.9 million

In total, the funding shortfall in Dihlabeng LM will be R49.9 million. This funding is under discussion between DWA, Cogta and National Treasury for the next financial year.

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## **Maluti-A-Phofung LM**

Maluti-A-Phofung LM has compiled a business plan on WCWDM with an estimated cost of R20 million in the next financial years. Funding of the project is not currently available and must still be urgently secured.

Bulk water supply intervention will include construction of WTW, reservoirs, 47km pipeline, Makgolokweng-4ML reservoir, Kestel-2ML reservoir and refurbishment of Fika Patso WTW. These bulk water supply projects will cost R281 million, R5.5 million and R14 million respectively. Although NT programme is funding refurbishment of Fika Patso WTW, shortfall of R4 million must still be secured. The bulk of the projects will be funded by RBIG and MIG programmes.

Projects related to sanitation will include 6000 VIP toilets in QwaQwa, Harrismith Wilge STW, upgrading Makgolokweng bulk sewer and erf connections, 800 VIP toilets QwaQwa rural, Chris Hani park waterborne sanitation, and Chris Hani park waterborne sanitation phase 2. An estimated cost for sanitation projects is R52 million, R75 million, R23.2 million, R52 million, R2.7 million and R 2.7 million respectively.

In total, the funding shortfall in Maluti-A-Phofung will be R81.4 million. The Funding is under discussion between Dwa, Cogta and National Treasury for the next financial year.

## **Nketoana LM**

Nketoana LM has not compiled a business plan on WCWDM with an estimated cost of R41 million in the next two financial years. Funding of the project is not currently available and must still be urgently secured.

Raw water supply intervention will include upgrading of WTW, upgrading of Reitz WTW and bulk water supply, and pipeline from Lindley to Arlington. These bulk water supply projects will cost R25.4 million, R8 million and R18 million respectively. All these projects will be co-funded by MIG and RBIG programmes.

Oxidation ponds system needs refurbishment at an estimated cost of R2 million and funding must still be secured

In total, the funding shortfall in Nketoana LM will be R43 million. This funding is under discussion between DWA, CoGTA and National Treasury for the next financial year.

#### **Phumelela LM**

Phumelela LM has not compiled a business plan on WCWDM with estimated cost of R35 million in the next two financial years. Funding of the project is not currently available and must still be urgently secured.

Raw water supply intervention will include construction of Cornelius Dam at an estimated cost of R22 million for the design stage only in the next financial year. The project is funded through RBIG programme.

Bulk water supply intervention will include construction of WTW, reservoirs, pipeline and 2ML reservoir in Zamani. These bulk water supply projects will cost R60 million and R11 million respectively RBIG and MIG programmes will fund these projects.

Oxidation ponds system in Memel needs refurbishment at an estimated cost of R4.5 million and funding must still be secured.

In total, the funding shortfall in Phumelela LM will be R39.5 million. This funding is under discussion between DWA, Cogta and National Treasury for the next financial year.

#### **Setsoto LM**

Setsoto LM has compiled a business plan on WCWDM with an estimated cost of R41.5 million in the next two financial years. Funding of the project is not currently available and must still be urgently secured.

Raw water supply intervention will include the upgrading of bulk water supply in Ficksburg and construction of a pipeline of raw water from Caledon to Meulspruit Dam. These projects will have an estimated cost of R55 million and R8 million, respectively. MIG programme will contribute R55 million towards upgrading of bulk water supply and R8 million will come from RBIG programme.

WWTWs that need upgrading will include Ficksburg rehabilitation of WWTW, upgrading of Oxidation Ponds in Marquard/Moemaneng. These WWTWs projects will cost R16 million, R36 million respectively. Funding has been secured through MIG and ACIP programme

In total, the funding shortfall in Setsoto LM will be R41.5 million. This funding is under discussion between DWA, Cogta and National Treasury for the next financial year.

## Transport Services

In terms of the National Land Transport Act 5 of 2009 section 11(c) the District Municipalities must perform the following functions in relation to Integrated Transport Plan:

- Developing integrated transport plan-includes amongst others:
- Transport register(current public transport records, roads)
- Operating license strategy
- Rationalization plan.
- Transport needs assessment.

The Department is currently in negotiations with the Department Police, Roads & Transport to assist with the development of the ITP which is a five year plan, the plan will assist with the implementable transport programmes. The District Municipality launched road safety campaign on the 22 March 2013 in Harrismith for the Easter holidays to educate motorists, pedestrians and road users the importance of road safety and arrive alive campaigns.

## Expanded Public Works Programme

The EPWP as a South African Government initiated programme aimed at creating 4,5 million work opportunities by 2014. The District Municipality has implemented the programme on environment and culture cluster within Maluti-A-Phofung and Nketoana Local Municipalities, the programme has managed to employ 79 people for 12 months period. The District Municipality has endorsed and approved the municipal EPWP policy in December 2013 to provide an enabling environment for the municipality to increase the implementation of EPWP guidelines and principles and to ensure the implementation of any municipal project.

In line with the EPWP institutional arrangement framework and protocol agreement signed by the Minister of Public Works and the Executive Mayor. The Executive Mayor has provided political leadership and direction in the implementation of the EPWP within the District by appointing MMC of infrastructure and Transport as political champion, Subsequent to that municipal manager as administrative leader has appointed Manager Infrastructure and Transport as administrative champion. The appointed member has ensured that EPWP is entrenched within the District IDP and key policies and programmes of the municipality.

## Employment generated through the programme

Adult(M)	Youth(M)	Adult(F)	Youth(F)	Total
09	20	30	20	79

## The District Forums or Committees

The District Municipality has established the water sector and energy committees in order to coordinate those forums and consolidate the information.

### **The Water Sector Committee**

The water sector committee was established with the intention to provide a platform for the water sector dialogue involving all water sector partners. To provide water sector collaboration and effective management of water institutions and the water business. To ensure that the water sector stakeholders play their role in the business in an informed and organized manner. To ensure integrated planning and the development of the water sector. The District Municipality has managed to organize four meetings in the calendar year to discuss all water related issues and the funding module

### **The District Energy Forum.**

The district energy committee was established with the intention to provide an enabling platform for the energy efficiency and alternative source of energy. The platform was provided for the energy sector dialogue involving all the energy sector partners. The District Municipality has managed to hold four meetings in the calendar year.

# PART THREE

DRAFT ANNUAL REPORT  
FOR THE PERIOD ENED 30 JUNE 2013

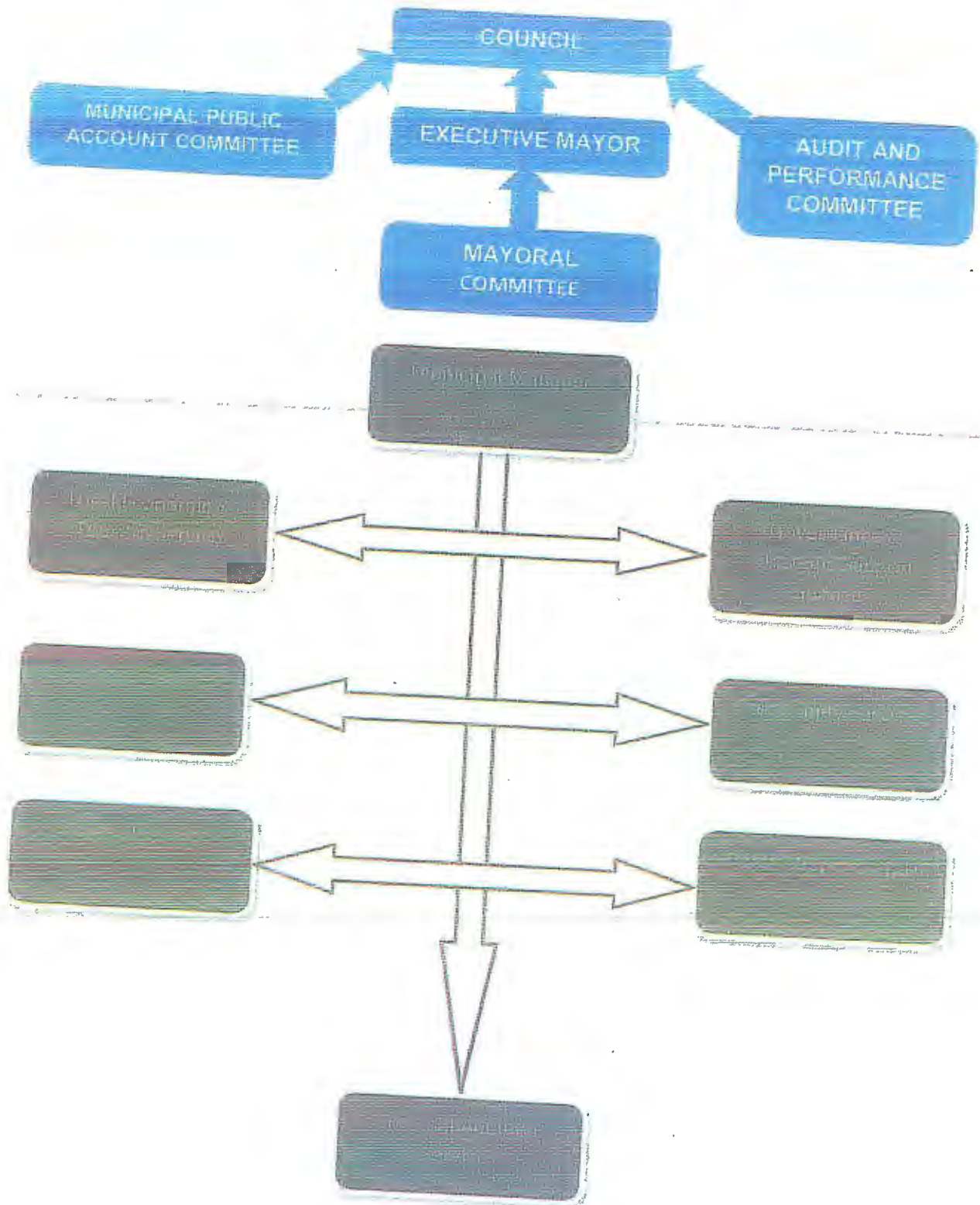
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## HUMAN RESOURCE AND ORGANISAITONAL MANAGEMENT

## 2. HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

### 2.1. Organisational Structure



## 1.2. STAFF ESTABLISHMENT

Number of Senior Management as per level and cost to employer  
Total cost to employer is as per note 22 of the annual financial statement.

No. of person	Level	Gender M/F	No. of vacant position	Total cost to employer	Competency
3	Municipal Manager	M	Appointed on 1 November 2012	771,452	Post Grad, CPMD
	Acting Municipal Manger	F	Appointed March 2012 – September 2012	520,163	Bachelor's degree and CPMD
	Acting Municipal Manger	M	Seconded October 2012	252,552	LLB
1	Chief Financial Officer	M	Re-appointed on 1 November 2012	925,731	B.Com(Hons) Accounting,
3	Director Corporate Service	F	Appointed October 2010 contract ended 30 September 2012	268,277	National Diploma in Accounting, CPMD
	Acting Director Corporate Services	M	Appointed October 2012 – February 2013	540,807	National Diploma, CPMD
	Acting Director Corporate Services	M	Seconded March 2013	59,525	B.Degree CPMD
1	Director Community Services	F	Ended on 31 March 2013	520,163	B.A (Social Science) CPMD



Number of Middle Managers as per level and cost to employer  
Total cost to employer is as per note 22 of the annual financial statement.

No. of person	Level	Gender M / F	Total cost to employer	Competency
1	IDP and PMS Manager	M	674,848	Labour law, MFMA
1	IT Manager	M	656,867	Bsc (IT)
1	Internal Audit Manager	M	680,942	B.com MFMP
1	Supply Chain Manager	F	780,744	Bcom in Education
1	Finance Operation Manager	M	762,451	National Diploma in Government Finance, CPMD
1	Budget Manager	F	354,468	Bcom, MFMP
1	Corporate Support Manager	F	921,480	Bachelor's Degree, CPMD
1	HR Manager	M	968,564	National Diploma, CPMD
1	Disaster Manager	M	749,307	
1	Infrastructure Manager	M	863,516	National Diploma in Engineering
1	Security Manager	M	670,079	Certificate in High Risk Security Management,
1	Communication Manager	M	706,494	BA (General) CPMD

#### 2.1.1. REMUNERATION RELATED COST

Description	2013	2012
Total remuneration	42 435 485	35 685 645

#### 2.1.2. REMUNERATION RELATED COST

As per note 23 of the annual financial statement

Position	2013	2012
Executive Mayor	880 050	797 548
Mayoral Committee Members	3 425 313	3 911 645
Councillors	1 686 938	1 977 414
Chief Whip	566 455	534 009
Speaker	376 796	370 939

#### 1.1. SKILL DEVELOPMENT PROGRAMMES

Thabo Mofutsanyana District Municipality Workplace Skill Plan (WSP) has been completed and submitted to LGSETA in terms of the legislation. The Annual Training Report (ATR) has also been submitted simultaneously with the WSP.

Arrangements were made with LGSETA to conduct a District wide training as an initiative of the District. LGSETA conducted the workshop upon the request of the District.

The table below illustrates organisational capacity building and skills development undergone by Employees of TMDMD as part of the WSP:

TRAINING PROGRAMME	Level	Gender
		M/F
Municipal Finance Management Programme	3 x Councillor	2 x M 1 x F
	15 x Official	9 x M 6 x F

### RECRUITMENTS

	POSITION	Gender
		M/F
14 x Officials	4 x Cleaners	4 x F
	3 x Interns	1 x F 2 x M
	4 x EHP	2 x M 2 x F
	1 x Secretary to Chief Whip	1 x M
4 x Management	1 x Webmaster	1 x F
	1 x Security Manager	1 x M
	1 x Chief Financial Officer	1 x M
	1 x Municipal Manager	1 x M
	1 x Risk Manager	1 x M

### PROMOTIONS

	POSITION	Gender
		M/F
1x Officials	Skills Development Facilitator	1 x F

### TERMINATION

	POSITION	GENDER
13 x Resigned	6 x Managers	3 x F 3 x M
		7 x Officials
1 x Deceased	1 x EHP	1 x M
1 x Retired	1 x Cleaner	1 x F

## 2.4. Personnel expenditure trends

FINANCIAL YEAR	ACTUA AUDITED	%
	R'000	
2008/09	29 852	25.6%
2009/10	31 771	39.5%
2010/11	29 389	55%
2011/12	35 326	49.9%
2012/13	42 436	49.8%

## 2.5. Pension and Provident Funds

NAME OF FUND
Vrystaat Pensions Fonds
Free State Provident Fund
SALA Pension Fund
SAMWU Provident Fund
Pension Funds for Councillors
LGPF

## 2.6. Medical Aid Funds

NAME OF FUND
MUNIMED
BONITAS
LA Health
SAMWUMED
HOSMED

As from the 1<sup>st</sup> January 2009 municipalities were cautioned not to contribute any subsidy to any other medical aid except the ones mention below:

- HOSMED Medical Aid
- LA HEALTH Medical Scheme
- SAMWU Medical Scheme
- BONITAS Medical Scheme
- Keyhealth Medical Scheme

Employees not belonging to any scheme mentioned above were requested to transfer to any of the accredited Medical Aid Scheme.

## 2.7. Other relevant HR and Organisational Management Information

### Occupational Health and Safety

Communique was circulated requesting each department to nominate one official to form part of the health and safety committee for the Municipality as it is required by Occupational Health and Safety Act No. 85 of 1993.

## **Labour relations**

Local Labour Forum (LLF) comprised of management and recognized labour need to be resuscitated, specifically to handle all matters that relate to the employer-employee work-place relationship.

## **Section 80 Committees**

Councillors serving on Section 80 Committees are from political parties represented in the Council. The number of Councillors in Section 80 Committee varies from Five (5) to Four (4) Councillors. Each Section 80 Committee is chaired by a Member of Mayoral Committee (MMC).

These are the Mayoral Committee, there are eight (8) Section 80 Committees, namely:

- Corporate Support Services
- Finance
- Public Safety, Transport and Disaster Management,
- Health and Social Development (Sports, Recreations, Arts, Culture and Heritage)
- Infrastructure
- Land Use and Agriculture
- Governance and Planning
- Economic Development

# PART FOUR

DRAFT ANNUAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2013

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## AUDITED ANNUAL FINANCIAL STATEMENT AND RELATED FINANCIAL INFORMATION

# **REPORT OF THE CHIEF FINANCIAL OFFICER - AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION**

## **Introduction**

The office of the Chief Financial Officer is responsible for compiling and preparing the financial statements that fairly present the state of affairs of the municipality in line with Municipal Finance Management Act No. 56 of 2003, sec. 122 and any other guidelines issued by National Treasury and Accounting Standard Board.

In this regard the municipality aspires to be a leading municipality and thereby ensuring that it continues with sustainable service delivery while remaining financially viable. The 2012/2013 financial year results are in part the outcome of its early pursuit of the reforms.

## **Key performance areas:**

- Administer Financial Management Support Services;
- Manage Council's Financial Management Policies and Procedures;
- Ensure full compliance with Generally Recognised Accounting Practices;
- Ensure compliance to the Municipal Finance Management Act and other legislative requirement;
- Render support to local municipality with specific reference to Clean Audit 2014 and Revenue Enhancement Support;

## **Current year**

The office of the Chief Financial Officer strives towards a long-term relationship with local municipality and other government department by providing high-level service within the municipality and its customers. In doing so, it is required of its staff members to act professionally, honesty and with integrity when discharging their duties.

- The management team maintains an active role in projects and administration, enabling swift decisions and a higher commitment to service delivery;
- The office conducts itself in compliance with the Municipal Finance Management Act and other relevant pieces of legislation.

## **Summary of current year achievements**

The achievements realised during the financial year 2012/ 2013 can be summarized as follow, but, not limited to:

- The department has successfully prepared the financial statement in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directive issued by the Accounting Standard Board,
- Management had embarked in an effort to streamline the financial reporting process and to provide the Council, MAYCO, FINANCE COMMITTEE with more timely and meaningful financial information;

- Management has maintained throughout the financial year a favourable financial position as financial obligations of short, medium and long term nature were fully met and council operational result for the 12 month period results a surplus of R722 748 with operational bank balance of R43 314 285;
- Management has maintain an unqualified audit report for the fourth consecutive year (2009/2010, 2010/ 2011, 2011/2012 and 2012/2013);

### The year ahead

In the coming financial year, it is anticipated that the financial operations will be improved to better the audit report to eliminate other matters of emphasis as it has been highlighted in the current year audit report.

The programme anticipated in the year ahead includes:

- Development of legislative compliance register;
- Improving capacity in the local municipality;
- Roll out the new accounting system to other local municipalities;
- Hands on support to the most needy municipality; and
- Streamlining the operations of the Municipality to improve efficiency.

### Internal controls

It is management responsibility to maintain proper system of internal controls to ensure that the integrity of financial and accounting information meets the operational requirement and to ensure that the assets of the municipality are safeguarded. In strengthen internal controls system management will be embarking on a process to develop the procedure manual to ensure that finance duties are segregated to improve internal controls.

## FINANCIAL PERFORMANCE

### 1. Audited Statements and Related Financial Information

Table 1

Financial and Operational Statistics		
Year ended 30 <sup>th</sup> June 2013		
	R'000	
	2013	2012
Sundry receivables	1 043	852
VAT Receivable	919	260
Cash and cash equivalents	43 314	41 535
Finance lease obligation	-	360
Trade and other payables	25 310	25 994
Unspent conditional grant	2 901	1 066
Total Operating Revenue	86 144	96 265
Total Operating Expenditure	85 421	71 522
Operating profit / (deficit)	723	24 743

## 1.1. Financial performance analysis

As disclosed in the Annual Financial Statement under the accounting policies subsection 1.15 and note 42 comparative figures have been restated or reclassified due to prior period error or to conform to changes in presentation in the current year. The reinstatement was necessitated by the fact that Council had to comply fully with the requirement of GRAP and where possible to correct accounting mistake done in the past, hence, the need for retrospective implementation.

The results of restatement affected the operation profit for the 2012 as there is a reduction in accumulated surplus / profit of R3 767 715 (original balance R19 947 686 restated figure R16 179 971).

*The following line accounts were also affected by restatement:*

Table 2. Restated Financial Information

Details	Audited 2012	Restate 2012	Changes
	R '000	R '000	R '000
Remuneration of staff	35 326	35 686	-360
VAT Receivable	2 238	260	-1 978
Provision of long service award	-	1 430	-1 430

### 1.1.1. Cash and cash equivalents

Council has during the past twelve (12) month maintained a consistent and viable financial position as the results the operating bank balance as at the end of the financial year 2012/2013 was R43 314 285 an increase of R1 778 459 as to compare to the previous financial year.

The bank balance include also unspent conditional grant of R2 901 068 which is disclosed as current liability until conditions are met and projects commitments of R12 921 581 as disclosed in notes of the annual financial statement, note 28.1.

Therefore, the net operational bank balance excluding commitments and conditional grants amount to R27 491 636, this money will be rolled over to the next financial year for operational purpose.

### 1.1.2. Sundry receivables/ debtors

Material increase in sundry receivables is due to over payment of councillor's remunerations and increase in sundry debtors. Management has in the current year assess individual debtors and where there was uncertainty or no movement of repayment, the affected debtor was impaired.



### 1.1.3. Operating expenditure and revenue

The total operating expenditure and revenue for the year under review has both decreased as to compare to the previous year, the major decrease came as the results of grants revenue that was received from the dissolution notice of Motheo District Municipality in the 2011/2012 financial year.

## 2. Financial status

### 2.1 Revenue and expenditure overview

In terms of its revenue base Thabo Mofutsanyana District Municipality is currently the second smallest category C municipality within the Free State. It recorded an income of R85 963 425 in 2013 and R 96 204 049 in 2012, a decrease of 10.65% from the previous year.

Revenue sources of Thabo Mofutsanyana District Municipality are similar to most district municipalities and comprise primarily income from government grants and returns on investment.

The operating expenditure for 2013 of Thabo Mofutsanyana District Municipality is largely inflexible and requires sound budgeting and discipline to keep costs within budget. Most of the expenditure items were in line with the budget.

Details	2013	2012
	R '000	R '000
Employee Costs	42 436	35 686
General Expenditure	40 840	30 831
Repairs and Maintenance	646	1 445
Finance Cost	283	336
Debt Impairment	14	1 862
Depreciation and amortization	1 202	1 362
Loss on disposal of assets	-	-

Municipal services are labour intensive and staff remuneration normally constitutes a larger proportion of the municipality's expense budget. The staff-to-income ratio of Thabo Mofutsanyana District Municipality is at 50% reflects a constant percentile as compare to the previous year. Councillors' costs comprise a minor portion of total expenditure.

Maintenance expenditure on existing assets is a very crucial expense item and is sometimes given less priority than other items. The deferment of maintenance is common practice among municipalities. While the deferment of maintenance expenditure has short-term cash flow benefits, it has adverse long-term effects on operating costs and the sustainability of quality service delivery.

Thabo Mofutsanyana District Municipality external maintenance costs comprise 0.75% of total expenses (2% - 2012). These ratios have decreased from the previous year and management remains concerned that the maintenance is not at the optimum level.

The municipality has recorded an operating profit in 2013 of R722 748 as to compare to the profit that was realised in 2012 of R24 743 million. The operating budget indicates moderate increases for the next three years.

### 2.3 Liquidity management

The municipality had an effective cash management system in operation to control this crucial aspect of its finance, this has enable the municipality to realise an increased surplus at year end as to compare to the prior year. The remaining challenge that poses a risk ongoing concern relate to the legal dispute which is still pending between Council and RSC Levy payers.

### 2.4 Capital analysis

The pressure on capital expenditure with specific reference to bulk services is expected to remain high over the long-term, this is due to the withdrawals of Municipal Infrastructure Grant by the National Department of Cooperative Governance and Traditional Affairs.

Council strive to contribute from operational income towards capital development in pursuing assistance to local municipalities within the district, as the results R29.5 million was committed to various projects in the 2012/2013 financial year.

The projects were implemented in different local municipalities, this includes:

PROJECT	MUNICIPALITY	BUDGET
Upgrading of gravel road in Bolata Village	Maluti-A-Phofung	R 3,916,804
Upgrading of grave road in Qholaghwé	Maluti-A-Phofung	R 6,000,000
Paving of roads in Rietz	Nketoane	R 939,172
Upgrading of gravel road in Arlington	Nketoane	R 882,041
Solar lights	Maluti-A-Phofung and Phumelela	R 6,300,000
Oxidation ponds in Memel Zamani	Phumelela	R 405,000

### 3. Conclusion

The municipality overall financial management operation has improved to be able to deal with the demands for improved service delivery in assistance to local municipalities and other legislative mandate imposed on municipality by the Constitution.

### Expression of appreciation

My sincere appreciation to the Executive Mayor, Members of Mayoral Committee, Councillors, the Municipal Manager and Departmental Heads and their staff including local representative of the Office of the Auditor General and the auditors appointed by him for the support given to me.

I wish to convey a special word of appreciation to all the staff in Budget and Treasury Office for their hard work, dedication and their undoubted support all this could not have been a reality without them.

Thank you,

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Mr Hopolang I Lebusa  
Chief Financial Officer  
For: Thabo Mofutsanyana District Municipality

# **REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE THABO MOFUTSANYANA DISTRICT MUNICIPALITY**

## **REPORT ON THE FINANCIAL STATEMENTS**

### **Introduction**

1. I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages 1 to 93, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, the statement of comparison of budget and actual amounts, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

## **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thabo Mofutsanyana District Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## **Emphasis of matters**

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

## **Significant uncertainties**

8. With reference to note 29 to the financial statements, the municipality is the defendant in a levy rate dispute. The municipality has appealed against the first ruling which was in favour of the levy payers. The final outcome of the matter cannot presently be determined and the receivables from non-exchange transactions amounting to R49 079 862, as disclosed in note 5 to the financial statements, have been impaired accordingly.

## **Restatement of corresponding figures**

9. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during the 2012-13 financial year in the financial statements of the Thabo Mofutsanyana District Municipality at, and for the year ended, 30 June 2012.

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

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

### **Predetermined objectives**

11. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on "Appendix B" of the annual report.
12. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information*.
13. The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

14. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

#### **Additional matters**

15. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters.

#### **Achievement of planned targets**

16. Of the total number of 170 targets planned for the year, 58 of targets were not achieved during the year under review. This represents 34% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

#### **Material adjustments to the annual performance report**

17. Material misstatements in the annual performance report were identified during the audit, all of which were corrected by management.

#### **Compliance with laws and regulations**

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

#### **Annual financial statements, performance and annual report**

19. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.
20. The council's oversight report on the 2011-12 annual report was not made public within seven days of its adoption, as required by section 129(3) of the MFMA.

#### **Conditional grants**

21. The municipality did not submit quarterly performance reports to the transferring national officer, the provincial treasury and the National Treasury, within 30 days after the end of each quarter, as required by section 12(2)(c) of the DoRA.
22. The municipality did not evaluate its performance in respect of programmes funded by the Municipal Systems Improvement Grant and did not submit the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(5) of the DoRA.

23. The municipality did not submit, within 10 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No.35399.

#### **Budget**

24. Quarterly reports were not submitted to the council on the implementation of the budget and financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.
25. Monthly budget statements were not submitted within the required timeframes to the relevant provincial treasury, as required by section 71(1) of the MFMA.

#### **Human resource management**

26. Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1)(b) of Municipal Systems Act, 2000 (Act no 32 of 2000) (MSA).

#### **Audit committee**

27. The audit committee did not advise the council on matters relating to performance management and performance evaluation as required by section 166(2)(a) of the MFMA.
28. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).
29. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).

#### **Internal audit**

30. The internal audit did not audit the results of performance measurements, as required by section 45(1)(a) of the MSA and Municipal planning and performance management regulation 14(1)(a).
31. The internal audit unit did not assess the functionality of the performance management system, as required by Municipal planning and performance management regulation 14(1)(b)(i).
32. The internal audit unit did not assess the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by Municipal planning and performance management regulation 14(1)(b)(iii).
33. The internal audit unit did not audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the audit committee, as required by Municipal planning and performance management regulation 14(1)(c).

### **Procurement and contract management**

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

### **Expenditure management**

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

### **Consequences management**

36. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

### **Internal control**

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

### **Leadership**

38. Management did not adequately exercise oversight responsibility over compliance with laws and regulations as well as internal controls, due to a lack of skilled resources.
39. Management did not implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored, due to the lack of consequence for non-compliance.

### **Financial and performance management**

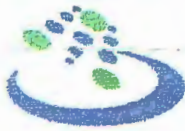
40. Management did not regularly review and monitor compliance with laws, regulations and internally designed policies and procedures, due to a monitoring process not being developed. As a result, significant non-compliance matters were noted that could have been prevented.
41. Effective financial and performance systems, processes and procedures and the management thereof have not been adequately monitored and implemented. This resulted in the financial statements being subject to material adjustments. Errors that were subsequently corrected were noted with regard to actual performance reported in the annual performance report due to lack of skilled staff.



## **Governance**

42. Management did not implement appropriate risk management activities to ensure that regular risk assessments are conducted and that a risk strategy to address the risks is developed and monitored, as a risk management officer or committee was not in place.
43. There was not an adequately resourced internal audit unit that identifies internal control deficiencies and recommends corrective action effectively. This is due to the fact that vacancies in the internal audit unit were not filled during the year.
44. The performance audit committee or another committee functioning as the performance audit committee did not fulfil its function adequately in terms of reporting to council and reviewing the performance management system.

**Bloemfontein**  
**30 November 2013**



**AUDITOR-GENERAL**  
**SOUTH AFRICA**

*Auditing to build public confidence*

**ACTION PLAN TO ADDRESS AUDIT QUERIES / MATTERS ARISING FROM THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	<b>COMPLIANCE WITH LAWS AND REGULATIONS</b>			
19	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion	Review of monthly accounting records and annual financial statement by independent auditing firm prior to submission for audit	Chief Financial Officer	30 <sup>th</sup> June 2014
20	The council's oversight report on the 2011-12 annual report was not made public within seven days of its adoption, as required by section 129(3) of the MFMA.	The oversight report on annual report to be made public within seven (7) days after adoption	Municipal Manager	31 <sup>st</sup> March 2014
	<b>CONDITIONAL GRANTS</b>			
21	The municipality did not submit quarterly performance reports to the transferring national officer, the provincial treasury and the National Treasury, within 30 days after the end of each quarter, as required by section 12(2)(c) of the DoRA	Performance report on conditional grant to be prepared and submitted to National and Provincial Treasuries within 30 day after the end of each quarter	Chief Financial Officer, Budget Manager	Quarterly
22	The municipality did not evaluate its performance in respect of programmes funded by the Municipal Systems Improvement Grant and did not submit the evaluation to the transferring national officer within	Performance evaluation report on conditional grant to be prepared and submitted to transferring national office within	Chief Financial Officer and Budget Manager	30 <sup>th</sup> June 2014

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	two months after the end of the financial year, as required by section 12(5) of the DoRA.	two month after financial year end		
23	The municipality did not submit, within 10 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No.35399.	Monthly expenditure report on conditional grant to be prepared and submitted to transferring national office within two month after financial year end	Chief Financial Officer and Budget Manager	10 days after end of each month
	<b>BUDGET</b>			
	Quarterly reports were not submitted to the council on the implementation of the budget and financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.	Council meeting to be aligned to the reporting requirements as required by MFMA and other legislative prescripts	Speaker, Executive Mayor and Municipal Manager	10 days after end of each month
	Monthly budget statements were not submitted within the required timeframes to the relevant provincial treasury, as required by section 71(1) of the MFMA.	Monthly budget statements to be prepared and submitted to National and Provincial Treasury within 10 days after the end of each month	Chief Financial Officer and Budget Manager	10 days after end of each month
	<b>HUMAN RESOURCE MANAGEMENT</b>			
	Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1)(b) of Municipal Systems Act, 2000 (Act no 32 of 2000) (MSA).	Job description to be developed for all existing position in line with section 66(1)(b) of the Municipal System Act, 2000 (Act No. 32 of 2000)	Director Corporate Service and Human Resource Manager	30 May 2014

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	<b>AUDIT AND PERFORMANCE COMMITTEE</b>			
	The audit committee did not advise the council on matters relating to performance management and performance evaluation as required by section 166(2)(a) of the MFMA.	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee quarterly in terms of requirements of legislation. Those reports will also enable the Audit Committee to advise Council on this matter accordingly.	Municipal Manager and Internal Audit Manager	31 May 2014
	The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee quarterly in terms of requirements of legislation. Those reports will also enable the Audit Committee to advise Council on this matter accordingly.	Municipal Manager and Internal Audit Manager	31 May 2014

Audit Phasing	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii)	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee quarterly in terms of requirements of legislation. Those reports will also enable the Audit Committee to advice Council on this matter accordingly.	Municipal Manager and Internal Audit Manager	31 May 2014
	<b>INTERNAL AUDIT</b>			
	The internal audit did not audit the results of performance measurements, as required by section 45(1)(a) of the MSA and Municipal planning and performance management regulation 14(1)(a)	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee quarterly in terms of requirements of legislation. Those reports will also enable the Audit Committee to advice Council on this matter accordingly. However for the financial year 2013/2014 certain auditable activities will be	Municipal Manager and Internal Audit Manager	Quarterly (2013/2014)

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
		reduced to enable auditing of predetermined objectives.		
	The internal audit unit did not assess the functionality of the performance management system, as required by Municipal planning and performance management regulation 14(1)(b)(i).	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee quarterly in terms of requirements of legislation. Those reports will also enable the Audit Committee to advise Council on this matter accordingly. However for the financial year 2013/2014 certain auditable activities will be reduced to enable auditing of predetermined objectives.	Municipal Manager and Internal Audit Manager	Quarterly (2013/2014)
	The internal audit unit did not assess the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by Municipal planning and performance management regulation 14(1)(b)(iii).	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee quarterly in terms of requirements of legislation.	Municipal Manager and Internal Audit Manager	Quarterly (2013/2014)

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	The internal audit unit did not audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the audit committee, as required by Municipal planning and performance management regulation 14(1)(c).	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee and municipal manager quarterly in terms of requirements of legislation.	Municipal Manager and Internal Audit Manager	Quarterly (2013/2014)
	<b>PROCUREMENT AND CONTRACT MANAGEMENT</b>			
	Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18	Construction projects to be registered with the Construction Industry Development Board (CIDB) as required by section 22 of the CBID Act	Chief Financial Officer, Supply Chain Manager and Infrastructure Manager	Frequently
	<b>EXPENDITURE MANAGEMENT</b>			
	Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.	Internal control mechanism to be reviewed and strengthened to prevent irregular expenditure	Municipal Manager, Chief Financial Officer, Supply Chain Manager and Manager: Finance Operation	Frequently

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	<b>CONSEQUENCES MANAGEMENT</b>			
	Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA	The irregular expenditure incurred during the financial year to be investigated in terms of section 32(2) of the MFMA the report to be table together with Annual Report to Municipal Public Committee Accounts (MPAC)	Municipal Manager	31 <sup>st</sup> March 2014
	<b>LEADERSHIP</b>			
	Management did not adequately exercise oversight responsibility over compliance with laws and regulations as well as internal controls, due to a lack of skilled resources.		Municipal Manager	
	Management did not implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored, due to the lack of consequence for non-compliance.	Management will implement the effective Human Resource Management to ensure that adequate and sufficient skilled resource is in place and/or retained	Director Corporate Services and Human Resource Manager	30 April 2014
	<b>FINANCIAL AND PERFORMANCE MANAGEMENT</b>			
	Management did not regularly review and monitor compliance with laws, regulations and internally designed policies and procedures, due to a monitoring process not being developed. As a result, significant non-compliance matters were noted that could have been prevented.	Internal control mechanism to be reviewed, procedures manual and compliance register to be developed to ensure that monitoring processes are	Chief Financial Officer and Finance Management	30 <sup>th</sup> June 2014



Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
		strengthen in relation to laws and regulations.		
	Effective financial and performance systems, processes and procedures and the management thereof have not been adequately monitored and implemented. This resulted in the financial statements being subject to material adjustments. Errors that were subsequently corrected were noted with regard to actual performance reported in the annual performance report due to lack of skilled staff.	Internal control mechanism to be reviewed, procedures manual and compliance register to be developed to ensure that monitoring processes are strengthen in relation to laws and regulations.	Municipal Manager, Internal Audit Manager and IDP Manager	30 <sup>th</sup> June 2014
	<b>GOVERNANCE</b>			
	Management did not implement appropriate risk management activities to ensure that regular risk assessments are conducted and that a risk strategy to address the risks is developed and monitored, as a risk management officer or committee was not in place.	Risk Officer was appointed on 03 June 2013 and risk management documents were developed served before risk management committee which was appointed in July 2013, audit committee and approved by Council for implementation on 15 November 2013. Official responsible for the Unit is currently in the process of assisting departments to appoint risk champions to ease the process of risk management in developing credible risk register of the municipality. Risk assessment will be finalised during fourth quarter of financial year 2013/2014. The	Risk	31 May 2014

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
		municipality is furthermore in the process of appointing additional staff within the Risk Management Unit subsequent to reviewing of staff establishment.		
	There was not an adequately resourced internal audit unit that identifies internal control deficiencies and recommends corrective action effectively. This is due to the fact that vacancies in the internal audit unit were not filled during the year.	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee quarterly in terms of requirements of legislation. Those reports will also enable the Audit Committee to advice Council on this matter accordingly.	Municipal Manager and Internal Audit	31 July 2014
	The performance audit committee or another committee functioning as the performance audit committee did not fulfil its function adequately in terms of reporting to council and reviewing the performance management system.	The municipality is in the process of reviewing its staff establishment to reasonably staff Internal Audit Unit to enable them to audit performance information of the municipality which will be reported to Audit Committee quarterly in terms of requirements of legislation. Those reports will also enable the Audit Committee to advice	Municipal Manager and Internal Audit	Quarterly (2013/2014)

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
		Council on this matter accordingly. However for the financial year 2013/2014 certain auditable activities will be reduced to enable auditing of predetermined objectives.		

# PART FIVE

DRAFT ANNUAL REPORT  
FOR THE PERIOD ENED 30 JUNE 2013



## PERFORMANCE AND SERVICE DELIVERY REPORTING

# **ANNUAL PERFORMANCE INFORMATION REPORT**

## **1. Introduction**

This annual performance information report serves as a measure of performance progress achieved by Thabo Mofutsanyana District Municipality in fulfilling its developmental objectives for the period 1 July 2012 to 30 June 2013 and helps to identify programmatic and administrative challenges that may need to be resolved. It also forms a permanent record of projects accomplishments during 2012/13 financial year.

It provides information that the Performance Evaluation Committee of the municipality uses to evaluate the significance and impact of departmental performance during the period under review. As required by legislation, the results of performance measurements as contained in this report must be audited by the Auditor-General and for this purpose, must be submitted to the Auditor-General not later than 31 August.

The reported performance information for each department as contained in this report is presented in terms of the following Key Performance Areas (KPA's) for Local Government Development as outlined in Municipal Planning and Performance Management Regulation of 2001. The areas of reporting include:

- Municipal Transformation and Organizational Development;
- Basic Service Delivery and Infrastructure Development;
- Local Economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation.

The report will be based on the information received from departmental monthly and quarterly reports. The compilation of this report emanates from the 5 municipal departments namely; Office of the Municipal Manager, Finance Directorate, Corporate Support Services, Infrastructure Directorate, Local Economic Development and Community Services Directorate.

## **2. Performance Reporting Principle**

Thabo Mofutsanyana District Municipality has developed a set of performance reporting principles to assist departments in enhancing their planning and monthly / quarterly reporting and also to encourage an increased focus on outcomes. The service delivery and budget implementation plan 2012/13 contained the principles developed through consultative process with heads of departments including the performance agreements concluded.

Performance reported in this document refers to an integrated system of planning and reporting that is oriented toward achieving outcomes. Performance reporting involves planning and reporting on the plans, including the annual report.

**This performance reporting is designed to:**

- clarify organisational goals and directions;
- communicate the priorities of the organisation;
- monitor progress and make continuous improvement;
- support budgeting and resource allocation decisions; and
- provide information to the public and other municipality's stakeholders.

### **3. Performance Reporting Requirements**

#### **Local Government: Municipal Systems Act 32 of 2000**

Section 46(1) (a) of Municipal Systems Act requires that a municipality must prepare for each financial year an annual report consisting of a performance report reflecting the following:

- a) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
- b) the development and service delivery priorities and the performance targets set by the municipality for the next financial year; and
- c) Measures that were or are to be taken to improve performance.

#### **Local Government: Municipal Planning and Performance Management Regulations, 2001**

Regulation 13(1) and (2) requires that a municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets set by it.

The mechanisms, systems and processes for monitoring in terms of sub-regulation (1) must:

- a) Provide for reporting to the municipal council at least twice a year;
- b) Be designed in a manner that enables the municipality to detect early indications of underperformance; and
- c) Provide for corrective measures where under-performance has been identified.

#### **Local Government: Municipal Finance Management Act 56 of 2003**

Section 121(3) (c) requires that the annual report of the municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.